

The Effect of TikTok Live Streaming Shopping on Online Consumer Trust

Live Streaming
Shopping

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ABSTRACT

Purchasing decisions are a process that begins when consumers recognize a need, look for options, then evaluate alternatives and then choose certain products and services. Purchasing decisions are formed based on consumer perceptions of a company's offerings and its brand. Various studies have indicated that social media is an efficient marketing tool to influence consumers. In the midst of intense business competition, business actors must continue to follow developments in social media trends. One of the new features introduced by TikTok is Live Streaming, which can be used by businesses as a marketing strategy. Live Streaming Shopping (LSS) is the latest trend that allows businesses to interact in real-time with consumers. This research aims to evaluate the impact of LSS on online consumer trust, identify the influence of trust on purchasing decisions, and analyze the impact of LSS on purchasing decisions, both directly and indirectly through the level of trust in the TikTok social media platform. This research was conducted by interviewing respondents who had followed and made purchasing decisions via Live Streaming Shopping on the TikTok social media platform. This type of research is explanatory research which uses quantitative methods. Next, the data was analyzed using the Path Analysis technique to assess the influence of the variables studied, both directly and indirectly.

Keywords: Live Streaming Shopping, Social Media Advertising, Consumer Trust, Purchasing Decisions, MSMEs, Digital Marketing.

ABSTRAK

Keputusan pembelian merupakan suatu proses yang dimulai ketika konsumen mengenali suatu kebutuhan, mencari pilihan kemudian mengevaluasi alternatif dan kemudian memilih produk dan jasa tertentu. Keputusan pembelian terbentuk berdasarkan persepsi konsumen terhadap penawaran suatu perusahaan dan mereknya. Berbagai penelitian telah mengindikasikan bahwa media sosial merupakan alat pemasaran yang efisien untuk memengaruhi konsumen. Di tengah persaingan bisnis yang ketat, pelaku usaha harus terus mengikuti perkembangan tren media sosial. Salah satu fitur baru yang diperkenalkan oleh TikTok adalah Live Streaming, yang dapat digunakan oleh pelaku usaha sebagai strategi pemasaran. Live Streaming Shopping (LSS) menjadi tren terbaru yang memungkinkan pelaku bisnis berinteraksi secara real-time dengan konsumen. Penelitian ini bertujuan untuk mengevaluasi dampak LSS pada kepercayaan konsumen online, mengidentifikasi pengaruh kepercayaan terhadap keputusan pembelian, serta menganalisis dampak LSS pada keputusan pembelian, baik secara langsung maupun tidak langsung melalui tingkat kepercayaan terhadap platform media sosial TikTok. Penelitian ini dilakukan dengan mewawancarai responden yang telah mengikuti dan melakukan keputusan pembelian melalui Live Streaming Shopping di platform media sosial TikTok. Jenis penelitian ini adalah penelitian penjelasan (*explanatory research*) yang menggunakan metode kuantitatif. Selanjutnya, data dianalisis menggunakan teknik *Path Analysis* atau analisis jalur untuk menilai pengaruh variabel-variabel yang diteliti, baik secara langsung maupun tidak langsung.

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INTRODUCTION

A purchasing decision is a process that begins when a consumer recognizes a need, looks for options then evaluates alternatives and then chooses certain products and services (Salem, 2018). Purchasing decisions are formed based on consumer perceptions of a company's offerings and its brand. This explains that consumer purchasing behavior is usually formed based on their past experiences in using the offerings and capabilities of products purchased from a company to meet their specific needs. A company can stimulate consumer purchasing behavior by developing various online media channels to communicate offers and encourage consumer purchasing decisions (Aswani et al., 2018). Previous research emphasizing marketing activities through social media found that developing strong relationships with consumers through online platforms such as TikTok can be a contemporary means of advertising and reaching large audiences (Pandey et al., 2018; Wang et al., 2019; McClure & Seock, 2020; Song & Liu, 2021). Currently, many social media sites have emerged which encourages marketers to utilize these sites to interact, communicate and collaborate with consumers comfortably (Grover et al., 2019).

The use of social media in communicating and promoting new and existing products or services has influenced consumer purchasing behavior. Online media channels supported by mobile devices have now reduced interest in using traditional media channels (Chatterjee et al., 2022). Live streaming in the use of marketing via social media to influence consumer purchasing behavior is now widely carried out, one of which is through TikTok. The Tiktok platform also gives consumers the option to shop through the application. Live streaming via TikTok can trigger consumer knowledge in the technical aspects of shopping through live streaming. Live streaming shopping is described as the delivery of e-commerce transactions via a real-time streaming platform, which creates a virtual space with highly interactive opportunities for streamers and consumers (Xu et al., 2020). As a means of interaction, TikTok has also become a place for many people to look for information about certain products or brands, so business people see TikTok as a potential target. Moreover, TikTok continues to develop various features that enable entrepreneurs to build their business presence on the platform. Features such as TikTok Live, TikTok Story, and TikTokShop provide opportunities for business people to develop their business profile on TikTok. Other features such as TikTok videos, TikTok Live Video, TikTok Live, TikTok Story, TikTokShop, and shopping Hashtags, can all be utilized by businesses to get closer to their customers and increase engagement between businesses and customers.

TikTok is currently not only used as an entertainment platform, but also as a social media which has great potential in the business world and the issue of trust on the part of consumers in online commerce remains an important factor. Consumers often feel a lack of trust when transacting online, which can limit the use of online shopping features (Gefen et al., 2003). The presence of the Live Streaming feature on TikTok is an alternative solution for business actors to build consumer trust when shopping online (Dwitya, & Hartono, 2023). Live Streaming Shopping, business actors can create a shopping experience that is more similar to shopping in a physical store indirectly. The live streaming feature on social media allows business people to offer products in real time, provide more detailed product information (product knowledge), answer prospective buyers' questions, and interact with prospective buyers in real time. Live streaming allows individuals to broadcast video and audio of events to viewers over the internet in real-time (Chen et al., 2019).

This makes Live Streaming Shopping different from the usual online shopping experience which only displays product catalogues. Live streaming shopping makes it

easier for consumers to view goods from various points of view and ask relevant questions. According to Wongkitrungrueng et al. (2020), more consumers are starting to value the ability to shop via live streaming, as previous research has found, as seller characteristics influence customer trust and engagement. The seller's physical attractiveness and seller interactivity motivate shopping, as well as factors such as seller interactivity, seller humor, and seller attractiveness that influence live streaming viewers (Cai et al., 2018; Hou et al., 2020). In addition, the ability of sellers to show products to customers, respond directly to customer questions, and provide personal guidance in shopping also has a positive impact on shopping engagement and purchase intention (Sun et al., 2019). Some studies even use factors such as streamer trust, the media's ability to transmit information, and interactivity as influences perceived by customers in influencing shopping intentions in the context of live streaming shopping (Song & Liu, 2021). The Live Streaming feature on TikTok not only allows businesses to promote their products interactively, but also builds consumer trust, increases engagement, and facilitates online purchases.

LITERATURE REVIEW

Consumer behavior in the Live Streaming Shopping online environment highlights the streamer's credibility, media richness and interactivity in the live streaming platform. Aspects such as the streamer's attractiveness, skill and trustworthiness are the main focus, while factors such as the availability of live feedback and live streaming features that keep viewers' attention are taken into account (Song & Liu 2021). Social Media Advertising that emphasizes informativeness and relevance as perceived by consumers. The service provider's ability to reach and inform customers about the latest news and current product offerings, as well as provide viable choices for consumers in searching for specific goods or services. Aspects such as customized messages and broadcasts are also taken into account in the dimensions (Alalwan, 2018).

Online Consumer Trust which explores aspects of ability, goodwill and integrity of online stores. This includes trust in the online shop's ability to provide quality products, the experience the online shop has in sending goods on time, and the transaction security guaranteed by the online shop (Mayer et al., 1995). This variable also examines consumer confidence in the services and benefits they receive from online stores. Through surveys and evaluations of purchase motivation, purchase behavior, and post-purchase feedback, this study seeks to understand how these variables influence online consumer purchasing decisions (Zahari et al., 2021). In the context of live streaming, purchasing decisions can be influenced by promotions and communications that occur during live broadcasts, as well as consumer needs for product information obtained through live streaming. Post-purchase feedback, including impressions and reviews submitted by consumers, also provides important insights into their purchasing experience and its impact on future purchasing decisions.

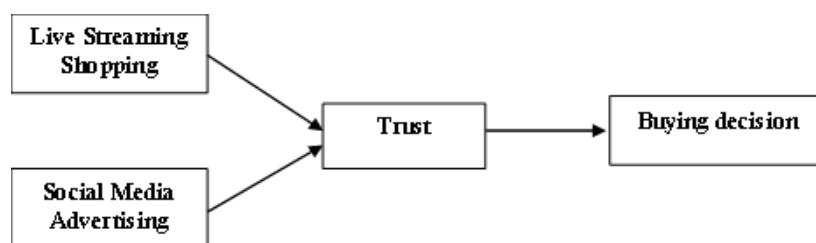


Figure 1. Framework

METHODS

This research method uses quantitative descriptive research methods. In determining the sample size, researchers refer to an appropriate sample size of between 100 and 200 respondents (Hair et al., 2007). The sampling technique used was nonprobability purposive sampling. Researchers chose this technique because there are special

considerations regarding respondents who can provide relevant information. The selected respondents must meet certain criteria set by the researchers, namely those who have participated in and made purchasing decisions through live streaming shopping on TikTok social media. Data collection in this research was carried out through three methods, namely questionnaires, interviews and literature study. Before data from the questionnaire is used for analysis, its validity is tested. Validity testing can be done by checking the calculated r value, where if the calculated r is $\text{sig.} \leq 0.05$, then the data is considered valid, whereas if r is $\text{sig.} \geq 0.05$, then the data is considered invalid, according to the method described by (Ghozali, 2010). Next, to ensure that the instrument used is reliable, a reliability test is used. According to Ghozali (2010), reliability measures the extent to which the instrument is consistent in measuring what it should measure. Thus, reliability tests are carried out to ensure that the instruments used in research can be relied upon to measure the variables studied.

RESULTS

An indicator item is said to fulfill convergent validity if the loading score on each path between the component (latent variable) and the manifest variable should be ≥ 0.5 (Hair et al., 2019). A construct can be said to be reliable, if it has a Composite reliability value that must be ≥ 0.7 (Ahmad & Daud, 2016). The validation test results based on the loading factor values for each indicator are explained in the Table 1.

Table 1. Outer Loading Results

Variable	Indicator	Loading Factor	Composite Reliability
Streamer's credibility	K1	0,921	0,927
	K2	0,856	
	K3	0,920	
Media Richness	MR1	0,915	0,933
	MR2	0,954	
Interactivity	INT1	0,918	0,900
	INT2	0,890	
Informative	INF1	0,927	0,925
	INF2	0,927	
Perceived Relevance	PR1	0,789	0,834
	PR2	0,899	
Consumer Confidence	KK1	0,871	0,949
	KK2	0,851	
	KK3	0,935	
	KK4	0,907	
	KK5	0,896	
	KK6	0,752	
Buying decision	KP1	0,899	0,956
	KP2	0,864	
	KP3	0,869	
	KP4	0,836	
	KP5	0,906	
	KP6	0,863	
	KP7	0,724	
	KP8	0,821	
	KP9	0,784	

Based on Table 1, that all variable items have a loading factor value of more than 0.5 so that all items used for each variable are declared valid. All constructs in this research have a Composite reliability value ≥ 0.7 , so it can be said that all constructs are reliable. This can be interpreted as meaning that each construct in the research model has internal consistency in the instrument reliability test.

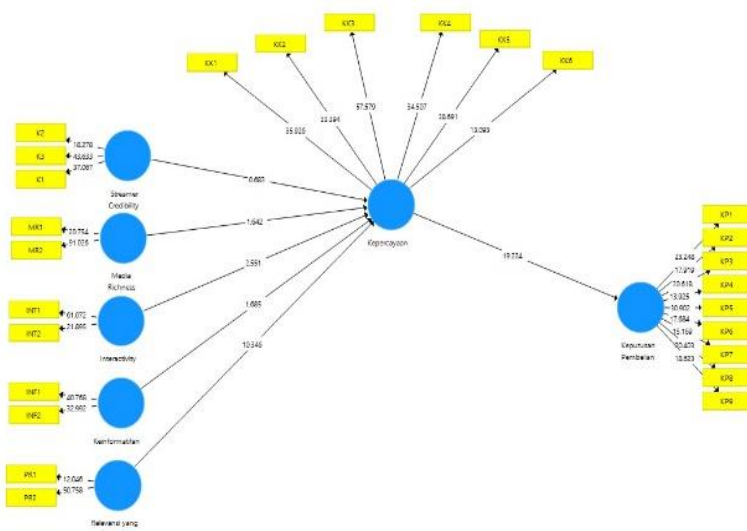


Figure 2. t-statistic

Figure 2, hypothesis testing can be explained by estimating the path coefficient which can be evaluated based on the T-statistic value. The estimated path coefficient shows the estimated value that describes the relationship between latent variables obtained by the bootstrapping procedure. The measurement item used is said to be significant if the T-statistics value is greater than 1.64 (one tailed analysis) and the p-value is less than 0.05 at the 5% significance level.

Based on the analysis results, the t-statistic value is 0.683 with a p-value of 0.495 > 0.05. Based on these results, it shows that streamer's credibility has no effect on trust. The streamer's attractiveness which refers to the streamer's personality, appearance and talent shows the streamer's credibility as a stimulus, however if the streamer's expertise is considered to be insufficient in providing information it will affect the trustworthiness of the streamer himself. Streamer trust depends on consumers' trust in the streamer's honesty, trustworthiness and integrity (Erdogan, 1999). Based on the results of the analysis, the t-statistic value is 1.642 with a p-value of 0.101 > 0.05. Based on these results, it shows that media richness has no effect on trust. Media richness refers to the media's ability to convey needed information (Daft & Lengel, 1998). Richer media will be more effective in handling ambiguous messages than less rich media (Daft & Lengel, 1998).

Based on the analysis results, the t-statistic value is 2.551 with a p-value of 0.011 < 0.05. Based on these results, it shows that interactivity has an effect on trust. Feedback on social media will certainly be one of the important things that consumers will hear which will build trust between consumers and service providers. Based on the results of the analysis, the t-statistic value is 1.685 with a p-value of 0.093 > 0.05. Based on these results, it shows that informativeness has no effect on trust. Informativeness explains how an advertisement can provide information to consumers clearly to attract consumers to trust a brand. This makes the informativeness of a social media advertisement a good source for a company to reach consumers today who are very advanced with technology.

The results of the analysis obtained a t-statistic value of 10.346 with a p-value of 0.000 < 0.05. These results indicate that perceived relevance influences trust. Perceived relevance is how a brand can meet the needs and expectations of consumers who want to use the product. This shows that the higher the perceived relevance, the greater the trust. Social media advertising is relevant to the extent to which consumers get something they need through social media. Social media advertising is used as a perceived relevance through targeting consumers who use the product. Service provider companies adapt their products and services by categorizing products posted via social

media in order to reach the market. Based on the analysis results, the t-statistic value is 19.224 with a p-value of $0.000 < 0.05$. Based on these results, it shows that trust has an influence on trust. Trust is a purchasing decision to be willing to depend on a product brand that meets consumer needs. Based on the results of hypothesis testing, it shows that brand trust influences purchasing decisions.

Based on the results of the analysis, the t-statistic value is 0.696 with a p-value of $0.487 > 0.05$. Based on these results, it shows that trust mediates the relationship between streamer's credibility and purchasing decisions. The results of this research explain that their presentation as streamers about products is the main approach to promoting information (Xu et al., 2020). Based on the results of the analysis, the t-statistic value is 1.740 with a p-value of $0.089 > 0.05$. Based on these results, it shows that trust mediates the relationship between media richness and purchasing decisions. The research results show that media richness from streamers is very necessary to build consumer trust. Based on the results of the analysis, the t-statistic value is 2.474 with a p-value of $0.014 < 0.05$. Based on these results, it shows that trust mediates the relationship between interactivity and purchasing decisions. Social media advertising is a facility provided by service providers to interact with each other and provide feedback so that the public will be able to see it whenever and wherever consumers want to know about services.

The analysis results, the t-statistic value is 1.681 with a p-value of $0.093 > 0.05$. Based on these results, it shows that trust mediates the relationship between informativeness and purchasing decisions. Informativeness explains how an advertisement can provide information to consumers clearly to attract consumers to trust a brand and trigger purchasing decision behavior. Based on the results of the analysis, the t-statistic value is 8.933 with a p-value of $0.000 < 0.05$. Based on these results, it shows that trust mediates the relationship between perceived relevance and purchasing decisions. Perceived relevance is how a brand can meet the needs and expectations of consumers who want to use the product and consumer trust can be triggered through perceived relevance.

CONCLUSION

The results of this study are not in line with the results of previous research which stated that streamer credibility influences consumer trust. This explains that different content and different marketing systems will influence consumer perceptions in providing trust. Consumers still find it difficult to accept the information provided by the platform, whether the products/services offered can be trusted because the information provided is still not rich enough to trigger consumer trust. The better or greater the interactivity of product marketing towards consumers, the more consumer confidence it can increase. Social media advertising is a very relevant source of information for consumers because through social media consumers can get accurate and timely information. The information provided via social media is not only the main service products offered, but also provides the latest product information owned by MSMEs to fulfill consumer needs, so that consumers who cannot see the company directly will get comfortable and complete product information. via social media.

Perceived relevance is targeted to meet specific consumer needs and expectations so that social media advertising in accordance with overall preferences matches consumer interests and makes this a matter of trust given by consumers. The higher the trust, the higher the purchasing decision. This explains that companies must always provide the best and be honest about the advantages and disadvantages that service providers can provide, in this case regarding products. Consumers can obtain all product information from the introduction of the streamer as a means of searching for products and evaluating products with others, the information is very useful for consumers to be able to build trust and create a pleasant experience for consumers to trigger consumer purchasing decision behavior towards products presented live streaming. Media that is rich in various information will make consumers have high confidence that the products

they need can be found on the live streamer, this will trigger high consumer purchasing decision behavior based on evaluations from the streamer. Live streaming has become an important medium for reaching consumers and interacting with them to build trust and encourage purchasing decision behavior. Informative information from streamers can trigger high trust so that consumers can make high purchasing decision behavior. High trust based on the relevance of the streamer will increase purchasing decision behavior made by live-streamer consumers.

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