

New research shows live chats can increase sales by nearly 16%

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Live chat tools allow for communication between sellers and buyers. They are popular instruments for e-commerce sites that don't have the advantage of face-to-face communication that brick-and-mortar stores do. New research in the INFORMS journal *Information Systems Research* says these live chats can actually increase sales and boost

profits.

The study, "Impact of Live Chat on Purchase in Electronic Markets: The Moderating Role of Information Cues," looked at data from Alibaba on consumers' purchase decisions of Apple and Samsung tablets from March through June 2013.

"We found live [chat](#) can increase purchase probability of tablets by 15.9%," said Xue (Jane) Tan of Indiana University. "We see that human interaction results in better sales performance."

Tan, Youwei Wang of Fudan University and Yong Tan of the University of Washington say the fact that sellers and buyers cannot speak in person, like brick-and-mortar stores, leads to uncertainty about [product quality](#) and [seller](#) credibility. Live chat tools allow e-vendors to communicate with customers in real time.

The data source, Alibaba, has a reputation of being similar to eBay, where feedback is collected after each transaction. The data consisted of consumer browsing, live chat and purchase histories. The live chat tool is moderated by existing information cues: product sales volume and seller feedback score.

"Sellers with limited feedback benefit more from live chat conversations than sellers with a lot of feedback. And products with high past sales volume sell better after live chat, indicating a reinforcement effect," continued Tan. "It is interesting that a seller can sell multiple products with varying levels of sales performance, and the seller [feedback](#) is measured based on all products."

More information: Xue (Jane) Tan et al. Impact of Live Chat on Purchase in Electronic Markets: The Moderating Role of Information Cues, *Information Systems Research* (2019). [DOI:](#)

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