

The Rising of Livestream Business Model: Insights from the Case Study of TikTok in UK

ABSTRACT

The consumer purchasing behaviours have experienced revolution from offline shopping mall to social media livestream during the decade (Sorescu et al., 2011). Traditional e-commerce businesses attract customers through the website through displaying products in the electronic shopfront. Most businesses have adopted this type of e-commerce business model over the last two decades by either setting up an online shop either in their own website or the integrated e-commerce website such as Amazon or eBay. Recently, a new e-commerce mode--livestream retailing has caught the eyes of consumers through selling products directly to consumers in the livestream videos in social media such as Instagram, TikTok, etc. (Sheth & Kim, 2017). As a new e-commerce model, it is nature to explore the characteristics of the livestream retailing business model. Specifically, questions to be asked for this business model is: what are characteristics of the livestream shopping business model? What drives consumers to purchase products in livestream videos? and how business can capitalize on this business model?

This study adopts the case-study approach with TikTok, a livestream platform that brings with online shopping services in the UK within recent 2 years. Livestream data was analysed and interviews with the managers of TikTok trading business have been conducted to examine how TikTok's retail path can help brands or sellers build a close tie with consumers. A discussion of the livestream retail model's comparison to traditional retail business models will be expanded in the interview questions. Data acquired from livestream videos clips are used to extract facial features to understand consumer purchase behaviour. A four-stage infinite loop business model was discovered with Conceptualization of Discovery (Biggs et al., 2018), Consideration (Hui et al., 2013), Purchase (Ying et al., 2018), Review and Participation (Lu et al., 2022) has been reported.

This paper concludes with what livestream features will influence consumer purchasing behaviour and how TikTok livestream commercialization pathway impact on conventional business model. Three main retail business pathways and models are discussed according to the interview. Firstly, video creator who holds the Intellectual Property of a TikTok account plays an important role as the livestream video influencer. They have created value for their followers and drives consumers' intention of purchasing behaviour. The livestream of video creator provides opportunities for consumers to interact with the video creator and other consumers. Secondly, the livestream video shopping extends the traditional offline shopping mall business model but also takes the advantages of the digital platform. The livestream breaks the limitations of offline physical space and attracts thousands of the visitors within one second. Thirdly, the recommendation system developed through artificial intelligence technologies such as image analysis and text analysis play an essential role in targeting consumers and sustain the operation of the livestream shopping platform.

Key words: Livestream shopping, business model, consumer behaviours, livestream purchase

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