

## An Environmental Analysis of Live Streaming in Social Media Commerce for Beauty Industry in Indonesia

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### ABSTRACT

Live Livestreaming is becoming one of the promotion strategies that companies used to promote the products in this advanced technology development. One of the industry that actively promote the products through live streaming is Beauty Industry. The beauty industry often used few platforms to do the livestreaming, for instance social media. The purpose of this study is to understand that live streaming is becoming one of the digital marketing strategy for beauty industry that has impacted to the industry and also to discuss the underlying potential and understand the weaknesses to avoid in the future. To achieve these goals, data must be collected and then analysed. This research uses a descriptive qualitative method and the data obtained will be analyzed using the SWOT matrix (Strengths, Weaknesses, Opportunities, Threats). The output of this research is expected to be adapted by sellers who utilize video streaming as one of the digital marketing and this research focused on two social commerce platforms, Tiktok & Instagram.

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### INTRODUCTION

The Alongside the development of technology, the businesses in every sector are also increasingly increased through a virtual technology to provide customers an "immersive experiences," which has contributed to the rapid expansion, for instance

for the beauty sector. The rate of online beauty consumption has expanded along with the Internet's promising and consistent growth. Due to the growing popularity of online shopping, major beauty brands online sales have expanded increasingly sales (Liu et al, 2021). Live streaming

is one of the promotion strategies that has benefited digital platform sales. People may participate directly in live streaming events and experience the thrill of the items that are being sold through live-selling. By providing honest reviews and openly displaying the items while live, it fosters buyer confidence in buying the products (Olenski, 2017).

The similar tendency follows a similar pattern in Indonesia as well. The method of live streaming has been used by the beauty products players in Indonesia to advertise their goods through live streaming. The average catalogue viewing during an event on Livestream grew by 35%, and merchants traffic increased by around 15%, according to an analysis of Indonesian online firms (Redseer, 2021). The aim of this study is to recognize how live streaming is one of the digital marketing has impacted to the world economy, especially Indonesia and to discuss the underlying potential of this method and understand better about the terms and strengths, weaknesses, opportunities and threats of this digital marketing method.

#### **LITERATURE REVIEW**

Social Media or often called social commerce can be refer to the digital platforms that allowing people to purchase directly from the platform and choose the product that want to buy after the audience see it on the platform. One of the method of social media that the author will study further is the live streaming. The method of livestreaming itself allowing the users to interact with the hosts and also to understand more about the products during the showcases which could grow more connection with the products while using the platform and might be the potential buyer through the process. (PWC, 2020).

Live Streaming on social commerce itself is referring to one of the media-mixed contents in which a person produces real-time video information. The host could communicate with

the users directly on live while it was being broadcast, for example, the audience could write a message in the chat box and the streamer could respond live. (Lu & Chen, 2021). According to a poll by the market research firm Ipsos, 56% of Southeast Asian customers have used the live streaming option to purchase online. With the help of this technology, customers may view a variety of items supplied by brands through live streaming on social media, with beauty products coming in second to fashion as the category of goods with the most user demand (Annur, 2022). According to Burhan (2021) 45% of viewers claimed to be interested in purchasing cosmetic items after viewing Tiktok material promoting such products. In order to entice companies to sell on the site, TikTok also uses the live-streaming capability. Then, TikTok uses a variety of ads to promote brand purchases (Evandio et al, 2021). A different poll reveals that the majority of participants use Instagram Live to appreciate the content and are motivated to buy the goods after viewing the live streaming and social media shopping. Through social media platform Tiktok, a number of national and international beauty businesses have achieved "Viral" status. The Ordinary, L'Oreal, Revlon, Avoskin, N'Pure, and Hatomugi are a few examples.

#### **RESEARCH METHOD**

This study will explain further with secondary data. The secondary data itself refers to the use of existing research study to seek the answer to a question that was quite different compared to different to the original ones, which could be from internet, journals and books. Furthermore the type of research that the author will use to conduct the research is the qualitative data collection. Qualitative research method is a method with the type of research with the descriptive method (Kusrini, 2019), which according to Sugiyono (2016), *"The method used in the Qualitative research usually to investigate the natural conditions of the objects"*. This research will study and explain more the external and internal

environment from live streaming in social commerce for beauty industry, which is usually called Environmental Analysis on the secondary data with qualitative research based on previous journals and books from the last ten years published. The term "environmental analysis" refers to a study of the environment from a business internal and external perspectives that has an impact on the performance or business activities. It could be classified as an analysis from political aspects, economic aspects, social aspects, technological aspects, legal aspects, and strategic factors. (Wheelen & Hunger, 2011). One of the tool used to analysed in this study is SWOT analysis, to understand better the position of the phenomenon and the position on its environment, in order to create business strategy for the innovation. The SWOT analysis, according to Thompson et al. (2007), is one of the straightforward yet effective methods for assessing a business' resource capabilities and shortcomings, as well as its market prospects and external threats going forward. The tool evolved into a framework for strategic planning that the corporation has utilized for business activity, planning, and assessment. Strengths, Weaknesses, Opportunities, and Threats, or SWOT, refers to a matrix that examines the business' internal and external situations. The Opportunities & Threats section is for understanding the external elements that could have an impact on the business, while the Strengths and Weaknesses

section is for examining the internal state of the business (Gurel, 2017).

**RESULT AND DISCUSSION**

In this section, the author will explain several findings regarding the SWOT analysis for the Live Streaming for Beauty products in Social Media Commerce.

There are four strengths points of live streaming in social commerce platforms for beauty products in Indonesia, namely Tiktok and Instagram. The first strength is the Strong Digital Presence. Through the live streaming in the social media, the products or brands could have the strong digital presence. Especially with the rapid growth of technology and the growing trends in social media as well. The good content also create more buzz, moreover through campaign and good marketing. The second one is the business can create more trust through showcases the products to the audience. Different with the previous way of ads, when the audience only can see the products only from the pictures, with live streaming, the audience can actually see the actual products and the demo of it. How the products operates and how the shapes of the products are. The third one is The creation of deep connection with the users through Live Streaming. Related from the previous section, through the demonstration in the live streaming usually brand/host while doing the showcases explaining the products details.

<p>External Environment &amp; Internal Environment</p>	<p><b>Strengths</b>                      1. Strong Digital Presence                      2. Transparent Product Ads (ie. Through showcase)                      3. Trust                      4. Easy Access</p>	<p><b>Weaknesses</b>                      1. Internet Connection                      2. Bad Products can easily tell                      3. Fraud &amp; Security System                      4. Shipping Cost</p>
<p><b>Opportunities</b>                      1. The Indonesian Huge Population.                      2. Wide Possible business</p>	<p><b>S-O Strategies</b>                      More Research and Develop More the Audience to a Better Spot on Target &amp; Improve Better Product.</p>	<p><b>W-O Strategies</b>                      Shipping Cost Promotion to attract audience and Low Bandwidth Website.</p>
<p><b>Threats</b>                      1. Pandemic / Fast and Growing Changing                      2. Government's Policy or Regulation.                      3. Strong Competition</p>	<p><b>S-T Strategies</b>                      Establishing more solid Business and grow the attachment of the audience to the platform.</p>	<p><b>W-T Strategies</b>                      1. Monitor and Create More Teams to avoid any fraud and strengthen the Security System.                      2. To Monitor the activity of every Stakeholders to maintain the business</p>

The more honest and engaging with the audience during the livestreaming usually the more feel connected the audience. Usually it leads to the audience potentially buy the products during live streaming. Furthermore, the scope of customers are not necessarily limited. Selling the products through digital platforms have various benefits, one of those is the scope of customers. Through live streaming, whenever the audience watch the livestreaming, they can order the products and directly purchase from the platform, different with the traditional platform (offline store). Thus the last one is the potential buyer could get the information regarding the products more easily through the social media, especially via live streaming. Through live streaming, there's features comments section where audience can leave comments and the host/brands can reply directly through live or on the chat column right away. Therefore audience can receive the feedback faster.

As for the weaknesses from the live streaming itself involved the inability of the feature to run without internet or it depends completely to the internet connection. One of the weaknesses promoting through the live streaming is it can only accessed through internet connection. Compared to other conventional marketing, live streaming indeed positioned itself as a digital marketing that focused online. Furthermore, People who live in remote regions without access to the internet or with inadequate connections were unable to experience the journey. The next one is The Potential Buyer will see the Product Will Be Sell (Bad Products, Bad Reviews), which means the showcases can be a good side for the sellers or can be a boomerang for the business. If the business produced a products that isn't actually same with the way they claimed to be on the product details, it may be revealed on the showcases. Therefore the products wouldn't presented well or wasn't like it described it will boomerang to the business. The third one is revolved around the fraud and security system

of internet itself. Internet is really easy to have a fraud and to people broke into the someone's business security system. Therefore it needs a monitor and high level of protector to keep the important data of the business therefore it could run well in the future. The last one is regarding the Shipping cost. Another weaknesses that the digital platforms should face is another cost that the buyers should spend, which is shipping cost. The traditional store or offline store doesn't need to cost this anymore to buyers.

The next discussion is about the opportunities that the beauty products business can have if they use the live streaming. First of all, Indonesian Population. Indonesia has 273.5 Million population and in 2020 the internet penetration rate stood at 68%. 191 Million people in Indonesia used social media as well (Kemp, 2020). The next one is the possible wide business growth. Related to the previous section, with the large population and the high internet penetration rate therefore the more opportunity of business growth that business industry can grow more through live streaming. It could be through more partnership, or more strategy with other brands. Furthermore, the changing trends, for example through video campaigns, video hashtags, and thematic campaigns can also increase the potential as well. Continuing the previous section as well, the content from the live streaming itself can also be the opportunity from the business. The creation of the video campaign, hashtags, thematic (Lebaran campaign, Local Brand day, New Year campaign) can also create buzz to the business and increase sales as well.

After the discussion about the opportunity the business can have, indeed, the business can also can have a threats as well from the external factors. For instance, There's a Fast and Growing Changing in Environment or Health (for example: pandemic). Considering the condition of Pandemic, could be threats for the positioning of

the business whether they are promoting through digital or in traditional way. The next one is, there's changes in government's policy or regulation. The changes could be good or bad for the business. It could help the business to run the marketing in digital live streaming but it could backfired as well. For example, there are several platforms in Indonesia that has banned by KOMINFO, for example Tumblr or any other misleading content. Therefore the business should be careful in creating a content. The last one is there are strong competition from other platform, e-commerce. Currently e-commerce, for example, Shopee, Tokopedia, Bukalapak, which the online platforms that people originally went to for buying products online, are now provide the live streaming feature.

After analysed the SWOT, the author come up with few strategies that can be further mitigate the problem. First the strategy for the Strengths & Opportunity that the beauty Industry had, the merchants should really understand well the audience they had. Creating the content that fits the products that will be showcased to the audience and choose the right host to demonstrated the product as well and how the products demonstrated also important. The more audience feel connected and know more about the product, the more the users will potentially buy the products (PWC, 2020). Second, the strategy for the weaknesses & threats that

depends on the internet that have tons of fraud, to minimized it the merchants should actively monitor the activity of the business and see the traffic of business, whether they have a fake orders or any suspicious activity that leads to the any fraud. And the business should understand that to attract the audience, they can make any other interesting deals with discounts or any other attractive campaigns that will make the potential buyer come to buy.

### **CONCLUSION**

Therefore in conclusion from the environmental analysis in the form of the SWOT framework, there are a lot of factors in the findings of this study, especially in terms of strengths and opportunities. In conclusion, Brands in the beauty industry can utilize live streaming as a form of digital marketing, although there are some challenges. Considering through live streaming the users can see the products real-time and interact with the sellers directly and know more the details about the products. Despite the contribution, this study still has its limitation. This study only focused on the SWOT analysis and the research method only through secondary data. Future research can study the research with the primary data, for example through questionnaire and can analysed add more environmental analysis framework, for instance PESTEL and VRIO.

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