



CENTER FOR RETAILING

CFR EARLY INSIGHT #22 LIVE SHOPPING

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Center for Retailing (CFR) at the Stockholm School of Economics has a mission to provide high-level academic education and to conduct world-class research on retailing in close collaboration with the Swedish retail industry. CFR Early Insight is a breakfast seminar series through which CFR faculty members share insights from ongoing research projects. The series provides a platform for employees at our partner companies to meet and discuss current challenges in retailing.

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COMMENTARY • E-COMMERCE

Livestream shopping is the next big thing in retail

BY MIKE GEORGE

January 7, 2021 10:00 PM GMT-1

Bambuser's sales rose 844% year-on-year in the first quarter, with monthly recurring revenue up 550% as it converted many pilots into long-term contracts.

Nov 16, 2020, 09:44am EST | 6,217 views

Live Streaming Drives \$6 Billion USD In Sales During The 11.11 Global Shopping Festival

**Lauren Hallanan** Contributor ◉

Fintech

I cover Chinese social media, e-commerce, and influencer marketing.

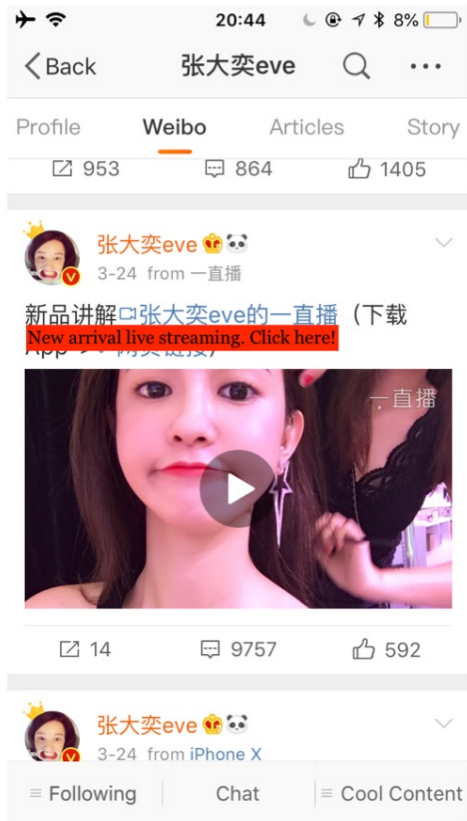
Follow

Live streaming commerce is a subset of e-commerce embedded with real-time social interaction (including real-time video and text-based chat channels)

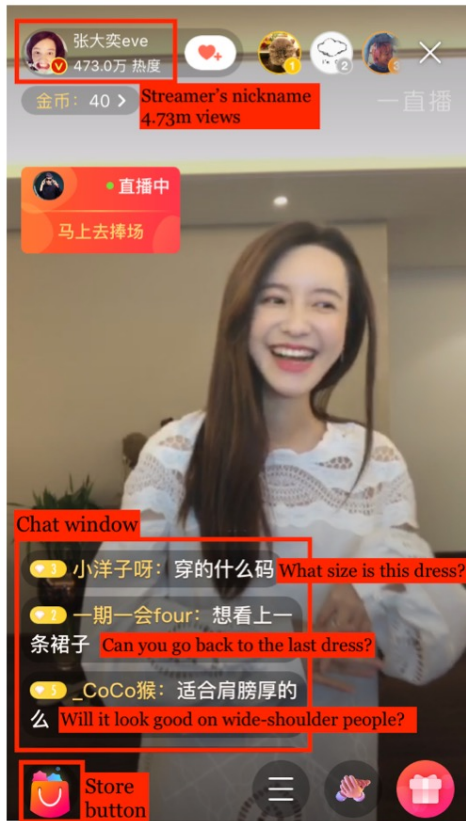
Wongkitrungrueng et al (2020)

LIVE SHOPPING IN CHINA

- 2019: 440 billion yuan (appr. 617 billion SEK)
- 2020: rapid growth, for example:
 - On October 21, during the first day of the 11.11 pre-sale period, Alibaba's two top-performing live streaming influencers, Austin Li and Viya, generated over 1 billion RMB (US\$149.4 million) in non-refundable pre-sales deposits.
 - 90% of the biggest brands on Tmall are running their own live streams.
 - Around 400 brand executives from companies of all sizes participated in live streams on Alibaba's Taobao Live.
- 2021: 1,949 billion yuan (appr. 2,732 billion SEK), accounting for 15% of total online sales. (forecast)



(a)



(b)



(c)

Figure 1. Yizhibo user interface and functions

(a) Weibo post of live streaming, (b) Yizhibo chat room, (c) Weibo Store

Number of Viewers Watching This Session

The image shows a live streaming interface for a dance session. The main video area displays several dancers in a studio, with their faces obscured by yellow blurs. The interface includes a top navigation bar with various icons and a 'Number of Viewers Watching This Session' label. On the right side, there are two panels: 'Top Viewers (Consumption)' showing a list of users with their avatars and consumption amounts, and 'Real-time Comments' showing a stream of user comments. At the bottom, there is a 'Virtual Gifts List' containing various gift icons. The interface is designed to engage viewers and encourage virtual gifting.

Top Viewers
(Consumption)

Real-time
Comments

Virtual Gifts List

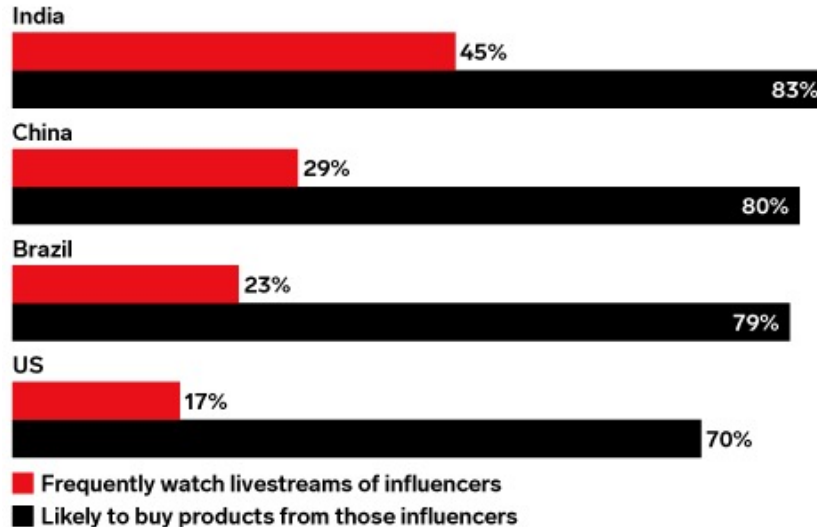
Chen et al (2019)

WHY NOT AS IN CHINA?

- Difference 1: Web usage in the West differs compared with China's.
- Difference 2: Western countries lack cross-functional platforms.
- Difference 3: There is greater fragmentation in Western e-commerce.
- Difference 4: The West trails China in live e-commerce talent.

Internet Users in Select Countries Who Frequently Watch Livestreams of Influencers and Are Likely to Buy Products From Influencers They Follow, Sep 2020

% of respondents

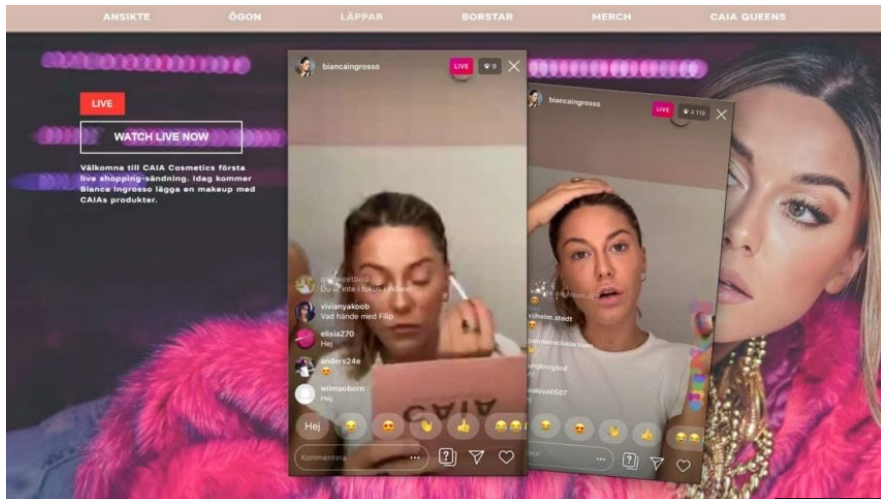


Note: among those who frequently watch livestreams from influencers they follow on social media

Source: GlobalWebIndex, "Connecting the Dots," Dec 1, 2020

262310

eMarketer | InsiderIntelligence.com



EDITORS' PICK | Feb 18, 2021, 09:00am EST | 8,368 views

Swedish Payment Company Klarna Takes On QVC With Push Into Livestream Shopping



Lauren Debrer Forbes Staff
Retail



Making the shopping experience epic

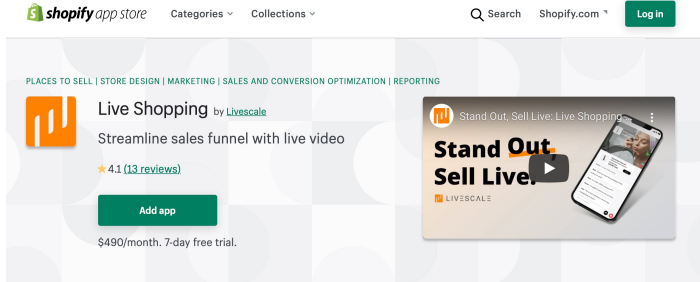
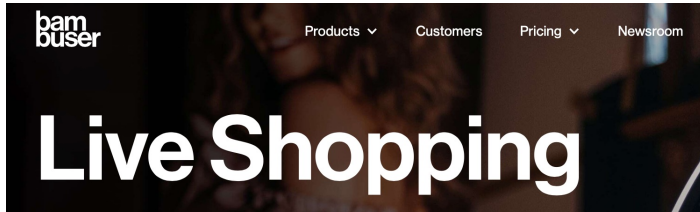
SHOWROOM är Sveriges nya plattform för LiveShopping. Här möts tittare, e-handlare, varumärken och influencers Live.

Vår ambition är att samla all LiveShopping på ett ställe, för oavsett om du är på SHOWROOM för att inspireras, göra ett klipp eller bara njuta av showen ska du kunna hitta ett rum för dig.

SHOWROOM är framtagen av Ehandel, Nordens största mötesplats för e-handlare.

[Kontakta oss](#)





Facebook



Key formats: Existing formats like Carousel and Collections have been made shoppable. [Shops for Businesses](#) allows merchants to set up an online store on the platform, which users can discover using the Shop bookmark.

How users complete a purchase: On- or off-site. Facebook Checkout allows users to select from a range of payment options.

Instagram



Key formats: As with Facebook, a broad range of shoppable formats. The @Shop tab showcases merchants in multiple categories. IGTV has introduced shoppable pre-roll video ads.

How users complete a purchase: On- or off-site. Brands can set up [Checkout](#) via integration with platform partners like Shopify and BigCommerce.

Pinterest



Key formats: Shopping Spotlights (curated product listings on the Pinterest homepage) and Shopping Ads, which dynamically pull content from a brand's product catalogue. Lens, Pinterest's visual search tool, includes a 'Shop' tab for users that want to buy identical or similar items.

How users complete a purchase: Off-site or app, for now at least.

Snapchat



Key formats: In June 2020, Snap introduced [Dynamic Product Ads](#), allowing brands to showcase their products in customisable formats. Also Collection Ads, through which users can tap on product images for more details.

How users complete a purchase: Ads link away to the brand or merchant's own website.

TikTok



Key formats: A rapidly-growing variety. TikTok's existing TopView and In-Feed formats [can be made shoppable](#) with 'Shop Now' links. TikTok is also trialling new shoppable livestream formats.

How users complete a purchase: Both internal and external landing page conversions are available.

YouTube



Key formats: Last summer, YouTube released a new ['direct response' ad format](#), with browsable product images and an integrated CTA button.

How users complete a purchase: Ads link from the video directly to a brand's own product page.

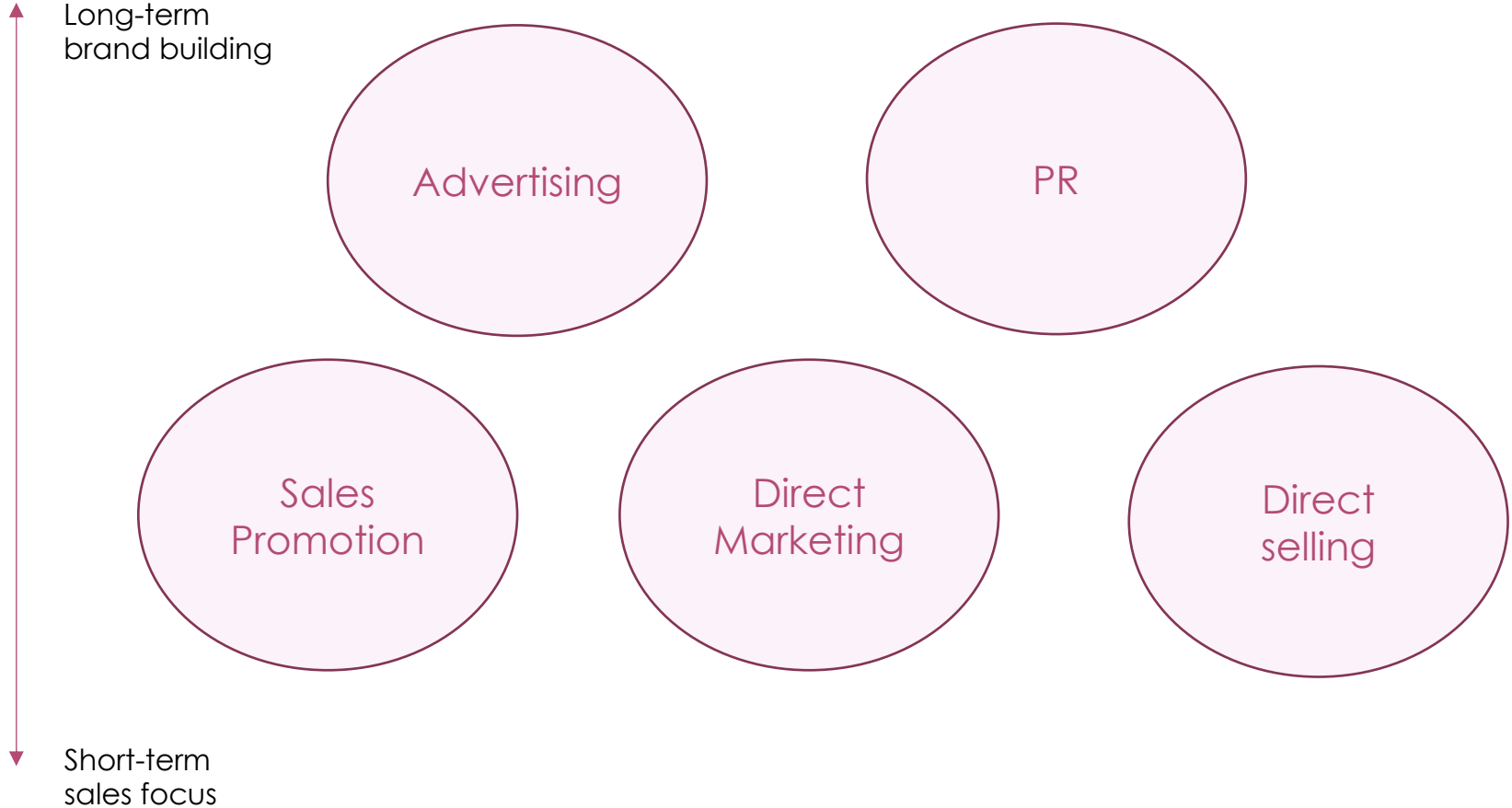
WHY LIVE SHOPPING (RATHER THAN E-COMMERCE)

- product demos (37%)
- product information (27%)
- excitement about novelty of live streaming (26%)
- interaction (23%)
- convenience (15%)
- hype about the product (7%)
- wanting other opinions (4%)
- deals or discounts (3%)

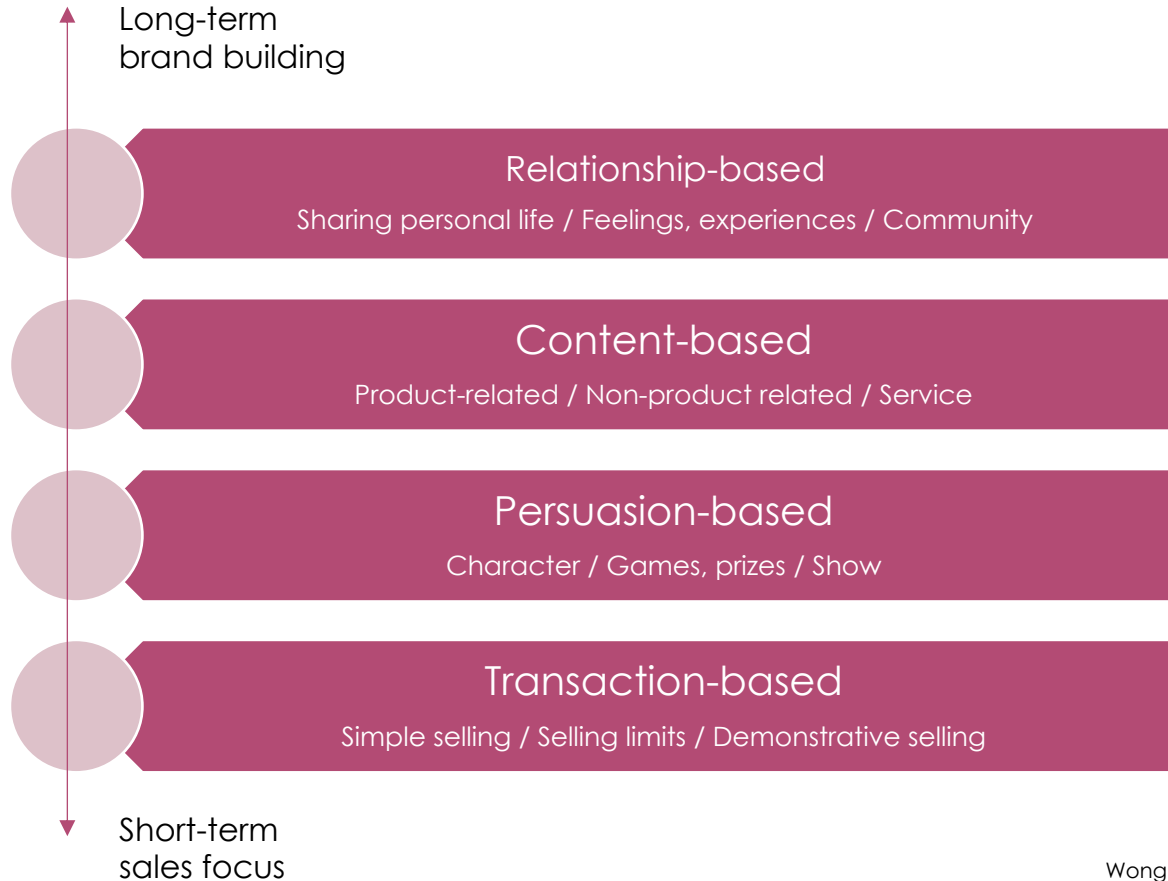
Cai et al (2018)
n=199 on Mturk



WHY?



HOW?

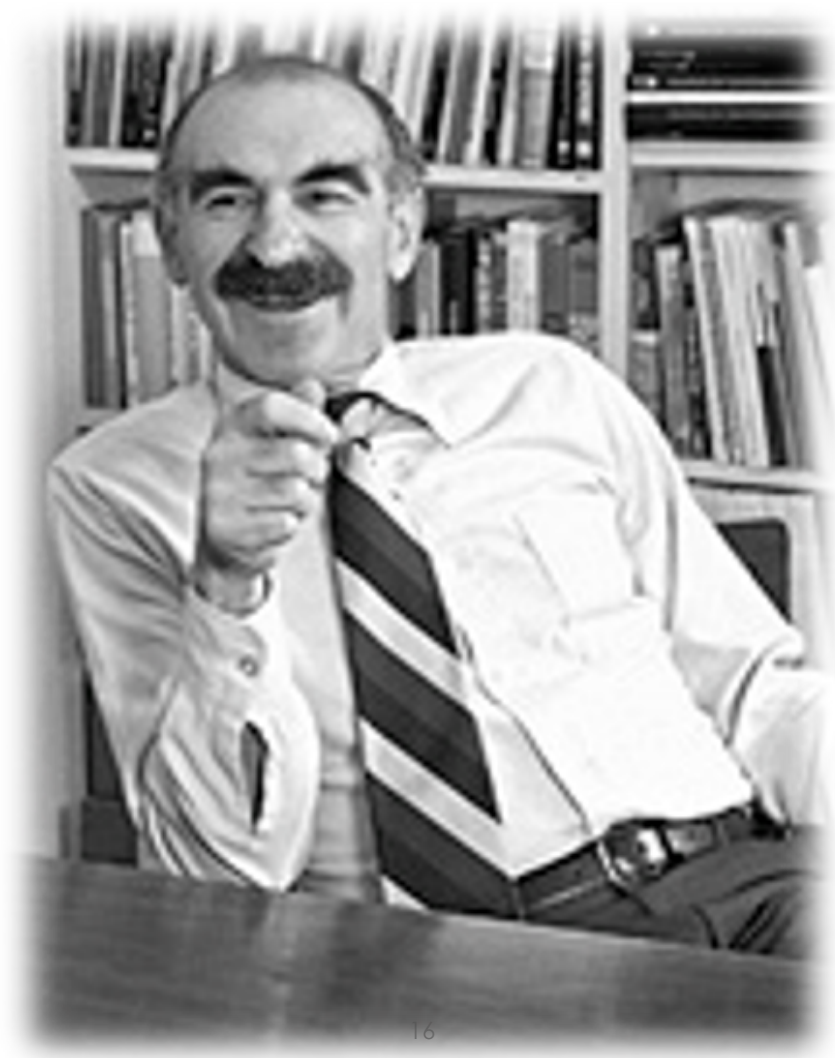


GENERIC SCRIPT FOR LIVE SELLING

- Step 1: Prospecting
 - Drawing attention to the event (time and date) – pull strategy
- Step 2: Approach
 - Establishing initial rapport and making a good initial impression
- Step 3: Presentation
 - Introducing products, provide product and price information, demonstrate product usage and benefits
 - Employ props, music, and activities so viewers actively participate and stay tuned to their live streaming
- Step 4: Handling feedback
 - Answering questions, asking about interest
- Step 5: Close sales
 - Add promotional elements, limited supply
- Step 6: Follow-up
 - Delivery, satisfaction management, customer service
 - Bonding and small-talk

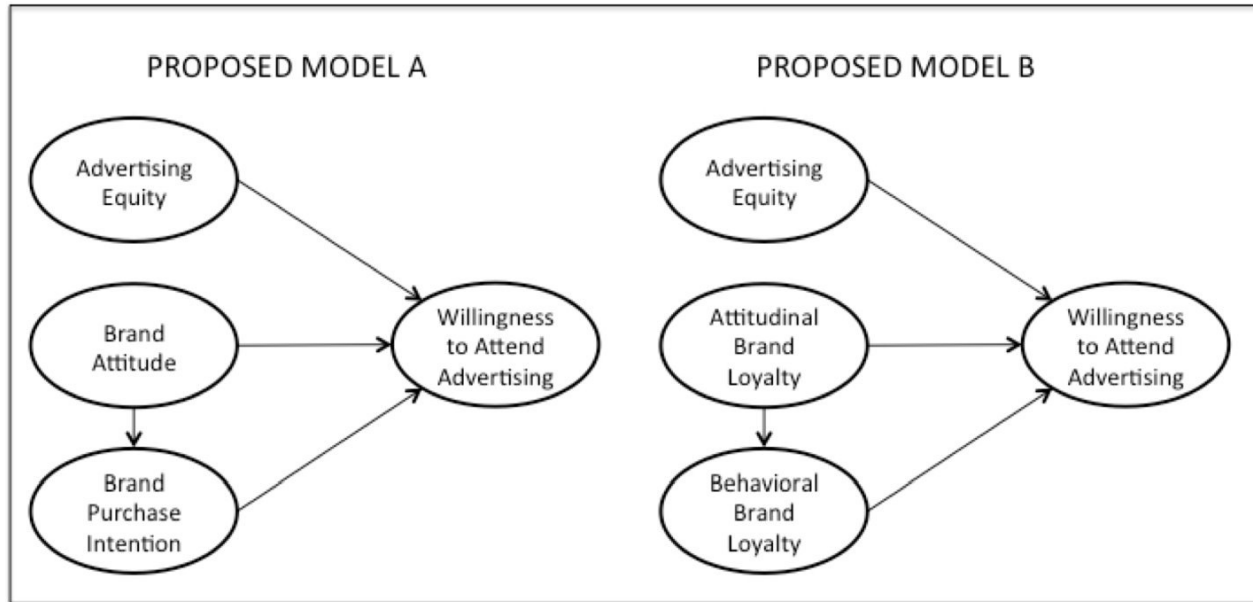
PROSPECTING!

- Why should consumers care?
- How will they find out?



ADVERTISING EQUITY

PROPOSED MODELS (STUDY 1)



Rosengren and Dahlen (2015)

INFLUENCER EQUITY

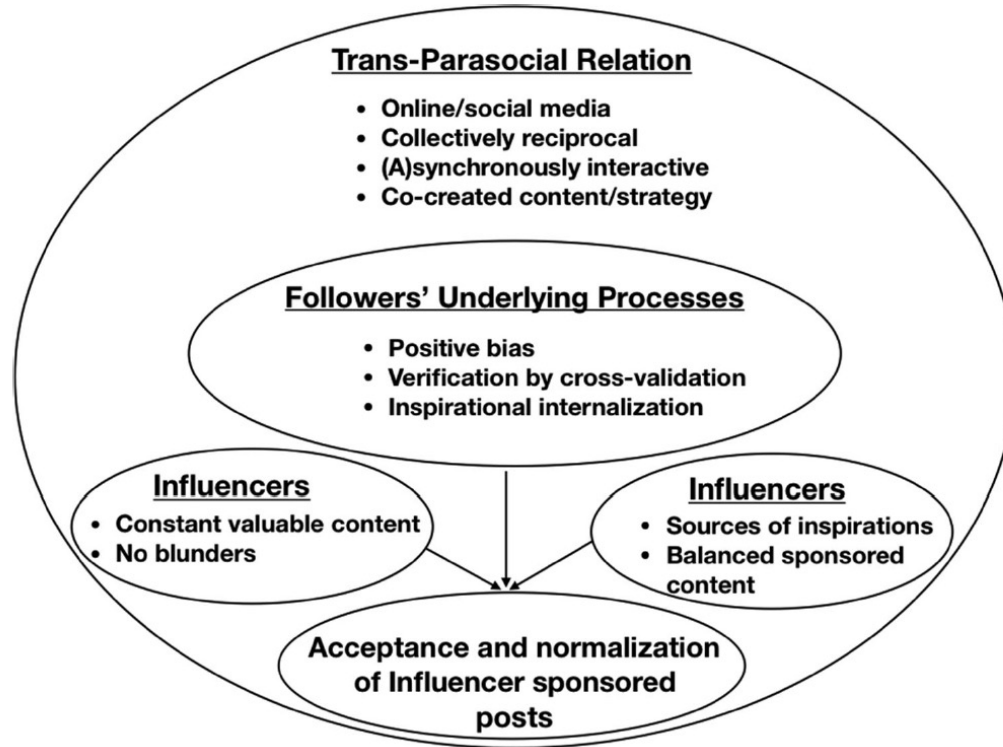


Figure 2. The processes through which followers react to influencer-sponsored content in view of the trans-parasocial relation and default expectations.

EMPLOYEE EQUITY?



Journal of Retailing and Consumer
Services

Volume 38, September 2017, Pages 204-209



How organizational identification among retail employees is affected by advertising

Sara Rosengren ^a✉, Niklas Bondesson ^b✉

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<https://doi.org/10.1016/j.jretconser.2017.06.005>

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WHAT ABOUT THE EFFECTS?

- Ample anecdotal evidence and success cases, but we generally lack systematic studies of how, when, and why livestreaming works.
 - Chen et al (2019) find a 21.8% increase in online sales volume after adopting live streaming strategy. Live streaming is more efficient for the sellers who mainly sell experience goods (+27.9%) than those whose products are mainly search goods.
 - Ang et al (2018) find that social influence cues (social presence and synchronicity) authenticate consumer viewing experience, which has positive impact on consumer search, subscribing and purchase intention. The effect is amplified by livestreaming (vs. recorded).
 - Wongkitrungrueng et al (2020) find higher engagement for live shopping events compared to other types of sales content on Facebook.

WHY THE EFFECTS?

Liveness theory from performance studies highlight two key drivers of the value of being live:

- the *temporal* copresence of an agent and a target
- the *sociability* of the interaction

Plangger et al (2021)

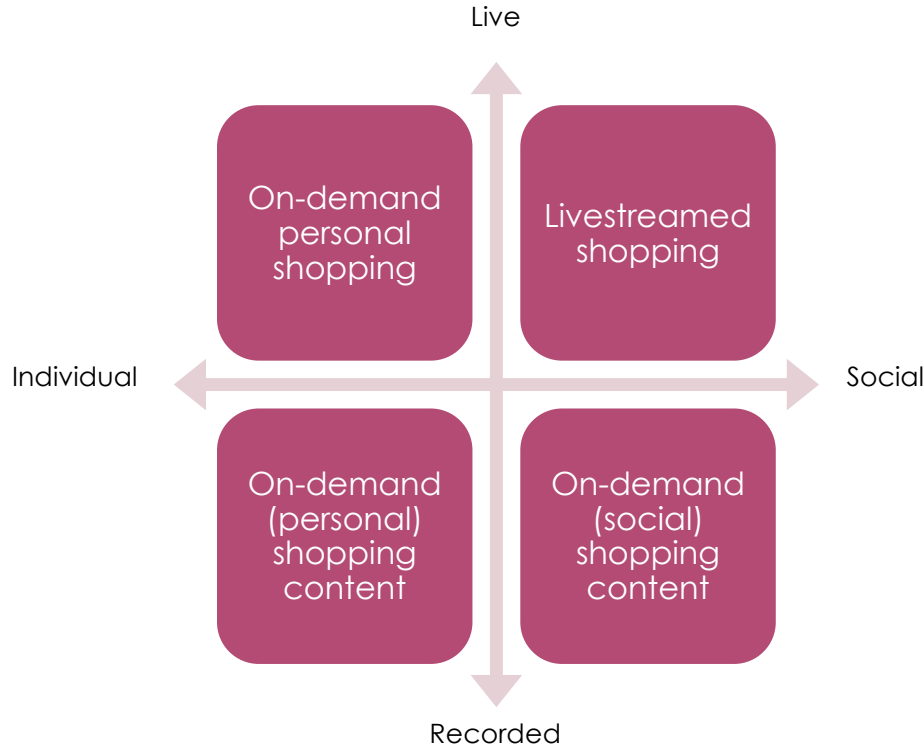


SOCIAL SELLING IN A RETAIL SETTING

LIVENESS

+

SHOPPABILITY



The format enables consumers to purchase products or services in a frictionless manner, thus further blurring the lines between advertising and distribution

Rosengren et al (in progress)



CONCLUSIONS

- Live shopping is here to stay but needs to be adapted to the specific situation of each retailer and target audience. To ensure that value last over time, retailers should integrate live shopping events in the overall content strategy.
- The appropriate design of a live shopping event will depend on whether you have a short-term (sales) vs. long-term (brand) objective. If short-term more attention should be on promotional tools, if long-term more attention on content and relationships.
- The social interactions in live shopping can provide useful feedback. This means that live shopping could be a way to test new products and assortment as well as work to strengthen relationships with consumers.

SEPTEMBER 15

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Ideas, feedback, comments?
Please tell us by e-mailing karl.strelis@hhs.se