

CHAPTER II RESEARCH BACKGROUND

2.1 Literature Review

2.1.1 SOR Theory

SOR Theory first introduced by Mehrabian and Russell in 1974. According to the S-O-R framework, people's internal, or organismic states (O), are altered by environmental stimuli (S), and this, in turn, triggers a behavioral reaction (R) in the form of approach or avoidance behavior (Mehrabian & Russell, 1974). SOR Theory or mostly known as stimulus-organism-response theory is based on psychology describe as a response from a person when they receive a stimulus. Stimulus is based on the external factors that possess the ability to impact an individual. The term "stimulus" refers to a situational or marketing stimulant that awakens customers (Kamboj et al., 2018). According to Liu (2019), it is also thought of as a transitional condition between the stimulus and response. The reaction, often referred to as behavior, is the final component in the S-O-R model (Kamboj et al., 2018).

This stimulus can be different to each person, that's why it can affect's decision making (Wu & Huang, 2023). According to Guo (2021), the characteristics of online live shopping will act as an external stimulus factor and cause consumers to react emotionally or cognitively, which will result in willingness or tendencies toward tendentious or avoidant consumption.

Peng & Kim (2014) use SOR framework to examines how consumers' attitudes toward online shopping, their capacity to control their emotional purchases, and their intentions to make more purchases are influenced by the websites they visit and the reasons behind their purchases. Therefore, this SOR framework is applied in this study by considering the external stimulus which is perceived value that customer experience in live streaming (S), trust of customer (O), and purchase intention (R).

2.1.2 Live Streaming E-Commerce

Wang (2022) defines live streaming as a real-time mode of transmission and an online communication tool for "gathering, releasing, and watching video information at the same time" on the Internet. Live streaming feature is gaining more recognition since the pandemic of COVID-19 that make people are force to limit their real-life interactions, also because many marketplaces has implemented live streaming as one of their marketing tools. This happened since live streaming allows real-time interaction where viewers may directly ask questions to streamers and other viewers through comments, allowing streamers to respond to these comments quickly and effectively (Hou et al., 2020). It's a highly interactive platform that attracts viewers and enables live streamers and viewers to exchange information and emotion, which drives quality marketing and benefits the platform and live streamers in monetizing traffic (Lin et al., 2021).

2.1.3 Perceived Value

Users' subjective, individualised assessment of a product's or service's emotional appeal is known as perceived value, and it serves as the benchmark by which they judge the product's worth (Hapsari et al., 2017). When it comes to live streaming, the term "perceived value" refers to how viewers perceive and evaluate the products or services provided based on their subjective impressions at the time of viewing the live stream (Dong et al., 2022). Perceived value is essentially a dynamic and flexible metric that is determined by the tastes and expectations of the audience as well as the degree to which the live streaming meets or surpasses those expectations.

Prior studies on perceived value have concentrated on hedonic and utilitarian values. According to Cai (2018), customers' decisions to shop via live streaming are affected not only by utilitarian perceptions of service and production, but also by hedonic motivation. Chiu (2014) says social value plays a significant role in influencing customers' purchase intentions because it satisfies their social goals, which include associating with people, familiarizing themselves with like-minded others, and referencing group identification. In the context of social

commerce in China, the impact of social value on consumer satisfaction has been studied (Gan & Wang, 2017). Customers' also engage with making interaction with others, so, this study analyzes the impact of perceived to Purchase Intention in Shopee Live Streaming by classifying it into utilitarian, hedonistic, and social values.

2.1.4 Purchase Intention

Purchase intentions are actions taken to prepare for future purchases of goods or services (Halim & Kiatkawsin, 2021). Considering the rise in popularity of live streaming features in recent years, researchers have begun examining the impact of live streaming on customers' purchase intention when combined with different background (Zhu et al., 2020). Yu & Zheng, (2022)), found that perceived luxury value influence intention to purchase.

Sun (2019), developed theoretical frameworks from the information technology transparency perspective and investigated the impact of live streaming on consumers' intention to purchase in social commerce. Guo (2021) use SOR theory as a framework, how live streaming functions affect consumers' intention to buy by looking at them from the angles of perceived value and perceived uncertainty.

2.1.5 Consumer Trust

When it comes to influencing customer involvement, trust is a key component that sellers work hard to gain in their target markets (Oliveira et al., 2017). Earning trust from customer can be a good thing for businesses as it means that there's a high chance that customer will consider to purchase the product. This trust influences customer to select businesses over rivals, acting as a potent catalyst in the decision-making process. According to Lu et al., (2016), trust is essential for comprehending the motivations behind consumers' purchase decisions. Customers are more likely to think well of a company's goods and services, trust in the brand's dependability, and feel secure making purchases when they trust it.

For live streaming services, customer can only see the streamer and the product that they sell. Hence, this study separates the two types of trust in live streaming e-commerce: trust in the streamer and trust in the product.



2.2 Previous Study

The exploration of the theoretical and empirical foundations related to this research necessitates a comprehensive review of existing literature. This chapter delves into the previous studies that have significantly contributed to understanding various dimensions of the subject.

Table 2.1
Previous Study

No	Researchers and Year	Research Title	Research Variable	Analysis Method	Research Result
1.	Wu Y, Huang H (2023)	Influence of Perceived Value on Consumers' Continuous Purchase Intention in Live-Streaming E-Commerce—Mediated by Consumer Trust	Perceived Value (Utilitarian Value, Hedonic Value, Social Value), Trust in Seller, Trust in Product, Continuous Purchase Intention	Structural Equation Modelling	<ol style="list-style-type: none"> 1. Consumers' perceived utilitarian value, hedonic, and social value influence trust to streamer 2. Consumers' perceived utilitarian and social values influence trust in product 3. Trust in streamer and trust in product mediate perceived value and consumer's continuous purchase intentions 4. Trust in streamer dominates the trust of consumers in LS e-commerce.

No	Researchers and Year	Research Title	Research Variable	Analysis Method	Research Result
2.	Yu F, Zheng R (2022)	The effects of perceived luxury value on customer engagement and purchase intention in live streaming shopping	Perceived Luxury Value (Financial Value, Functional Value, Individual Value, Social Value), Customer Engagement, Purchase Intention	Partial Least Squares–Structural Equation Modelling	<ol style="list-style-type: none"> 1. Perceived luxury values influence on purchase intention 2. Perceived luxury values influence customer engagement 3. Customer engagement mediates the influence of perceived luxury values on purchase intention.
3.	Sombultawee & Wattanatorn (2022)	The impact of trust on purchase intention through omnichannel retailing	Attitude, Purchase Intention, Consumer Trust, Perceived behavioral control, Information search	Structural Equation Modelling	<ol style="list-style-type: none"> 1. Attitude towards omnichannel influence purchase intention. 2. Subjective norms influence purchase intention. 3. Perceived behavioural control influence purchase intention. 4. Trust in a product positively impacts purchase intention through the perceived value and security.
4.	Song Z, Liu C, Shi R (2022)	How Do Fresh Live Broadcast Impact Consumers' Purchase	Visibility, Interactivity, Authenticity, Perceived Value (Practical Value and	Structural Equation Modelling	<ol style="list-style-type: none"> 1. Live broadcasting's exposure and interaction influence viewers' perceptions of value and trust

No	Researchers and Year	Research Title	Research Variable	Analysis Method	Research Result
		Intention? Based on the SOR Theory	Hedonic Value), Perceived Trust, and Willingness to Buy		<ol style="list-style-type: none"> 2. Authenticity influence consumer perception of utility value and perceived trust 3. Perceived value and trust influence consumers' willingness to buy 4. Perceived value, the Perceived trust in the live broadcast scenario of fresh e-commerce influence consumers' willingness to buy 5. The live broadcast has no direct impact to promote the consumer's willingness to buy
5.	Guo J, Li Y, Xu Y, Zeng K (2021)	How Live Streaming Features Impact Consumers' Purchase Intention in the Context of Cross-Border E-Commerce?	Live Streaming Features, Overall Perceived Value, Overall Perceived Uncertainty, Saving Money, Purchase Intention.	Structural Equation Model	<ol style="list-style-type: none"> 1. Overall perceived value of customers positively influences their intention to buy. 2. Overall perceived uncertainty of consumers negatively impact on purchase intention. 3. The positive impact of live streaming features on the overall perceived value can

No	Researchers and Year	Research Title	Research Variable	Analysis Method	Research Result
					<p>be amplified by saving money.</p> <ol style="list-style-type: none"> 4. Saving money has no apparent moderating effect on the relationship between live streaming features and total perceived uncertainty. 5. Live streaming features can increase consumers' purchase intention. 6. Live streaming features have a positively impact consumers' overall perceived value. Live streaming negatively impacts consumers' overall perceived uncertainty.
6.	Wongkitrungrueng & Assarut (2020)	The role of live streaming in building consumer trust and engagement with social commerce sellers	Perceived Value (Utilitarian Value, Hedonic Value, Social Value), Trust in Seller, Trust in Product, Customer Engagement	Structural Equation Model	<ol style="list-style-type: none"> 1. Utilitarian value influence trust in product. 2. Hedonic value influence trust in product. 3. Symbolic value does not influence trust in product. 4. Utilitarian value doesn't influence trust in seller.

No	Researchers and Year	Research Title	Research Variable	Analysis Method	Research Result
					<ul style="list-style-type: none"> 5. Hedonic value doesn't influence trust in seller. 6. Symbolic value influence trust in seller. 7. Trust in product influence trust in seller. 8. Trust in product doesn't influence customer engagement. 9. Trust in seller influence customer engagement. 10. Utilitarian value doesn't influence customer engagement. 11. Hedonic value doesn't influence customer engagement. 12. Symbolic value influence customer engagement.
7.	Hsiao et al. (2010)	Antecedents and consequences of trust in online product recommendations an empirical study in social shopping	Perceived ability, Perceive Benevolence, Perceived Critical Mass, Perceived Web Reputation, Perceived Web Quality, Perceived Institution Assurance, Trust in Product	Structural Equation Modelling	<ul style="list-style-type: none"> 1. Trust in product recommendations influence consumer' 2. Trust in a website, perceived critical mass, perceived ability, and perceived benevolence/integrity were four significant

No	Researchers and Year	Research Title	Research Variable	Analysis Method	Research Result
			recommendation, Trust in website, Intention to purchase products, intention to purchase products from the website		antecedents of trust in product recommendations on social networking sites.
8.	Sobari (2022)	The Effect of Live Streaming on Purchase Intention of E-Commerce Customers	Utilitarian Value, Hedonic value, Symbolic value, Trust in products, Trust in sellers, Customer engagement, Purchase Intention.	Partial Least Square Structural Equation Model	<ol style="list-style-type: none"> 1. Utilitarian Value doesn't influence trust in product. 2. Hedonic Value influence trust in product. 3. Social Value influence trust in product. 4. Utilitarian Value influence trust in seller. 5. Hedonic Value influence trust in seller. 6. Symbolic Value doesn't influence trust in seller. 7. Trust in product IP influence trust in seller. 8. Trust in Product influence customer engagement. 9. Trust in seller doesn't influence customer engagement.

No	Researchers and Year	Research Title	Research Variable	Analysis Method	Research Result
					<ul style="list-style-type: none"> 10. Utilitarian Value doesn't influence customer engagement. 11. Hedonic Value influence customer engagement. 12. Symbolic Value influence customer engagement. 13. Customer Engagement influence purchase intention.
9.	Yasser & Gayatri (2023)	The Role of Live Streaming in Building Consumer Trust, Engagement, and Purchase Intention in Indonesian Social Commerce Thrift Clothes Sellers	Utilitarian value, Hedonic value, Symbolic value, Purchase intention, Customer engagement, Trust in seller, Trust in product	Structure Equation Model	<ul style="list-style-type: none"> 1. Utilitarian value of live stream positively influences trust in sellers and trust in product. 2. Hedonic value doesn't influence trust in seller and trust in product. 3. Symbolic value doesn't influence trust in seller. 4. Symbolic value positively influences trust in product. 5. Utilitarian value and customer engagement is mediated by trust in product. 6. Utilitarian value, symbolic value, and customer engagement positively

No	Researchers and Year	Research Title	Research Variable	Analysis Method	Research Result
					influence purchase intention. 7. Hedonic value negatively influences purchase intention.
10.	Choi et al. (2024)	The Impact of Seller Trust in a C2C Platform on Golf Club Purchase Intention and the Interaction Effect of Regulatory Focus	Seller Trust, Purchase Intention, Regulatory Focus	ANOVA	1. Higher desire to buy golf equipment are correlated with higher seller trust on C2C platforms. 2. Regulatory focus was found to be significant to seller trust in buying golf equipment.

2.3 Hypothesis Development

2.3.1 Utilitarian Value

Utilitarian value refers to the functional or practical benefits that a product or service provides to a consumer and when the products meet customer expectations. Customers who assess a product's utilitarian value while making decisions about what to buy will evaluate it more objectively (Kesari & Atulkar, 2016). In live streaming, the utilitarian value is convenience to use and interactive. Interactivity grows quicker and more efficient, particularly when it's mediated by digital technology between a buyer and a seller (Y. Hou et al., 2019). This real-time interactivity between seller and customer can only be achieved when seller is doing live-streaming. Unlike traditional e-commerce that restrict us from seeing the real product, live streaming allows seller to demonstrate each product in real-time to customer so that customer will feel less concern about the authenticity of the product whether it meets their expectation or not.

Customer can also ask to the seller about products, size, recommendation, and a discount voucher from the seller which can only be available if you claim throughout the live-stream. According to this viewpoint, customers are more prone to believe that live streaming sellers are trustworthy. Kim & Park (2013) research has demonstrated that customers' time and energy expenses associated with locating seller information and completing transactions can be minimized if they have faith in. Utilitarian value can act as the stimulus. The utilitarian value in terms of pricing and authenticity can be raised through live streaming, and customers' requirements for interest should be satisfied while also reducing their doubt about the streamer and the product. In short, people could be more inclined to purchase if they feel that the streamer and the product are trustworthy. Therefore, the hypothesis is made:

H1a: Utilitarian value of live streaming positively influence trust in seller

H1b: Utilitarian value of live streaming positively influence trust in product

2.3.2 Hedonic Value

Hedonic value is the value that consumers derive from enjoyable activities and pleasures (Evelina et al., 2020). Live-streaming allows seller and customer to interact in real time to each other which can increase customer engagement and curiosity. Customer can easily comment or give a gift or love to the seller while it can create a bond between seller and buyer. Research have indicated that text-based chat rooms on live-streaming platforms strengthen social ties, and that social ties strengthen customers' positive feelings like attachment and contentment, which leads to emotional commitment (Fazal-e-Hasan et al., 2017). If the seller responds quickly and friendly to the customer that ask for a certain product, customer will feel happy and they will appreciate the seller for showing the product details. Hedonic value can be produced by watching and participating in the seller's actions via live streaming, which improves and elevates the customer's buying experience (Wongkitrungrueng & Assarut, 2020). As the hedonic value increases, it can be symbolizes that hedonic value can act as the stimulus that will shake's a person condition that will lead to the organism's effect which is affecting the customer's trust (organism).

Shopping value is influenced by the customer's sentiments and emotions, such as hedonic pleasure or utilitarian satisfaction of necessities (Herzallah et al., 2022). In live-streaming, consumer is gaining hedonic value by the activities they spend while watching the live-stream, the fulfilment for seeing real-time product, and the interactions with seller. Therefore, the hypothesis is made:

H2a: Hedonic value of live streaming positively influence consumer trust in seller

H2b: Hedonic value of live streaming positively influence consumer trust in product

2.3.3 Social Value

Social value is the perceived advantages that people attach to the social components of a good, service, or entire consumption encounter. Social influence can be a catalyst to attract people's attention and decisions, for example, a recommendation from an influencer can influence customer to buy the product (Kalia et al., 2022). Furthermore, fulfilling socializing demands can contribute to making online purchasing a social activity on par with traditional shopping. As friendship, social support, and intimacy are gained via interaction and conversation with other members, they can therefore be seen as mirror images of the social value (Han & Windsor, 2011).

Not all customer can relate to the seller and feel satisfied by their explanation. That's why customer find seller that they can relate to, gain social support, and by watching them is like watching your friend selling something. If the product bought during the live streaming boosts a customer's confidence and enhances their social look, they should also have more faith in the product and be more inclined to buy it because of that confidence. Based from that explanation, social value gives a stimulus to customer that making them able to trust it (organism). Therefore, the hypothesis is made:

H3a: Social value of live streaming positively influence consumer trust in seller

H3b: Social value of live streaming positively influence consumer trust in products

2.3.4 Consumer Trust

In this study, consumer trust is divided by 2 parts; trust in product and trust in seller. The idea that a streamer can deliver excellent service and won't take advantage of or damage the client is known as trust in a streamer (Wongkitrungrueng & Assarut, 2020). Seller in live stream plays an important part in engaging with customer as they are considered as the expert so they need to be well behaved and act quickly to answer all the question from the

customer via comments. The customer care experience was enhanced by the streamers' prompt responses to audience inquiries (Zhang et al., 2022).

The main factor influencing consumer behavior while making purchases is product information, such as having access to specifics regarding a product's functionality and performance (Chen et al., 2022). Giving product information and demonstrate about the product can result in a positive reaction from the customer. Consumers and businesses can develop a trusting connection by accumulating positive experiences (Ma et al., 2022). Therefore, the hypothesis is made:

H4: Consumer trust in seller positively influence consumer trust in product

Users' judgment and conduct in online contexts can be influenced by trust (Qing & Jin, 2022). Gaining a trust from customer will give a good sign for businesses as it can possibly increase customer engagement with the businesses. A talented seller needs to done a good job at captivating customer's heart and attention. Doing a showcase about the product that they sell will also make customer ensure about the authenticity of the product and if it meets their expectations then customer will trust the product and seller.

When it comes to internet marketing, a customer who trusts an influencer is more likely to believe what the influencer recommends, which may impact the customer's perspective on the product and purchasing habits (Hsu et al., 2013). Influencer can also become a seller in a live-stream and they need to take advantage of their fame to actively promoting the product that they sell. Previous study has also evaluated the impact of trust on consumers' intents to make purchases and spread word of mouth (Kim & Park, 2013). After the customer felt that they have enough trust because of the previous stimulus, the customer may proceed to purchase the product. Therefore, the hypothesis is made:

H5a: Trust in seller positively influence purchase intention

H5b: Trust in product positively influence purchase intention

2.4 Research Model

The research model is made through the SOR Theory where external stimulus which is perceived value (utilitarian value, hedonic value, social value) in live streaming (S), trust of customer (O), and the response is purchase intention (R). Based on the literature review and hypothesis development:

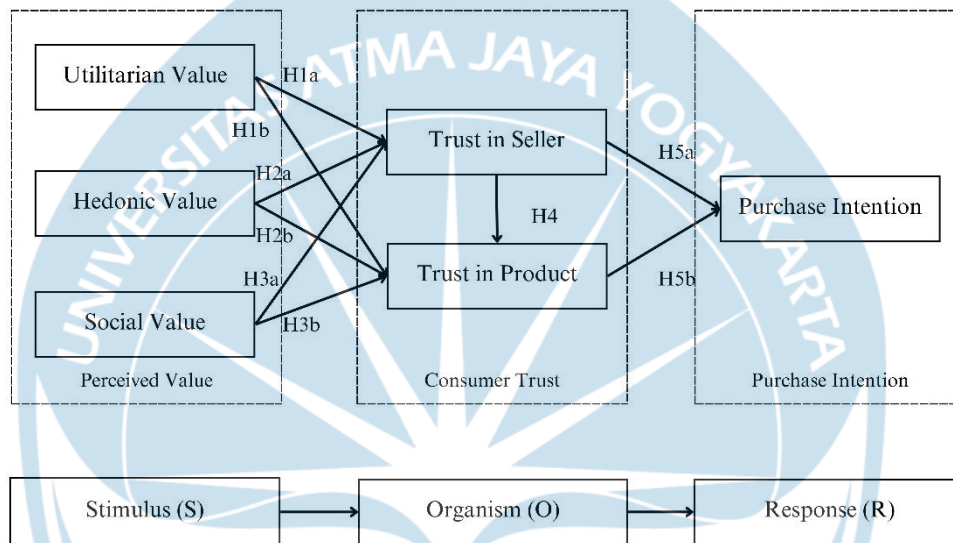


Figure 2.1

Research Framework

Source: Wu & Huang (2023)