



# INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES



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ISSN: 2222-6990

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To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v11-i17/11416> DOI:10.6007/IJARBSS/v11-i17/11416

**Received:** 09 August 2021, **Revised:** 14 September 2021, **Accepted:** 27 September 2021

**Published Online:** 20 October 2021

**In-Text Citation:** (Ong et al., 2021)

**To Cite this Article:** Ong, S. Y. Y., Habidin, N. F., Fuzi, N. M., Salleh, M. I., Ramdan, M. R., Abdullah, K., & Taasim, S. I. (2021). The Relationship between Live Commerce towards Customer Engagement in Malaysia E-commerce Platform. *International Journal of Academic Research in Business and Social Sciences*, 11(17), 285–294.

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Special Issue Title: Empowering Community and Beyond, iRandau, 2021, Pg. 285 - 294

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## The Relationship between Live Commerce towards Customer Engagement in Malaysia E-commerce Platform

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### Abstract

This paper emphasizes on the variables of live commerce and the relationship with Customer engagement in e-commerce platform in Malaysia. An interdisciplinary literature review suggesting positive relationship between live commerce and customer engagement. Therefore, using the Social Cognitive (SC) theory and stimulus–organism–response (SOC) model, researcher propose to analyze the practice of live commerce and the relationship with Customer engagement in SMEs Malaysia. These theory and model will be employed to develop an integrative conceptual framework that combines various relational bonds, affective commitment, visual attention, and consumer engagement. Through understanding majority live commerce consumer in Malaysia, can reflect live commerce customer expectation and need and contribute to customer engagement. The implication of this study is expected to give insight of live commerce practice in Malaysia and indirectly assist e-commerce operator and related industry that wish to venture in live commerce. For future study, researcher will add culture and ethnicity as mediating effect and a research model will be developed by testing the proposed conceptual framework using Structural Equation Modelling (SEM).

**Keywords:** Live Commerce, Relational Bond, Customer Engagement, S-O-R Model, Conceptual Framework

## Introduction

The COVID-19 pandemic is forcing Small Medium Enterprises (SMEs) Malaysia closure due to social distancing and must react with it differently by shifting rapidly to distance, online platform and adjusting to Covid19's virtual space. The convergence of digitization with globalization has led the world to delight consumers by initiating new standards, platforms, and methods of audience's engagement (de Freitas, 2021). Live streaming services such as Tabao live, Instagram live, Facebook live, Shopee live and Amazon live have become common sources of online shopping due to restriction during Covid-19 lock down (Wongkitrungrueng & Assarut, 2020; Li, Li & Cai, 2021). Within the e-commerce industry, live commerce provides customer a different shopping experience.

Live commerce is the latest form of e-commerce for hybrid of live, real-time connection, and virtual e-commerce shopping experience (Hu & Chaudhry, 2020; Meisner & Ledbetter, 2020). Hamdan (2020) reported that the Movement Control Order (MCO) in Malaysia has impacted severely on businesses as most were rendered inactive and has led to a surge in e-commerce and accelerated the transformation of live commerce on social media. Singapore-based Netccentric Ltd director Ganesh Kumar Bangah stated that live commerce is a trend that's coming up and it'll be 9% in Malaysia or maybe even more (Hamdan, 2020). However, there exists a significant of knowledge gap within this field on how to execute for live commerce and why live commerce is important to be practiced and incorporated into e-commerce business models in Malaysia.

This is supported by Wongkitrungrueng & Assarut (2020), research in live streaming context is still considered to be in its infancy stages where most were conducted to identify the characteristics and motivations of consumer's participation in live streaming. Few studies also call for study for different online marketplaces, and the effects of other interesting factors in live commerce. Therefore, it is important to study about live commerce in Malaysia and responses to these queries for e-commerce operators to make decision on relational marketing.

Lim et al (2020) suggest that enhancing consumer engagement in live streaming is critical for e-commerce operators to build relationships towards customer engagement and create consumer loyalty. Wongkitrungrueng, Dehouche and Assarut (2020) also demonstrate the mechanism of how live streaming can create shopping value that increases customer trust, which in turn leads to consumer decisions to purchase and engage with sellers more. This gives insight of live commerce practice in Malaysia and indirectly assist e-commerce operator and related industry that wish to venture in live commerce.

Other than that, customer engagement is rank as one of the most important challenges for entrepreneurs, firms, practitioner communities, and academics to an engaged customer base (Marketing Science Institute, 2016; Grewal et al., 2017; Hu & Chaudhry, 2020). However, in-depth understanding to achieve customer engagement is still limited (Grewal et al., 2017; Ng, Sweeney & Plewa, 2020). Existing literature explain how customer engagement is represented by more than one specific concept in modelling customer behaviours (Brodie et al., 2011). In relationship marketing customer engagement is defined as attracting, maintaining, and enhancing relationship with customer in multi-service organizations (Berry, 1983). In this study, customer engagement will be focus on the live commerce of e-commerce platform, using outcomes of customer experienced such as participation and connection with offering and activities by e-commerce platform as result of customer engagement.

## **Literature Review and Theoretical Background**

### ***Stimulus-Organism-Response (S-O-R) Model***

Mehrabian and Russell (1974) proposed the Stimulus-Organism-Response (S-O-R) model of environmental psychology. Pleasure, arousal, and dominance dimensions were originally used as organism representing affective, emotional, and cognitive consumer states as reactions to environmental stimuli (Mehrabian and Russell, 1974). The SOR model considers that several elements influence interior and emotional state of individual as stimuli (S) that effect the reaction states as organism (O), which in line to their behavioural responses (R). Building on the SOR model, Wongkitrungrueng and Assarut (2020) reveal that the value of live commerce can be addressed as a stimulus that affects the internal process of consumers such as how customers gauge the seller's and product's trustworthiness influence their behavioural responses to foster relationship with the seller. Fei et al (2021) also highlighted the social cue in e-commerce live streaming videos act as the "stimulus" to consumers, including herding message and interaction text. Thus, the S-O-R models support the factor influence live commerce and build integrative conceptual framework to reflect how social interactivity in live streaming engage with customer.

### ***Relational bonds as Stimuli***

Previous studies reveal that stimuli in the SOR framework are the elements or factor that affect interior and emotional states of an individual and mostly use for perception of individual (Eroglu, Machleit & Davis, 2001). The stimuli that mainly used by previous literature within the SOR framework are known as factors, cues, bond, or value of social, design, ambient, environmental, informative, and financial (Bagozzi, 1986; Eroglue et al., 2001; Herrando et al., 2018; Fei et al., 2021). In this study, considering the marketing, management and entrepreneurship perspective inputs of live commerce researcher propose to employ relational bonds as the stimuli. Through the e-commerce platform, SMEs discovered the relational bonds of elements of retail and marketing environment which can be explored by the consumers in live streaming environment. According to Hu and Chaudhry (2020), to engage consumers, there are different types of relational bonds in the context of live commerce. Their study proposes financial bonds, social bonds, and structural bonds as these relational bonds indicate three different levels at which relationship marketing is practiced by entrepreneurs. Following are the definition of relational bonds proposed:

**Table 1.0:** The Definition of Rational Bonds Dimension

<b>Rational Bond</b>	<b>Definition</b>	<b>Reference</b>
Financial Bond	Refer to special price offers, discounts, promotions, cumulative points or coin programs and other monetary benefit provided to enhance consumer relationships.	Berry (1995), Hsieh, Chiu, & Chiang, (2005); Gu, Oh & Wang (2016); Hu & Chaudhry (2020)
Social Bond	Refer to social and service dimensions that include interactions, friendships, and interpersonal communication between broadcaster, streamer and/or seller to build relationships with consumers which combines multiple media forms while broadcasting	Hsieh et al. (2005); Gu et al. (2016); Hu & Chaudhry (2020)
Structural Bond	Refer to the value-adding services in the structure of live commerce that are only available to customer that engage with the broadcaster, streamer and/or seller. Example of the value-adding services such as mix-match clothing, application of make-up kit, easy way to use kitchen appliance and introducing how the vegetable is grown, in live streaming to help customer be savvier.	Chiu, Hsieh, Li, & Lee (2005); Hsieh et al. (2005); Hu & Chaudhry (2020)

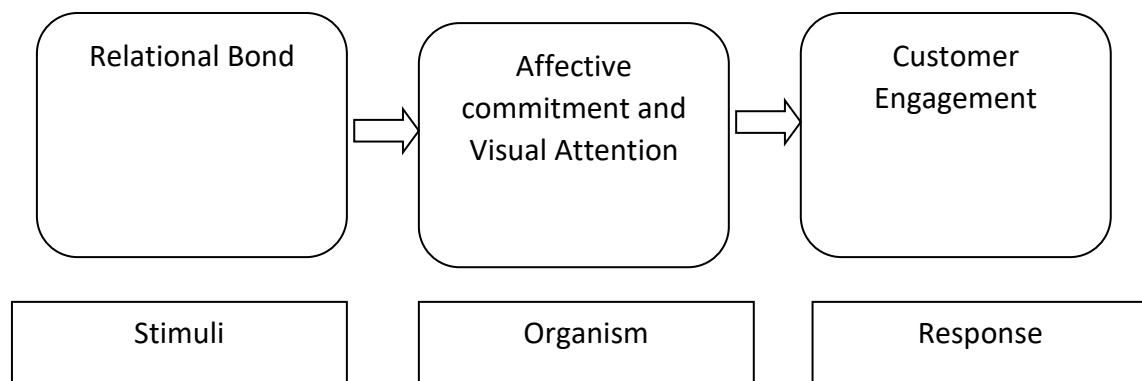
Table 1.0 show the definition of each relational bonds dimension. The financial bonds and social bonds were adapted from Berry (1995), Hsieh et al. (2005), Gu et al. (2016) and Hu and Chaudhry (2020), whereas the structural bonds were adapted from (Chiu et al., 2005; Hsieh et al., 2005; Hu and Chaudhry, 2020).

### ***Affective Commitment and Visual Attention as Organism***

According to Eroglu et al (2001), building based on S-O-R model, the organism refers to the individual internal evaluation when act on with the stimuli and previous research also mentioned that organism is divided into cognitive reaction and affective reaction (Chan, Cheung & Lee, 2017). The affective commitment has been defined as the continuing desire and affective in maintaining relationship and involve commitment towards broadcaster or streamer and the e-commerce platform (Morgan & Hunt, 1994; Chan et al., 2017; Hu & Chaudhry, 2020), while visual attention is defined as the product attractiveness, communication styles and normative evaluation (Chan et al., 2017; Fei et al., 2021). The visual attention focusses on the attractiveness (professionalism, appearance, and voice) of broadcaster or streamer and communication styles provide by e-commerce platform. The attractiveness is important factor in visual attention and a lot attention can be capture through attractiveness (Xu, Wu & Li, 2020; Lee & Chen, 2021) and promote positive response towards engaging with customer (Fet et al., 2021). As affective commitment is emotional in natural and visual attention is cognitive in nature, hence both factors are proposed as organism that can influence customer engagement.

### Consumer Engagement as Response

In recent years, attention have shift to motivational factors of engaging customer with different social media and commerce platform. Giving the advantages of combining different media form such as text, image and video in live commerce have create a special kind of commerce platform. Research by Xue et al (2020) show the importance of enhance social commerce customer engagement by promoting live interactions. As such, it become important to analyze how to produce, bring in and maintain engagement with customer in live commerce. In the S-O-R model, responses are the outcome of environmental, emotional and behavioral factor (Sherman, Mathur & Smith, 1997; Hu & Chaudhry, 2020; Xue et al., 2020). Thus, the customer engagement is proposed as the response in the proposed conceptual framework as shown in figure 1.0. Review by Ng et al (2020) suggests four primary conceptualizations in the customer engagement literature which involve, behavioral manifestation, psychological state, disposition, and customer engagement process. These four streams are conceptualizations in the customer engagement literature that identify and comprehend by scholars and practitioners of customer engagement. Hence, researchers stress on the four streams of literature through consumer participation and connection with the e commerce platform, broadcaster, streamer and/or seller.



**Figure 1.0:** The theoretical framework

(Adopted from Mehrabian & Russell, 1974; Hu & Chaudhry, 2020.  
Fei et al., 2021; García-de-Frutos & Estrella-Ramón, 2021)

### ***Social Cognitive (SC) theory***

Bandura (1984, 1997) proposed SC theory as a theoretical foundation to predict diverse human behaviours and predominantly around health behaviours, learning behaviours (Zimmerman, 1989) with customer reaction in e-commerce platforms that are effect by the attendance and existence of the broadcaster or streamer in live streaming (Lim et al., 2020). This theory suggests media effect customer behaviour in direct path (how customers are notified, drive and lead) and socially mediated pathway through adopt, support, spread, and share innovative ideas or behaviours. Hence, SC theory provides revelation to explain human behaviours that are conformed and enacted on live commerce for customer engagement. Ng et al (2020) highlight the importance for researchers to cross disciplinary boundaries and extend existing theoretical lenses to build foundation for customer engagement to advance ability to understand the issue in customer engagement. García-de-Frutos and Estrella-Ramón (2021) propose SC theory and SOR model combination to lay and explain a behavioural orientation relationship and marketing management perspective to support the research.

Therefore, the SC theory and SOR model will be employed to support and explain the relationship.

### **Method**

For method, Weick (1989) highlight that conceptual paper offer testable hypotheses, validation and usefulness for further theoretical framework and empirical study. Ong et al (2020) mentioned that conceptual paper is method based on a summarizing recent research paper, provide an integration of literatures and conceptual framework to propose constructs and testable hypothesis, and then highlight directions for future study. Therefore, this paper stress on conceptual framework that provide a link involving existing theories, literature across disciplines, to provide insights, hypothesis with direction for future study. The research populations in this study are e-commerce platform user in Malaysia and targeted sample are of user of live commerce in the e-commerce platform. This study will employ quantitative research approach using on-line survey to reach out to live commerce consumer in Malaysia. For data analysis, statistical software namely the Statistical Package for the Social Sciences (SPSS) and analysis of a moment structures (AMOS) will be employed in future study to develop a research model and testing the proposed conceptual framework. AMOS will be used for Structural Equation Modeling (SEM) and confirmatory factor analysis (CFA) and SPSS to analyze exploratory factor analysis (EFA), reliability test, normality test and descriptive analysis.

### **Hypothesis Development**

This paper proposed conceptual framework with five hypotheses (please refer to Figure 2.0). The Hypotheses are formulated as bellow:

a. Hypothesis 1

H1: There is a positive relationship between Relational Bonds and Customer Engagement.

b. Hypothesis 2

H2: There is a positive relationship between Affective commitment and Customer Engagement.

c. Hypothesis 3

H3: There is a positive relationship between Visual Attention and Customer Engagement.

d. Hypothesis 4

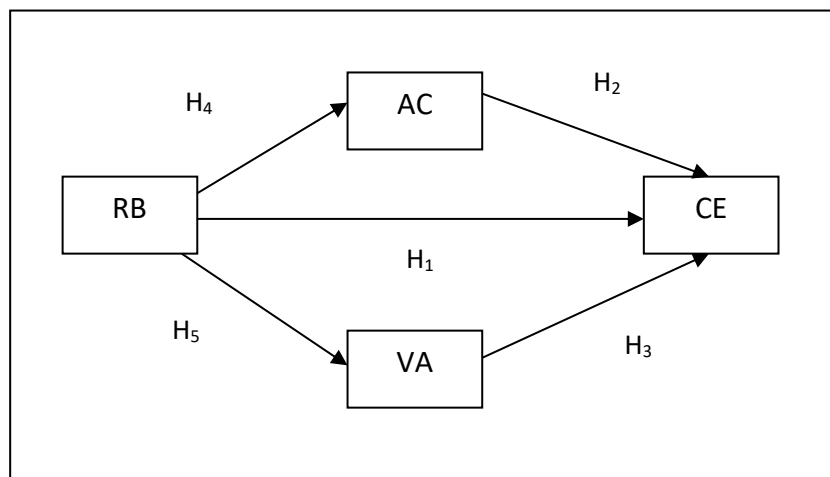
H4: There is a positive relationship between Relational Bonds and Affective commitment.

e. Hypothesis 5

H5: There is a positive relationship between Relational Bonds and Visual Attention.

### **Proposed Conceptual Framework**

The following figure 2.0 show the propose conceptual framework based on theoretical foundation adapted from (Mehrabian and Russell, 1974; Hu and Chaudhry, 2020; Fei et al., 2021; García-de-Frutos and Estrella-Ramón, 2021).



**Figure 2.0:** The proposed conceptual framework

\*Note: RB= Relational Bonds, AC= Affective commitment, VA= Visual attention, CE= Customer Engagement, —→ = H1, H2, H3, H4, H5

### Conclusion and Future Study

This paper highlight on vital factors and provide understanding on the live streaming commerce, establishing the relationship and effect on customer engagement metrics, identify the live streaming selling process, approach, and strategies that broadcaster, streamer, seller, and e-commerce platform use to attract, engage, and retain customers. This study also contributes to marketing management research by being one of the few studies on live commerce in Malaysia and extends the literature by integrating different vital factors of live commerce as antecedents of consumer engagement from the relational perspective of S-O-R model and SC theory, and enriches the relational bonds, affective commitment, and visual attention in literature. Clear understanding of live commerce consumer in Malaysia, can reflect live commerce customer expectation and need. This will be able to contribute to customer engagement. This will give insight of live commerce practice in Malaysia and indirectly assist e-commerce operator and related industry that wish to venture in live commerce. For future study, researcher will add culture and ethnicity as mediating effect and a research model will be developed by testing the proposed conceptual framework using Structural Equation Modelling (SEM).

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