



Examining the Impact of Live Streaming, Affiliate Marketing, and Flash Sale Programs on Purchase Intentions in the TikTok Shop

(An Empirical Study Focused on Generation Z)

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ABSTRACT

Live streaming has become the latest strategy in marketing products as it provides consumers with a sense of experiencing direct shopping. In live streaming, sellers and buyers can interact directly through real-time video streaming. Marketing strategies involving third-party individuals, known as affiliate marketing, are engaged in marketing activities. Several e-commerce platforms utilize this approach as it brings benefits to all parties involved. Live streaming has become a popular promotional method, especially after the pandemic. Flash sales, with their attractive offers, are highly favored by consumers as they allow them to purchase high-quality products or services at significantly low prices, but within specific time and quantity constraints. The author is interested in understanding the most influential marketing strategies that impact consumer Purchase Intention in e-commerce, particularly on new platforms like TikTok Shop. The research method employed is descriptive statistics based on the results of statistical calculations using SEM-PLS, with primary data obtained from 96 respondents through a questionnaire.

Keywords: live streaming, affiliate marketing, flash sale, purchase intention, TikTok Shop

INTRODUCTION

Since the announcement that COVID-19 has entered and spread in Indonesia, the government has implemented large-scale social restrictions (PSBB) followed by the enforcement of community activity restrictions (PPKM). This policy has brought about a shift and adoption of new habits, where the community is required to increasingly embrace technology (Andriyanti, 2022). The utilization of technology has facilitated the dissemination of information through various types of relationships, both near and far, thereby driving business growth. The surge in digital transactions has occurred as many people spend time at home during the pandemic.

The significant impact of the COVID-19 pandemic on the MSME sector and the Indonesian economy is palpable. MSMEs play a substantial role in the economy, with their number reaching 65.47 million units in 2019, marking a 1.98% increase compared to the previous year. This contributes to almost 99.99% of the total businesses in Indonesia, according to data from the Ministry of Cooperatives and SMEs. However, Bank Indonesia notes that around 87.5% of MSMEs have experienced negative impacts from the pandemic, particularly in sales, with 93.2% experiencing a decline.

The Central Bank's survey indicates that the pandemic has exerted significant pressure on the income, profit, and cash flow of MSMEs, leading some business owners to adopt a wait-and-see approach. Nevertheless, 12.5% of the surveyed MSME respondents who were impacted did not feel the economic effects because they had implemented Digital Marketing. They

successfully navigated outdoor activity restrictions by conducting and optimizing sales through digital marketing strategies.

On the other hand, 87.5% or 2,600 MSMEs have been negatively affected, primarily in terms of sales. Among them, 16.2% experienced a sales decline of up to 25%, 40% faced a sales drop between 25-50%, 28.2% encountered a decrease between 51-75%, and 15.6% witnessed sales plummeting above 75%. Despite 64.2% of impacted MSMEs implementing strategies to minimize the pandemic's effects, 52.1% are not corporatized, and 35.5% are corporatized. In other words, the majority of MSMEs remain affected by the pandemic and government-imposed outdoor activity restrictions, with many still relying on direct visits as a marketing strategy, while only a few leverage technological advancements, including marketplaces like TikTok Shop, to salvage their businesses (Novilia, 2023)

Live streaming is often used to interact directly with potential consumers. Streamers or shop owners can provide information and direct comments about the products they sell, while viewers can ask questions. Live streaming can enhance the confidence of potential consumers in products reviewed during live streams (Charlie, 2020).

Live streaming on TikTok offers a unique and engaging experience for its users. With increasingly sophisticated technological advantages, TikTok enables users to participate directly in creative and interactive moments. Through the live streaming feature, TikTok provides a platform for content creators to interact in real-time with their audience, delivering fresh content and expressing authenticity through various forms of creativity (Novilia, 2023)

The advantage of TikTok's live streaming lies not only in its interactive aspects but also in its broad reach. TikTok has successfully created an ecosystem that supports various content, ranging from light entertainment to tutorials and live events. Thus, the platform serves not only as an entertainment medium but also as an effective space for various types of businesses to build direct connections with their audiences (Novilia, 2023).

Affiliate marketing emerges as a new innovation in the marketing world. The affiliate marketing system is open to everyone. Affiliators typically make product purchases, provide reviews and links to the products, and when consumers buy through the shared links, affiliators receive commissions according to the agreements (Aldhama, 2022).

Flash sale programs are part of a promotional strategy offering special discounts for products within specific time and quantity limits. These brief offers effectively attract consumers to make purchases (Dukalang et al., 2022).

This study aims to understand the relationship and influence of Live Streaming, Affiliate Marketing, and Flash Sale Programs on purchasing interest on the TikTok Shop marketplace. An empirical study is conducted on Gen Z by distributing questionnaires to 96 Gen Z respondents. Gen Z is considered to have open-minded thinking, high creativity, and rapid adaptability to technological advancements and the evolving times.

LITERATURE REVIEW

E-Commerce Operating through the internet (using electronic devices) is commonly referred to as Electronic-Commerce (E-Commerce) or E-Business. E-commerce is a business process that utilizes electronic devices to connect online store owners with consumers. Activities involved in E-commerce include the following (Muhaimin, 2017).

In September 2021, TikTok made an adaptation by adding a shopping feature to its application, named TikTok Shop. By incorporating this e-commerce feature, TikTok is now dubbed as

social-commerce, where TikTok involves social media users to enhance social interactions and facilitate the buying and selling of goods and services online. TikTok Shop is identified by the "yellow cart," an icon that can be embedded in short TikTok videos. When clicked, this icon directly links to products sold by online stores registered on TikTok (TikTok Sellers).

E-Marketing Kotler and Armstrong (2012:74) define marketing conducted through e-commerce as e-marketing. With the presence of the internet, the marketing reach becomes broader. Activities involved in e-marketing encompass communication, promotion, and the sale of goods and services via the internet (Jamaluddin, 2018).

Affiliate Marketing Affiliate marketing is a business system that involves paying individuals (affiliators) because they successfully sell products or services owned by a company or an online store through links disseminated on social media by these affiliates. These links then directly connect to the e-commerce website owned by the company or online store (Aldhama, 2022). According to Jamaluddin (2018), there are three crucial indicators in affiliate marketing: Trust, Ease, and Information Quality.

Live Streaming Live streaming is a technology that delivers videos directly to a group of people (viewers) through the internet (Setyawan et al., 2018). Live streaming has become one of the promotional strategies used by sellers to market their products, as it is considered effective in communicating through audio and visual means. According to Kotler, several indicators that emerge in live streaming involve Attractiveness, Trustworthiness, Expertise, Product Usefulness, and Purchase Convenience.

Flash Sale Program Flash sale is a promotional strategy commonly carried out by reducing the price and quantity of products for a limited period. Flash sales can stimulate sales to quickly sell out, even in a short time, perhaps within 1 second (Andarini et al., 2021). Of course, in this limited time, with attractive offers, it is crucial to make the right purchasing decision. Flash sale is one of the promotional strategies used by e-commerce. According to Belch & Belch (2018), indicators used to measure the flash sale variable involve Discount, Frequency, Duration, Availability, and Promotion.

Purchase Intention, According to Kotler & Keller (2016:137), purchase interest can be described as a form of consumer behavior that emerges as a response to an object, indicating the consumer's desire to make a purchase. In the context of consumer attitudes, purchase interest becomes an integral part of consumer behavior. Meanwhile, according to Schiffman & Kanuk (2015:228), purchase interest serves as an explanation of an individual's attitude toward an object, which is highly useful in measuring behavior related to specific products, services, or brands. Priansa's opinion (2017:164) emphasizes that purchase interest includes a consumer's plan to buy a particular product and the quantity of the desired product within a specific period. Rahima (2018) also states that consumer purchase interest essentially acts as a driving factor underlying the decision to purchase a product.

RESEARCH METHOD

This research employs a quantitative method, where a survey based on questionnaires is distributed to the targeted population to obtain the necessary statistics. The population under study consists of female consumers from Generation Z in Indonesia. The survey questionnaire utilizes a Likert Scale ranging from 1, indicating "Strongly Disagree," to 5, indicating "Strongly Agree." A total of 96 questionnaire sets will be distributed to individuals chosen conveniently to participate in the survey. Researchers will approach respondents by sending the Google Forms questionnaire link online through social media platforms such as WhatsApp. Subsequently, the data will be processed with the assistance of SEM-PLS version 4.

The research framework serves as a guide to develop hypotheses to affirm the relationship between "The Effect Of Live Streaming, Affiliate Marketing And Flash Sale Programs On TikTok Shop's Purchase Intention: (Empirical Study On Gen Z).

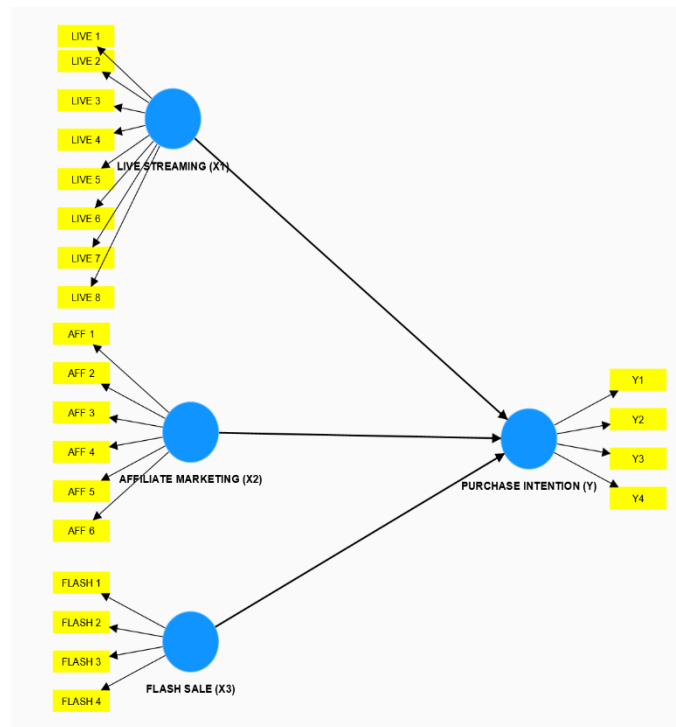


Figure 1. Research Model

The final step in this examination is to determine whether the proposed hypotheses are supported or not. The hypothesis testing can be observed through the magnitude of the t-statistic. PLS employs non-parametric tests to determine the significance level of path coefficients since it does not assume normality and data distribution. The t-value (t-statistic) generated by processing the bootstrap algorithm within the smartPLS application is used to determine the acceptance or rejection of the proposed hypotheses. In this study, a hypothesis is considered accepted if the t-statistic exceeds 1.96 (two-tailed) or has a significance level of alpha 0.05.

H1. There is an influence of Live Streaming on Purchase Intention in Generation Z.

H2. There is an influence of Affiliate Marketing on Purchase Intention in Generation Z.

H3. There is an influence of Flash Sale Programs on Purchase Intention in Generation Z.

RESULT AND DISCUSSION

Based on the analysis of 96 Generation Z students who filled out the questionnaire, the following results were obtained.

1 Respondent Characteristics

Respondent characteristics are divided based on age, gender, occupation, monthly income, and monthly expenditures. The following table shows respondent characteristics:

Table 1. Respondent Characteristics

Characteristics	Amount	%
Age		
18-20 Years	60	62.5
21-23 Years	26	27.1
24-26 Years	10	10.3
Gender		
Female	67	69.8
Male	29	30.2
Occupation		
Student	78	81.2
Employee	16	16.7
Entrepreneur	2	2.1
Income (Per Month)		
<Rp 1.000.000	59	61.5
Rp 1.000.000-Rp 3.000.000	16	16.7
Rp 3.000.001-Rp 5.000.000	10	10.4
Rp 5.000.001-Rp 10.000.000	7	7.3
>Rp 10.000.000	4	4.2
Expenditure (Per Month)		
<Rp 1.000.000	53	55.2
Rp 1.000.000-Rp 3.000.000	29	30.2
Rp 3.000.001-Rp 5.000.000	7	7.3
Rp 5.000.001-Rp 10.000.000	4	4.2
>Rp 10.000.000	3	3.1

Source: Processed Primary Data (2023)

Table 1 illustrates that the majority of Generation Z individuals are situated within the age bracket of 18-20 years, constituting 62.5% of the sample. Those aged 21-23 years represent 27.1%, while individuals falling within the 24-26 age group make up 10.4%. In the context of gender distribution, the majority comprises females at 69.8%, while males account for only 30.2%.

In terms of their occupational status, Generation Z respondents are primarily students (81.2%), with a smaller percentage being employees (16.7%) and entrepreneurs (2.1%). Concerning monthly income, given the predominant student status, the highest proportion falls within the income bracket of <Rp 1,000,000 (61.5%), followed by Rp 1,000,000 - Rp 3,000,000 (16.7%), Rp 3,000,001 - Rp 5,000,000 (10.4%), Rp 5,000,001 - Rp 10,000,000 (7.3%), and >Rp 10,000,000 (4.2%). Monthly expenditures are highest in the range of <Rp 1,000,000 (55.2%), followed by Rp 1,000,000 - Rp 3,000,000 (30.2%), Rp 3,000,001 - Rp 5,000,000 (7.3%), Rp 5,000,001 - Rp 10,000,000 (4.2%), and >Rp 10,000,000 (3.1%).

2 Outer Loading

Outer loading analysis is conducted to assess the validity and reliability of each tested indicator based on the results of Average Variance Extracted, Cross-Loading, Cronbach's Alpha, and Composite Reliability.

Table 2. Average Variance Extracted

Variable	Average Variance Extracted (AVE)
Live Streaming	0.574
Affiliate Marketing	0.593
Flash Sale Programs	0.619
Purchase Intention	0.576

Source: Hasil Analisis Data (2023)

The data is considered valid when the AVE (Average Variance Extracted) value is >0.50 (cross-loading correlation value). Based on this data, the researcher affirms that all variables are declared valid in the convergent validity test because the overall AVE for each variable exceeds 0.50.

Table 3. Outer Loading-Matrix

	Live Streaming	Affiliate Marketing	Flash Sale Programs	Purchase Intention
X1.1	0.799			
X1.2	0.842			
X1.3	0.768			
X1.4	0.777			
X1.5	0.710			
X1.6	0.736			
X1.7	0.761			
X1.8	0.751			
X2.1		0.754		
X2.2		0.790		
X2.3		0.699		
X2.4		0.720		
X2.5		0.771		
X2.6		0.752		
X3.1			0.735	
X3.2			0.903	
X3.3			0.822	
X3.4			0.766	
Y1.1				0.783
Y1.2				0.707
Y1.3				0.809
Y1.4				0.734

Source: Data Analysis Result (2023)

All indicators in each construct variable in table 3 have a loading factor value exceeding the error variance value, namely 0.70, meaning that the indicators are declared valid and each indicator can reflect the measurement model for the construct variable.

Table 4. Cross Loading

Variabel	Cronbach's Alpha	Composite Reliability
Live Streaming	0.893	0.897
Affiliate Marketing	0.792	0.815
Flash Sale Programs	0.789	0.792
Purchase Intention	0.755	0.766

Source: Data Analysis Result (2023)

Reliability testing is considered met when Cronbach's alpha is >0.60 . After calculations, it can be concluded that all variables have met the reliability test as each Cronbach's alpha is >0.60 , namely 0.893 for Live Streaming, 0.792 for Affiliate Marketing, 0.789 for Flash Sale Programs and 0.755 for Purchase Intention.

A variable is considered reliable when composite reliability is >0.70 . After calculations, it can be concluded that all variables are declared reliable as each composite reliability has a value >0.70 , namely 0.897 for financial attitude, 0.815 for Affiliate Marketing, 0.792 for Flash Sale Programs and 0.766 for Purchase Intention.

3 Inner Loading

Structural model evaluation aims to predict the relationship between latent variables based on the substantive theory of the model. The structural model test can be determined using the R-square values.

Tabel 5. R-Square

Variable	R-Square
Purchase Intention	0.580

Source: Data Analysis Result (2023)

Based on Table 5, it is known that the R Square value for path 1 is 0.580, meaning that can explain its influence of Live Streaming, Affiliate Marketing And Flash Sale Programs on Purchase Intention by 58%, and the remaining influence is affected by other variables outside the scope of this study.

4 Hypothesis Testing

Hypothesis testing is conducted after obtaining a well-fitted full model in the study by ensuring that both the outer and inner models meet their respective criteria.

Hypothesis testing is carried out to test the influence of the relationship between variables. In the bootstrap method, the hypothesis is accepted if the t-statistic significance value is >1.96 and the p-values are <0.05 , then H_a is accepted and H_o is rejected and vice versa. The following are the results of data processing by looking at the significance of the influence between variables on the path coefficients.

Table 6. Hypothesis Test Results

Hipotesis	Original	T Statistics	P Values	Info
	Sample (O)	(O/STERR)		
Aff. Marketing <input type="checkbox"/> Purchase Intention	0.096	1.161	0.246	Rejected
Live Streaming <input type="checkbox"/> Purchase Intention	0.389	4.491	0.000	Accepted
Flash Sale <input type="checkbox"/> Purchase Intention	0.414	4.448	0.000	Accepted

Source: Data Analysis Result (2023)

The Effect of Affiliate Marketing on Purchase Intention

Affiliate marketing emerges as one of the latest innovations in the marketing domain. The affiliate marketing system operates openly for all individuals. Affiliators independently purchase products, provide reviews, and share product links through their personal social media. Subsequently, if consumers purchase products through the links disseminated by affiliators, the affiliators receive commissions according to the agreed terms. Based on the above explanation, the services provided by affiliators facilitate information for consumers in finding desired products. The findings of this study contradict the research of Krisnawati et al. (2019) and Pramaissita (2022), stating that affiliate marketing has a positive influence on purchase intention in the Shopee application. However, in this study, it was discovered that affiliate marketing does not have a positive impact on purchase intention. This difference may be attributed to the use of a different platform, namely TikTok Shop. Affiliators from Shopee typically share reviews and links on their personal social media, such as Instagram, where the majority of their followers are people they genuinely know. On TikTok Shop, videos come from various sources, reducing the level of trust in affiliators and causing some consumers not to be influenced in forming purchase intentions.

The Effect of Live Streaming on Purchase Intention

Live streaming has become one of the promotional methods utilized by sellers on TikTok Shop to market their products, as it is considered effective in communicating through audio and visual means. The live streaming conducted by sellers can capture the attention of potential buyers, especially in the decision-making process. The research findings align with the studies by Charlie (2020), Faradiba et al. (2021), and Hudha (2021), indicating that live streaming has a positive influence on decision-making and purchase intention. This is attributed to the interaction that occurs when the Host/Seller engages in live streaming, allowing consumers to communicate and pose questions related to the products they wish to purchase. Undoubtedly, this interaction enhances consumer confidence, triggering the formation of purchase intention. The results of this study indicate that live streaming has a positive impact on purchase intention.

The Effect of Flash Sale Program on Purchase Intention

The flash sale program is a component of sales promotion strategy, typically offering special discounts for specific products within a limited time and quantity. These brief offers are certainly effective in enticing consumers to make purchases. The findings of this research align with the studies conducted by Munisa (2021), Arestrias et al. (2021), Saputri et al. (2022), Dukalang et al. (2022), stating that the flash sale program has a positive impact on purchase intention and purchasing decisions, both on Shopee and Tokopedia platforms. The flash sale

program also proves to have a positive influence on purchase intention on the TikTok Shop platform. This is attributed to the fact that products of equivalent quality are sold at highly affordable prices, even though their availability is limited. Therefore, consumers are more inclined to make purchases of desired products when encountering these flash sale programs.

CONCLUSION

Affiliate marketing does not have a positive impact on purchase intention. This is attributed to the relatively low level of consumer trust in affiliates who appear randomly on TikTok Shop. Additionally, consumers tend to trust more well-known and aesthetically appealing affiliates, making it more challenging for novice affiliates to sell products. On the other hand, live streaming has a positive effect on purchase intention. The live streaming feature on TikTok Shop proves to be quite effective in enhancing consumer interest and confidence in purchasing offered products. Consumers can easily interact with live streaming hosts in real-time. Furthermore, the existence of live streaming provides consumers with a shopping experience similar to in-store or boutique shopping, allowing them to view products directly before making a purchase.

Flash sale programs positively influence purchasing decisions. The enticing offers frequently provided by TikTok Shop generate purchase intentions among consumers. Similar items are offered at significantly reduced prices, with limited quantities and timeframes. In this study, it can be concluded that only affiliate marketing does not influence the purchase intention of TikTok Shop in empirical studies on Gen Z. This phenomenon may be due to the characteristics of Gen Z, who easily get bored and prefer exploration, thus constantly discovering new affiliate recommendations each day. On the flip side, the rapid discernment ability of Gen Z in predicting the genuine quality of a product based on whether it aligns with the advertisements of affiliates also plays a significant role.

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