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Solutions to Increase Mobile Merchant Payment Application Value, Customers' Continued Intention to Use, and Loyalty

TREO Talk Paper

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Abstract

Unlike consumers in developing countries, it has been challenging to show how mobile payments are a more valuable payment mechanism than cash and credit cards to American consumers. Little is known about what factors will make consumers in the U.S. choose mobile payments over other payment mechanisms and competing mobile payment providers. The purpose of the current study is to develop a multi-dimensional scale for the perceived value of a mobile merchant payment application. We explain the concept and scale of usefulness by applying it to the mobile payment retail environment. By doing so, we gain insight as to which factors should make a mobile payment app valuable and competitive. We adopt a multi-method approach to achieve our research objective. First, by conducting a qualitative analysis of feedback on the mobile order and payment application on the Starbucks Idea site (mystarbucksidea.com) and systematically reviewing and coding users' comments, we identified three key constructs associated with customers' continued intention to use the mobile application and their loyalty of use. Namely, application utility, vendor reputation, and quality of context-based services. Based on the results that emerged from the qualitative analysis, we followed the 10-step procedure recommended by MacKenzie et al. (2011) to develop and validate conceptualization and measures for these three higher-order constructs. Next, we emailed the survey to 500 randomly chosen students enrolled in the MBA and BBA programs at a large university in the southeastern U.S. and received 450 valid responses. We used structural equation modeling (SEM) to test our conceptual model. The result indicates that our model has adequate construct validity and reliability. Further, the path analysis result significantly supports all proposed hypotheses. For instance, the vendor reputation significantly influences user perception of the quality of context-based services. Offering context-based services significantly influences the perceived level of mobile application utility. Perceived utility not only increases customers' continued intention to use the app but also it enhances customer loyalty of use.

Our study makes several contributions to the extant literature. First, we develop and validate a conceptual model that can adequately explain why a user would be attracted to a mobile application and why the user would continue to stay with the brand. Second, by employing both qualitative and quantitative methods, we improve the validity of research findings. Third, we develop a multi-scale measuring instrument for the identified constructs that are unique to the current context (i.e., mobile payment retail environment). Finally, we expand the privacy calculus theory to the domain of mobile application.

References

MacKenzie, S. B., Podsakoff, P. M., and Podsakoff, N. P. 2011. "Construct Measurement and Validation Procedures in MIS and Behavioral Research: Integrating New and Existing Techniques," *MIS Quarterly* (35:2), pp. 293-334.