EFFECT OF LIVE STREAMING E-COMMERCE IN BUILDING CUSTOMER TRUST AND CUSTOMER ENGAGEMENT (STUDY ON TOKOPEDIA CONSUMERS)

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Abstract

In recent years, e-commerce in Indonesia is growing rapidly which makes the level of competition between e-commerce is also high and has resulted in the closure of several e-commerce because they are unable to compete. It can be said that live streaming is one of the innovations as a marketing strategy for new e-commerce. To avoid suspicions of different product characteristics photos, fake shops, fraudulent sellers and others and to increase customer trust, Tokopedia Play created a live shopping experience feature. And can increase customer engagement which ultimately consumers buy and revisit. This study aims to examine the effect of live streaming, customer trust, and customer engagement in making online purchases on Tokopedia e-commerce. The independent variable in this study is live streaming. The dependent variable is customer engagement. And the intervening variable is customer trust. Respondents in this study were people who had shopped online through live streaming on Tokopedia Play. This study uses quantitative research methods and PLS analysis. Using a minimum of 105 respondents. The results of the study show that: (1) Live streaming has a positive and significant effect on customer trust. (2) Customer trust has a positive and significant effect on customer engagement. (3) The effect of live streaming on customer trust and on customer engagement is significant and positive.

Keywords: E-Commerce, Live Streaming, Customer Trust, Customer Engagement

Introduction

Electronic commerce (e-commerce) is a new concept that can be described as the process of buying and selling goods or services on the world wide web internet (Shim, Qureshi, Siegel, 2000) or the process of buying and selling or exchanging products, services and information through information networks including the internet. (Turban, Lee, King, Chung, 2000). The growth of the digital economy in Indonesia continues to grow rapidly every year. In 2030, it is predicted that the transaction value of Indonesia's digital economy will grow 8 times and be dominated by the e-commerce sector. This in line with the number of consumers who shop online which is also increasing rapidly, especially in the midst of a pandemic. Many people choose e-commerce because it is flexible, accessible, diverse, and has many programs that provide benefits to customers. In recent years, e-commerce in Indonesia has grown rapidly, starting from Tokopedia, Bukalapak, JD.id, Shopee, Bibli.com, Qlapa.com, Rakuten, Elevenia, Mataharimall.com, and so on. Each of these e-commerce has a different strategy to seize the market in Indonesia. With so many e-commerce, the level of competition between e-commerce is also high and resulted in the closure of several e-commerce because they could not compete. Some of the e-commerce that were unable to compete were Rakuten, plasa.com, tokobagus, berniaga.com, Qlapa.com, and Mataharimall.com. Therefore, the need for innovation from e-commerce-e-commerce in Indonesia to attract customer interest and it can be said that live streaming is one of the innovations in product sales promotion in e-commerce.

For several quarters in 2021, Tokopedia was ranked first as the most visited e-commerce by the Indonesian people. This makes Tokopedia as an e-commerce made in the country one of the e-commerce that is in demand by the Indonesian people. Several consumers reported that doing online shopping transactions through e-commerce Tokopedia had a bad system, consumer accounts were vulnerable to being hacked, and Tokopedia sellers were deceptive or fraudulent. Tokopedia Play provides a live shopping experience and interacts with content creators. Live streaming can help consumers who don't like reading product descriptions and in real time help consumers to believe in products other than just seeing the product through photos. According to Ageyi et al. (2020) trust can be considered as a driver of customer engagement, because it breeds cooperation and interaction, which are very important in maintaining sustainable relationships with consumers. Trust in retailers, positive ideas, can strengthen customer engagement in consumer interest to review. On the other hand, lack of consumer trust can weaken the positive effect of customer engagement to write online reviews (Thakur, 2018). Customer engagement involves consumers in a number of company-related behaviors and may have positive and negative consequences (e.g. positive versus negative reviews) for the company, these behaviors include online discussions, comments, information seeking and opinion polls (Gummerus et al, 2012).
E-commerce competition in winning the hearts of consumers is becoming very tight with the increasing presence of online buying and selling platforms. Even though consumers are satisfied with shopping in one particular e-commerce, consumers still shop at other e-commerce for their other needs. With the live streaming of e-commerce on Tokopedia, it is hoped that consumers who visit the Tokopedia web and application will gain trust and attachment because they have seen it in real-time, which will then lead to the consumer buying process at that time.

Live streaming is one form of lifestyle marketing that is increasingly popular today. Live streaming allows brands to build engagement with customers, provide a better understanding of the product, to get customers to buy the product. The popularity of the live streaming trend is driven by the changing behavior of customers who want to find inspiration as well as shop. In today’s era, the live streaming feature can be used by business people to encourage marketing creativity and increase engagement with customers. Switching to live streaming can not only increase seller and brand partner engagement with customers, it also allows them to give customers a better understanding of the products they sell. As a result, sellers and brand partners can maintain a share of mine to maintain their sales. The formulation of the problem in this research are: how is the effect of live streaming on customer trust in making online purchases on e-commerce Tokopedia, how is the effect of customer trust on customer engagement, and how does live streaming affect customer trust and on customer engagement.

Literature Review
Live Streaming
According to Wang (2017) live streaming is a form of online communication and real-time transmission mode of "collecting, releasing, and watching video information at the same time" on the Internet; live streaming e-commerce is a form of combining live streaming and e-commerce to sell products on a streaming basis, temporarily gathering consumers together, this builds a high-frequency scene and strong interaction between sellers and buyers. Live streaming creates a social relationship between consumers and streamers, consumers have become fans. The “group effect” communication makes live streaming stimulate consumers to buy more than the traditional way (Mike, 2016). E-commerce has ditched the traditional sales model and moved to the Internet and engages in in-depth communication with users from multiple perspectives such as user initiative, interaction and care. Live streaming has stimulated new unprecedented power consumption and reshaped the mode of E-Commerce communication to some extent.

Customer Trust
Trust comes from a long process. If trust has been established between consumers and companies, then efforts to build cooperative relationships will be easier. A business transaction can be carried out between two or more parties if each party trusts each other. However, this trust cannot be simply recognized by other parties or business partners, but must be built from scratch and can be proven. According to Sunarto (2006), consumer trust is the knowledge that consumers have and all conclusions that consumers make about objects, attributes, and benefits. Trust in the context of online purchases is a consumer's interest to depend on others and be vulnerable to the actions of others during the online shopping process, with the expectation that the other party will carry out acceptable practices and acceptable services (Zendehdel et al., 2011).

Customer Engagement
Customer engagement has been variously defined as a state of mind, several types of behavior, and several types of psychological processes. For example, Moliner et al. (2018) defines customer engagement as a kind of emotional connection between the customer and the brand. As a state of mind, customer engagement can be generated by customer experience (Brodie et al., 2011). Wongkitrungrueng and Assarut (2020) define customer engagement as “a manifestation of customer behavior towards a brand or company beyond purchase” in live streaming shopping and find that customers perceived value has a positive impact on their engagement in live streaming shopping. According to Cook (2011), customer engagement is understood as any effort to involve consumers in emotional interactions between the company and its customers. In business activities, interaction with customers is only seen as a mere process, not as a long-term relationship. It seems that placing customer engagement as a program to handle all customer complaints and making it easier for them to respond back is a rare thing that must be done by a company to maintain existence and maintain existence as well as maintain long-term relationships with customers by managing two-way communication properly.
From the results of the formulation of the problem, the hypotheses to be proposed in this study are:
H1 : Live streaming has a positive effect on customer trust.
H2 : Customer trust has a positive effect on customer engagement.
H3 : Live streaming has a positive effect on customer trust and customer engagement.

Research Methods
The method used in this study is a descriptive and verification quantitative method. The object of research or unit of analysis used as respondents are consumers who use e-commerce shopping services. Tokopedia e-commerce visitors either through the application or the website. Especially for consumers who have watched e-commerce live streaming or Tokopedia Play. Data collection in this study was through an online questionnaire. Questionnaires were made online via google form which is available free of charge and the link was sent directly to respondents via social media such as whatsapp and facebook groups. The data sent by the respondent is stored automatically. Questions were measured on a Likert scale with an interval of 1-5. The characteristics that exist in the population must be in accordance with the research object chosen by the researcher, in this study the population that has the same characteristics and is the target is consumers who live in the territory of Indonesia who shop online using live streaming e-commerce. can be known with certainty, so choosing a sampling technique using a nonprobability sampling technique with the sampling technique used in this study is the Accidental Sampling technique. The sample size in this study was taken using the formula Hair, et al. According to Hair (2010) that if the sample size is too large or the population size is not known for sure, then the method becomes very sensitive so it is difficult to get good goodness of fit measures. So it is recommended that the minimum sample size is 5-10 times the indicator variable. With these calculations, the minimum sample size is 105 people. Data analysis using SEM is used to examine and justify a model (Hair et.al, 2006). Structural Equation Modeling or SEM is a statistical analysis technique used to build and test statistical models in the form of causal models (Prastuti, 2011). The software used for data processing is Smart PLS.

Result and Discussion
This report uses Structural Equation Modeling (SEM) – Partial Least Square (PLS) to analyze the data. Our findings reveal in the first hypothesis that the value of the original sample which sees the effect of live streaming on customer trust is 0.851. Then the value of t statistic which is 23.173 is bigger than T table which is worth 1.96. This means that the relationship is positive and there is an influence from live streaming on customer trust. The P values have a value of 0.000. With a significance value of 0.000 or <0.05, Ho is accepted and Ha is rejected. So it can be concluded that the live streaming variable has a significant effect on customer trust, meaning that with live streaming on Tokopedia Play, consumers will have an increased sense of trust to make purchases on Tokopedia e-commerce.

<table>
<thead>
<tr>
<th>Hypotheses Testing Results</th>
<th>Original Sample (O)</th>
<th>Sample Mean (M)</th>
<th>Standard Deviation (STDEV)</th>
<th>T Statistics ([O/STDEV])</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Live Streaming → Customer Trust</td>
<td>0.851</td>
<td>0.852</td>
<td>0.037</td>
<td>23.173</td>
<td>0.000</td>
</tr>
<tr>
<td>Customer Trust → Customer Engagement</td>
<td>0.871</td>
<td>0.868</td>
<td>0.03</td>
<td>28.889</td>
<td>0.000</td>
</tr>
<tr>
<td>Live Streaming → Customer Trust</td>
<td>0.741</td>
<td>0.74</td>
<td>0.052</td>
<td>14.295</td>
<td>0.000</td>
</tr>
</tbody>
</table>
The second hypothesis reveals that the original sample value which sees the effect of customer trust on customer engagement is 0.87. Then the value of t statistic which is worth 28.889 is greater than T table which is worth 1.96. This means that the relationship is positive and there is an influence of customer trust on customer engagement. The P values have a value of 0.000. With a significance of 0.000 or <0.05, Ho is accepted and Ha is rejected. So that it can be said to have a significant influence from customer trust on customer engagement. The third hypothesis reveals that the original sample which saw the effect of live streaming on customer trust and customer engagement with a value of 0.741. Then the value of t statistic which is worth 14.295 is greater than T table which is worth 1.96. This means that the relationship is positive and there is an influence from live streaming on customer trust and customer engagement. The P values have a value of 0.000. With a significance of 0.000 or <0.05, Ho is accepted and Ha is rejected. So it can be concluded that live streaming has a significant effect on customer trust and on customer engagement.

**Table 2** AVE, Composite Reliability, Cronbach’s Alpha, R Square and Correlations

<table>
<thead>
<tr>
<th></th>
<th>Live Streaming</th>
<th>Customer Trust</th>
<th>Customer Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Variance Extracted (AVE)</td>
<td>0.633</td>
<td>0.676</td>
<td>0.763</td>
</tr>
<tr>
<td>Composite Reliability</td>
<td>0.939</td>
<td>0.926</td>
<td>0.951</td>
</tr>
<tr>
<td>Cronbach’s Alpha</td>
<td>0.938</td>
<td>0.903</td>
<td>0.938</td>
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<tr>
<td>Rho_A</td>
<td>0.93</td>
<td>0.906</td>
<td>0.94</td>
</tr>
<tr>
<td>R-square</td>
<td></td>
<td>0.724</td>
<td>0.758</td>
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<tr>
<td>R Square Adjusted</td>
<td></td>
<td>0.722</td>
<td>0.756</td>
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**Conclusion**

Based on the results of the analysis and discussion of research results, it can be concluded as follows: Live streaming has a significant and significant impact on customer trust. The relationship between live streaming and customer trust is positive, meaning that live streaming can increase customer trust. Through live streaming, sellers can provide instructions in the form of information, characteristics, benefits, how to use, as well as product uses honestly and according to facts that are useful for buyers, so that buyers' trust increases through instructions and information provided by sellers about products in accordance with the facts. During live streaming, sellers can build their characteristics through facial expressions, body movements, spoken words, and backgrounds that can build consumer confidence.

Customer trust has a significant influence on customer engagement. Customer trust and customer engagement have a positive relationship, meaning that increased customer trust will increase customer engagement. Consumers can directly see products and interact directly with sellers, which can foster engagement with sellers. Because by seeing and interacting directly, in addition to the information provided by the seller, the consumer can trust the seller, the seller can also be trusted, which then encourages customer engagement which in the end consumers will make transactions with the seller.

There is a significant and significant effect between live streaming on customer trust and on customer engagement. The relationship of live streaming to customer trust and to customer engagement is positive, meaning that live streaming can increase customer trust and customer engagement. During live streaming, consumers can see the seller directly while demonstrating the characteristics of the product being sold, whether it's authenticity, visuals of the product, or how to use the product. Then when consumers see the live streaming it encourages emotional feelings in the form of happiness, interest, excitement towards the seller and the product. Sellers can establish a brotherly relationship with consumers during live streaming and express themselves as good sellers. Seeing this, there is a sense of consumer confidence in the seller and his products. Consumers feel confident with product information that will later be ordered, received, used will meet their expectations. Engaging in Q&A discussions during live streaming fosters consumer pleasure in becoming fans. By seeing and interacting directly, it can also foster a sense of trust accompanied by engagement which will later encourage loyal consumers. Then happy to buy and revisit, and provide recommendation information to others.
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