LIVESTREAM COMMERCE IN DRIVING CUSTOMER ENGAGEMENT

Lappeenranta-Lahti University of Technology LUT

Master's Programme in International Business and Entrepreneurship,

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Examiner(s): Professor, Kaisu Puumalainen

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ABSTRACT

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Livestream Commerce in Driving Customer Engagement

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The purpose of this thesis is to investigate the relatively new phenomenon of livestream commerce events, and how this new format can be utilized by companies in their commercial strategy. The thesis was conducted as a single case study of a large retail company that operates within the fashion, beauty, and home goods product categories. The objective of the thesis was to gain a deeper understanding of livestream commerce events, what the process of organizing these involves, and how companies can benefit from implementing these as a new marketing and sales channel. Additionally, the aim of the thesis was to collect and compile information that could help other businesses in better comprehending the process and phenomenon.

The research includes a thorough literature review of the theoretical foundations of customer engagement, customer experience, and livestream commerce. As businesses implement more customer-centric strategies to attract and engage with their customers, these concepts have received an increasing amount of attention in the past decade. Data was collected from five company representatives using semi-structured thematic interviews as part of a qualitative research design. The findings imply that incorporating livestream commerce events into a company's commercial strategy can lead to increased customer engagement and better customer experiences online. By following a systematic approach and paying attention to the important factors, companies can effectively utilize livestream commerce events to inspire and connect with their customers, bridging the gap between physical and online shopping experiences.

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Tämän tutkielman tarkoituksena on tutkia suhteellisen uutta live shopping -ilmiötä ja sitä, miten yritykset voivat hyödyntää tätä uutta kaupallista formaattia strategiassaan. Tutkielma toteutettiin yksittäistapaustutkimuksena ja tutkimuksen kohteena oli vähittäiskauppa, joka toimii muodin, kauneuden ja kodintuotteiden kategorioiden parissa. Tutkielman tavoitteena oli lisätä syvällisempää ymmärrystä uusista live shopping -tapahtumista kaupallisessa kontekstissa. Tutkielma käsitteli näiden tapahtumien järjestämistä ja sitä, miten yritykset voivat hyödyntää live shopping -lähetyksiä uutena myynti- ja markkinointikanavana. Lisäksi tavoitteena oli kerätä ja koota yhteen tietoa, joka voisia auttaa muita yrityksiä ymmärtämään paremmin ilmiötä ja live shopping -tapahtumien järjestämisen prosessia.

Tutkimus sisältää perusteellisen kirjallisuuskatsauksen asiakassitouttamisen, asiakasvuorovaikutuksen, asiakaskokemuksen ja live shopping -tapahtumien teoreettisista perusteista. Aiheet ovat viime vuosikymmenen aikana saaneet yhä enemmän huomiota, sillä yritykset ovat alkaneet toteuttamaan asiakaskeskeisempiä strategioita houkutellakseen asiakkaita ja edistääkseen heidän osallistumistaan ja sitoutumistaan yrityksen toimintaan. Tutkimuksen aineisto kerättiin viideltä yrityksen edustajalta puolistrukturoiduilla teemahaastatteluilla osana laadullista tutkimussuunnitelmaa. Tutkimuksen tulokset viittaavat siihen, että live shopping -tapahtumien sisällyttäminen yrityksen kaupalliseen strategiaan voi lisätä asiakasosallistumista ja luoda parempia asiakaskokemuksia yrityksen verkkosivuilla vieraileville asiakkaille. Huomioimalla tärkeät esille nousseet tekijät ja noudattaen systemaattisia prosesseja, yritykset voivat hyödyntää live shopping -tapahtumia inspiroidakseen ja luodakseen suhteita asiakkaidensa kanssa. Uusi formaatti toimii hyvänä kanavana kaventamaan fyysisen kaupan ja verkkokaupan välistä kuilua.

ABBREVIATIONS

CEM	Customer Experience Management
MSI	Marketing Science Institute
SDL	Service-Dominant Logic
WOM	Word-of-Mouth

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1 Introduction

In today's digital age, where the online environment is becoming the preferred mode for interacting and shopping for consumers all over the world, companies are seeking innovative ways to attract, engage, and retain their customers. As the pandemic accelerated the growth of electronic commerce for 4 to 6 years (Koetsier, 2020) and as an increasing number of people find themselves online – over 5 billion on the internet and 4,7 billion on social media (Statista 2022a) – the playing field of retail and commerce is evolving constantly. Digitalization is changing retail market environments across the world (Mohd-Ramly & Omar, 2017), and social media is sneaking into every part of retail and quickly becoming one of the most popular means to search for products to buy online (Shopify Plus, 2023). Livestream commerce, which involves real-time video content, communication, and interaction, can be considered a new type of social media, where customers can get closer to the companies and their products during interactive live sessions (Bao & Zhu, 2022). While companies have been using various methods to engage their customers, the emergence of livestream commerce has provided new opportunities for companies to connect and interact online with their customers in real time.

This study seeks to shed light on the landscape of livestream commerce in the Finnish market. The focus of the research will be to investigate in depth the various factors that influence companies' decisions to incorporate these livestream commerce events into their commercial strategies, as well as the motivations and procedures underlying the organizing of such events. Additionally, these livestream commerce events will be viewed and evaluated from the perspective of customer engagement as part of the process of developing and improving the customers' experiences. While livestream commerce may not yet be a well-known commercial format among Finnish customers and consumers, it is essential to understand the perspectives of early adopter companies in order to identify the opportunities, benefits, and challenges that these events have the potential to create.

This chapter introduces and briefly discusses the main topics of this thesis. This introduction chapter has seven subchapters, which present the background of the study, a brief

preliminary literature review with definitions of key concepts. The following subchapters present the aim of the research, the research question and sub-questions, and any limitations that the research may have. The conceptual framework for the study and the research methodology are discussed thereafter. The last subchapter of the introduction gives an overview of how the following chapters in this thesis are structured.

1.1 Background of research

Through the shift from brick-and-mortar stores to online stores, interaction can be seen to have decreased between customers and companies. It is possible that the experiences consumers have with companies have become faceless. What customers were previously able to experience in a physical store: touch and try on products, ask questions directly from the sales personnel, and receive personalized recommendations, has largely disappeared as customers have begun ordering their products online, having to rely primarly on just product pictures, descriptions, and possible recommendations from other customers, which in some cases can even be made up. The lack of interaction between companies and the customers may have resulted in less engaging shopping experiences, leaving companies struggling to develop more personal connections and relationships with their customers. Some companies are attempting to bridge the gap between themselves and their customers through the use of new technologies, such as livestream commerce, providing interaction and more engaging customer experiences within online shopping.

What then is livestream commerce? It is a new online sales channel that businesses can utilize to present and sell their products to customers in real-time (The Influencer Marketing Factory, 2022). It is sort of an advanced way to use social media: instead of just presenting the products through pictures and videos, the customer can now purchase them straight during a live video broadcast, where a host or hosts, often a product expert, a celebrity, or an influencer, are promoting and providing insight into the displayed products. Livestream commerce is an effective approach for increasing online interactivity and building relationships between a company and its customers, as it has the possibility to facilitate real-

time communication through a channel where a viewer can ask questions and provide feedback that can be promptly answered or addressed by the company. (Macura, 2022)

Due to the restrictions and social distancing that resulted from the pandemic, consumers all over the world suddenly shifted their shopping habits to online stores, which boosted electronic commerce (e-commerce) sales drastically in 2020. Between 2019 and 2021, retail e-commerce sales worldwide grew from 3 351 billion U.S. dollars to 5 211 billion U.S. dollars, resulting in over a 50 percent increase. As seen in Figure 1, the growth of retail e-commerce sales worldwide is forecast to continue, but at a slightly slower pace. (Statista, 2023a)

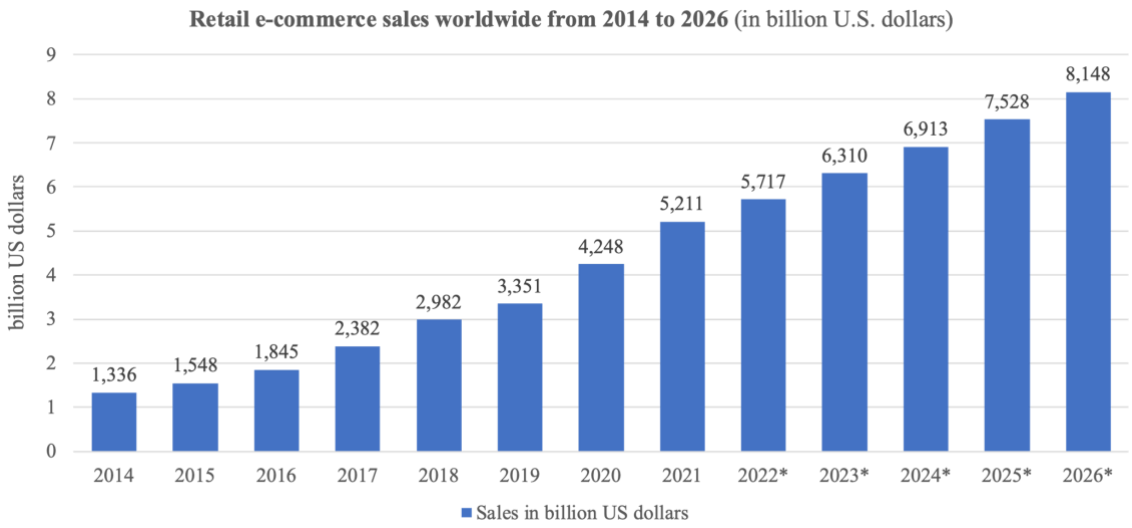

*Figure 1. Retail e-commerce sales worldwide from 2014 to 2026 (in billion U.S. dollars). *Forecasted retail e-commerce sales. (Statista, 2023a)*

With the number of internet users and online shoppers on the rise in Europe (European E-commerce Report, 2022, p. 5-7), new ways to shop online are gaining popularity, particularly livestream commerce (Forrester, 2021, p. 7). Livestream commerce, also known as "live shopping" (Lockhart, 2022), "live commerce" (Arora *et al.*, 2021), or "livestreaming ecommerce" (Cheung, 2021), is a growing commercial channel in the e-commerce industry that enables real-time engagement and interaction between the company and its customers, thereby generating instantaneously more value for both parties. (Arora *et al.*, 2021; Zheng,

Li and Na, 2022, p. 1) To maintain clarity throughout this paper, this form of e-commerce will be referred to as **livestream commerce** in the theoretical section of the research and as **live shopping** in the empirical section, as livestream commerce is the term most commonly used by scholars in their articles, whereas in Finland, live shopping appears to be the preferred term to use.

What started in China, and was further fueled by COVID-19, has quickly established itself as a "mainstream e-commerce mode" in the Asian market (Zheng, Li & Na, 2022, p. 1; Cheung, 2021). Livestream commerce sales, particularly in China, have skyrocketed in the past few years, from just 62 billion U.S. dollars in 2019 to nearly 162 billion U.S. dollars in 2020, with an expected 623 billion U.S. dollars by 2023 (Cheung, 2021; eMarketer, 2021). These numbers are presented in Figure 2. In a blog post by Business Finland, it is even speculated that livestream commerce solutions will soon become an integral element of e-commerce platforms (Kalander & Parsama, 2022).

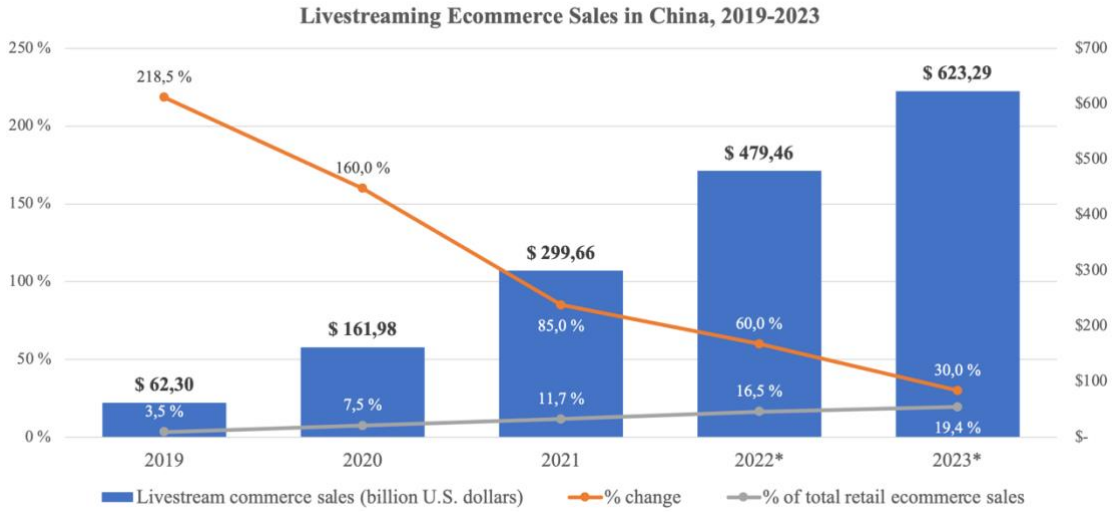

Figure 2. Livestreaming Ecommerce Sales in China, 2019 to 2023 (billion U.S. dollars, percentual change, percent of total retail ecommerce sales) (eMarketer, 2021)

"For retailers wanting to explore innovative shopping experiences, livestreaming is an incredible opportunity to engage with audiences in a new way. Based on these great results, there is huge excitement around future executions." – Shayna Kossove, Chief Revenue Officer of Who What Wear (Bambuser, 2022a)

Despite the success of livestream commerce as a sales channel in Asia and growingly in the United States, the concept is still considered relatively new in Europe and still quite unknown among consumers, especially in Finland. Customers in Finland may be unfamiliar with this new form of e-commerce; and as a result, Finnish businesses have not been able to maximize the potential of livestream commerce events to boost their sales and increase customer engagement. There is a clear gap in research on this phenomenon in the Finnish retail market, and this thesis will further investigate the potential of live streaming commerce and assess its effectiveness on customer engagement.

1.2 Research aims and questions

The aim of this thesis is to provide a deeper understanding of the emerging trend of livestream commerce events, including how companies are utilizing this novel approach in their commercial strategies. The study also intends to investigate how businesses can enhance and more effectively manage the customer experiences they provide, as well as how these experiences may increase customer engagement. In order to achieve this objective, initial interviews were conducted with companies and professionals working with livestream commerce, allowing for a greater understanding of the phenomenon and the industry. A distinct research gap in the Finnish market was identified through a preliminary literature review and preliminary interviews, leading to the formulation of the following research question:

- **Research question 1:** How can companies (brands) utilize livestream commerce events to increase customer engagement?

The main research question is divided into four sub-questions. To further understand the phenomenon of livestream commerce, the first and second sub-question are formed to shed light on the process, benefits, and challenges behind the decision of a company to create such events:

- **Sub-question 1:** What is the **process of creating** livestream commerce events?

- **Sub-question 2**: What are the **benefits** and **challenges** of using livestream commerce events?

The third and fourth sub-questions focus on customer engagement and customer experience, and how customer engagement could be measured during the livestream commerce events:

- **Sub-question 3:** What **factors** contribute to the **success** of livestream commerce events in increasing **customer engagement** and enhancing **customer experiences**?
- **Sub-question 4:** How can the level of customer engagement in the context of livestream commerce events be measured?

Livestream commerce is a relatively new trend in the e-commerce environment that has the potential to impact both customer engagement and the customer experience. Consequently, the purpose of this research is twofold: first, to gain a better understanding of the organizing of livestream commerce events, and second, to provide insight and useful information for other retailers in the e-commerce industry. To accomplish this, the research uses literature on customer engagement and customer experience as well as recent livestream commerce studies, as the foundation upon which this single case study is built and through which the findings from the interviews with the company representatives are analyzed further.

1.3 Conceptual framework

The conceptual framework for customer engagement in livestream commerce events can be illustrated through two paths (Figure 3). The first path involves the company's strategic decisions, such as their motives, objectives, benefits, and challenges for creating livestream commerce events. These decisions then lead to the process of creating the event, which includes various factors that are hidden from the customers, such as the choice of products, customer segments, hosts, pre-marketing activities, and the decision on the frequency of the livestream commerce events.

The second path involves the execution of the livestream commerce event and includes factors that are more visible to the customers, such as the interaction, the customer experience, the duration, the relevance of content, how to maintain customer interest, encouraging activation, and the dialogue between the company and customer. These factors have a direct impact on customer engagement within the events, which then ultimately determines the success of the livestream commerce event altogether. The hypothesis is that to achieve high levels of customer engagement, both paths need to be successfully fulfilled, meaning that the company needs to choose the right hosts and products, create an interesting and relevant event, and try to encourage and activate customers to also participate during the event. By doing so, the company can maximize the potential of the livestream commerce events to increase customer engagement, create better customer experiences, and further drive sales for the company.

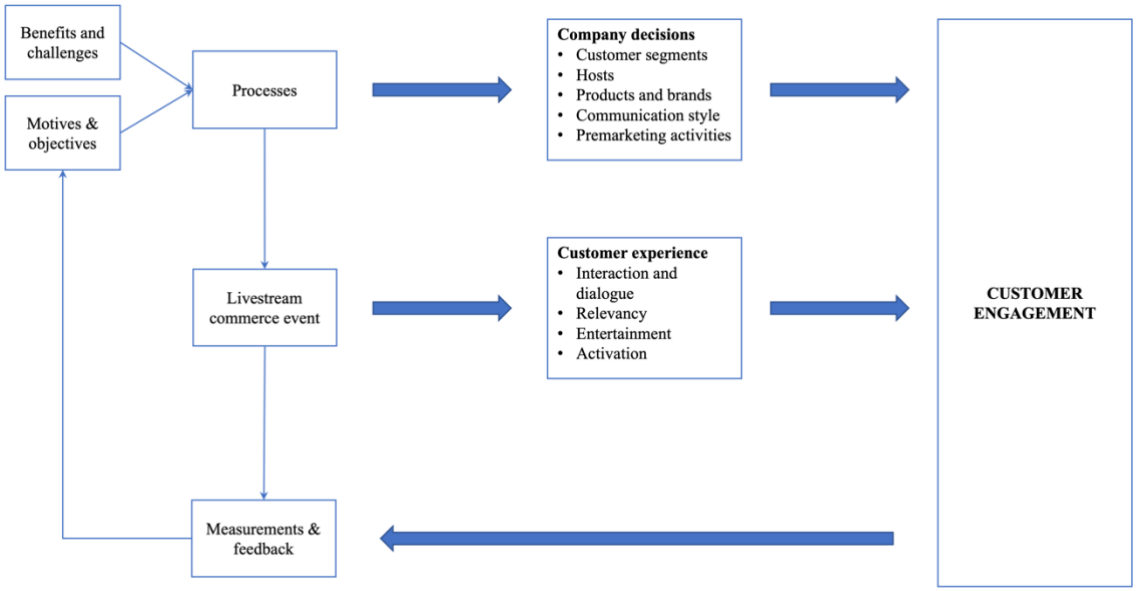

Figure 3. Illustration of the conceptual framework of the thesis

1.4 Preliminary literature review

This sub-chapter aims to provide an introductory outline of the study by briefly discussing prior literature pertaining to the thesis topics, which include engagement, specifically customer engagement, customer experience, and the more recent literature on livestream

commerce. More attention is given to studies conducted in the field of marketing research to better understand customer engagement in social communities such as livestream commerce events. This chapter's primary objective is to define the terms and provide a concise overview of previous research on the topics upon which the subsequent, more extensive literature chapter will be constructed.

Customer engagement

Forrester Consulting (2008, p. 3) defines customer engagement as "*creating deep connections with customers that drive purchase decisions, interaction, and participation over time.*"

The term engagement is still rather broadly understood due to its different dimensions in the field of business and marketing (e.g., Sashi, 2012, p. 253; Harmeling et al. 2017, p. 312; Brodie *et al*., 2011), however, engagement as a concept emerged already early on in the fields of psychology (e.g., Achterberg *et al.*, 2003; Bejerholm & Eklund, 2007), organizational behavior (e.g., Kahn, 1990; Luthans and Peterson, 2002), sociology, and political science. While most of the literature up to 2010 has been multidimensional, some researchers have also studied engagement as a unidimensional concept from either the perspectives of emotional, cognitive, or behavioral states. (Brodie *et al*., 2011) In more recent literature, between 2010 and 2020, the behavioral approach has been the most common in customer engagement related articles (46%), while the multidimensional approach articles comprised 27% of the reviewed articles in a systematic review of customer engagement by Ng, Sweeney & Plewa (2020, p. 237).

Brodie *et al.* (2011) and Rosado-Pinto and Loureiro (2020, p.168) remark that engagement in the field of marketing, by the terms "consumer engagement", "customer engagement", and "brand engagement", did not emerge until 2005. With rising interest, the Marketing Science Institute (MSI) was one of the contributors to the amount of research on the topic as they called for a deeper apprehension on the phenomenon of "engagement" in its 2006-2008 Research Priorities (Vivek *et al.*, 2012). Subsequently, customer engagement continued to be MSI's research priority in 2010-2012 (Vivek *et al.*, 2012; Brodie *et al.*, 2013), 2016-2018

(Rosado-Pinto & Loureiro, 2020), and 2018-2020 (Ng, Sweeney & Plewa). The concept of engagement has attracted more and more attention throughout time, as is evidenced by the growth of relevant literature and the numerous special issues on the subject (Ng, Sweeney & Plewa, 2020). In their systematic review, Rosado-Pinto and Loureiro (2020, p.178) recognized relationship marketing, service-dominant logic, uses and gratification, social exchange, and consumer/customer engagement as the most referred theories researched in the context of engagement, while Ng, Sweeney & Plewa (2020) adds, that also value cocreation is one of the theoretical lenses through which customer engagement has been studied in a great extent in the recent decade.

Customer engagement has in past literature been used synonymously to encompass both firm and customer-related activities, which is why some researchers have been trying to distinguish these from each other in a marketing-related context. Abdul-Ghani, Hyde and Marshall (2012) tried to set apart the views through which engagement is examined by highlighting that customer engagement takes on the firm-specific view, and trying to understand, what can be done in the eyes of the firm to engage their customers, get them to act positively in favor of the company, and become loyal customers. Consumer engagement takes on the consumer-specific view, and is defined more psychologically than behaviorally, as it embodies the consumers' own valuable experiences. (Abdul-Ghani, Hyde & Marshall, 2012, p. 121-122) Harmeling *et al.* (2017, p. 317) further suggest that companies should apply specific customer engagement marketing to "*motivate, empower, and measure a customer's voluntary contribution to the firm's marketing functions beyond the core, economic transaction*", while customer engagement here comprehends the "*customer's voluntary resource contribution to a firm's marketing function, going beyond financial patronage*" (p. 314). Despite previous efforts, there is still a lack of coherence in how customer engagement and consumer engagement are discussed in various research articles, and some articles still refer to engagement from both the customer and company perspectives. To ensure clarity and consistency throughout this thesis the term "customer engagement" will be consistently used throughout this research paper, even if other related terms have been used interchangeably in the past literature. This approach is adopted to provide a clear and precise understanding of the concept and to facilitate a more coherent and focused analysis.

Customer experience

The essence of customer experience is to create positive emotions and perceptions for customers through innovative approaches and memorable experiences during the purchase process (Schmitt *et al.,* 2015) and Becker and Jaakkola (2020, p. 637) define customer experience as "*non-deliberate, spontaneous responses and reactions to a particular stimuli*".

Over the past three decades, customer experience has become a widely discussed term among both researchers and practitioners (Jain *et al.,* 2017), and a critical concept in business, as its potential to create competitive advantage, differentiation, increased customer satisfaction, and loyalty, as well as promoting a better company image has been highly recognized (Pine & Gilmore, 2001; Chatzopoulos & Weber, 2018; Verhoef *et al.,* 2009; Jain *et al.,* 2017). The definition of customer experience can be considered multidimensional (Schmitt, 1999) and by one definition, "*comprised of the cognitive, emotional, physical, sensorial and social elements that mark the customer's direct or indirect interaction with a (set of) market actor(s)*" (De Keyser *et al.,* 2015, p. 14).

Online customer experience refers to the psychological response of customers to the online environment of a company (McLean 2017; Klaus, 2013). While there is no universally accepted definition of online customer experience, researchers have defined it as a customer's response to a set of interactions between the firm's online propositions (Klaus, 2013) or as a subjective response to a website (Rose *et al*., 2012). Online customer experience is a crucial part of the overall experience that the customer has with the company, and previous research has shown that improved online customer experience leads to desirable outcomes such as increased repurchase intentions and enhanced company or brand engagement (Rose, Hair & Clark, 2011; Brodie *et al.,* 2013).

Although customer engagement and customer experience are separate concepts, they share some common elements in past consumer behavior studies. Customer engagement examines how customers initiate contact with companies, while customer experience focuses on the multidimensional aspects of the customer's interaction with companies. (Lemon & Verhoef,

2016) Research on customer engagement has mainly focused on customer experience-based behaviors, such as WOM and repurchases (van Doorn *et al.,* 2010; Bolton 1998), while studies on customer experience have examined how to manage and enhance it (Chatzopoulos & Weber, 2018). Additionally, the positive outcomes of both customer engagement and customer experience overlap as both can see to have increase in trust, satisfaction, and loyalty among others (Jain *et al.,* 2017; Lemon & Verhoef, 2016; Brodie *et al.,* 2011), which are all important elements for building long-term relationships with customers and driving the business success.

Livestream commerce

"*Blending entertainment with instant purchasing, live commerce offers retailers, brands, and digital platforms a new channel with enormous scope for creating value*" (Arora *et al.,* 2021). Livestream commerce is considered to be one type of social commerce, where the interactions between the company and the customer happen online in real-time during a live video stream (Zhao *et al.,* 2023, p. 5).

As traditional retail has shifted more towards online retail in the past decade, customers have had to rely merely on product pictures and descriptions in contrast to being able to see, feel and try items on their own before making purchases (Steinhoff *et al.,* 2019; Hu & Chaudry, 2020). The improvement of technologies as well as the outbreak of the pandemic, have allowed and accelerated companies to showcase their products through new channels, such as live video streams. Livestream commerce is a novel approach to social commerce that integrates a live video streaming functionality into the e-commerce shop or the company's social media pages (Lim *et al.,* 2020). Hu and Chaudhry (2020) observed that livestream commerce offers a superior social and interactive environment compared to just pre-recorded videos, prepared pictures with text descriptions, or customer reviews on traditional e-commerce websites. In livestream commerce events, the customers, streamers, and other viewers watching the same live video are brought together into one shared space. This creates a rather dynamic platform that fosters a more engaging and immersive experience, concurrently allowing customers to interact with each other and with the streamer in real-time. (Hu & Chaudry, 2020)

Livestream commerce can be divided into two categories: (1) small, individual sellers who use it to advertise their goods on other platforms or marketplaces, and (2) bigger businesses or brands that use experts, celebrities, or influencers as hosts to draw customers to their own platforms (Qin *et al.,* 2023). In this case study, we will focus on the latter. The real-time communication, authentic shopping experiences, and feeling of proximity brought about by face-to-face online shopping and interaction set livestream commerce apart from other forms of social commerce. Livestream commerce provides an engaging shopping environment where customers, online sellers (company or brand), and streamers (hosts) can interact with each other in real time through a text-based live chat room, leading to increased engagement and support among multiple actors. (e.g., Cai *et al.,* 2018; Sun *et al.,* 2019; Ang *et al.,* 2018: Fehrer *et al.,* 2018; Qin *et al.,* 2023)

1.5 Delimitations of the research

This section will briefly explain the delimitation that this research will have. As the purpose is to shed light and create discussion on livestream commerce, customer experience and customer engagement within the concept, the research will not be a step-by-step guide for a retailer on how to proceed to implement this type of commerce. As stated previously, the objective is to collect information that could aid other businesses in better comprehending the process and phenomenon. Since the topics of customer engagement and customer experience are quite general and broad concepts with multiple different viewpoints, it would be important to recognize how these could be influenced and measured during and after the livestream commerce events created by companies.

However, since the research is based on a single case study, the findings cannot be generalized to other businesses, and a possible sampling bias may occur. While this study can provide valuable insights into how this particular case company has implemented livestream commerce events in their commercial strategy, it may not reflect the experiences or diversity of other companies in the broader market. A factor that could affect the reliability and validity is the fact that the data collected through the interviews are based on self-

reported information by the company representatives and consequently might be limited in recall or subject to the interviewees' own bias. In addition, due to time constraints, there may be restrictions on the amount of available data that can be collected and analyzed within the timeframe allotted for this thesis. This, in addition to various resource limitations such as information accessibility and the novelty and unfamiliarity of the phenomenon in Finland, may impact the depth and breadth of research in this thesis.

1.6 Research methodology

As the aim of the study is to investigate livestream commerce events in depth and the potential for customer engagement within them, the nature of the study will be qualitative. The research methodology of the thesis included the following steps. First, more relaxed, preliminary, interviews were conducted with people who have knowledge of the industry to acquire a broad understanding of the phenomenon and to identify key issues that require further investigation. Second, a case company was chosen and contacted based on its relevance to the research and representatives' availability for interviews. The data collection phase consisted of semi-structured thematic interviews with the case company representatives from different teams that have a part in the process and creation of these livestream commerce events, or whose areas are affected by the strategic choices of implementing these events.

The focus of the interview will be on the factors that led to the adoption of livestream commerce events as part of the company's commercial strategy, the implementation process of these events, how these events are marketed to customers, the roles of various participants, and how these types of events can enhance customer experiences and increase customer engagement, both during the events and in relation to the brand and company as a whole. The interview questions were categorized under themes relevant to the research, and the interviews with the company representatives were recorded, transcribed, and organized to ensure an uncluttered analysis. The data is analyzed using thematic analysis, where themes and patterns are identified and analyzed, and thereafter, conclusions and answers to the research questions are drawn from these. Overall, this exploratory single case study will

provide an extensive overview of how one company utilizes livestream commerce events to strengthen customer relationships as part of their commercial strategy. This thesis's research methodology is elaborated upon in greater detail in Chapter 3.

1.7 Structure of the thesis

This chapter served as the thesis' preface. The subsequent chapter will concentrate on presenting the literature review and theoretical background of the research, providing an in-depth background of the research topics, such as customer engagement, customer experience and livestream commerce. The third chapter describes the research methodology of the study, the research design, data acquisition and analysis, as well as the reliability and validity of the research. In chapter four, the findings of the interviews are presented under carefully chosen themes that relate to the research aims and research questions. The last chapter provides a comprehensive summary of the thesis, following a discussion that reflect the findings to the theoretical part through answering the research questions. Lastly, the managerial implications, the limitations, and future research are described and outlined.

2 Literature review and theoretical background

This chapter is to give an in-depth overview of the researched theoretical backgrounds and related topics of this thesis. Thus, it creates a base for the study and comprehensively presents the theories of customer engagement and customer experience, as well as recent studies on livestream commerce. The hypothetical linkages of these theoretical bases to livestream commerce are also discussed in this chapter. Further, the chapter provides the ground on which the empirical research is later conducted and analyzed.

2.1 Customer engagement

A clear unified definition for engagement has not been reached among researchers, as the topic has been studied from various perspectives without a common consensus, giving it its multidimensional nature (Sashi, 2012, p. 253; Harmeling *et al.* 2017, p. 312). Engagement, more specifically customer engagement, can be related and associated with several concepts, such as involvement, participation, customer satisfaction, trust, and loyalty among others (Brodie *et al.,* 2011, p. 261). Past marketing literature has taken multiple directions within engagement and articles by e.g., Brodie *et al.* (2011), Vivek *et al.* (2012), Hollebeek (2011), van Doorn *et al.* (2010), and Storbacka *et al.* (2016) has helped to shape the engagement conceptualizations further (Rosado-Pinto & Loureiro, 2020).

A certain credit should be given to the Marketing Science Institute (MSI), as they have repeatedly called for more research on engagement in their research priorities (Vivek *et al.,* 2012; Brodie *et al.*, 2013; Rosado-Pinto & Loureiro, 2020), thus creating a surge in the number of studies around customer engagement in the marketing literature (Islam & Rahman, 2016). Journals such as the Journal of Services Marketing, Journal of Product and Brand Management, Journal of Retailing and Consumer Services, Journal of Marketing Management, as well as the Journal of Service Research, have had the most published articles within the topic, typically one article with multiple researchers (Rosado-Pinto & Loureiro, 2020, p. 174) showing the collaborative nature of the engagement research.

2.1.1 History and development of the concept on engagement

According to Brodie *et al.* (2011), the term 'engagement' has been studied throughout the past in a variety of fields, including psychology, organizational behavior, sociology, and political science. Engagement, as it was early on discussed within the academia of education and learning, demonstrated that higher engagement levels among students support increased knowledge acquisition and cognitive development (Kearsley & Schneiderman 1998; Pascarella & Terenzini 1991). In management literature, the academia has mostly studied engagement in respect with the environment in which one is employed and the tasks that the employee's job involves, leading to Schaufeli *et al.* (2002, p. 74) defining engagement as "*a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption.*" In the past literature, the concept of customer engagement has been interpreted as both a behavioral and psychological phenomenon (Hollebeek, 2011; Jaakkola & Alexander, 2014), and it has been studied increasingly only in the recent decades in the fields of business and more especially marketing (e.g., Brodie *et al.,* 2011; Verhoef *et al.,* 2010; Vivek *et al.*, 2012).

Engagement is rooted in the dynamic interaction between two parties (the subject and the object of engagement) (Brodie *et al.*, 2011), driving the subject towards a state of personal fulfillment (Handelsman *et al.*, 2005; Resnick 2001). Looking at the term engagement from a more strategic business perspective, the Economist Intelligence Unit defines engagement as the *"creation of experiences that allow companies to build deeper, more meaningful and sustainable interactions between the company and its customers or external stakeholders",* following with a crucially important dimension for engagement that *"it is not a fixed point that can be reached but a process that expands and evolves over time"* (EIU, 2007b, p. 2). This definition highlights the experience creation, which will be further discussed in the customer experience sub-chapter 2.2. A study by Brodie *et al.* (2013, p. 105) builds upon this and *"reveals the complex multidimensional and dynamic nature of consumer engagement, which may emerge at different levels of intensity over time, thus reflecting distinct engagement states"*. As the degree of engagement is seen as a process that varies throughout time (Sashi, 2012), positive interactions typically increase the level of

engagement between the subject (the customer or stakeholder) and the object (the company or the brand) to increase and achieve the desired goals or outcomes (Bejerholm & Eklund, 2007).

While Islam & Rahman (2016) as well as Rosado-Pinto & Loureiro (2020) point out the most common theoretical backgrounds to which customer engagement in previous literature has been referred to in their systematic reviews, some academics, have also tried to distinguish the somewhat inconsistently used terms linked to engagement, customer engagement and consumer engagement. Abdul-Ghani, Hyde & Marshall (2012) tried to shed light on the two competing aspects of the phenomenon for more distinct definitions by dividing past research depending on which view it takes. According to them, customer engagement is seen to have a more firm-centric aspect (e.g., Calder & Malthouse, 2008; Mollen & Wilson, 2010; Phillips & McQuarrie, 2010), while consumer engagement takes a more customer-centric view (e.g., Bowden, 2009; Brodie *et al.*, 2011; Hollebeek, 2011), distinguishing these two from each other through various elements and dimensionality in nature. (Abdul-Ghani, Hyde & Marshall, 2012)

Harmeling *et al.* (2017) takes the term of engagement a step further, as the authors try to distinguish customer engagement marketing from customer engagement in their paper. As past literature has referred to customer engagement as both *"firm strategies and customer responses"* (p. 314), Harmeling *et al.* (2017) try to separate the concept in two, depending on which perspective it's reviewed from: *"customer engagement, a desired customer outcome"* and *"engagement marketing, which is a firm's strategic efforts"* and thus forming a comprehensive view on customer engagement as *"the desired outcome of engagement marketing"* (p. 314). These aspects are good to acknowledge as this research will focus on customer engagement from the firm's perspective.

2.1.2 Engagement through dominant theoretical lenses

As mentioned earlier, customer engagement has been integrated into other key theories, most prominently relationship marketing, service-dominant logic (Rosado-Pinto & Loureiro, 2020, p. 175-176), and value co-creation (Ng, Sweeney & Plewa, 2020) as companies are paying more attention to their customers and the relations that they hold with them in an increasingly integrated and collaborative service-oriented market. While transaction-based perspectives have evolved into relational ones, and companies are focusing on building more and longer lasting relationships, engagement can be seen as a distinct part of relationship marketing theories, involving the interactivity that goes *"beyond the purchase"* (Vivek *et al.*, 2012, p. 127) between the parties. Even the advertising literature from the early 2000's discusses engagement as a potential indicator of the strength of a company's customer relationships, based on the degree to which customers have formed emotional and rational connections with a brand (McEwen, 2004).

After the Economist Intelligence Unit conducted studies together with managers in private and public sector companies around the world, they defined customer engagement as *"an intimate long-term relationship with the customer"* from a company perspective (EIU, 2007b, p. 2), acknowledging that also marketing, satisfaction, retention, and loyalty are terms that can sometimes be associated with it (EIU, 2007a, b, c, d). Subsequently, a crucial aspect of establishing enduring relationships is the interaction between the involved parties in an engaging manner. Previously, relationships were seen as either traditional firm-customer interactions or additional customer-customer relationships. However, more recently, relationships are depicted as networks involving multiple parties, not limited to just the customers, but also including potential customers and non-customers who engage and contribute to the company's value in various ways. (Vivek *et al.* 2012) Therefore, Vivek *et al.* (2012, p. 137) suggest that *"engagement strategies by organizations are an extension of developing relationships with customers (both current and potential)"*, and consequently, customer engagement is viewed by the relationship marketing theory as a way of establishing, fostering, and enhancing those consumer relationships (Brodie *et al.*, 2013).

In 2004, Vargo and Lusch introduced a new paradigm called the service-dominant logic (SDL) to the marketing literature. This paradigm expanded on the traditional, goods-centered view of companies to encompass intangible resources, such as value co-creation and relationships. From the SDL perspective, businesses should not only observe the market and answer the consumers' needs, but rather take initiative themselves and offer supplementary services for their customers. This perspective acknowledges the consumers beyond just them being the passive users of the product or service and recognizes the value in which creation they can actually be a part of. (Brodie *et al.,* 2011)

Value co-creation can therefore be seen as crucial in both relationship marketing and service-dominant logic perspectives, both being the main theoretical lenses through which engagement in previous literature has been studied. To conclude, all these three perspectives are also highlighted in this research, as the company could co-create value for the participants in the livestream commerce event, through asking questions and answering them immediately during the event, and simultaneously creating added value also for other viewers watching the event. The livestream commerce events could also be thought of as an additional service for the company's customers, where the customers could get personalized advice from the hosts of the events, and this way also build a better and more genuine relationship with the company.

2.1.3 Definitions and dimensions of customer engagement

While the term 'engagement' has its own interpretations subject to context in marketing literature, one of the most prominent explanations defines customer engagement as the *"psychological state that occurs by virtue of interactive, co-creative customer experiences with a focal agent/object in a focal service relationship"* (Brodie *et al.*, 2011, p. 260). Engagement can be interpreted in several ways, including as a consumer's relationship with the company, their attention to marketing messages, their perception of those messages, their contact with a brand or campaign, or their emotional involvement in a product (Brodie *et al.*, 2011). Another prominent definition by Vivek *et al.* (2012, p. 128) explains customer

engagement as *"activities engaged in by the consumer that are not directly related to search, alternative evaluation, and decision-making involving brand choice"*.

Additionally, Verhoef *et al.* (2010, p. 247) emphasize that *"customer engagement is considered as a behavioural manifestation toward the brand or firm that goes beyond transactions",* while Van Doorn *et al.* (2010) defines it as a customer's behavioral response to a company, beyond what is required for the basic economic transaction, specifying the commonly understood concept of customer engagement behaviors (Van Doorn *et al.*, 2010). Building on Van Doorn *et al.*, Jaakkola and Alexander (2014, p. 248) see engagement as *"behaviors through which customers make voluntary resource contributions that have a brand or firm focus but go beyond what is fundamental to the transaction"*, while Kumar & Pansari (2016, p. 498) further define engagement as *"the attitude, behaviour, the level of connectedness (1) among customers, (2) between customers and employees, and (3) of customers and employees within a firm"*, introducing the different actors and their relationships through a more widely connected network.

2.1.4 Elements, antecedents, and outcomes of customer engagement

Consumers can directly and indirectly contribute to the company's performance through customer engagement. Direct contributions can take the form of recurrent purchases, resulting in tangible benefits such as increased profits, revenue, or market share (Kumar 2013). Indirect contributions can occur through social media conversations about a brand, which then could reach a broader audience of potential future customers (Hogan *et al.*, 2013). This could possibly motivate others to try the company's products or services, thereby indirectly contributing to the company's performance. Furthermore, feedback given by customers can assist in improving the company's products and services, or by contrast generate innovative ideas for new product development, and having customers engage in these types of activities can also lead to an improvement in the company's overall performance. By actively collecting and listening to customer feedback and implementing changes based on these suggestions, companies can increase customer satisfaction and further customer loyalty. Additionally, customers who feel that their opinions are valued are more likely to continue doing business with the company, leading to a company's greater

profitability and success. (Kumar & Bhagwat, 2010; Pansari & Kumar 2017) Permission marketing, sharing of personal information, and delivering appropriate marketing messages are some of the intangible advantages of customer engagement. A channel for two-way interaction is created when a customer gives consent for marketing permissions, and collecting marketing permissions is often vital for companies to better serve and engage their customers in the future in a more personalized way. As customers feel a deeper connection with the business, they are more likely to positively interact with the company, sign up for email programs, download mobile applications, and follow social media profiles. This increased level of engagement can lead to more opportunities for companies to promote their products or services and can also foster greater customer loyalty. By building stronger relationships with their customers, businesses can increase their chances of success and drive growth also in the longer term. (Kumar *et al.*, 2014; Pansari & Kumar, 2017)

Vivek, Beatty and Hazod (2018) discussed that regardless of the timing, the platform, or medium used to implement customer engagement strategies, organizations must focus on certain elements to effectively engage their customers. The four strategic elements recognized by the authors were dialogue generation, encouragement through the company's facilitative role, the provision of authentic connections, and the relevancy of the offering (p. 35). Dialogue is an interactive process that entails participation from both parties, the company, and the customer, with the aim to co-create value through various opportunities. (Vivek, Beatty & Hazod, 2018) To effectively engage a company's customers, marketing initiatives should shift from highly structured offerings to more customer-centric facilitation (Grönroos & Voima, 2013). Further, the organization should be able to establish authentic, genuine, and transparent connections with their customers to truly gain their trust and loyalty, and also be able to provide the relevant products or services for the right audiences with a personalized touch that meets the needs of each customer. (Vivek, Beatty & Hazod, 2018)

Drawing onto past literature, Rosado-Pinto & Loureiro (2020, p. 183) provide an overview of the main antecedents and outcomes associated with customer engagement or its sub-forms as constructs. Some of these constructs (e.g., satisfaction and trust) can be seen as both an antecedent and outcome due to the nonlinear nature of customer engagement as various

interactions or touchpoints can happen in any order or at any time (Brodie *et al.,* 2016; Ng, Sweeney & Plewa 2020). A range of constructs have been recognized as potential factors that contribute to customer engagement, such as involvement (Hollebeek *et al.,* 2014; Vivek *et al.,* 2012), experience, satisfaction (Pansari & Kumar, 2017), trust (van Doorn *et al.,* 2010; Pansari & Kumar, 2017), and commitment (Rosado-Pinto & Loureiro, 2020). Concurrently, effects and outcomes of engagement have been identified as brand loyalty (Hollebeek, 2011), firm performance (Kumar & Pansari, 2016), positive WOM (Vivek *et al.,* 2012), satisfaction, and trust (Brodie *et al.*, 2013). The main antecedents, the elements and the main outcomes are presented in Figure 4 below.

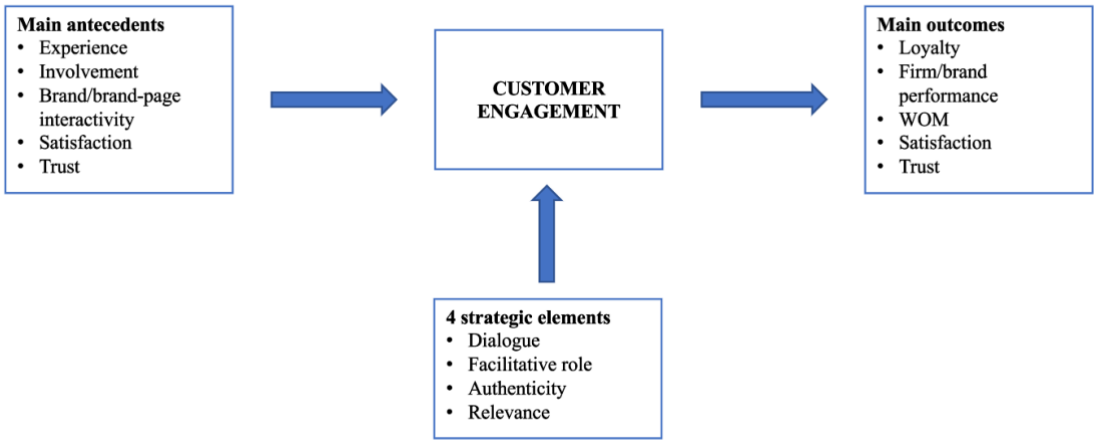

Figure 4. Main antecedents, the strategic elements, and main outcomes of customer engagement discussed in previous literature (adapted from Rosado-Pinto & Loureiro, 2020, p. 183; Vivek, Beatty and Hazod, 2018, p. 35)

To conclude, the elements, antecedents, and outcomes of customer engagement within livestream commerce could be viewed within two layers. Customer engagement within the livestream commerce event, and overall customer engagement with the company. The mentioned elements also play a critical role inside and outside of the livestream commerce events and are therefore crucial decisions for the company to make already before the events. Predicted constructs of antecedents during the events could include the authenticity and relevancy of content, the expertise and emotional appeal of the hosts to create an exciting and joyful atmosphere in the event, and the activation and encouragement for customers to participate. Customer engagement, which occurs during the livestream commerce event

could be longer viewing times, increased interactions in forms of liking, commenting, and asking questions of hosts, as well as larger or more frequent purchases. On the larger scale, the antecedents mentioned by Rosado-Pinto & Loureiro, could drive customers to even consider viewing and participating in the livestream commerce events or other activities organized by the company. As customer experience is recognized as one of the main and crucial antecedents of customer engagement (Bowden, 2009), the concept will be further explored in sub-chapter 2.2.

2.1.5 Customer engagement in communities and on social media

Studies have shown that consumers tend to join groups of people who share similar interests and further interact with a common object, often a brand (Hollebeek *et al.,* 2014). The object, however, does not have to be limited to a single object but can instead comprise of multiple objects which contribute to customer engagement. These could be related to the streamers and hosts, functions and activities, and the community members. (Chen, 2022) Furthermore, the subjects of engagement can include consumers (van Doorn *et al.,* 2010), customers (Brodie *et al.,* 2013), users (Wang, 2019), audiences (Marci, 2006), and viewers (Cohen, 2009), and these terms can be used interchangeably without affecting the definition of engagement (Chen, 2022).

As much research has examined engagement as a series of activities that consumers participate in when interacting with others in brand communities and communicating brand-related information and activities to them (Shin *et al.,* 2016), Brodie *et al.,* (2013, p. 107) conceptualize customer engagement to explain relationships between the dimensions and objects in a community. The authors proposed that customer engagement is a psychological state that is context-dependent and observed through the experiences of interaction between consumers and personal brands and/or other members of the community. It is a multi-dimensional concept that includes behavior, cognition, and emotion as fundamental dimensions, as well as associated components that serve as antecedents and/or consequences in the process. Dynamic and ongoing interaction determines the degree of customer engagement, which is influenced by both personal and social factors. (Brodie *et al.,* 2013; Chen, 2022)

The behavioral aspect in customer engagement can be considered the most prominent dimension in context of social media and online communities when looking at engagement metrics such as likes, views, shares, and comments influence consumer behaviors, purchase intentions and electronic word of mouth. (Barger *et al.*, 2016; Hollebeek *et al.*, 2016b; Alhabash *et al.*, 2015; Vivek *et al.*, 2012). Customers are becoming active content producers (Dolan *et al.*, 2016), expressing themselves, their opinions, and experiences through comments, shares or their own posts on different social media platforms. This shift has turned consumers into powerful and involved participants in the whole marketing processes. (Zheng, Li & Na, 2022) And especially in social commerce, customers can engage with each other and the company within the online communities by sharing their opinions on products or services, and recommending them, which when positive, can benefit the company in various ways (Zhang *et al.*, 2017). Companies are therefore not the only ones creating the consumed information anymore. Customers are able to share information and influence each other's purchase decisions, making customer engagement in social commerce a multi-actor interaction (Gomez *et al.*, 2019; Brodie *et al.*, 2019)

As a result, the social dimension, which has not been studied as much as the three most prominent dimensions (cognitive, behavioral, and emotional) in customer engagement, may increasingly gain relevance as perspectives shift from one-to-one to broader networks of interconnected participants (Brodie *et al.*, 2019; Hollebeek, 2018). The social dimension, mostly enabled through the advanced technologies, including social media (Gambetti *et al.*, 2012) and live video streaming, encompasses interaction, participation, dialogue, co-creation, and sharing of values and feelings in forms of comments, pictures, or videos. These foster further connections between companies, consumers, and other market actors (e.g., Hollebeek, 2018; Vivek *et al.*, 2012; Rosado-Pinto & Loureiro, 2020, p. 182).

To conclude, the social dimensions and the sense of community could also be applicable to livestream commerce, as it acts in somewhat similar manner to live video streaming with the additional direct sales channel and includes the social aspect through having the various actors present: the company, the host, the viewers, and the customers. The following sub-

chapter will discuss customer experience in more depth, as it's a crucial part of customer engagement, and has a notable role when considering companies capabilities in creating memorable and successful livestream commerce events for their customers.

2.2 Customer experience

Customer experience is an important aspect of this study, as it is one of the main antecedents of customer engagement (Bowden, 2009). It has also proved to be significantly and positively related to customer engagement (Mohd-Ramly & Omar, 2017, p. 1150). In recent years, there has been a shift in both research and practice in the field of marketing towards a more holistic view of customer interactions. Instead of merely focusing on individual transactions between companies and their customers, attention has been redirected towards the overall customer experience. (Homburg, Jozic, & Kuehnl, 2017) A study by Hayes and MacLeod (2007) suggests that companies should create memorable and interactive experiences for customers to increase their participation and involvement in the consumption process. This can lead to higher customer engagement and motivation to shop from the same company repeatedly (Vivek, 2009). When customers undergo positive experiences with a company, it can foster a sense of connection between the company and the customer, which can then lead to increased levels of customer engagement with the company. This connection can be strengthened by providing personalized experiences that cater to the individual needs and preferences of customers. (Berry *et al.*, 2002; Spena *et al.*, 2012) The importance of positive customer experiences has prompted businesses to create, understand and manage customer experiences more effectively (Lemon & Verhoef, 2016).

One definition describes that customer experience arises from the interactions between a customer and a product or service, a company, or a specific aspect of an organization that provokes a response. It presumes customer involvement through various dimensions, including rational, emotional, sensory, physical, and spiritual, and the experience is considered highly personal. (Gentile, Spiller & Noci, 2007, p. 397) Another definition, by Meyer & Schwager (2007, p. 118), suggest that customer experience is the subjective response of contact with a company, both direct (e.g., purchase, use and service) and indirect

(e.g., unplanned encounters with brand, WOM, advertising, or reviews). Verhoef *et al.*, (2009, p. 32) builds upon these, and concludes that customer experience is "*holistic in nature and involves the customer's cognitive, affective, emotional, social and physical responses to the retailer*", adding that the experience is shaped by elements, which are both within and outside of the company's control. While there are no set principles on how to create a first-class customer experience, it is essential to adopt a customer-centric mindset and find the best practices that complement the objectives of the company (Löytänä & Korkiakoski 2014).

Peppers (2016) highlights four levels that companies need to consider when thinking of their customers' experiences, the first being the ease of doing business with. This refers to the accessibility and convenience for the customers to receive the expected service and the products, to get responses to inquiries, to receive products on time, and to overall avoid all possible obstacles that can affect the experience in a negative way. The second level comprises the interactions between employees and customers, as the employees reflect the company and can directly influence the customer's perceptions and relationship with the brand. The third level considers the post-purchase experience, which is just as important as the pre-sale experience if the company wishes to develop a long-term relationship with the customer. Thus, the company should include post-purchase communication with the customer. The last fourth level involves the part where the company considers and improves the experiences they offer to their customers. (Peppers, 2016, p. 58-59)

Both academic research and practical applications have emphasized the significant role of customer experience in marketing management (Becker & Jaakkola, 2020). However, existing literature on customer experience lacks a consensus regarding its definition and the relationship between the different concepts. Whether customer experience is a response to the offering provided by the business (Meyer & Schwager, 2007), or an evaluation of its quality (Kumar *et al.*, 2014), still inflicts confusion, and as a result, some studies treat customer experience as an outcome such as satisfaction and value, while others consider it an independent variable that leads to outcomes such as satisfaction.

2.2.1 Online customer experience

Bleier, Harmeling and Palmatier (2018, p. 99) conceptualize the online customer experience through four dimensions that contribute to the overall quality of the experience: informativeness, entertainment, social presence, and sensory appeal, where the first, informativeness, captures the functional aspect and value of the customer experience, and pertains to a website's ability to provide useful and resourceful information that aids consumers in decision-making when considering purchases (Verhoef *et al.,* 2009; Schlosser, White & Lloyd, 2006; Hsieh *et al.,* 2014). The second, entertainment, refers to the enjoyment and pleasure consumers derive from interacting with products online. Online sellers can utilize entertainment, which emphasizes the *'spectacle'* of the experience rather than functional considerations, to reduce the abandonment of the cart and generate general excitement among online visitors. (Bleier, Harmeling & Palmatier, 2018; Hsieh *et al.,* 2014; Kukar-Kinney & Close, 2010) Social presence is a crucial aspect which aims to provide a sense of warmth, sociability, and human contact (Gefen & Straub, 2003). Research indicates that social presence can boost customers' perceived tangibility and psychological proximity to the supply (Darke *et al.,* 2016), increase delight, excitement, and online customer journey movement during online shopping (Wang *et al.,* 2007). It has been seen to improve purchase intentions and further even drive customer loyalty (Hassanein & Head, 2007; Cyr *et al.,* 2007). The last, the sensory appeal, comprises of elements that stimulate the senses impacting product performance perceptions. Online environments limit the opportunities of sensory experiences, however, through the use of visuals, images and videos, sensations can be enhanced and evoked (Elder *et al.,* 2017).

To conclude, livestream commerce has the potential to enhance all the primary dimensions of online customer experience. It could provide informativeness by offering live demonstrations and expert advice on products, as well as real-time feedback from customers. The entertainment aspect could be heightened through the use of engaging and interactive content, which could include Q&A's, contests, or various product or service demos and tutorials. Social presence could potentially be established with the right hosts or influencers who interact with the audience, answer their questions, and create a sense of community. Lastly, the sensory appeal could be addressed through the use of high-quality visuals, close-

ups of products, and immersive experiences that simulate the feeling of being in a physical store.

2.2.2 The customer experience throughout the customer journey

One element that always arises when discussing customer experience is the customer journey. Customer experience involves the interactions that the customer has with the company through all the various channels before, during and after making the purchase (Holmlund *et al.,* 2020; Kuppelwieser & Klaus, 2020), and the customer journey encompasses all these stages and touchpoints that make up the overall customer experience (Lemon & Verhoef, 2016). Whether it is the touch through the company's online site, social networks, customer service, events, or direct mails (Pour, Hosseinzadeh, & Mansouri, 2022), the individual experiences are created through and as a sum of each of these (Buttle & Maklan, 2019). Technology advancements have allowed customers to interact with companies across multiple channels or even across multiple devices (Kannan *et al.,* 2016), and lead to different and new ways in which customers are researching and buying products creating the nonlinear and illogical movement into the traditional funnel (Venkatesan, Petersen & Guissoni, 2018).

Customer experience management (CEM) can be considered as "*the process of strategically managing a customer's entire experience with a product or company"* (Schmitt, 2003, p. 17), and further as "*the processes, tools, and procedures required to affect individual customer experiences at an enterprise*" (Peppers, 2016, p. 40). CEM also emphasizes the ongoing customer experience (Hwang & Seo, 2016) and involves understanding the customer's current thoughts and feelings about the company (Holmlund *et al.,* 2020). The customer journey is often described as a three-step process: the pre-purchase, the purchase, and the post-purchase, with customer interactions and behaviors varying during each step. (Nam & Kannan, 2020; Lemon & Verhoef, 2016)

Companies try to collect information about their customers throughout this journey, and further identify the various touchpoints and even the possible pain points, to enhance the

customer experience and foster loyalty. (Holmlund *et al.,* 2020) This information can be collected through measuring the customer experience as it is essential for improving profitability of the company. Measuring additionally helps in identifying possible factors that can contribute to positive customer experiences and provides insights for developing future actions to improve these experiences (Löytänä & Korkiakoski 2014). Meyer and Schwager (2007) suggest that companies should carefully consider which measuring methods and tools to use in order for them to they provide the most usable information for the company, and as different methods and approaches might be required to analyze the past, present and future customer data.

2.2.3 Customer experience on customer engagement

Mohd-Ramly and Omar (2017, p. 1151) investigated the influence of customer experience on customer engagement in a department store and found it extremely important that "*the attributes offered by the store need to apply the concept of 'experience space', which focuses on customer involvement and personal interaction and allows customers to play an active role in generating a unique customer experience, which in turn initiates and encourages customer engagement with the store*". Therefore, as a way to foster greater customer engagement, department store managers should invest in store atmosphere, retention programs, and merchandise, while paying close attention to interpersonal and direct communication, loyalty programmes, and to providing a pleasant and memorable experience through store sponsored and online activities, well-trained personnel, and setting up the atmosphere in a manner that influences emotional and behavioral response. (Mohd-Ramly & Omar, 2017)

Grewal *et al.,* (2017) proposed and visualized a hierarchy of customer engagement, in which customer experience can be seen as the ground level, emotional connection through shared purpose and values on the second level, and shared identity of the third. This hierarchy suggests that customers may have varying levels of engagement with the company. However, even if customers are not initially highly engaged, companies can nurture connections by providing memorable customer experiences. As the customers become increasingly engaged, the company can try and influence their values and purpose to create

emotional connections on a deeper level with some of them. On the peak of the pyramid, the customer may even identify with the retailer and root for them to succeed. (Grewal *et al.*, 2017)

2.3 Livestream commerce

Livestream commerce offers a dynamic and authentic platform for real-time interactions between three key actors, the online sellers, which could refer to the company or a brand, the streamers, which could either be a product expert, company representative, a celebrity or influencer, and the customers. With unedited content and a touch of unpredictability, livestream commerce events can create an environment where the companies and customers can co-create value. By interacting with the streamers, sellers, and other viewers, customers can acquire valuable information about the company or their products and services as well as create social connections, which can further lead to increased customer engagement. Livestream commerce events present a unique and novel opportunity for companies to connect with their audience and create more personalized shopping experiences that go beyond the traditional e-commerce transactions. (e.g., Qin *et al.*, 2023; Wongkitrungrueng & Assarut, 2018; Sun *et al.*, 2019, Cai *et al.*, 2018)

Livestream commerce is a sort of advanced form of social commerce platform, where the consumer can interact in real-time with the company, and or the host(s), and additionally instantly purchase the products that are presented in the event (Qin *et al.*, 2023). Social commerce relies heavily on customer engagement, which can be observed through spontaneous behavior in online communities, such as electronic word-of-mouth and product referrals. These types of engagement activities do not only benefit the customers, but also create value for the companies, allowing them to possibly expand their reach and increase their sales. (Zhang *et al.*, 2017) The traditional role of companies as the sole providers of information on social commerce platforms has been changed for good. Customers have emerged as key players who not only share information but also influence the buying decisions of other customers. In this multi-actor-based interaction environment, customer engagement takes on new significance, with the potential to impact the wider audience.

Arguments suggest that social commerce is evolving into a dynamic space where multiple actors collaborate and interact to create value for all participants. (Gomez *et al.*, 2019, Brodie *et al.*, 2013)

Qin *et al.* (2023, p. 7) illustrated the dynamic relationships between the online sellers, the streamers, and the customers, and suggested that each relationship is in fact a two-way street. A brand or a company can select and invite particular product experts, influencers or celebrities to host their livestream commerce events in the position of a streamer, while simultaneously the streamer helps to attract a wider audience not only for the livestream commerce event but for the company. The company provides the products and after sales services to the customers, and customers are able to make direct orders and purchases from the company and also provide them with valuable feedback. During the event itself, customers can watch and ask questions as the streamer(s) present, describe, and recommend the product of the company to the customer. The relationships between these parties are illustrated in Figure 5 below.

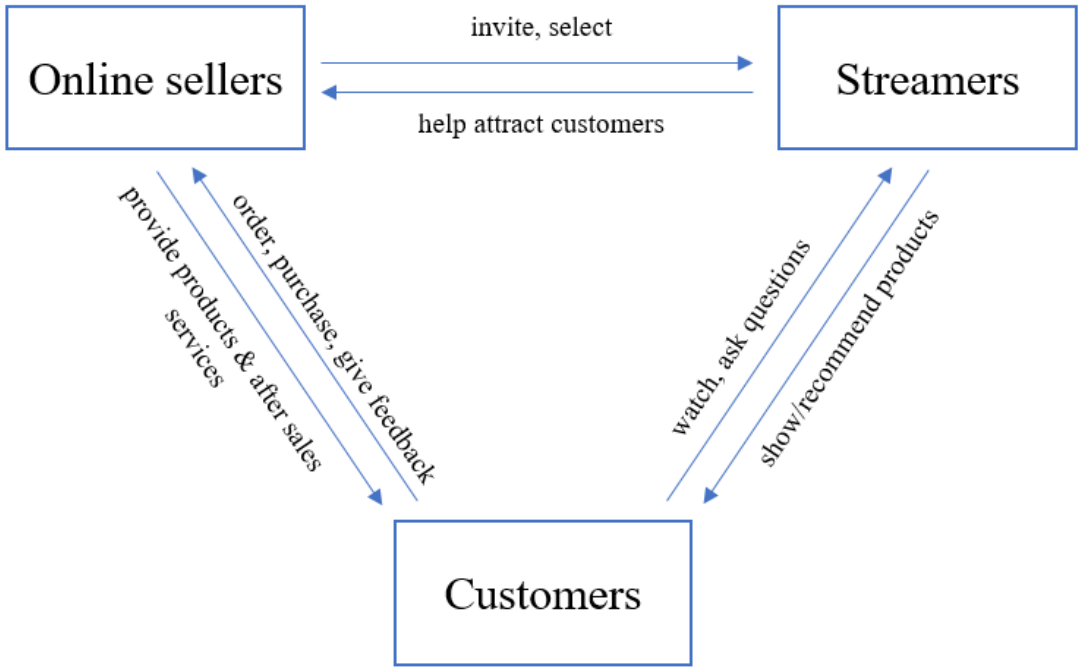

Figure 5. Relationships of online sellers, streamers, and customers in livestream commerce events (adapted from Qin et al. 2023, p. 7)

2.3.1 Perceived attributes in livestream commerce that affect customer engagement and customer experience

Past research has verified that attributes such as those perceived in commercial group chats (Dolen *et al.*, 2007), e-commerce (Hussin *et al.*, 2008), and social commerce (Goraya *et al.*, 2021) have positive effect on customer engagement, resulting to positive WOM, and purchases. Traditional e-commerce is confined to simple communication between the customers and sellers, while livestream commerce, which include the customers, sellers and streamers, is characterized by highly networked and socialized interactions among the different actors. (Kang *et al.*, 2021; Qin *et al.*, 2023) Livestream commerce combines community and platform attributes, where the former refers to attributes that are based on subjective psychological processes that reflect the importance of social features within online communities, and the latter on technology features that provide opportunities for fostering social commerce purposes. (Goraya *et al.*, 2021; Qin *et al.*, 2023) According to the pertinent research on the topic, factors such as real-time interaction, authenticity, and proximity play a significant role in enhancing customer engagement and customer

experiences during livestream commerce (Lim *et al.,* 2012; Ang *et al.,* 2018; Sun *et al.,* 2019).

The importance of interaction in a customer's perception in social relationships and its relevance in facilitating bilateral interactions has been highlighted by various researchers (e.g., Guo *et al.,* 2022; Wang *et al.,* 2007; Steuer, 1992). Livestream commerce technology offers real-time interactivity as it is possible to display the comments simultaneously alongside the video, which will thus let customers relate to the comments and video content, leading to a higher level of engagement and providing a better customer experience (Kumar & Misra, 2021; Qin *et al*., 2023). Tang *et al.* (2016) also highlights that real-time interaction among the company and customers creates increased engagement and enables effective and valuable feedback of the offered products and services. Another key perceived attribute of livestream commerce is the perceived proximity that refers to the feeling of community that comes from watching and participating in the same livestream (Goraya *et al.,* 2021), signifying a sort of closeness and shared experiences despite spatial distance (Sun *et al.,* 2019; Lim *et al.,* 2012). The perceived authenticity then again, through these digital interactions, enables customers to subjectively evaluate the livestream, the information about the products, and asses their overall shopping experience (Ang *et al.,* 2018; Qin *et al*., 2023). Kock (2005) suggests that face-to-face interactions create the strongest sense of authenticity. In contrast, customers find it challenging to distinguish between authentic and false information, such as photoshopped images and fake comments, when browsing traditional e-commerce websites. Consequently, customers therefore expect and increasingly demand transparency online to unveil real experiences and behind-the-scenes content (Featherman *et al.,* 2006). Livestream commerce provides the consumers with visualized product demonstrations, non-edited content, natural behavior of hosts and streamers, and immediate exchange of information, all of which can increase their perception of authenticity. (Wongkitrungrueng & Assarut, 2020; Qin *et al*., 2023)

2.3.2 Customer engagement and customer engagement behavior in livestream commerce

Van Doorn *et al.* (2010, p. 253) developed the customer engagement behavior framework which includes demeanors such as "*word-of-mouth (WOM) activity, recommendations, helping other customers, blogging, writing reviews, and even engaging in legal action*". Other authors have later built on this framework, for instance, Jaakkola and Alexander (2014), identified four types customer engagement behaviors that could also possibly be linked and utilized in the context of livestreaming commerce events: (1) augmenting behaviors, which could be linked to customers sharing personal experiences or insights of the usage of products in the chat during the livestream commerce events, (2) co-developing behaviors, which could include customers providing feedback or ideas, (3) influencing behaviors, where customers could be encouraged to share their opinions, and (4) mobilizing behaviors that could be different calls to actions, such as liking, reacting and commenting, or further purchasing the products, signing up for newsletters or loyalty programs, or sharing the event in own personal networks. (e.g., Barger *et al.*, 2016; Hu & Chaudry, 2020; Zheng, Li & Na, 2022)

2.3.3 Approaches in livestream commerce to drive customer engagement

In a study that reviewed multiple livestream commerce sellers in an online social environment, the authors discovered that sellers used varying styles and methods during the livestream commerce events. From observing the contents of multiple livestream events, twelve distinct sales strategies were recognized that could be utilized during live streaming commerce events as techniques to attract attention, boost sales, create greater customer experiences and further foster customer engagement. These strategies were categorized into four sales approaches: a transaction-based approach, a persuasion-based approach, a content-based approach, and a relationship-based approach. The two former ones could be seen to have more of a short-term focus, while the two latter once were recognized to have a more long-term focus. The transaction-based approach (1), which was the most frequently used among sellers, contains strategies such as simple selling, limitations in quantity, time or offer, and demonstration, and the approach focuses mainly on information giving about the

displayed products, discounts, and delivery options. This approach can be seen as functional and utilizing these types of strategies may drive short-term sales but might not foster longer term customer engagement. The second-most used approach was the persuasion-based approach (2) that involved strategies through which the streamer can bring out their interesting character, possibly perform an activity, or activate the audience through games. This approach involves "*non-product-related tactics to stimulate the viewers*" (p. 504) and often involves celebrities or influencers relying on social proof to encourage engagement. (Wongkitrungrueng, Dehouche & Assarut, 2020)

The content-based approach (3) which appeared the most infrequently encompasses product-related, non-product related, and service strategies. (Wongkitrungrueng, Dehouche & Assarut, 2020) In this approach, the customers are provided with valuable and informative content, such as demos and tutorials as well as Q&A sessions that build customer trust and loyalty. The last approach, the relationship-based (4) one, involves strategies related to sharing and community activities, in which the idea is to provide insights from one's personal life or evoke various feelings to develop relationships not only between the streamer and the customer, but also the company and the customer. (Wongkitrungrueng, Dehouche & Assarut, 2020, p. 502-507) This approach can be effective in building long-term customer relationships as it may involve personalized recommendations, loyalty programs, or ongoing communication between companies and customers thus also creating more engaging relationships. The discussed strategies are collected under the four different approaches in Figure 6 below.

Figure 6. The four different approaches to content in livestreaming commerce (Wongkitrungrueng, Dehouche and Assarut, 2020, p. 502-507)

3 Research design and methodology

In this chapter, a detailed overview of the research methodology, data collection and analysis methods, as well as the reliability and validity are provided. Methodology refers to the planning and execution of research, encompassing the research's objectives, methods, and data collection techniques (Silverman, 2005). In the previous chapter, the theoretical background of the research was outlined, and the empirical part of the research which is presented in the following chapter aims to link these theories to context, and thus, the research design is thoroughly described in this chapter. The first sub-chapter focuses on the research design chosen to appropriately approach the phenomenon and the research questions.

The research process was outlined as follows: the main topic of the thesis was first chosen, then, the phenomenon was thoroughly researched in the Finnish market, and preliminary discussions were held with relevant people that work with livestream commerce in some way, lastly, the suggested topic was presented for the case company, and their willingness to participate in the study was requested with a successful outcome.

3.1 Research approach and design

A qualitative research design was chosen to explore and gain a deeper understanding of the relatively new phenomenon of livestream commerce in the Finnish market, as the qualitative approach permits exploratory and in-depth research that uncovers the answers to the research objectives and questions. The qualitative method supports the research to better understand the emerging trend, and explore the company processes, benefits, and challenges of creating these events. Furthermore, the approach allows the capturing of subjective experiences, and the gathering of comprehensive and detailed findings that can be grouped under several themes.

In qualitative research, achieving statistical generalizations is not the objective. In contrast, qualitative research seeks to, among other things, describe a phenomenon or event, comprehend a particular action, or offer a theoretically significant interpretation of a phenomenon. Therefore, in qualitative research, it is crucial that the individuals from whom information is collected know as much as possible about the phenomenon under study or have experience with it. By doing so, a more comprehensive and insightful understanding of the phenomenon can be obtained. (Tuomi and Sarajärvi, 2018, p. 56-57) In other words, the focus is on gaining a deep understanding of a particular context or situation, rather than trying to apply statistical models to make generalizations.

Often, the objective of the research determines which research methods will help to answer the research question. Various qualitative research methods can be utilized in the same study, or they can be combined with quantitative research methods. (Syrjäläinen, Eronen & Värri, 2007) It is typical for qualitative research to focus on collecting a smaller sample compared to quantitative research. Other characteristics of qualitative research include detailed analysis of the data and more carefully considered selection of the participants that will be studied. (Eskola & Suoranta, 1998, p. 15-17) Qualitative data is based on meanings expressed through words and other symbols or metaphors (Wellman & Kruger, 2001, p. 191), and the data analysis in qualitative research can be considered a challenge, as the researched must be able to interpret the results and thereby increase the understanding of the studied phenomenon (Syrjäläinen, Eronen & Värri, 2007).

Qualitative research is focused on examining and analyzing people's subjective experiences and perspectives in detail. It is important to recognize that an individual's development is always influenced by the environment and context that they are surrounded by, such as cultural practices, ways of behavior, and social realities. Therefore, to understand the social reality and its interpretation accurately, it is vital to consider the specific context, perspective, and situation of the participants being studied. (Puusa & Juuti, 2020, p. 56, 79)

This study employed a single case study approach as there are not many companies yet that use these livestream commerce events in their commercial strategy. A case study is a

research approach that involves analyzing a limited number of entities in-depth, and this approach is suitable for describing groups, small communities, and organizations (Wellman & Kruger, 2001, p. 191). The primary goal of a case study is to gain a deeper understanding of the uniqueness of the entity being studied, and to extract valuable insights that can be gained from the empirical part of the study. To achieve this, it is important to properly define the limitations of the case being studied and to conduct a thorough analysis of the data instead of just providing mere descriptive input. (Eriksson & Kovalainen, 2008, p. 115; Wellman & Kruger, 2001, p. 182-184) Additionally, a case study is an ideal approach when investigating real-life scenarios and contexts, allowing for a comprehensive understanding of the complexity of the situation (Yin, 2003).

In this study, data was collected from a single company to form a conception of the evidence-based motives, objectives, and processes withing the phenomenon being studied. Hence, the research design adopted is that of a single-case study. When the research topic under examination is somehow unique, critical, or revealing, it is suggested to adopt a single-case study. In this study, the selection of a single-case study as the research method is attributed to the uniqueness of the context and associated elements. (Yin, 2003) This approach allows for a detailed analysis of the context, providing a deeper understanding of the phenomenon that is studied.

3.2 Data collection

The most common data collection methods in qualitative research are interviews, surveys, observation, and information gathered from various documents. These different methods can be used alternatively, side by side, or combined in different ways based on the research objective and available resources. The goal is to select the most appropriate data collection methods to gather in-depth information and insights that will enable the researcher to answer the research questions effectively. (Tuomi & Sarajärvi, 2018) In this particular single case study, representatives from the case company were interviewed to gather the qualitative data. This method allowed for a wide range of responses using open-ended questions, providing

space for participants' viewpoints and perspectives to emerge (Hirsjärvi, Remes & Sajavaara, 2012).

The advantage of interviews is primarily the flexibility. The interviewer has the opportunity to repeat a question, correct misunderstandings, clarify the phrasing of expressions, and have a discussion with the interviewee. Such opportunities are not available in methods such as questionnaires. (Tuomi & Sarajärvi, 2018, p. 75). Furthermore, the utilization of interviews as a method of collecting data can provide the researched with more targeted and insightful information as it allows for specific focus on the case study topics, and additionally facilitates the acquisition of explanations and clarifications. However, skewed results from interviews may occur from response bias or poorly phrased questions. (Yin, 2009, p. 102)

This study employed semi-structured interviews with five case company representatives to collect data for the empirical part. These interviews were conducted as semi-structured interviews. Interviews can be categorized into three levels depending on formality and structure: structured interviews, semi-structured interviews, and unstructured interviews (Saunders, Lewis & Thornhill, 2009, p. 320). Conducting semi-structured interviews allow the interviewees the ability to express their thoughts in detail in their own words, thus giving them the freedom to provide comprehensive explanations rather than answering a question from a set of answers (Eskola & Suoranta, 1998). During a semi-structured interview, the researcher has a predetermined list of themes and interview questions relevant to the research, and the interviewees are encouraged to provide detailed responses. In semi-structured interviews, the order of the questions to ask the interviewees is changeable, depending on how the interview is proceeding. There is also a flexibility for some questions to be dropped out or others to be added, where the researcher feels that it is appropriate. (Saunders, Lewis & Thornhill, 2016, p. 391)

Semi-structured interviews seemed as an appropriate method for data collection in this case study as it enabled interviewees to express their views more freely, which is essential when studying a relatively new phenomenon in the market like the livestream commerce events. This approach allowed for a variety of perspectives to be captured, thus providing a more

comprehensive understanding of the studied topics. Additionally, this type of interviewing approach allowed for flexibility in structure while ensuring the coverage of all the key themes and topics of the study.

In total, five one-on-one interviews with the case company representatives were conducted between the 9th and the 17th of March 2023. The representatives participating in the study were suggested by one of the company representatives, and all agreed to the interview. The suggestions were based on the connection which the representative in their position in the company has to the livestream commerce events, which in this case were studied. Representatives were all from different teams, except the global marketing manager and the social media specialist.

The interviews were conducted as online video calls through the Microsoft Teams platform. All of the interviews were held in Finnish as this was the mother tongue of all participants. Conducting the interviews in the participants' native language allowed for a deeper level of communication as the participants could better express themselves. The interviews lasted between 41 and 85 minutes, and all participants agreed that the interview could be recorded. By utilizing a recorder, both the interviewer and interviewee were both able to keep their attention on the topic and sustain ambience without any distractions. Furthermore, recording the interviews allowed for a more effective data analysis, as the interview could be revisited in its original state.

Since each company representative has a specific role in the production of the livestream commerce events, the interview questions for each interviewee were slightly modified to gain the best insight and perspective on topics related to their respective roles. For some of the interviewees, more questions were added, and some were left out (see Appendix 1 for all the interview questions). Topics and themes were discussed with the marketing manager and the social media specialist beforehand, and to the other interviewees an email was sent with an introduction of the thesis and the subjects. Additionally, the interviewees were provided with the interview questions a couple of days before their actual interviews took place so that they were able to familiarize themselves with the topics in advance and prepare for the

interview if needed. For the success of the interview, it is recommended that the interviewees could familiarize themselves with the questions, themes, or at least the topic of the interview in advance (Tuomi & Sarajärvi, 2018). The interviews were recorded and later transcribed, and the collected data was then categorized into different themes to facilitate analysis. The list of the interviewees, their positions, the date when the interview took place, and the length of the interview are compiled and presented in Table 1.

Table 1. List of interviewed company representatives

Interviewee	**Title of Interviewee**	**Date of Interview**	**Duration of Interview**
Interviewee **A**	eCommerce Team Lead	9.3.2023	41 minutes
Interviewee **B**	Global Marketing Manager	13.3.2023	74 minutes
Interviewee **C**	Social Media Specialist	13.3.2023	51 minutes
Interviewee **D**	Head of Customer Experience and Insight	14.3.2023	85 minutes
Interviewee **E**	Category Director, Women's Fashion and Accessories	17.3.2023	69 minutes

The aim was to gain a comprehensive understanding on the objectives, motives, and processes of livestream commerce events in Finland, and further, how customer experience and customer engagement are linked to the phenomenon. All interviews basically had the same themes; however, in order to tap into the expertise of the interviewees and gain insight of their specific role, the interview questions were tailored to emphasize certain aspects based on their knowledge. With the eCommerce Team Lead, the interview focus was more on the online presence and e-commerce aspect, while the interviews with the Global Marketing Manager and Social Media Specialist were more focused on the company motives and processes for the live shopping events. The interview with the Head of Customer Experience and Insight discussed the customer experiences, the measurement and feedback more extensively, while the interview with the Category Director of Women’s Fashion and

Accessories also focused on the live shopping events but especially on the role of the hosts and the product variety presented during the livestream commerce events. The semi-structured interviews were here seen as an effective way to meet the research objectives and answer the research questions.

3.3 Data analysis methods

The data analysis process started with transcribing the contents of the interviews into separate word documents. This produced 79 pages of data, which was then analyzed following the thematic content analysis method. In qualitative research, data analysis plays an essential and important role (Tuomi & Sarajärvi, 2018, p. 75-76). In this study, as the data has been collected from one case company through semi-structured interviews with key employees as discussed in the sub-chapter above, the data collected was analyzed through thematic content analysis, which is one of the most popular methods to analyze qualitative data from interviews. It is applied to identify key themes and patterns related to the objectives of the research and to answer the research questions. (Braun *et al.,* 2019; Braun & Clark, 2012)

Thematic analysis can be considered a sub-form of content analysis, which is an appropriate method for analyzing data from case studies, as it allows for a systematic and detailed analysis of the gathered material. (Tuomi & Sarajärvi, 2018, p. 75-76; Patton, 2002, p. 453) Thematic analysis can be seen as a flexible and valuable research data analysis method as it can offer a comprehensive view of the data. It can also provide a detailed understanding of the data, even if the analysis process itself can be complex. (Braun & Clark, 2012) Braun and Clark (2006, p. 87) introduce the process of data analysis in a thematic analysis through the following steps presented in Figure 7 below.

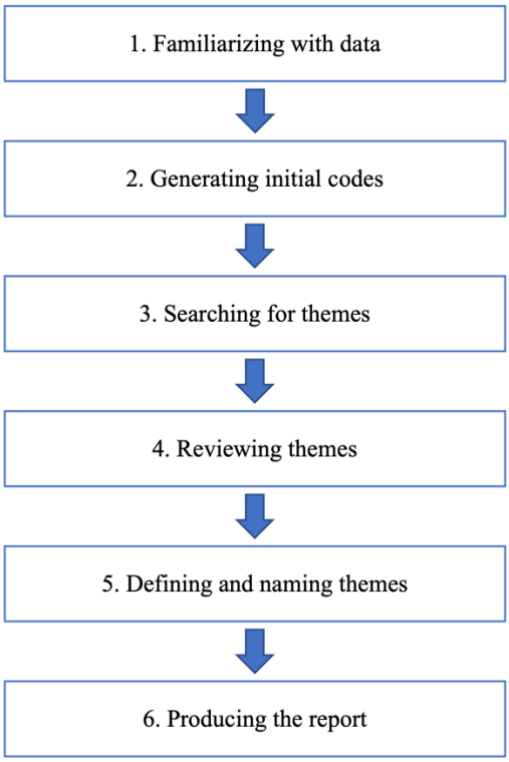

Figure 7. The process of data analysis in thematic analysis (adapted from Braun & Clark, 2006, p.87; Vaismoradi, Turunen & Bondas, 2013, p. 402)

The analysis process for this research included the following phases. First, the transcripts of the interviews were written, which resulted in a total of 79 pages of text. Next, the text was thoroughly read through multiple times to have a good understanding of the data that it contained. Second, the coding of data was done, followed by grouping the data into themes and identified extracts to use as quotes in the analysis. All interviewees' answers were read through, and different codes were generated. For example, from the interviewees, parts of the processes of organizing the events were labelled, such as "factors to consider before the event", "factors to consider during the event", and "factors to consider after the event". These excerpts from the interviews were then assigned under the right group, in this case the "processes of live shopping event creation", before writing the content of the interviews to a presentable form. The groups created were in most cases used as headings in the analysis part of the research.

The last steps included reviewing the themes, to see whether they were relevant and applicable to the research objectives and the research questions. Throughout this process, the names of the themes were defined and refined, and finally, the analysis was written. The analysis is presented fully in the next chapter under the findings.

3.4 Reliability and validity

This sub-chapter discusses the reliability and the validity of this research, which are crucial aspects considering the accuracy of the results of this thesis. The primary aim is to ensure reliability in this thesis, which means that if conducted by another party of researchers, they should still obtain similar findings and conclusions as this one. (Tuomi & Sarajärvi, 2018) There has been some discussions criticizing the accuracy of qualitative research and the lack of reasoning behind the selection of analysis methods. Some even accuse the analytical practices of not being transparent enough or that the results of the study may reflect researchers' own opinions at a larger scale than how it should be due to the researcher being present in the data collection process. (Sandelowski, 1993; Rolfe, 2006; Alasuutari, 2011)

To increase the reliability of the study, the following steps can be incorporated in the presenting of the results in this study. First, Alasuutari (2011) suggests executing an explanatory approach in the research, which means that analysis based on data is distinctive from the researcher's own interpreted conclusions. In line with this, chapter 4 of this thesis presents solely the findings from the collected primary data from the interviews, while chapter 5 discusses these findings, reflecting and connecting them to the theoretical basis presented in chapter 2. Second, to maintain and enhance reliability, it is recommended to add direct quotes from the interviews to the findings. As these are straight citations from the interviewees, they provide authentic responses that have not been affected by the researcher's interpretation. (Tuomi & Sarajärvi, 2018)

It is essential to not only consider reliability but also the validity of the study, which evaluates how accurate and generalizable the results of the study are. Validity can be assessed through internal and external factors, the former referring to the extent to which the

study measures what it intends to measure. The latter, the external factors consider the generalizability of the findings to a broader audience. (Saunders *et al.*, 2016, p. 202-203) Despite the limitations of this study, only conducting a single case study and semi-structured interviews with company representatives to collect the data, this research strives to ensure validity through carefully considering and selecting the right interviewees with enough knowledge and understanding of the live shopping events.

4 Findings

This chapter presents an in-depth analysis of the findings and results obtained through empirical research conducted for the thesis. The research focuses on a single case study and includes interviews with five company representatives, conducted in March of 2023. The findings outlined in this chapter are primarily collected data through the interviews. The interviewees were given the freedom to express themselves in their own words, which was considered the most suitable approach to gain a deeper understanding and discover new insights into the phenomenon of livestream commerce, in a more general term called live shopping. Given the diverse roles of the interviewees in the company, the responses of each interviewee were systematically categorized and are presented under the relevant themes in this chapter.

The case company is a Finnish retail company that operates several physical stores for customers to visit as well as an online store. They provide a wide range of brands and products, spanning across fashion, cosmetics, and home goods. The case company is recognized for their high-quality goods, and exceptional customer service, and is a major player in the Finnish retail industry. The case company arranged their first live shopping event in May 2021, and have thereafter deployed the concept into their commercial strategy. Nowadays, the company regularly hosts these live shopping events for their customers.

4.1 Organizing live shopping events

All the interviewees are part of the live shopping events creation process and collaborate to ensure a good experience for their customers. The organizing of live shopping events can be quite a complex process that relies on the collective effort from several team members, each contributing their unique expertise and having their own responsibilities. Each interviewee was asked to explain what their position entails and further elaborate on their responsibilities and their position linkage to the live shopping events to gain perspective on everyone’s contribution to the process.

The Global Marketing Manager (Interviewee B) and the Social Media Specialist (Interviewee C) oversee the production and implementation of the live shopping events for the company. Interviewee B explains that her responsibility is to create the yearly plans for the live shopping events, to decide on what events to produce, when to have them, and to think of how these live shopping events will support the company's commercial goals. She also mentions that they discuss what type of hosts they include in the events, and her responsibility lies in producing the live shopping events. Interviewee C mentions that she is responsible for the practical arrangements of these events. She coordinates and communicates the information of the upcoming events both externally to customers and internally with other teams, she has briefs with the hosts, and she manages the product game, which includes organizing who collects the products for the events and uploading the right products to the platform for each event. On the day of the events, Interviewee B and C work together to ensure that the events are successful. They both also have a facilitative role during the actual live shopping events, as typically one of them manages the chatroom, and the other makes sure that the right products are displayed at the right time in the live shopping broadcast.

While Interviewees B and C work in the same team, Interviewees A, D and E are all in different teams but have their own role linked to the live shopping events. The Category Director of Women's Fashion (Interviewee E) explains that she is the one responsible together with her colleagues for managing the product selection and the presentation of products that are for sale. She also acts as a host at some of the live shopping events when the theme of the events falls under her product categories, and the decision to have a product expert present at the event has been made. The eCommerce Team Lead's (Interviewee A) responsibility is to coordinate the information about the upcoming events for her team so that the right content and broadcasts are easily accessible online at the right time for customers to find and enjoy. The Head of Customer Experience and Insight (Interviewee D) together with his team is responsible of measuring and providing insights on the customer's experiences in different touchpoints, including the live shopping events and deliver these back to the core organizing team.

4.2 Live shopping events

The first theme discussed the live shopping events, the processes of organizing them, and the different company choices that must be made. To start with, each of the interviewees were asked to define what they think that live shopping is:

"Live shopping is a social way to sell products and create a more personal relationship between us and the customer." – Interviewee A.

"Live shopping is a type of broadcast that can be embedded into an online store. The point is to showcase products in an inspiring way while also selling them on the e-commerce platform. Essentially, it is a commercial broadcast produced within the online store." – Interviewee B.

"Live shopping is a virtual event during which viewers can make purchases from our online store, and also get inspired and interact with us to get more information about our products and our selection." – Interviewee C.

"Live shopping is like a channel that's richer than just a regular online experience, because there are people either in real-time or recorded, and there's that interactivity where you can write comments, ask for more information, so in a way, it's like a sales or marketing channel that bridges or complements the traditional high-volume channels." – Interviewee D.

"Live shopping is done on a platform where it's possible to showcase products and host the event, while customers have the opportunity to purchase those products through the online store at the same time." – Interviewee E.

There is a shared understanding among the interviewees of what live shopping is and what it involves. It is a way of showcasing products, creating more personal relationships with customers, and offering inspiration and enriched experiences for customers in the online environment. The importance of interactivity and customer engagement during the live shopping events is highlighted. Live shopping is described by the interviewees as a social way to sell products, as a commercial broadcast within the online store that can act as an

inspiring channel to interact with the company. Following these definitions, the motives, objectives, and benefits for organizing such events were discussed with the interviewees.

4.2.1 Motives and objectives

The implementation of live shopping events into the company's commercial strategy was driven by several motives and objectives. One of the main motivations was the desire and interest to test and explore this new format, especially in the beginning considering the ongoing pandemic and reduces physical store visits Interviewee B, who has been part of taking these live shopping events to use in the company's commercial strategy since the beginning, recounts that they started with these live shopping events during spring 2021 when the pandemic was still ongoing, and people did not physically visit stores as much. They were approached by operators who suggested trying this type of format, and after consideration they concluded that this could be something that could work for their online store and customers. "*What motivated us to do this was simply that we wanted to test this out. […] we also thought that this could be a suitable format to combine commerce and influencer collaborations*", Interviewee B remarks, and adds that they were curious to be among the first ones in the market to test the potential and how these live shopping events work, and that they wanted to try this type of new format, which their competitors had not yet tried. Previous experience with live broadcasts on Instagram indicated that customers enjoyed such type of content, but there was still uncertainty about how people would adopt this new format of live shopping events.

Initially, the primary objective was to test the format and assess its potential for the company. Interviewee B furthermore highlights that to attract attention they *"wanted to have well-known faces as hosts from the very beginning so that we could start off with high quality and at scale to really see what the potential for this type of format could have*". As they progressed with the live shopping events, they noticed that the content was in fact interesting to their customers, and therefore, their objectives shifted to also include sales and viewership targets, and they hope to reach a large number of their customers with these live shopping events.

The company's primary objective for the live shopping events is to inspire customers, prioritizing the overall experience rather than focusing too much on immediate purchases. Interviewee E echoes this sentiment and emphasizes that the main goal from her perspective is to inspire the customers through the live shopping events. She also highlights that the focus is not solely on customers buying the exact products displayed during the live shopping events, but to rather spark an interest and inspiration inside the customer that can potentially further lead to similar purchases or opting for alternative colors. She sees these live shopping events as a completely new way to engage and interact with their customers, and remarks, just as interviewee B, that they wanted to be forerunners in that sense that they wanted to show their customers and competitors that they are awake and trying new formats. On the other hand, Interviewee E also mentions the strong potential the live shopping events have in terms of customer engagement and interaction, and notes that even if not all customers actively participate or leave comments during the event, it may still create a sense of interaction and engagement that some viewers do. She also happily recalls encounters with customers approaching her in the physical store telling her that they've watched the live shopping event and possibly even interacted during it. Interviewee E explains that as time has passed and they have learned what type of hosts and what type of events have been most successful, they have added more specific sales goals for the live shopping events.

One of the interviewees believes that implementing live shopping events can make customers more aware of the company's new products, their selection, and services, while another see these events as part of brand building activities, to provide inspiring and entertaining content and create good experiences for their customers. Interviewee A also highlights that, from their teams' perspective, one of their main motives is also to bring interesting and inspiring content to their audience online, and therefore, one of their teams' primary objectives is to make the live shopping events easily accessible online on the company's web page for customers to find and watch either during the live shopping event or as a recording after the actual event.

4.2.2 The process of creating the live shopping events

The interviewees are all involved in the process of creating the live shopping events and delivering good experiences for the company's customers, but at different stages. Interviewee B and C are involved in the process from the beginning, while Interviewee E is involved in the events related to her field of business. Interviewee A becomes involved as the theme of live shopping event has been decided and the date has been set, and Interviewee D as part of the reflection and feedback stage. During the interviews, the process of creating the live shopping events were discussed with each of the interviewees. The process of creating live shopping events requires careful planning and preparation. What happens before, during and after, will be elaborated on more thoroughly next.

Before the live shopping events

Interviewee B and E mentioned that as the planning of live shopping events has become more structured, the company has started to incorporate the events into their yearly calendar based on the commercial strategy. Meanwhile, Interviewee C and E explain that the product categories chosen for the events may come from current campaigns or focus areas as to where and what the company wants to concentrate on or sell at specific times in different seasons, and that the target segment is typically also the company's largest customer groups. Once the theme of the live shopping event is established, the choice of a host is carefully considered, whether it should be a celebrity or influencer, or an internal product expert and employee of the company.

Interviewee C tells that the live shopping event is marketed to the company's customers through various digital channels, including social media, newsletters, online on the company's website and on digital screens in the company's stores. Before this, communication between the marketing team and the ecommerce team is crucial, so that all the right information is found at the right time online on the company's website and is easily accessible to the customers, Interviewee A shares. If influencers have been chosen as hosts in the live shopping event, they typically promote the event to their own followers through their own channels prior to the event.

Interviewee E further notes that before the event, the organizing team holds a briefing session with the decided host(s), during which the team discusses the theme and what they would like to lift and highlight, and the hosts input is taken into consideration. The team and the hosts go through the product selection, and the hosts decide what products they want to showcase. Typically, there are some guidelines and instructions that align with the theme of the event, which the host follows when selecting the products to showcase during the live shopping event. The selection of products happens in good time before the events so that availability can be ensured both in stores and online.

Interviewee E also occasionally serves as a host in the live shopping events, and she shared her preparation process. She mentions the importance of creating the list of products well in advance of the event, and that it needs to be checked that products can be found both in the main store and online. After having the list, she usually considers how she will present the products and thinks of some interesting aspects to bring up. When performing with another host, particularly an influencer, Interviewee E usually is the one selecting some products that offer a wider variety in the selection to display customers at the events.

Overall, Interviewee E emphasizes the consideration she gives to grouping and categorizing the products and outfits which she has intended to display during the live shopping event, and she wants to ensure that current trends in fashion, both current and upcoming are discussed. Depending on her workload and circumstances, the preparation levels may vary. Sometimes she has a lot of information and ideas ready to share, while other times she may be pressed on time, leading to a more improvised performance. However, what matters most is the balance between preparation and flexibility in delivering engaging content during the live shopping events for the customers.

Day of the live shopping events

On the day of the event the team makes sure that all the products are collected, the set is set up properly, tech is working, and that the hosts are thoroughly briefed and prepped with hair and makeup for the live shopping event. Another important aspect to consider is also that

the list of products has been added to the live shopping streaming platform, which Interviewee C has typically taken on as a responsibility. Interviewee A and their team ensure that the event is easily accessible to customers on the company's webpage, and that it is promoted through banners on the main pages as well as featured prominently on the relevant category pages.

Interviewee C mentions that during the live shopping event, the hosts act in front of the camera, presenting the products, while behind the scenes, two other team members assist in the broadcast. One of which is moderating, as well as asking and answering questions in the chat, and the other ensures that the right products pop up on the screen of the live broadcast online at the right time. At the end of the live shopping event, a link to a survey is added to the chatroom so that customers and viewers can give feedback to the company about how the event went.

After the live shopping events

As a large portion of sales come from customers purchasing products through watching the recording of the live shopping event, Interviewee C and E emphasizes the importance of post-event marketing, such as showing clips from the event in digital channels, to maximize audience reach and sales. To facilitate this, Interviewee A and their team are responsible for uploading the recording of the live shopping event onto the company's webpage and to make sure it remains easily accessible for customers to find even post-event. Additionally, after the events, the team reviews the feedback that they have gathered from the questionnaire, which was linked to customers and viewers at the end of the event, to identify what the customers thought of the show and what they wish to see in the future.

4.2.3 How are live shopping events integrated into overall commercial strategy

Interviewee B explained that the live shopping events have been fully integrated into the company's marketing strategy and their annual plan. The themes of the events are mainly determined by the commercial objectives and implemented campaigns throughout the year. For example, if there is a denim campaign, there will most likely be a live shopping event

on the same theme so that in a way it complements the campaign. The company's marketing strategy also determines various aspects of the events, such as the set-up, the scenery of the events, the selection of the products, the hosts and of course the themes that will be implemented. The events are designed to support the different objectives and guidelines of the company's overall marketing strategy.

4.2.4 How live shopping events differ from other marketing and sales channels

When asked about how the live shopping events as a sales and marketing channel differs from other channels, such as people coming to the store, or people buying online, most of the interviewees mentioned benefits, such as that it provides more interactivity and allows for conversation with the customers. Additionally, it can be considered as a form of entertainment, which is considered important in today's market. Interviewee B also notes that it is much more longer lasting than their other types of marketing activities such as social media marketing or the company's newsletters. These live shopping events typically take roughly an hour during which the hosts discuss a specific pre-determined theme. The interviewee suggests that this live shopping events allow for a deeper dive into specific topics and that the format has received positive feedback from customers who appreciate the opportunity to see what is happening in the store, and to get a closer look at their favorite influencers' choices and styles.

Live shopping events are also regarded to be more personal, especially when watched live and not as a recording, as the customers have to possibility to participate in the event by asking questions:

"[…] if you watched the live broadcast, it's fun because we've done things like home live shopping broadcasts, and suddenly people get excited and start asking personalized questions like, 'Hey, what lamp would go with this sofa?' and other more personal questions. And it's lovely if we can provide answer to those questions during the live broadcasts, which is something that we can't necessarily do through social media or email marketing in a similar way." – Interviewee C.

Even though the live shopping events during their live broadcast may not reach as large an audience as other marketing activities, they can be considered more engaging for the viewers. And after all, the live shopping events are recorded and uploaded to the website following the event, allowing for other viewers and customers, that were not able to make the live broadcast, to enjoy them later on as well.

4.2.5 Challenges

Organizing live shopping events does not come without some minor challenges, after all, organizing events can be quite time-consuming and there are multiple things to consider that need good time management skills and precise attention to detail, such as setting up the scene, briefing the hosts and styling them, and making sure all the products are collected and on set in time, as well as added to the live shopping platform. Another challenge is related to the productization, ensuring that the products are available online when they are chosen to be featured in the live shopping broadcast.

"We receive new products from new collections, but we may have a resource challenge in getting them online as soon as they are available in stores. This can make productization difficult for the live shopping events if we are just picking the products from the store, we may need to double-check to make sure that all the items are also available online. Or it could be the other way around, the products are already available online but not yet in the stores, then it also may require some double-checking to make sure we have access to all the items for the event." – Interviewee E.

Another challenge, mentioned by Interviewee D, is the difficulty of identifying the specific customers who view and engage in the events, and to further asses their impact, behavior and whether they make a purchase later or possibly end up visiting one of the company's stores. As the events' impact cannot be tracked directly, it becomes challenging to measure their overall effectiveness.

In the past, there have also been some minor challenges with the production itself. Interviewee C recalls that they had an external production team that sometimes struggled to

understand their visions, in particular when it came to lighting. However, these issues were minor. To maintain greater control over the production process, the company bought the equipment themselves and now produces the events entirely in-house.

Interviewee E additionally notes that there can be some small challenges related to the performance of the hosts and the selection of products to the live shopping events. Some hosts may not be natural performers and may require more practice or even a more scripted approach to the show, which can sometimes come across as a stiffer performance for the audience. Moreover, there may be some instances where the product selection is perhaps too narrow in the live shopping event, prompting the hosts to expand their choices to include a wider range of products when it comes to brands or the price range of the featured products.

4.2.6 A successful live shopping event

A successful live shopping event, according to the interviewees, is one that attracts a large number of viewers to watch the broadcasts, and further leaves them inspired to make purchases in the future. Interviewee A additionally highlights that from their teams' point of view, it is crucial that the live shopping event is easily accessible online for customers. *"We have talked about the fact that even if there are no immediate sales during the live event, it would still be a sign of success if the sales starts to gradually increase afterwards",* she adds.

Interviewee B describes a successful live shopping event as one that just does not bring in sales but also inspires the viewers to make purchases either online or in-store. Interviewee B highlights aspects such as that during the live shopping event, a varied selection of products should be presented from different price ranges and brands, and that it should be entertaining to watch with smooth and engaging hosts. Interviewee C and E both add that a successful event leaves the customers inspired, and then hopefully this will in one way or another lead to a purchase either online or in store. Meanwhile, Interviewee D and E list multiple points when asked to describe a successful live shopping event:

"I think the key point is that the content presented in the live shopping event should be interesting to the audience […]. The host or hosts play a critical role in making the content engaging, as a good host can compensate for boring content while a dull host can ruin even good content. There should be a balance between the content and the host, but overall, the most critical aspect is that the content is relevant and useful to the viewer, leading to sales." – Interviewee D.

"It's important that the event is relaxed, smooth, versatile, and cheerful, and that between the hosts in the broadcast there is a nice atmosphere. […] Customers also often comment that this was a lovely and inspiring moment for them." – Interviewee E.

Interviewee D emphasizes the significance of post-event marketing for the live shopping events. According to him, the ability for customers to watch event recordings whenever most convenient to them provides a valuable level of flexibility, which many customers have become adjusted to in recent years. This flexibility sets live shopping events apart from traditional live held events, which happen at a set time and place. The success of these events is then closely tied to the effectiveness of post-marketing activities, and how well they are performed for customers to keep finding them even if the event is over.

4.3 Customer engagement

The second theme in the interviews addressed customer engagement, and at first, all of the interviewees were asked to describe what they think customer engagement is. The different views expressed by the interviewees highlight the multifaceted nature of customer engagement and demonstrate how it can be fostered through various measures:

"Listening to and understanding the customer in order to create content that really interests them and also responding to the customer's changing needs. […] An engaged customer is someone who returns to buy again and again through that and of course someone who is interested and clicks on our content, for example, "inspired" articles or these live shopping events, and finds us again and again through different channels." – Interviewee A.

"…to establish a continuous relationship with the customer, so that when they have situations in their life where they need new clothes, a new outfit, or to buy gifts, or something like that, they feel that they can trust us and know that we can help them with that. So, it's a certain type of relationship or bond between us and the customer that we, of course, aim to strengthen through various measures." – Interviewee B.

"It's when we get customers who actively follow our content, make purchases with us, and are loyal to our brand, products, and services." – Interviewee C.

"I think it means that we become like the top of the customer's mind list, that they remember us and think of us, and when they have a need to buy something, they remember to think of us then. There is a kind of reciprocity there, that the customer feels like they are getting something more from us than just products, but also good service, and then for loyal customers, maybe something like benefits or something more than others." – Interviewee E.

Interviewee D highlights the strong connection between customer loyalty and customer engagement, emphasizing the importance of creating an emotional bond with the customers and "tying" them to the brand. The importance of being relevant in the categories in which the company operates is also stressed, as this can increase customer loyalty and reduce the customer's interest in looking for something to buy elsewhere. Additionally, Interviewee D emphasizes that this engagement should be a mutually beneficial relationship where both the customer and the business are able to benefit from it.

Interviewee D was also asked to define how they at the company determine an engaged customer, and he explains that the scale of customer engagement is wide, and many customers are considered committed. However, as already mentioned above, the loyalty program serves as a means to measure customer activity and further categorize customers based on their level of involvement. This program plays a vital role in measuring customer engagement, recognizing active customers, and to provide rewards as a way to foster continued engagement between the customer and the company.

Based on the responses from all the interviewees, customer engagement can be defined as establishing a continuous relationship with customers by understanding their needs, creating content that are of interest to them, and remember to respond to their changing needs. The relationships with customers should be strengthened through various measures and with the intention that customers hopefully develop into loyal customers that follow the company's content, shop with them, and are emotionally connected with them. It's seen as a relationship that is mutually beneficial, meaning that both the company and the customer benefit from it.

4.3.1 Customer engagement in live shopping

Moreover, customer engagement was thoroughly discussed related to the live shopping events, how to encourage participation, interaction and activity of customers and viewers, and what kind of a role the host or hosts play in the live shopping events. It was emphasized that effective pre-event marketing is crucial to ensure that customers are aware and informed of the next live shopping events and what the events entail so that they can determine if the content presented will be of interest to them. The marketing efforts extend beyond the company's own channels when an influencer acts as a host in the show as they also promote the events in their own channels, as they have the possibility to draw people into the live shopping event even if they may not have stumbled upon the company's marketing of the events before. Furthermore, right before the events start, some kind of content is sometimes previewed on the company's social media channels to catch the attention of their followers and to encourage participation in the live shopping events.

Initially, the company tried out specific discount codes to encourage customers to participate in their live shopping events. However, over time, they discovered that these did not have much of an impact on participation, and as a result, they shifted their approach. The company typically now only incorporates the discount codes when part of a broader campaign, where discounts and sales are already taking place.

Interviewee B and C both mention that in the beginning of each live shopping event, the hosts explain and go through the different interactive functionalities for the audience, such

as the chat, the heart functionality, and the product grid list. In the beginning it was more important as the concept was new, but they still find it useful if there are some new viewers online watching the live shopping event. This ensures that customers are familiar with how to use the different features and it creates a sort of confidence for the viewers to participate while watching the event. The heart functionality can be used to express liking or positive feelings, and it can be tapped by viewers to show support or excitement for specific products, outfits, or moments during the live shopping event. The product grid list on the broadcast displays three products maximum at a time, typically the ones which are currently present in the live shopping event, and these can be changed continuously throughout the broadcast. Moreover, typically all products showcased in the live shopping event can be found on the side of the live broadcast window.

Content

Most of the live shopping events have covered different themes within women's fashion, however, there have also been plenty of events covering cosmetics and presenting home goods. There have also been some live shopping events on kids and men's fashion. In the interviews, mostly live shopping events on women's fashion were discussed. Topics of live shopping events on cosmetics or home goods were just briefly touched during the interviews, leading to this thesis mostly discussing discoveries from the live shopping events on fashion.

The women's fashion introductions have typically taken place backstage in one of the company's stores, and during the events the hosts wear the products, show how to style, and pair them for different occasions. Sometimes, the viewers ask the hosts what a suitable outfit could be to wear at work, or to wear to an office party or a graduation ceremony, for example. Viewers seem to like and request these kinds of tips. Additionally, the interviewees mention that the customers appreciate learning about the versatility of the products, how a product could be used in different ways or styled for different occasions. Unexpected and creative tips are always a nice addition during the live events, as they provide that special inspiration and ideas that viewers might not have thought about themselves, for example, the pairing of some patters or colors, or trying out new emerging trends. Some live shopping events have also been created in the style of a Q&A, where customers have been able to submit questions already before the actual event.

The most important thing during the event is to demonstrate the products, whether it is showing what a dress looks like when it is on the person paired with some other piece of clothing and how it moves. The hosts also generally come closer to the camera to show the fabric to the viewers as good as possible and try to describe what the material is like. The demonstration also works well in the live shopping events that include cosmetics. In these, it is more typical to demonstrate the products in the form of a tutorial for the viewers, during which they can see how different products are used or applied on the skin.

Role of hosts

The interviewees describe the role of the host to be one of the most crucial aspects of the live shopping events, and mention that careful consideration is given to selecting the hosts. The company has their trusted hosts, which the company have enjoyed working with, but they also sometimes experiment with the possibilities with new hosts to see how they perform and whether they are a good match with the company and the company's customers. Interviewee B remarks that "*regarding influencers, their brand and values have to align with our company's brand and values, meaning there should be a strong brand match and a natural connection between us and the influencer*", furthermore, the lifestyle of the influencer must align with the interest of the company's customers to increase the relevance of the events.

The hosts, including both the influencers and the internal experts from the company, should have a smooth and engaging delivery. It should be pleasant and entertaining to both listen and watch the hosts, as they clearly communicate, and ideally act enthusiastic about participating in the live shopping events. Interviewee E has also observed the importance of hosts personally selecting the displayed products, as it enhances authenticity and allows customers and viewers to witness the recommendations of the hosts as more genuine.

Interviewee E also highlights that the company wants to use their own employees more as hosts in the live shopping events. This way, the company can really get closer to their audience and build relationships as they show the faces of the people who are part of

selecting the products to the company's selection or who are the product experts. A balance in hosts is determined between creating the right outcome of brand image, sales and having suitable people present for the specific themes. Furthermore, also interviewee B comments on the subject:

"The role of experts is not only to showcase products but also to enhance the experts' roles within the company, allowing customers to get a glimpse into the job responsibilities of our employees who work here. Many may not know, for example, what a buyer or a fashion category manager does. This has been a very good format to bring our customers closer to our experts, and customers have gladly provided feedback expressing how they have enjoyed getting to know the individuals behind our brand." – Interviewee B.

The roles of products experts and influencers are generally complementary. The influencer typically focuses on sharing their personal style, their preferences, and tips on how they would style the products. The product expert often provides more information about the brands, materials, and other relevant details of the showcased products, and additionally ensures a diverse selection of items to cater to different customer preferences. If there is a product expert and an influencer in a broadcast, they typically create a dynamic presentation together. This collaborative approach aims to engage with a wider range of customers, provide useful information, and showcase the different brands and styles for the customers that the company has in their selection.

Tactics how to get viewers to engage

To encourage viewer and customer interaction during the live shopping events, interviewee E mentions some key strategies that can be used, such as asking questions from the audience. Rather than just showcasing products and presenting the information behind them, Interviewee E points out that to engage with the audience better, she might ask the audience to hit the heart button if they like what she is saying or presenting at the time, and furthermore, she tries to ask personalized questions related to the audiences' preferences, experiences, and interests.

"I think of things that I could ask the customers, such as: 'Do you like it? Do you have a job that requires formal dressing? Have you tried ice swimming? Do you prefer wearing black or colors? Are you already familiar with this brand?' to encourage the viewers to interact and comment." – Interviewee E.

Another strategy in increasing participation is that the hosts reply to the questions in real-time that the viewers are asking from them in the chat. Previously, the moderators have either answered the questions in the chat or written them on a piece of paper to show to the hosts to answer, however, recently, they have deployed a strategy in which the hosts actually walk up to the phone to view the questions and comments from the viewers. By actively monitoring and responding to viewers' comments during the live broadcast, the hosts aim to create a sense of connection and responsiveness. This type of interaction additionally helps to enhance viewer engagement and can help in making the viewers feel more valued and as if they are part of the live shopping experience.

"It has a significant impact how we react during the live sessions, and how the customer feels like they're being served. That's really important, and in my opinion, we often encourage asking questions and showing appreciation, so we highlight these aspects as well in creating interactivity." – Interviewee A.

Of course, if there are questions which the hosts themselves do not know how to answer, for example, if a certain product is in stock in one of the physical stores, then the moderators behind the scenes will help and reply to these. Additionally, Interviewee B and C mention that they also try to ask different questions from the viewers through utilizing the chat feature. They might ask questions and prompt interaction through comments, such as "*What do you think of the outfits that the hosts are wearing? Comment thumbs up if you like this pink color, or thumbs down if you dislike it*" or they try to remind the viewers of the heart functionality expressing likes and positive emotions, interviewee B adds.

Frequency of events

The company now arranges live shopping events a couple of times a month and considers this a good frequency for their customers. Organizing events approximately two weeks apart

allows for clear communication of the past and upcoming events in between without stressing the customers with too much content. This way, there are also always clear varied themes in the live shopping events, and the customers can choose the events most relevant to their own preferences and needs. The themes of the live shopping events follow the yearly calendar, but typically alternate between fashion, cosmetics, and home goods. However, a major part of the events focuses on women's fashion, as these events target the company's biggest customer segment and are frequently wished and requested to broadcast among the viewers.

4.3.2 Role of live shopping events on overall customer engagement towards the company

Based on the feedback that the company has received, the interviewees believe that for their part, implementing these live shopping events into the commercial strategy has had a positive effect on overall customer engagement among customers towards the company. The feedback reveals that customers really enjoy this format and this type of content. The events have become a valuable addition to the company's sales and marketing channels, not just in terms of branding, but also in perspective of sales figures.

Furthermore, the interviewees have noticed that the live shopping events do not only drive traffic to the online store, but the provided inspiration and showcasing of all the brands and products during the live shopping events have led to customers visiting the physical stores to explore more as well. Viewers and customers who live further away from physical stores have also appreciated this format as they have been able to get a glimpse from the physical store, decreasing the perceived distance between the company and the customers. This simultaneously increases the feeling of being involved when seeing some behind-the-scenes aspects.

However, the role of the live shopping events on the overall customer engagement towards the company is still difficult to identify, Interviewee D remarks. Firstly, the live shopping events are after all limited in terms of volume, meaning they do not reach as huge of an

audience as many popular live shopping events in Asia or more southern Europe do. This is due to the company focusing mainly on their specific groups of people, their target audiences. The other difficulty is that it is impossible to identify the people watching the event online as the company cannot demand the viewers to log in or anything else. After all, this would be a great benefit for the company, but what would be the benefit for customers, why would they want to do it.

For the company, it would also be beneficial to get more insight about the people that follow the live shopping events, such as some demographics, their preferences, and interests, and whether or not these events have boosted their eagerness to shop in the company's physical stores. The company can yet not identify whether a customer has watched the live shopping event and then decided to go visit and buy a product from the store. As these cannot be connected, it is difficult to measure and gain insight on the real impact that the events have considering the return on the investment of these live shopping events.

4.4 Customer experience

Customer experiences were discussed more in depth with some of the interviewees. Interviewee D notes that their customers tend to have a bit higher expectation of the company than on average because of their values and heritage. Therefore, it can sometimes be challenging to understand that even if customers are provided with friendly and appropriate service, the customer may have high expectations which are not easily met.

"One big fundamental thing is kind of the idea of what is the customer's initial expectation. […] If the expectations are high and they are not met, then the customer is disappointed. As the experience is so subjective, one may have very high expectations, and even if the actual outcome is good, it may still be less than what was expected, leaving the customer disappointed." – Interviewee D.

Interviewee D highlights that they are ambitious about meeting the expectations and succeeding in all the touchpoints in which the company has some kind of encounter with the

customers, whether it is physically in the store, through customer service or digital channels, browsing the website or through their events. Interviewee D also adds:

"The customer experience is formed by the sum of all encounters, and that's why we need to perform uniformly in different touchpoints every day and by all employees when it comes to interacting with the customers." – Interviewee D.

Interviewee E highlights that a good customer experience is created through the live shopping events when the viewers and customers are left feeling entertained and inspired. Additionally, it is important to take into account the lighting of the setup, the quality and volume of sound and speech, and overall smoothness of the event to ensure a good customer experience. Interviewee E also notes that contributing to the overall customer experience is also the reality whether the presented products more detailed information can in fact be found in the online store on the product page, and that if the live shopping theme is apparel, the right sizes for all the customers and viewers watching are in fact available for purchase.

To sum up, many of the elements mentioned above by the interviewees in what makes a successful live shopping event can be applied to create and add to positive customer experiences. The insights from the interviews reveal such things as that the content presented to viewers during the live shopping events should be engaging, relevant, and useful, and the hosts should foster an entertaining, knowledgeable, and cheerful atmosphere. The event should be smooth and encourage participation. Additionally, the customer should not have trouble accessing or finding the right products or sizes, whether it would be online or in-store.

4.5 Measurement and feedback

What is measured varies depending on the channel in question, on some channels the focus is more on brand-related metrics, while others have a more sales-oriented approach. Then again, during the live shopping events, a wide range of metrics can be tracked related to customer engagement and the activity during the broadcasts. Furthermore, the company has

taken into use the Emotional Value Index (EVI®) to measure the customers' experiences in various touchpoints with the company. This subchapter aims to first explore the wide range of metrics that can be measured from the customer engagement perspective during the live shopping events. Subsequently, the customer experience measurement practices and the Emotional Value Index are discussed, focusing on the priorities in the company related to these topics. Lastly, the feedback collection process is introduced and the significance of gathering valuable insights is discussed.

4.5.1 Measuring customer engagement in live shopping events

Through the live shopping streaming platform, which is integrated into the company's website, the core organizing team can view, using the tool, various metrics that measure the customer engagement during the live shopping event. Key metrics include how many people are watching the live shopping session, and what is the average viewing time. These metrics uncover whether the content and the speakers are relevant to the viewers and if the company has successfully been able to appeal to the customers. Likes and chat comments provide insights into the activity and participation of the customers during the live shopping event. Through a metric called engagement minute by minute, the company is able to view the moments from the recording of when customers have been the most engaged to see what elements have sparked their interest the most, or to what type of content or questions the viewers have reacted to. It is essential that the hosts encourage participation by asking questions from the audience as already mentioned earlier, moreover, also the moderator can help in boosting the activity and engagement of the viewers.

Moreover, also product views, add-to-carts, and sales can be tracked through the platform as it measures sales for 30 days after the viewer has watched the live shopping broadcast. Interviewee B explains, "*for example, if a customer watches this live shopping event today and then makes a purchase two weeks later using the same browser and such, then it can be interpreted that this [broadcast] has contributed to or accelerated the purchase.*" What is also important is that the company can track views, add-to-carts and sales of the recordings following the events. This is crucial as a big portion of views of the live shopping events happen afterwards through watching the recording. However, the tool currently only

provides information about sales amounts and number of purchases without specifying the products that have been purchased. To further analyze the product-specific information of the sales online, another web analytics tool is needed.

Interviewee A mentions that their team is able to track the conversion rates as well as the average order values, and she notes that conversion rates of people completing the sales funnel is typically a bit lower, indicating that products are added to the cart, but the purchase is not completed. The interviewees speculate that this could be because there might be audience watching the live shopping event that is not the typical buyer but is rather interested in exploring and experiencing the live shopping events. However, interviewee A also notes that typically "*those who do end up making a purchase have a higher average order value*".

Given that the recordings continue to be widely viewed even after the live shopping events have aired, it is the responsibility of the eCommerce team to highlight the most interesting live shopping events and make sure that these are easily accessible online for customers to find and replay afterwards as well.

4.5.2 Measuring customer experience

The company uses the Emotional Value Index in their various touchpoints with their customers to measure the customers' experiences. On emotionalvalueindex.com it is explained that EVI® measures if the company is "*evoking the emotions that support your company's sustainable and long-term growth, strategy, and profitability*" and that it "measures both tactical level as well as strategical level as it considers the emotions of the customer" as consumers buying choices are often heavily influenced by emotions (Emotional Value Index, n.d.). The EVI® form has a circular appearance displaying nine emotions, which are based on research and science (see Appendix 2). The emotions are enthusiastic, joy, trusting, surprised, disappointed, sadness, frustrated, irritated, and lastly indifferent. The points assigned from the survey range from -100 and +100, and each emotion is worth a different number of points, with the strongest positive emotions being more prevalent, followed by milder positive emotions, and then of course also the negative

emotions. The scoring is based on the theories of emotions, where the strongest positive emotions have the ability to reduce price sensitivity, increase loyalty, average purchase amounts, and the frequencies of interaction. EVI® can have a huge impact on the business, as when following the scores in different touchpoints, the company can easily allocate resources for improvement if they notice the scores being a bit lower in some touchpoint.

Interviewee D further remarks that EVI® is a great choice for the company to measure customer experience as their customer promise is to deliver a feeling that lasts. Hence, it is important for the company to monitor their customers feelings to see, when a strong positive emotion is generated, and on the other hand, if there are any negative sentiment. The company has taken a more systematic approach and unified the measuring of customer experience through this tool as it is already deployed to almost twenty different touchpoints that the customers have with the company. There is clearly a wide and growing interest in performing well in these customer experience surveys within the company.

4.5.3 Collecting feedback

The feedback to measure customer experience is mostly collected through automated surveys, for example, after purchase, whether it is in-store, online, or through customer service. Additionally, the company has also recently started to ask for feedback from the viewers watching the live shopping events. At the end of each live shopping event, the moderators post a link in the chat which then the viewers and customer can open and respond to. To have more people respond to the survey and to collect more responses there has often been an incentive like ‘if you reply to the survey, you have a chance to win a prize’.

The core team has been positively surprised to see how many viewers reply to the survey at the end of the live shopping event. The feedback of the live shopping events has mostly been exceptional, and there have even been multiple good suggestions about the types of themes and topics that people would wish to see in the future.

"I have also been pleasantly surprised by how much effort people have put into answering and expressing their wishes, especially in those open-ended questions." – Interviewee C.

By gathering feedback from the live shopping events, the team has a better possibility to assess the performance of the events and further understand the emotions experienced by the customer and viewers. Additionally, through the survey, the team can identify their customers' preferences and areas of interest, as well as further gather insights and ideas for future events. The feedback loop does not only improve the team's understanding of the effectiveness of the event but can also facilitate innovative ideas and meeting evolving customer expectations better.

4.6 Future of live shopping events

In the final theme, the interviewees shared their thoughts and opinions on the future of live shopping, and the potential opportunities and threats that the future could bring. The interviewees all agree that the implementation of these live shopping events to the company's commercial strategy has been a good decision and success as it brings inspiring and engaging content to complement the online store experience. Furthermore, they hope to see the continuation of the production of these in the future, as the events are a valuable tool for brand building, increasing engagement, and improving the company's relevance with their customers.

"I see that these live shopping events have come to stay, especially for us. I see that we have good opportunities to improve and should definitely continue these now that our customer base is well aware of them, they expect them and follow them." – Interviewee C.

"It complements the fact that it's not just a sales channel, but it's about brand building and increasing engagement and loyalty, and through these also improving our relevance for customers." – Interviewee D

"This wasn't just a phenomenon of the Covid-19 time, but we feel that these are a continuous and really effective way to inspire. […] The reason why we feel this is so

effective is very much related to the process that we do this together, that it's not just our marketing project." – Interviewee B.

Additionally, Interviewee B highlight that it is important for anyone who wants to start to organize live shopping events, that the various tasks need to be coordinated and communicated effectively, and that all units should be aware of their own responsibilities and work together towards a common goal and according to the commonly agreed practices. Interviewee B also notes that the tool which they use to organize the live shopping events is continually improving and introducing new features which further facilitate the customer journey and how, for example, the broadcast can be found on the website. She also adds that:

"From our perspective, the live shopping events are a great addition to our toolbox for a longer period, it is a great format that combines commerce and inspiration. It's very natural way for us to do influencer collaborations in a deeper way as the customer can get more out of them during the whole hour of the show." – Interviewee B.

Interviewee E does not either think that the company will stop organizing these events anytime soon unless something newer and better comes along:

"My own view is that we certainly won't stop doing these events in a year, and probably not in three years either unless something else comes up, […], you never know, something even newer. But then sometimes I feel like when we started and the thought of others starting as well, I wondered if it would become like an overdose in the market, you know, but that has not really happened." – Interviewee E.

Overall, the interviewees are confident in the future of live shopping, seeing the events as a powerful additional format to interact with their customers. The importance of the live shopping events has also been recognized by the colleagues of the core team members. Being an effective way to showcase the company's products has increased the eagerness of others to get their products featured on the broadcasts as well.

While speculating about the future, the interviewees believe that more and more companies will start arranging these live shopping events. Some of the interviewees mention that they are quite surprised at how few live shopping events there have been thus far, but they also mentioned that they lately have come across other companies' events more frequently than in the past.

Strengths and possible opportunities

The live shopping events are here to stay, at least for the time being. When discussing the future, the interviewees see noteworthy potential in continuing to arrange the live shopping events, and to keep these events as a sales and marketing channel in their commercial strategy. By continuing and spreading awareness of the live shopping events, Interviewee A sees the opportunities from the perspective of the online store:

"Perhaps some customers who are not so accustomed to online shopping need a little bit of support for the purchase, so this can be one way to make the customer feel at home and approach online shopping with the same feeling as if you go to a physical store and the salesperson helps and comes up with ideas about what you could buy." – Interviewee A.

As Interviewee C points out, their strengths, such as having experience in organizing these events for a longer period, having a large audience that follows the company, and a wide variety of products have the possibility to help the company navigate the evolving market also in the future. Interviewee E speculates that if the competition was to intensify, the company should also set focus and trust their own expertise more, and perhaps even have their own personnel acting more as hosts in the live shopping events, sharing inspiration and advice to customer and viewers.

Challenges and possible threats

When discussing the challenges and threats in the future, one thing that emerged with all interviewees was that if other companies start implementing more of these live shopping events, what are the factors that the company can stand out with from the masses, why should a customer especially watch this company's live shopping events and not others, what added

value could these bring. Additionally, Interviewee B and D both mention that it is not just other companies that they compete against, but they compete for the time of the customer, whatever they decide to do with their own time.

Both Interviewee A and Interviewee B point out that it can be a challenge to come up with new ideas for the events and keep providing interesting and relevant content for the customers, and to keep the customers and viewers to want to come back time after time. Interviewee C comments that a lot can also depend on what their competitors decide to do, whether many decide to start organizing these live shopping events or maybe there will be completely new players in the field.

Interviewee D also remarks that one potential challenge for the future of organizing the live shopping events is the scalability without causing congestion and an overload of content and Interviewee D adds that while the popularity of live shopping events is expected to increase, there is a need to find a balance so that there are enough events to maintain interest but not so many that they become overwhelming and difficult for the customer to keep up with. To solve the challenge of having and collecting better data from the company's customers should be addressed, as it could benefit and help the company to understand their customers and their customers' needs more thoroughly for the future.

5 Discussion and conclusions

In this thesis, the live shopping events, the processes of creating them, as well as the benefits and challenges that they bring to the company were thoroughly examined in the interviews with the case company representatives. Furthermore, the thesis studied how the live shopping events impact and contribute to the customer experience, and what can help in driving customer engagement within them. All these findings from the interviews were presented in the previous chapter.

This chapter aims to provide answers to the research question and the sub-questions presented in the beginning by leveraging the findings from the interviews and linking them to the theoretical foundations discussed in Chapter 2. The subsequent subchapter provides responses to the sub-questions, culminating in an answer to the main research question: "*How can companies utilize livestream commerce events to improve customer engagement?*". Thereafter, the practical implications, the limitations, and the future research directions are presented and explained.

5.1 Discussion and answers to the research questions

The first two sub-questions were formulated to gain a better understanding of the emerging phenomenon of what live shopping is, including what the processes of organizing these events are, and what kind of potential benefits and challenges are associated with the implementation of these in a company's commercial strategy. Sub-question 1 focuses on the implementation and logistics of arranging livestream commerce events, which lacks prior studies for direct reference. Similarly, there is no previous research on the challenges discussed in sub-question 2. In contrast, the benefits discovered from the findings in sub-question 2 can be tied to existing literature and previous research. Sub-question 3 focused on the factors affecting the success of the livestream commerce events, while sub-question 4 discussed the customer engagement metrics.

SQ1: What is the process of creating livestream commerce events?

The process of creating livestream commerce events and implementing them into the company's commercial strategy can be a complex process involving multiple steps and the collaboration of employees from several teams. The company has already moved to a more systematic approach, incorporating the events into the commercial strategy, and adding and tying the live shopping events to the yearly calendar to complement seasons, themes, and broader campaigns. The steps are divided into three stages as already presented in the findings: before the event, during the day of the event, and after the event. Table 2 below is a compilation of the key steps to consider under each stage. To answer the SQ1 this subchapter provides insight into each stage, highlighting the significance of the steps in the overall process.

Table 2. Key steps in the process of creating the live shopping events (summarized from the findings)

Before the live shopping events	Day of the live shopping events	After the live shopping events
• Incorporate the events into the commercial strategy and set the themes in the yearly calendar • Decide on the host(s) for the event • Choose relevant products to present during the event that align with the themes, seasons, trends and campaigns • Coordinate, communicate and promote the information of the event internally to stakeholders and through various marketing channels to the company's customers	• Collect and organize the chosen products for the event • Set up the set for the live shopping event, ensuring proper staging and technical setup • Brief and prepare the hosts, including hair and makeup • Add the list of products to the live shopping platform • Have the event easily accessible on the company's website and promote it through banners and relevant category pages • Provide the viewers with a feedback link in the chat	• Upload the recording of the event to the company website • Conduct post-event marketing through sharing clips on digital channels to maximize reach and post-event sales • Ensure easy accessibility of the recording on the website for the customers • Review customer feedback gathered from the event viewers • Identify relevant customer thoughts, preferences, and ideas for future live shopping events

As the events are already set up in the calendar for the year, the first step is to choose the hosts for the shows, whether the company prefers to have internal experts or social influencers. As the role of the hosts is crucial for the success, careful considerations are needed to determine if the hosts are a good fit to discuss and present the theme, and if they can deliver a smooth, entertaining, and engaging outcome for the event. Next, the hosts pick

the products which they wish to present during the live shopping events according to the guidelines which they have received beforehand. The live shopping event provides more authenticity when the hosts themselves are picking out the products, because the viewers can typically sense the more genuine recommendations. The decided events need to be clearly coordinated and communicated between the teams, so that the relevant information is in the right place at the right time for the customer to find. The events also need to be promoted through the various marketing channels for the company's customers. Additionally, if one of the hosts is an influencer, they generally promote the event also in their own social media channels.

On the day of the event, it is crucial that the right products have been collected from the store or warehouse, and that they are added to the live shopping streaming platform. Organized product presentation ensures a seamless flow for both the hosts and viewers, while having a setup that reflects and communicates the company's desired image to the viewers. The hosts should be briefed and reminded about the functionalities and their role in encouraging engagement and participation among the viewers. The link to the live shopping event should be promoted on the website on relevant main and category pages for customers to easily access the event while it is ongoing. Lastly, providing a link to the feedback survey for the viewers of the live shopping event in the chat allows for valuable insights to be gathered from the customers.

The most important steps after the event are to have the recording added to the website for customers to easily find and replay if they missed the live event. This offers flexibility as not all customers are able to participate in the event at a specific time. The company should then utilize their marketing channels to promote the event post-live as this can increase the reach and awareness of the events for the customers. Reviewing customer feedback and implementing improvements and ideas can contribute to continuous enhancement of the live shopping experience.

SQ2: What are the benefits and challenges of utilizing livestream commerce events?

While the various challenges were directly discussed with the interviewees, the benefits and are drawn from the findings of how the interviewees describe the company's motives and objectives, how the events are integrated into the commercial strategy, and how it differs from the other marketing and sales channels. The main benefits and challenges are listed in Table 3 below.

Table 3. The key benefits and challenges of arranging live shopping events (summarized from the findings)

Benefits	Challenges
• More personal and social way of selling products online that further fosters a closer relationship between companies and customers • Provides an opportunity to showcase products in an inspiring way and possibility to directly sell them on the e-commerce platform • Live shopping events enriches the content and experience for customers shopping online • Bridges and complements the traditional high-volume channels • Increases customers' awareness of new products, the selection, and services, serving as a part of brand building • Offers interactivity and entertainment • Allows for engagement and questions, which can be answered immediately during the event • The recorded events can still be accessed and replayed by customers who could not make the live stream, allowing for increased reach and impact	• The organizing of the events can be complex and time-consuming as it involves attention to detail in setting up the scene, briefing hosts, styling them, and ensuring product availability both in store and online • Productization needs to be considered so that there is enough variety displayed during the events • Overall effectiveness can be challenging to measure as not all aspects can be tracked • The hosts performances and selection of products may present minor challenges to ensure a smooth delivery and presenting a wide variety of products • The balance of content, hosts, and the atmosphere determines the success of the live shopping events • Having the live shopping recordings easily visible and accessible online can sometimes present challenges

Most of the benefits provided in the Table 3 above can be seen to align with previous research, considering the real-time interactions which allow for co-creation of value for the customers and deepen the connection between the company, the host, and the customer (Qin *et al.*, 2023). The possibility to watch, interact, and ask questions in real-time, can also be seen to lead to a higher level of engagement and better customer experiences. (Kumar & Misra, 2021; Qin *et al.*, 2023) The enriched experience that the customer online is able to get from watching the live shopping events can be due to the real-time interaction, authenticity, and proximity that creates a sense of community in the events. This aligns well

with what Ang *et al.,* (2018), Qin *et al.,* (2023), and Sun *et al.,* (2019) have previously discovered.

Nevertheless, the benefits that incorporating live shopping events into a company's commercial strategy have previously been discussed to a mild extent, while the challenges discussed during the interviews do not seem to have gained much recognition or have not been researched much before. The challenges reflect more the company's own challenges within the organizing of the live shopping events and may not be generalized as they are.

SQ3: What factors contribute to the success of livestream commerce events in increasing customer engagement and better customer experiences?

The factors contributing to the success of the livestream commerce events can be divided into two stages, the factors which the company decide on before the livestream commerce events, and those factors which are performed during the event to create an engaging and better experience for the customers and viewers watching online. These factors are presented in Table 4 below. The first choices involve deciding on presenting relevant content for the viewers and customers. It is a crucial aspect as no one has the willingness to watch hour long events if the content is not beneficial or adding value in some form for them. Other factors involve the choice of the hosts, and which products and brands to display during the event. The hosts values should align with the values of the company, and the brands and products chosen to display during the event should be of wide range so that there is something for everyone watching. Another factor is what kind of pre-event marketing the company does for the livestream commerce event to reach and appeal to the right audience. It is good to have the progression or flow of the event somewhat figured out to make sure that the hosts know what to say, highlight and bring up during the event, and the event link should be easily available for the audience to find and join. The scene in which the livestream commerce event is filmed should be appealing and in line with the brand, and what the company wants to communicate with its customers.

During the event, it is important to ensure a smooth and seamless experience for the customers, this involves factors such as the lighting, the setup, the quality of picture and

sounds as well as the hosts explaining the different features and functions in the livestream commerce event so that the customers and viewers know how they can interact and engage during the event. Other factors are highly related to the hosts of the show, the content presented should be inspiring, engaging, and useful, and the performance of the hosts should be entertaining and interesting to watch and follow. The hosts should encourage participation of the audience through real-time interaction by asking questions and replying to the questions that the audience have. The overall atmosphere should be cheerful, and customers should be left feeling inspired.

Table 4. Factors contributing to the success of the livestream commerce events (summarized from the findings)

Company decisions before the event	• Presenting relevant content for audience • Choosing the right hosts for the show • Choosing the right brands and products to display • Pre-event marketing and promotion in right channels • Planning the event and preparing for it • Easily accessible link to the event in different channels and online • Setting up the scene so that it aligns with company image
The experience created for the customers	• Light, setup, and quality of picture and sound • Relevant, engaging, inspiring and useful event and content • Interaction and dialogue is smooth between the hosts and foster an authentic and cheerful atmosphere for customers to follow • Hosts present the functions of the event, encourage participation and includes the audience in the event • Real-time interaction: hosts ask questions from the audience and answers the questions the audience may have • Seamless shopping experience: easy to find more information about products, add products to cart and complete the purchase • Customers are left feeling inspired • Feedback is collected and acted upon

To conclude, these factors from the findings align well with the four strategic elements that Vivek, Beatty and Hazod (2018, p. 35) highlighted to effectively engage the company's customers: dialogue creation, encouragement through the company's facilitative role, the provision of authentic connections, and the relevancy of the offering. The goal is to establish

an easy two-way communication channel where customers feel comfortable expressing their opinions, ask questions, and provide feedback, and the facilitative role of the hosts helps to bridge the gap between the company and its customers, as they promote and encourage participation of the audience. The fact that the hosts choose the products themselves and plans what they want to say reflects authenticity, and customers can typically sense that their recommendations are genuine. Lastly, the offering, such as the products and brands should be relevant and be of interest to those watching the livestream commerce event. By prioritizing these elements, the company can make lasting impressions and add to the building of good customer experience.

Also, the factors that arouse in the interviews from the events can be seen to align well with the factors presented by Lim *et al.* (2012), Ang *et al.* (2018) and Sun *et al.* (2019), such as the real-time interaction, authenticity, and feeling of proximity. Adding to the perception of authenticity already mentioned earlier, the livestream commerce events are a great way for the company to display their products in a non-edited way so that the audience can get a better overall view and understanding of them (Qin *et al.*, 2023), this can be done through describing the products and materials as well as walking closer to the camera to better show different details of the products, or showing the audience what the products look like when they are on and paired with other products. The interviewees also highlighted the importance that the hosts have, to encourage activation and interaction during the livestream commerce event. As the events show a glimpse of what the company has to offer and what the product experts do in their daily work, it can enhance the feeling of proximity for customers who live further from the locations where the company has their physical stores (Sun *et al.*, 2019; Lim *et al.*, 2012). The livestream commerce events do not only allow the customer to interact with the company, but if there is a celebrity or influencer, it also allows for a deeper interaction with them. This, together with being in and watching the same livestream can increase a feeling of community for the audience (Goraya *et al.*, 2021).

SQ4: How can the level of customer engagement in the context of livestream commerce events be measured?

Customer engagement during the livestream commerce events is in large extent measured through independent metrics that are available for the company to view on the platform

through which the events are broadcasted. The tool is a third-party platform that allows to view engagement metrics of the livestream commerce events such as the number of viewers, likes, comments, and the average watching times, which can mostly be considered as customer engagement behaviours, more specifically mobilizing behaviours (Jaakkola & Alexander, 2014). The level of engagement can be increased through different means such as encouraging participation either by the hosts or moderators in the chat. The company can also track things such as the products views, add-to-carts, and sales. To see more specifically what type of content the audience reacted and interacted to, the company can view and track the engagement metrics also minute by minute during the event. This allows for the company to view which parts and what type of content was most appealing and spiking discussion with the audience. Not only is it possible to measure these during the event, but some of these features are also available to view when customers are watching the recording after the event. Outside the platform, the eCommerce team is also able to track conversion rates and average order values.

Research question 1: How can companies (brands) utilize livestream commerce events to increase customer engagement?

By implementing the livestream commerce events to the commercial strategy, the company can enrich the experiences that their customers have with them when engaging online. Simultaneously, the events provide more interactive and compelling content that have the possibility to inspire the customers in a whole new way. As the company's main objective is to inspire their customers with the livestream commerce event, prioritizing the overall experience is essential for success. During the events, it is possible to showcase and discuss the products in more detailed manners than traditionally online, creating an un-edited authentic experience for the customers watching and participating. The livestream commerce events also allow for a new type of interaction and conversation between the audience and the company in a longer lasting format than the typical marketing activities such as social media or newsletters can provide. This type of more personalized two-way communication, where the customers can ask questions and get answers in real-time, has not earlier been possible online, and it allows for the company to build deeper and more meaningful relationships with its customers, and for them to engage with the company and further build their trust.

Livestream commerce as a new marketing and sales channel bridges the gap in experience between the physical store, where customers have been able to view, feel and try on different products, and the online store, where customers have had to rely on edited pictures of the products on models, and mostly vague and short product descriptions. Furthermore, the fact that the livestream commerce events are recorded and accessible later for customers increases the customer engagement as the recordings provide flexibility for the customer to choose when they prefer and have time to watch the ones of interest to them.

Overall, most of the outcomes of customer engagement such as loyalty, satisfaction, and trust (Rosado-Pinto & Loureiro, 2020, p. 183) can be interpreted to have a positive effect resulting at least partially from the livestream commerce events as part of the commercial strategy as the company has grown the customer base interested and watching the events. Additionally, the feedback collected from the participants of the events have been very positive indicating that the customers are satisfied with the format, and as customers have the possibility to get to know more in-depth the people of the company through these events, it can improve the relationship building and trust between the parties.

Companies can also utilize the livestream commerce events to increase customer engagement through collecting and analysing the customer feedback from the events, to understand what delighted and activated the viewers to engage, and what type of content the customers wish to see in the future. The findings from the feedback could also steer the motives and objectives of organizing such events. Additionally, the benefits presented and discussed earlier in Table 3 can also all be seen to have an increasing effect on customer engagement.

The main research question allowed for a deeper studying and exploration of specific strategies and techniques that companies can employ to enhance customer engagement through livestream commerce events. By taking into consideration these aspects and focusing on the creation of beneficial, interactive, and inspiring experience for the audiences,

companies can effectively utilize the livestream commerce events to increase their overall customer engagement as well as further drive business growth.

5.2 Practical implications

This study provided an understanding of organizing livestream commerce events and how they can be implemented into a company's commercial strategy, as well as the benefits and challenges they may present and their impact on customer engagement and customer experience as a whole. The findings presented in detail the process of establishing these events, what is done before, during, and after, and which factors can contribute to the events' success. The findings also indicate that incorporating livestream commerce events into the commercial strategy and scheduling them on a regular basis has increased the number of customers who watch and appreciate these types of events, and who have even come to anticipate them. The livestream commerce events can be viewed as a valuable channel and format for brand building, boosting customer engagement, and increasing the company's relevance among its customers. Organizing livestream commerce events can be a complex process, and in larger organizations, various tasks and procedures must be coordinated and effectively communicated between teams to ensure that everyone takes care of their responsibilities and works toward a common objective.

Companies that are considering implementing livestream commerce events as one of their marketing and sales channels can benefit from this study by gaining an understanding of the processes and important factors involved in these events, allowing them to maximize their effectiveness through the application of various strategies and techniques. The added value that these types of events can provide to customers who interact with the company online is another significant implication. The livestream commerce events can enhance the overall experience and add a more genuine and personalized touch, allowing the consumer to become more acquainted with the company and its employees.

In conclusion, this research focused solely on a single case company with a diverse product and brand portfolio, and how they implemented the events into their marketing strategy.

Therefore, the various processes, factors, and suggestions may not be equally applicable to all businesses. The purpose of this thesis was to learn of the new phenomenon of livestream commerce, understand the process of creating these events, and how these events can boost customer engagement and create improved customer experiences. These themes are discussed thoroughly in the findings and this last chapter through the answers to the research questions.

5.3 Limitations and future research

As this research was conducted as a single case study, there are quite a few limitations to acknowledge and further thoughts of more precise future research. The findings presented in the study are those of individuals in one single company and how they have implemented the livestream commerce events to their strategy and may therefore not be generalized or representative of the experiences of other companies. Additionally, the interviewees responses might consequently be limited to their own personal recall and bias, which can impact the validity of the findings. This study only included livestream commerce events arranged for the Finnish customers and can then not be generalized or extended into other markets due to the possible differences in consumer behavior and preferences. Future research should include multiple businesses, preferably from various and diverse markets, in order to obtain more generalizable results and to acquire a thorough understanding of the broader market landscape. This could enable the building and development of a more precise framework for comprehending livestream commerce events, taking into consideration a broader range of perspectives and contexts.

Existing research on livestream commerce has focused primarily on how things work in Asia, where most of the published literature has been produced. However, research on livestream commerce in other regions still remains notably scarce, leaving room for investigating the phenomenon in other regions. In addition to considering the research solely from the company's perspective, another aspect would be to investigate consumers' perceptions of the events and further research into what motivates them to view and partake in the events. Understanding the significant factors that influence consumers to remain

engaged, observe, and interact during the livestream commerce events would be interesting, and could be further studied through the types of hosts and content that the events implement.

While some studies have addressed customer behavior and purchase decisions during the livestream commerce events, the majority of these studies have been conducted in Asia, where consumer preferences and behaviors may vary significantly from those of the Western markets. Therefore, it would also be interesting to conduct similar research in Europe to evaluate the applicability of the findings in various cultural contexts. In conclusion, it would be essential to conduct extended research beyond most researched markets, to further explore the perspective of the consumers, and how they are adopting the usage of this new format, and how they see and understand engagement during the events.

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Appendix 1. Interview questions

1. Introduction to topic and question about the interviewee's role and responsibilities

- Describe your role and your responsibilities

2. Livestream commerce events

- Describe your view of what livestream commerce is?
- How is your position connected to livestream commerce events?
- What motivated the company to start organizing livestream commerce events and incorporate these to the company's marketing and sales strategies? What were the objectives in the beginning and how have the objectives developed?
- What are the benefits that you are looking for in organizing livestream commerce events?
- What have been the main challenges in the planning, creation or production of the livestream commerce events? Internal challenges? External challenges?
- What was the process for planning and implementing the company's first live streaming commerce event, and how has this process evolved over time?
- How does livestreaming commerce events differ compared to other marketing channels and activities? What are benefits/challenges compared to other channels?
- How do you choose the product assortment and target audience for the livestream commerce events?
    - Have you been able to attract the right audience to the events?
    - How has the company adapted its livestream commerce events to appeal to different customer segments?
    - Has it turned out that a certain target group has been particularly interested in these livestream commerce events?
- How do you integrate live streaming commerce into your overall marketing strategy? How do you align your live streaming commerce strategy with your brand communications and values?
- What role do influencers play in your live streaming commerce strategy?
- How would you describe a successful livestreaming commerce event? What would be the criteria and characteristics?

3. Customer engagement

- In your opinion, what is customer engagement?
    - How do you define customer engagement? Or an engaged customer?
- What are some of the specific strategies or tactics that the company has used to encourage customer engagement during livestream commerce events?
    - Have you noticed that there is some type of content in the livestream commerce events that engage and activate customers more than others?

- Do you interact with customers during the event? How are you interacting with them? Examples.
    - Are customers interacting with each other during the events? How? Examples.
- Are there advantages or disadvantages from to the interactions between parties during the live shopping events?
- What do you see to be the suitable frequency of having livestream commerce events? Does it vary by category / customer segments?
- In your opinion, has the implementation of the live shopping events had a positive effect on the general engagement of customers towards the company?
- What are some of the most important elements of a positive customer experience, and how do you ensure that these elements are present during livestream commerce events?
- How do you ensure that the customer experience remains consistent across different channels and touchpoints?
- How do you leverage customer feedback and insights to improve the customer experience, and what specific changes or improvements have been made based on this feedback?

4. Promoting the events

- What marketing activities does the company use to promote its live streaming commerce events, and how does it leverage social media or other channels to increase audience/customer engagement?
- What types of marketing tactics have been most effective in driving awareness and engagement for your livestream commerce events?
- What type of content did you create to inform customers about livestream commerce events?
- How did you identify which customer segments might be most interested in live stream commerce events?
- How did you choose which product categories to include in the livestream commerce events?
- What types of channels did you use to promote your live stream commerce events to the customers?
- Did you provide any incentives or rewards to encourage customer participation in the livestream commerce events?

5. Measurement and feedback

- How does the company measure customer engagement across its various channels and touchpoints?
    - What are the most important metrics from your position perspective?
- How is CE measured during the livestreaming commerce events? What metrics are used?
- How are you collecting feedback and learning from the events? Internal feedback and customer feedback?
- How does the company leverage customer feedback and learnings from live streaming commerce events?

- How do you measure customer satisfaction and loyalty, and what specific metrics or KPIs are used to evaluate the success of the customer experience?

6. Future of livestream commerce

- How do you see livestream commerce evolving in the next 1-3 years, and what are the opportunities and challenges?
- What role do you see livestream commerce events playing in the company's overall strategy in the next few years?

7. Lastly

- Do you have anything to add? Was there something missing here that you would like to clarify?

Appendix 2. Emotional Value Index emotions