12-31-2023

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DOI: https://doi.org/10.21002/amj.v15i2.1224

Available at: https://scholarhub.ui.ac.id/amj/vol15/iss2/1

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THE ROLE OF LIVE STREAMING IN BUILDING CONSUMER TRUST, ENGAGEMENT, AND PURCHASE INTENTION IN INDONESIAN SOCIAL COMMERCE THRIFT CLOTHES SELLERS

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Abstract

Manuscript type: Research Article

Research Aims: Examine the relationship between shopping values consumers perceive during live streaming and their trust, engagement, and intention to purchase from Indonesian social commerce thrift clothes sellers.

Design/methodology/approach: Data was gathered through an online survey from consumers who have watched a live-streaming session of an online thrift clothes shop on Instagram. Data were analysed using covariance-based Structural Equation Modelling (SEM).

Research Findings: The output shows that only the utilitarian value of live stream positively affects trust in products and sellers. The variable engagement was only significantly affected by hedonic value. Additionally, the only significant indirect relationship is between utilitarian value and consumer engagement mediated by trust in products. Lastly, utilitarian value, symbolic value, and engagement positively affect the intention to purchase from Indonesian thrift clothes shops on Instagram, while hedonic value affects it negatively.

Theoretical Contribution/Originality: This study extended several research models by utilising the Stimulus – Organism – Response framework to see how perceived values of live streaming on s-commerce affect consumer engagement and purchasing intention when mediated by consumer’s trust in the seller and product.

Practitioner/Policy Implication: Marketers and entrepreneurs who sell thrift clothes on Instagram should utilise the Instagram Live feature while focusing on the utilitarian value to increase consumer engagement and intention to purchase.

Research limitation/Implications: Demography, number of samples, and differences in live streaming style and thrift clothes brands still need to be addressed.

Keywords: Consumer Engagement, Trust, Intention to Purchase, Live Streaming, Shopping Values, Social Commerce, Thrift clothes.

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INTRODUCTION

The number of people purchasing goods online has increased in recent years due to the pandemic hitting and affecting everyone globally, significantly raising the number to 50% of consumers worldwide who buy goods on social commerce from their phones daily, as PwC (2021) reported. Many Southeast Asian countries are becoming increasingly familiar with the social commerce or s-commerce market, a subset of electronic commerce or e-commerce that incorporates social media or social interaction facilities in helping consumers and sellers’ transactional activities (Lam et al., 2019). The case is consistent in the Indonesian context as the e-commerce sector has taken more than 40% off the Indonesian e-commerce market, and it only has been increasing ever since (Sirclo, 2020) and many of which in the s-commerce are MSMEs or Micro, Small, and Medium Enterprises or MSMEs (Jayani, 2020).

Many business profiles have been using the live streaming feature on e-commerce and s-commerce (for example, LazLive for Lazada and InstaLive for Instagram) to showcase the items sold, enabling viewers to see the items. Accordingly, online thrift clothes sellers on Instagram have also been trying to actively market their goods using that feature (Azizah, 2020). Thrift clothes shops in Indonesia have been gaining popularity among teenagers and young adults again, especially on Instagram, due to the cheap fashion items (Saputro, 2018). It was even reported to be one of the industries that have grown tremendously in Indonesia over the past few years by the chairman of the Indonesian E-Commerce Association and Indonesian MSMEs Association, Ikhsan Ingratubun (Sulistiyono, 2021). The rise in the number of online thrift shops in Indonesia fits with the condition of the people during the pandemic as they have to save money and stay at home (Ilmi, 2020; Sulistyono, 2021).

However, despite the convenience that the sellers feel, consumers around the globe tend to distrust MSMEs on s-commerce, especially the individual ones, due to trust issues in management and quality control (Lu, Deng, et al., 2006). Second, Indonesian online thrift clothes sellers would face new fellow small sellers or competitors in the online thrift shop market due to the business’s great prospect, as implied by Mr. Ikhsan Ingratubun (2021). Lastly, the perceived values from live streaming on s-commerce that can affect businesses and the outcome of their effect have not been studied much as far as the researcher is concerned.
Thus, in hopes of contributing to the improvement of these businesses’ marketing efforts, this study attempts to examine the values discovered by past studies (Hilvert-Bruce et al., 2018; Lu, Xia et al., 2018 etc.) that are commonly perceived by consumers while watching a live stream session of an online shop, which are perceived usefulness, entertainment, and symbolic value. Then, the researcher would look more into how those values can affect the s-commerce thrift clothes sellers on Instagram and how the consumers’ trust in the seller can lead to more engagement between the two parties on the e-commerce platform and stimulate the consumers’ purchasing intention as the research problem to be answered.

LITERATURE REVIEW

Social Commerce and Live Streaming

Electronic commerce or e-commerce is the activity of business transactions via a digital online platform (Wienclaw, 2013). As stated by Liang & Turban (2011) and Shen & Eder (2011), Social commerce is a dimension of e-commerce that utilises social media to accommodate online business activities through social interactions and simultaneously improve the online experience.

Thrift Shops

The thrift goods shops are a retailing industry that sells used clothing, furniture, books and other consumer goods (NARTS, 2018). The name “Thrift” means saving; in this case, it saves money and avoids splurging (Merriam-Webster, n.d.). The concept of thrift shops entered Indonesia in around 1990. At first, premium vintage products were all that there was to sell in thrift shops, but nowadays, people buy clothes from thrift shops if they conform to their tastes and are wearable (Dewi et al., 2020).

Stimulus-Organism-Response Framework

This study uses this framework to help the researcher understand more about consumer behaviour and achieve the research’s objectives. First, Zhu et al. (2019) claimed that the S-O-R framework has been utilised well to understand consumers’ interaction and connectivity with sellers in online shopping. Next, S-O-R provides a theoretical foundation to illustrate the stimuli in a live-streaming session of Indonesian thrift clothes sellers on Instagram through the perceived values of live streaming. Lastly, this framework enables the researcher to incorporate the role of consumer trust as the organismic state of a consumer that can be changed by the stimuli mentioned, which can
trigger responses such as engagement and purchasing intention.

**Perceived Value**
Zeithaml (1988) defined perceived shopping value as “the general subjective and objective assessment that accumulates to the overall shopping experience”. Researchers in past studies (Childers et al., 2002) informed that consumers make purchasing decisions based on utilitarian and hedonic values. The social or symbolic value of the shopping experience is also taken into account in this study because social media is greatly affected by social aspects (De Vries & Carlson, 2014).

**Utilitarian Value**
The extent of usefulness or utility of an item is called a utilitarian value (Babin et al., 1994). When somebody goes out to a store that has an item that is necessary or useful for them at the moment, utilitarian shopping value is fulfilled (Babin et al., 1994), they can save money, time, and energy (Rintamäki et al., 2006), and also benefiting from the ease of access, discovery, possession, and buying activity (Seiders et al., 2000).

**Hedonic Value**
Babin et al. (1994) argued that hedonic value also affects consumers' purchasing decisions by reflecting the entertainment purpose and experiential and emotional gains from the shopping activity. Jarvenpaa & Todd (1997) claimed that hedonic value is typically related to the ‘fun’ and escapism (Menon & Kahn, 2002) the consumers experience in the shopping activity.

**Symbolic Value**
Another value to make up for the perceived value of the online shopping experience is symbolic value. The symbolic value is “the value that can communicate an idea or object’s sociocultural meaning” (Ekström, 2011, pp. 1421-1422).

**Consumer Trust**
Consumer trust is the idea of a consumer believing that a person or a party in communication will behave ethically and socially correctly and will not do anything to disappoint other parties involved (Hwang & Kim, 2007). “Trust in the seller” is the concept that the seller is trustworthy, provides good-quality services, and is not negatively opportunistic (Lu et al., 2010). “Trust in the product” refers to the consumer's belief that a product will meet their expectation and look and function as claimed (Pappas, 2016).
**Consumer Engagement**

Consumer engagement can be defined as the extent of consumer and potential buyers' interaction and connection with the enterprise’s offerings (Vivek et al., 2014). After the extensive evaluation published by Zhang & Benyoucef (2016), many studies on s-commerce have emerged and examined how social media affects consumer purchasing intention or behaviour.

**Consumer Purchasing Intention**

The very definition of consumer purchasing intention is the willingness of consumers to buy a product or service (Morwitz, 2012). The purchase intention within a consumer often happens during the decision-making in which the consumer has accumulated enough information on the product or service being marketed and is ready to either spend money or not on it (Wells et al., 2011).

Additionally, Vohra & Bhardwaj (2019) also found a significant mediation by consumer trust to engagement from satisfaction due to the fulfilled shopping value in the online shopping context, in which the fulfilment of shopping value can significantly increase consumer engagement through trust first.

**RESEARCH METHOD**

**Research Method and Sampling Method**

The proposed research design for this study is descriptive research with questionnaires because this study aims to examine the nature of the population as consumers in the context of Indonesian online thrift shops on Instagram with a non-probability sampling approach. The sample needed 245 respondents or more to fulfil the five times larger than 49 indicators in the study rule (Hair et al., 1995). This study attempted to use a Likert rating scale ranging from Strongly Disagree (1) to Strongly Agree (5) that requires respondents to determine their level of agreement with a statement from a specific theme.

**Research Model**

For this study, the researcher attempted to adapt the model from Wongkitrungrueng & Assarut’s (2018) work titled “The Role of Live Streaming in Building Consumer Trust and Engagement with Social Commerce Sellers” and merged it with models from Husnain et al. (2017) and Magetsari & Pratomo (2019) with the independent variables in this study being utilitarian value, hedonic value, and symbolic value, which are also effectively the stimuli in this model.
Table 1. Research Hypotheses

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a, H2a, H3a</td>
<td>The utilitarian/hedonic / symbolic value of live streaming has a positive relationship with consumers' trust in the seller.</td>
</tr>
<tr>
<td>H1b, H2b, H3b</td>
<td>The utilitarian / hedonic / symbolic value of live streaming has a positive relationship with consumers' trust in the product.</td>
</tr>
<tr>
<td>H4</td>
<td>Consumers' trust in a product has a positive relationship with consumers' trust in the seller.</td>
</tr>
<tr>
<td>H5, H6, H7</td>
<td>The utilitarian / hedonic / symbolic value of live streaming has a positive relationship with consumer engagement.</td>
</tr>
<tr>
<td>H8, H9, H10</td>
<td>The utilitarian / hedonic / symbolic value of live streaming has a positive relationship with consumer purchasing intention.</td>
</tr>
<tr>
<td>H11a &amp; H11b</td>
<td>Consumers' trust in the seller / product has a positive relationship with consumer engagement.</td>
</tr>
<tr>
<td>H12</td>
<td>Consumer engagement has a positive relationship with consumer purchase intention.</td>
</tr>
<tr>
<td>H13a, H14a, H15a</td>
<td>Utilitarian / hedonic / symbolic value has a positive relationship with consumer engagement with the mediation from consumer trust in sellers.</td>
</tr>
<tr>
<td>H13b, H14b, H15b</td>
<td>Utilitarian / hedonic / symbolic value has a positive relationship with consumer engagement with the mediation from consumer trust in products.</td>
</tr>
<tr>
<td>H13c, H14c, H15c</td>
<td>Utilitarian / hedonic / symbolic value has a positive relationship with consumer engagement with the mediation from consumer trust in sellers through consumer trust in products.</td>
</tr>
</tbody>
</table>

RESULT AND DISCUSSION

Respondent Profile

A total of 265 responses were gathered through Line Openchats, Instagram, Twitter, and WhatsApp after filtering out the responses based on the result of the screening questions. The vast majority of the respondents who filled in this study are women (92.8%) and people in the age range of 15-25 years old. It was discovered that the respondents came from varied backgrounds. Starting with the variety of the domicile, even though most of the respondents (48.9%) live in the Jabodetabek area, some respondents live outside of the Jabodetabek area (39.8%) and outside of Java Island (11.4%). Most of the respondents’ last education is senior or vocational high school (SMA/SMK), taking up 64.9% of the respondents. Consistent with the last education categories, most respondents were still students (71.7%) by the time they filled out this study’s questionnaire, and 67.4% admitted that they only spent less than Rp500,000,00 for online purchases.

Measurement Model Test

The result of this study showed that all of the observed and latent variables are valid and reliable in the pre-test stage with 41 samples, while the primary test with 265 samples
showed good reliability for the majority of the variables with Cronbach Alpha ranging from 0.799 – 0.922; loading item value from almost 0.5 to above 0.9, and KMO/Bartlett score from 0.668 – 0.881.

**Structural Model Test**

In analysing the relationship between the existing constructs, the t-value or the critical ratio value and the SLF or estimates value that can be viewed on the structural model path output from IBM SPSS AMOS 26 are used. Furthermore, a Sobel test was done to see the significance of the indirect effect. Only the Utilitarian Value to Trust in Product to Consumer Engagement mediation path is significant because it has a test statistics value above 1.96 and a p-value of 0.01, below the 0.05 cut-off.

The red lines show insignificant relationships with a p-value above 0.5, while the numbers in the boxes represent the t-value and SLF. The t-value and SLF are used for hypothesis testing to determine whether the proposed hypotheses are supported, as seen in Table 2 below.

**Figure 1. T-Value and SLF Results on Structural Model**

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Test Statistics (t-value &amp; z-value)</th>
<th>Estimate or SLF</th>
<th>Research Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a</td>
<td>4.19</td>
<td>0.70</td>
<td>Supported</td>
</tr>
<tr>
<td>H1b</td>
<td>6.09</td>
<td>0.65</td>
<td>Supported</td>
</tr>
<tr>
<td>H2a</td>
<td>-1.14</td>
<td>-0.17</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H2b</td>
<td>-1.22</td>
<td>-0.19</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H3a</td>
<td>0.89</td>
<td>0.14</td>
<td>Not Supported</td>
</tr>
<tr>
<td>------</td>
<td>------</td>
<td>------</td>
<td>---------------</td>
</tr>
<tr>
<td>H3b</td>
<td>3.40</td>
<td>0.50</td>
<td>Supported</td>
</tr>
<tr>
<td>H4</td>
<td>1.48</td>
<td>0.25</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H5</td>
<td>-1.89</td>
<td>-0.41</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H6</td>
<td>2.92</td>
<td>0.52</td>
<td>Supported</td>
</tr>
<tr>
<td>H7</td>
<td>0.60</td>
<td>0.10</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H8</td>
<td>3.92</td>
<td>0.30</td>
<td>Supported</td>
</tr>
<tr>
<td>H9</td>
<td>-3.09</td>
<td>-0.45</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H10</td>
<td>3.22</td>
<td>0.44</td>
<td>Supported</td>
</tr>
<tr>
<td>H11a</td>
<td>1.97</td>
<td>0.28</td>
<td>Supported</td>
</tr>
<tr>
<td>H11b</td>
<td>2.32</td>
<td>0.44</td>
<td>Supported</td>
</tr>
<tr>
<td>H12</td>
<td>5.83</td>
<td>0.68</td>
<td>Supported</td>
</tr>
<tr>
<td>H13a</td>
<td>1.79</td>
<td>(z-value)</td>
<td>Supported</td>
</tr>
<tr>
<td>H13b</td>
<td>2.38</td>
<td>(z-value)</td>
<td>Supported</td>
</tr>
<tr>
<td>H13c</td>
<td>1.16</td>
<td>(z-value)</td>
<td>Supported</td>
</tr>
<tr>
<td>H14a</td>
<td>-0.99</td>
<td>(z-value)</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H14b</td>
<td>-1.10</td>
<td>(z-value)</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H14c</td>
<td>-0.85</td>
<td>(z-value)</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H15a</td>
<td>0.81</td>
<td>(z-value)</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H15b</td>
<td>1.91</td>
<td>(z-value)</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H15c</td>
<td>1.08</td>
<td>(z-value)</td>
<td>Not Supported</td>
</tr>
</tbody>
</table>

**CONCLUSION**

The research output implies that the shopping values consumers perceive during a live streaming session of an Indonesian thrift clothes shop Instagram account affect consumers’ trust, engagement, and purchasing intention differently. First, the utilitarian value of live streaming affects trust in the seller and the product significantly, similar to Cai et al. (2018) findings. On the other hand, symbolic value only significantly affects trust in a product, while hedonic value was found not to affect either form of consumer trust in this study. Hedonic value’s inability to do so was addressed in Wongkitrungrueng & Assarut (2018), and Cai et al. (2018) studies, where there was only a small number of respondents could trust the seller of the entertaining gimmicks of the live stream. Additionally, only the hedonic value of live streaming can affect engagement significantly. Hedonic value’s significant and direct effect on engagement was proven in Högberg et al. (2019) study; they reasoned that because the experience of shopping has activities that are suitable for consumers’ creation of hedonic value through entertainment, resulting in a more active engagement from consumers with the business’s social media account.

Nevertheless, utilitarian value can significantly affect engagement through mediation by trust in the product first. It was also found that only hedonic value affected purchasing intention negatively compared to the other two values. This can be due to the nature of the product being sold in the live stream. Yang & Mattila (2016) argued that
hedonism only affects consumers when the product is cheap because they cannot fully immerse themselves in hedonism and spend much money getting the product to have more joy and enlightenment if the product is not expensive. In this study, the consumer’s trust in a product does not significantly affect trust in the seller, and the latter cannot mediate for the stimuli variables. Kasuma et al. (2020) believe that consumers tend only to need to verify whether a product is authentic or not to immediately engage with the seller without trusting the seller as an individual first. Lastly, it was proven in this study that consumer engagement does significantly affect consumer purchasing intention, just like Husnain et al. (2017) findings.

**Recommendations**

Several recommendations are proposed about the conclusions of the relationships of the variables in this study. First, Indonesian thrift clothes sellers on-commerce like Instagram need to showcase the clothes they want to sell in a way that can give the consumers assurance that the clothes are authentic or not a rip-off and give the consumers sensory information as much as possible for consumers to trust both the clothes being sold and the sellers themselves. Second, Sellers should make the live-streaming session as enjoyable as possible for the consumers. The research indicates that consumers enjoy flash or bonus item sales that happen randomly during live streaming. However, sellers must be careful of the direct effect of hedonic value on consumer purchasing intention. Sellers of thrift clothes on Instagram should still make their live streams enjoyable for engagement, but not in a way that makes consumers spend more money than they initially planned. Lastly, the output for consumer engagement descriptive analysis indicates that consumers are more than likely to revisit a seller’s account to watch their live streams shortly to decide which clothes they should buy from them next. Sellers can increase the revisiting intention by building hype and curiosity for the next live stream from previous live streaming. The direct-indirect analysis result shows that consumers will trust a seller and the products sold, engage with the seller, and buy from him or her more if they perceive the live shopping session the seller hosts as applicable.
References


