

Significance of Live Streaming in Shaping Business: A Critical Review and Analytical Study

Nasir Uddin

Analytics & Systems Department, University of Bridgeport, Bridgeport, CT, USA
Email: nuddin@my.bridgeport.edu

How to cite this paper: Uddin, N. (2024) Significance of Live Streaming in Shaping Business: A Critical Review and Analytical Study. *Social Networking*, 13, 35-43.
<https://doi.org/10.4236/sn.2024.133003>

Received: June 4, 2024

Accepted: July 28, 2024

Published: July 31, 2024

Copyright © 2024 by author(s) and Scientific Research Publishing Inc.
This work is licensed under the Creative Commons Attribution International License (CC BY 4.0).

<http://creativecommons.org/licenses/by/4.0/>



Open Access

Abstract

With the rise of live streaming on social media, platforms like Facebook, Instagram, and YouTube have become powerful business tools. They enable users to share live videos, fostering direct connections between businesses and their customers. This critical literature review paper explores the impact of live streaming on businesses, focusing on its role in attracting and satisfying consumers by promoting products tailored to their needs and wants. It emphasizes live streaming's crucial role in engaging customers, a key to business growth. The study also provides viable strategies for businesses to leverage live streaming for growth and customer engagement, underscoring its importance in the business landscape.

Keywords

Live Streaming, Social Media, Business Impact, Consumer Decision-Making, Brand Community, Interactive Marketing, Facebook Live, Instagram Live, Product Reviews, Online Consumer Behavior, Self-Determination Theory (SDT), Live Video Marketing

1. Introduction

In recent years, live streaming has become a ubiquitous phenomenon in our daily lives, making platforms like YouTube and Facebook indispensable. It encompasses various forms, such as user stories and live videos on social media, primarily aiming to connect users with viewers. Live streaming is widely used by people to grow their businesses, offering an easy and effective way to reach customers. According to Wongkitrungrueng & Assarut (2020) [1], many small sellers now use live streaming services like Facebook Live as a direct selling tool. The

subject of live streaming is attracting considerable research interest due to its popularity and rapid growth. While its short-term benefits are evident, potential long-term effects and challenges, including technological barriers and a lack of guidelines for effective strategies, remain. This review paper will explore the factors influencing successful business ventures through live streaming on social media and highlight the critical need for guidelines to optimize its use.

2. Literature Review

2.1. Evolution and Adoption of Live Streaming

Initially, social platforms such as Snapchat and Periscope introduced live video streams and user stories. Periscope allowed users to stream live videos from their smartphones, featuring real-time interaction through comments and likes, while Snapchat popularized the concept of user stories that disappear after 24 hours. Inspired by these innovations, established platforms including Facebook, YouTube, LinkedIn, and Instagram incorporated these features. The benefits of live streaming became particularly evident during the COVID-19 crisis, when restrictions like lockdowns and social distancing led businesses to promote their products and services through live streams, enabling users to order online. This period underscored the value of live streaming in sustaining business operations during crises. Research shows that live video fosters greater audience engagement and conversation, aspects that platforms have struggled to manage recently. Going forward, the impact of live streaming on consumer decision-making and business growth cannot be overlooked, as technology continues to evolve, promising significant influences on consumer behavior.

2.2. How Social Media Features Influence Consumer Decision Making

According to Kane (2014) [2], the use of live streaming across various media platforms marks a significant phase in the pattern of innovation, significantly influencing the business landscape. It's crucial to understand the features of social media that can impact consumer decision-making, ultimately driving business success. The primary feature facilitating consumer decision-making is the interactivity of social media. Through live streaming, individuals can engage in discussions about products or services, evaluate them, or learn from others' reviews. Another influential aspect is social media's capacity for self-expression, changing how we communicate our thoughts, feelings, and experiences, thereby fostering self-expression. Additionally, social media's ability to nurture the relationship between customers and brands plays a critical role in influencing consumer decisions. Understanding the nature of social media and its impact on decision-making is essential for developing and implementing effective consumer relationship management strategies on social platforms [3]. Moreover, motivation is a key element. The Self-Determination Theory (SDT) distinguishes between intrinsic and extrinsic motivation, with extensive research demonstrating

their influence on behavioral intentions in various online contexts [4].

2.3. Utilization of Live Streaming by Businesses

It's time to examine how businesses or consumers utilize social media, including video streaming, to boost their operations. Users often share their insights and experiences with various brands or services through live-streaming videos and user stories. During live streams, various interactions can occur between broadcasters and viewers, involving the exchange of synchronous or asynchronous messages online and responses through emoticons, likes, or comments [4]. Live streaming serves multiple purposes, such as hosting reviews, unboxing videos, tutorials, or engaging in opinion sharing and comparative discussions [3]. Through live video streaming, customers can share details and experiences about a product, showcasing their satisfaction and willingness to repurchase. Live video streaming involves two critical parts in the buyer's decision-making process: post-purchase evaluation for the reviewer and pre-purchase experience for the viewer. Viewer reactions to the live stream, such as likes and comments, can influence many others to either purchase or avoid the product, demonstrating its utility.

Consumers also benefit from live-streaming videos, as they can access essential information through these streams. Fletcher and Gbadamosi (2022) note that live streams offer consumers the freedom to seek information that influences their decisions. Customers unsure about products or services can quickly find relevant streaming videos on social media to aid their decision-making [3]. Streaming videos also allow consumers to explore alternatives and express their satisfaction or dissatisfaction, fostering relationship development.

2.4. Impact on Consumer Behavior and Brand Community

People seek to join brand communities on social media, driven by the desire to connect with others who share their interests. These communities foster brand loyalty and influence decision-making, offering members motivation and affecting their levels of satisfaction or dissatisfaction. Brands often use live stream videos on platforms like Facebook and Instagram, sharing background stories to engage customers and build a relationship between them and the brand. Typically, community members share similar interests.

Considering how user stories and live-streaming videos influence consumer buying behavior, they are notably specific and align with customer demands. Often, live streaming is conducted in response to customer requests. For instance, a popular clothing store in my area, known for its fashionable items, frequently hosts live broadcasts on their Facebook page at night. These sessions update followers on new collections and promotional offers, directly catering to customers eager for the latest designs and deals. Such strategies meet consumer demands effectively, enhancing the store's reputation among its clientele. Live videos enable businesses to showcase information, processes, and decision-making stages,

significantly impacting consumer perceptions and behaviors.

2.5. Factors Crucial for Live Streaming Effectiveness

If someone starts a business, success and meeting customer demand are not guaranteed. Success depends on several factors. The first factor is the presenter's knowledge of the products or services they offer. A well-informed presenter can effectively highlight the features that consumers desire and answer any questions during live social media sessions. Additionally, the presenter must be engaging and have an attractive presentation style, as attracting customers is challenging. A strong and clear voice can also be beneficial. Presenters should aim to captivate their audience and positively influence their decision-making. Moreover, presenters need to be quick-witted and intelligent, especially during live streams where viewers may pose challenging questions or express confusion. Prompt and smart responses are essential. While technical knowledge is beneficial, having a reliable internet connection is crucial for content delivery. Presenters must also practice self-presentation and marketing, as engaging viewers and demonstrating creativity during live sessions can be complex but vital for monetization [4].

3. Analytical Study

3.1. Methodology

In this study, I used the survey method to collect comprehensive qualitative and quantitative data from participants to determine the impact of live streaming on business growth and consumer behavior.

3.1.1. Survey Purpose

The survey aimed to collect quantitative data on consumer status, behavior, preferences, engagement, and decision-making processes influenced by live streaming on social media platforms [5].

3.1.2. Survey Design

The survey consisted of ten multiple-choice and open-ended questions focusing on demographic data, frequency, preference, engagement, factors influencing purchase decisions, and overall satisfaction with live-streaming experiences. Conducted online via Survey Monkey, it targeted social media users with a live-streaming experience. Approximately 50 respondents participated, providing insights into consumer behavior patterns affected by social media live streaming. The survey was conducted over five days, from July 8, 2024, to July 13, 2024.

3.2. Findings & Analysis

About 80% of the respondents in the study were male, 16% were female, and 4% preferred not to disclose their gender.

Figure 1 shows the age distribution of the respondents, with the largest group being 36+ years old, followed by the 31 - 35 age group. The smallest group is the 26 - 30 age range, making up about 16% of the total respondents.

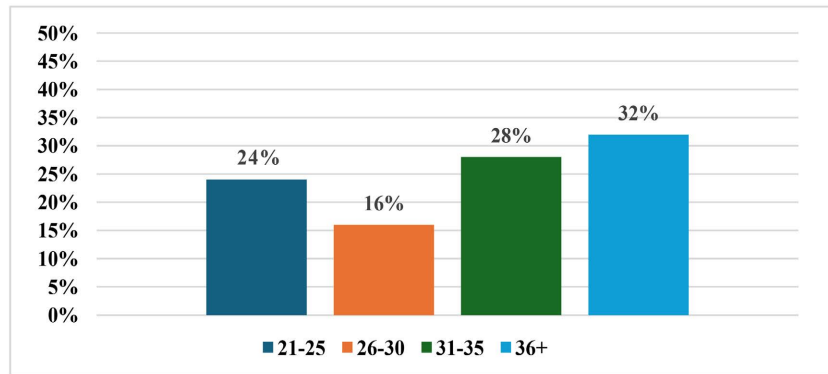


Figure 1. Age range of the respondent.

The goal of identifying gender and age range is to refine marketing strategies for enhanced engagement by targeting specific age and gender groups. This approach also aids in the development of brand communities tailored to different age groups.

Figure 2 illustrates the comparison between the frequency of watching live streaming and purchasing products among respondents. Notably, only 4% of respondents never watch live streaming, while 2% frequently purchase products online. There is a nearly equal percentage of respondents who rarely watch live streams and those who rarely purchase products.

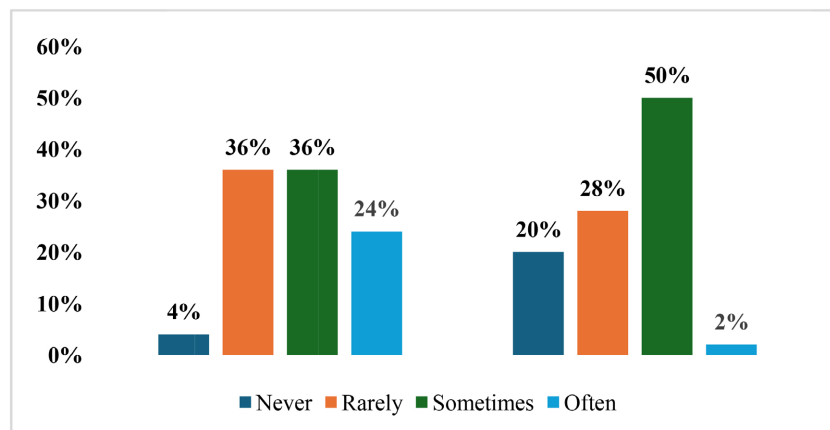


Figure 2. Frequency of watching live streaming vs frequency of purchasing.

We found that 36% of respondents sometimes watch live streaming, while 50% occasionally purchase products online. Those who seldom or sometimes watch may also sometimes buy products, contributing to the 50%. Only 24% frequently watch live streaming on social media. This comparison helps businesses understand customer behavior and purchasing patterns.

To identify the most popular social media among respondents, I inquired about their most frequently used platforms.

Figure 3 shows that Facebook is the most popular platform for live streaming, used by 60% of respondents. While 10% exclusively use Instagram, about 30%

use both platforms. Interestingly, no respondents mentioned using any other platforms for live streaming. This study will assist businesses in choosing the appropriate social media platforms for their live streaming needs.

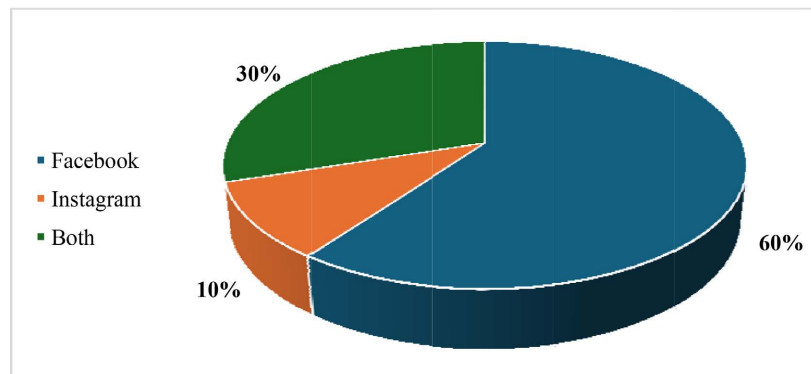


Figure 3. Social media used to watch live streaming.

Based on the respondents’ answers, **Table 1** displays the factors to prioritize during live streaming. Twenty respondents selected product reviews as the key motivator for purchasing products during live streams. Discounts and offers rank second in motivating customers to buy, while real-time interaction and influencer recommendations are equally important factors.

Table 1. Factors motivating the purchase of products.

Particulars	Number of Respondent
Product Reviews	20
Discount & offers	16
Real-Time Interaction	4
Influencer Recommendations	4
Others	6
Total	50

Figure 4 shows the impact of live streaming on brand perception. Approximately 52% of respondents reported a slight improvement in their perception of a brand after viewing live streams, while 24% noticed a significant change. However, 24% felt that live streaming did not alter their perception.

When asked about their preferences regarding live streaming, the majority highlighted the importance of quick communication, high-quality presentations, factual content, and the presenter’s appearance. To improve live streaming and enhance the shopping experience, suggestions included minimizing excessive talking, providing quality and honest reviews, and offering more informative and practical presentations. Many emphasized the expectation of politeness during product presentations. Almost unanimously, respondents suggested that businesses should offer more discounts or promotion codes during live streams.

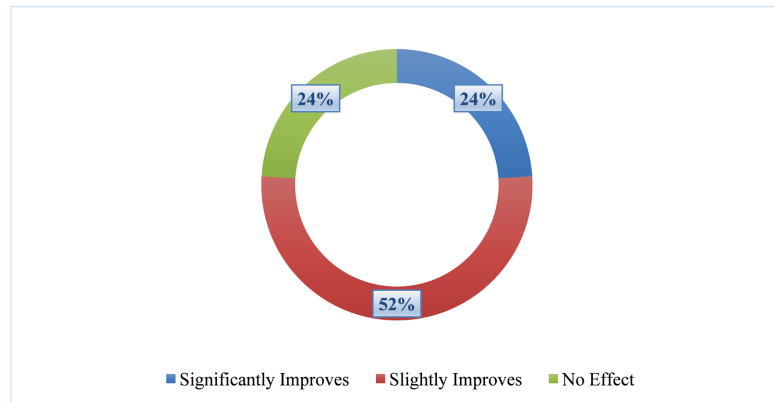


Figure 4. Change of perception regarding brand by live streaming.

4. Challenges and Concerns

Concerns have also arisen about the platform due to its diminishing hype (Kane, 2014). Individuals often go live to provide attractive but false reviews of products and services, leading to deception. This could diminish consumers' trust in live streaming on social media as a reliable information source [6].

Many survey respondents voiced worries about false and exaggerated information. These deceptive practices can create a negative perception of the product and brand, ultimately deterring potential customers from engaging with live-streamed content in the future.

Moreover, technical challenges such as poor internet service, unclear audio, and low video quality can negatively impact the live streaming experience. These issues may decrease customer engagement and create a less favorable impression of the brand.

Despite these challenges, this great medium offers a massive opportunity for businesses to quickly target customers. By adopting transparent practices and focusing on authenticity, businesses can build a loyal customer base. This is how they can maximize their profit by properly utilizing live streaming on social media.

5. Guidelines or Recommendation

Sometimes, consumers share their opinions on products by expressing their feelings in live-streaming videos on social media. If they are satisfied with the products or services, they give positive reviews, attracting more customers. These reviews are seen as neutral and more authentic. For example, if a customer visits a restaurant and is satisfied with the service and food quality, they may give a positive review through live streaming on social media. This review is perceived as neutral. Some guidelines or recommendations are as follows:

Focused on Positive Review: Every business should prioritize product and service quality to earn positive reviews, enhancing its reputation and fostering rapid growth.

Offer Exclusive Discounts: Businesses should offer exclusive deals and dis-

counts to online customers during live streaming to engage more customers and foster business growth.

Provide Detailed Product Information: During live streaming, the presenter should thoroughly explain the product's details, including all features and usage instructions. This approach captures consumer interest and enhances trust and satisfaction by ensuring clarity and transparency.

Ensure High-Quality Live Streams: Businesses should use high-speed, uninterrupted internet service for clear, high-quality video during live streams. This enhances consumer experience and ensures accurate product presentation.

Deliver products as shown: If consumers order online after watching live streaming, businesses should ensure that the delivered products match those showcased. This will increase trust and positivity towards live streaming.

6. Conclusion

Live streaming on social media platforms has become a crucial method for businesses to influence consumer behavior and promote growth. By utilizing live streaming as a powerful tool for consumer engagement and marketing, businesses can understand demographic and motivational factors that drive consumer behavior. This enables them to produce more impactful live-streaming content and build a stronger brand community, fostering business growth. Despite some concerns about live streaming, these can be readily addressed. Research highlights the importance of incorporating live streaming into marketing strategies for businesses to remain competitive in an increasingly dynamic marketplace.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

References

- [1] Wongkitrungrueng, A. and Assarut, N. (2020) The Role of Live Streaming in Building Consumer Trust and Engagement with Social Commerce Sellers. *Journal of Business Research*, **117**, 543-556. <https://doi.org/10.1016/j.jbusres.2018.08.032>
- [2] Kane, G.C. (2014) Why Social Media Will Fundamentally Change Business. <https://sloanreview.mit.edu/article/why-social-media-will-fundamentally-change-business/>
- [3] Fletcher, K. and Gbadamosi, A. (2022) Examining Social Media Live Stream's Influence on the Consumer Decision-Making: A Thematic Analysis. *Electronic Commerce Research*. <https://doi.org/10.1007/s10660-022-09623-y>
- [4] Lin, G., Wang, Y., Wang, Y. and Lee, M. (2021) What Drives People's Intention toward Live Stream Broadcasting. *Online Information Review*, **45**, 1268-1289. <https://doi.org/10.1108/oir-10-2020-0466>
- [5] Huang, X. (2023) Optimization of Marketing Strategy for "E-Commerce Live Streaming + Agricultural Products" in the New Media Era. *American Journal of Industrial and Business Management*, **13**, 1094-1103.

<https://doi.org/10.4236/ajibm.2023.1310061>

- [6] Emmanuel, B., Zhao, S., Egala, S.B., Mammet, Y. and Godson, K. (2022) Social Media and Its Connection to Business Performance—A Literature Review. *American Journal of Industrial and Business Management*, **12**, 877-893.

<https://doi.org/10.4236/ajibm.2022.125045>