

Chapter 17

Managerial Implications of Live Commerce: A Qualitative Case Study in Denmark

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ABSTRACT

Live commerce uses digital communication technology (e.g., social media) to enable viewers to purchase featured products on their devices while watching a livestream. The purpose of this study is to clarify the considerations and decisions that managers should reflect upon before implementing live commerce as part of their business models. Taking a qualitative approach to investigating three live commerce cases, this chapter builds a theory of the managerial implications of using live commerce as part of a company's business model. The theory consists of 10 sub-dimensions that are connected to three dimensions of live commerce: 1) strategic integration, 2) the live event in practice, and 3) host and viewer alignment. Each sub-dimension includes key considerations that companies can use as a starting point for strategic reflection and discussions prior to implementing live commerce.

INTRODUCTION

Live commerce is essentially TV shopping through a video livestream, using digital communication technology (e.g., social media) to enable viewers to purchase featured products on their devices while watching a livestream (Fengliang & Jianhong, 2021; Liu & Kim, 2021). Products are introduced and endorsed to viewers through real-time streaming, assisted by a broadcasting platform to capture value. Unlike traditional e-commerce, live commerce uses a livestream to visualize and present products and other activities to increase the social presence for consumers (Wang et al., 2021). Besides the live video stream and the host—or hosts—therein, a key component of live commerce is the real-time rolling com-

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menting system, which enables viewers to interact with the host and to buy the featured products via a chat function (Bao et al., 2021).

Described as “the next wave of the e-commerce revolution,” live commerce has evolved rapidly in China over the past five years, and this growth has been boosted by the COVID-19 pandemic (Liu & Kim, 2021; McKinsey Digital, 2021). Predictions of the future of live commerce suggest that it will remain a growing trend in the coming years, and an analysis by McKinsey Digital (2021) indicates that sales initiated through live commerce could account for up to 20% of all e-commerce by 2026.

From a business model perspective, digital technologies like live commerce give companies an opportunity to devise new forms of relationships with their customers and to enable improvements in customer experience, convenience, speed, and customer satisfaction (Hokkanen et al., 2020). In other words, digital technologies provide an opportunity for companies to innovate their business models (Broekhuizen et al., 2021). Such innovations often require a digital transformation because they do not entail merely running a piece of software; indeed, they are more a managerial matter than a technical one (Besson & Rowe, 2012; Li et al., 2018). In order to successfully change a business model, a digital transformation must go beyond acquiring and deploying technical resources to dealing with managerial issues (Doherty & King, 2005), which in a live commerce context could include redesigning business processes, training (Markus, 2004), and spending money on e-commerce human resources and organizational capabilities (Cha et al., 2015).

Scholars have previously investigated live commerce with a focus on

- 1) consumer emotional perception and behavior within live commerce (Cai et al., 2018; Cheng et al., 2020; Fengliang & Jianhong, 2021; Su, 2019),
- 2) how live commerce can improve customer purchase intentions by reducing psychological distance and perceived uncertainty (Zhang et al., 2019), and
- 3) the importance of the host’s role and the skills/capabilities needed in a live commerce setting (Ding et al., 2020; Huang, 2021a; Luo et al., 2021; Su, 2019).

Nevertheless, no scientific publications could be found regarding live commerce and its managerial implications, yet using live commerce as part of a company’s business model affects that model, and it is therefore crucial for such companies to take a strategic approach to designing how to deliver, create, and capture value (Huang, 2021b; Osterwalder & Pigneur, 2010). By investigating three live commerce cases, this study aims to explore the managerial implications of implementing live commerce as part of a company’s business model in order to clarify the considerations and decisions that managers should reflect upon before doing so.

This chapter is based on the following research question:

What are the managerial implications of using live commerce as part of a company’s business model?

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