

# FACTORS INFLUENCING THE USE INTENTIONS OF BRANDED APPS

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## ABSTRACT

The recent growth trends in apps marketplaces and smart devices have been truly remarkable, enabling that brand marketers observe the great opportunity to penetrate daily lives of consumers and prospects. This study attempts to uncover why consumers exhibit willingness to download and install the branded apps on their smart devices. Using mobile banking apps as the context, we collected 245 empirical observations to test the proposed research model with SEM technique. The results showed that: (1) brand relationship with the bank, consumers' involvement with the banking services, and consumers' perceived value of the banking apps form a parsimonious and significantly robust antecedent view for banking app use intentions ( $R^2$ : 0.603); (2) consumer involvement fails to significantly moderate the influencing paths generated from brand relationship and perceived value ( $p > 0.1$ ); (3) high consumer involvement seems to slightly suppress the effects of perceived value on use intentions. Detailed implications and recommendations were finally discussed.

**Keywords:** *Branded Apps, Brand Relationship, Consumer Involvement, Perceived Value, Use Intention, Banking*

## INTRODUCTION

Apps refer to those mobile application software installed and executed on smart devices. With the spreading of the smart mobile devices, mobile app download numbers are also very impressive. Apple reports that there were 15 billion cumulative app downloads from their App Store and the numbers of another platform Android market later launched by Google are also quite astonishing that there have been more than 70,000 apps and 1 billion downloads by June in 2010 [11][27]. We are moving to a world equipped with handy smart devices accessing to several hundred thousand apps and services, enabling that brand marketers observe the great opportunity to penetrate daily lives of consumers and prospects. Despite the actual effects feedbacking to brand are still unclear, various branded apps have been bravely proposed and distributed to consumers, aiming to enhance the engagement and experiences with the brand among consumers [1][24]. However, due to the lack of theoretical guidance with empirical supports, marketers can only rely on their imaginations to implement functionalities and provide information over their branded apps. They then distribute these apps to users and wait to see

what could be happened contributing to their brands without understanding the apps use behavior among consumers. Aiming to cope with such a managerial issue for brand marketers, with recognizing the banking industry is aggressively using mobile technology in service innovations [17] [25], this research integrates the perspectives of consumer-brand relationship, consumer perceived value, and consumer involvement to attempt to uncover why consumers exhibit willingness to download and install the branded apps launched by banks on their smart devices. The researchers believe that the rationales behind these areas of literature provide reasonable explanations toward the apps use behavior through studying the tie between consumer and the brand [4][5][9], the overall assessment of gain with cost [26][16] and the subjectively perceived relevance to the product or service categories [4][5][9]. This study attempts to develop a theoretical model depicting the antecedents of consumers' apps use behavior.

## **LITERATURE AND HYPOTHESES**

Fournier [9] observed from her series of qualitative interview on brand supporters and indicated that when the brand provides consumers with utilities meeting their expectations and needs, customers will be gradually attached to the brand and thus develop stable relationship with the brand. Brandt [6] argued that brand relationship is the outcome of the interaction between customers and the brand. He addressed that brand relationship not only facilitates the brand to get more loyal customers, but also motivates customers to exert actual linkages with the brand. Therefore, the researchers deduce such arguments into the branded apps use behavior and believe closer brand relationship perceived by consumers would further encourage consumers to download and use branded apps. H1 is proposed as below:

*H1: Brand relationship is positively related to the branded app use intention*

In addition, the potential subsequent behavior performed by involved consumers has been proposed by many studies in the literature. Howard and Sheth [10] especially pointed out involved consumers exhibit stronger motivations to actively search and collect information of the product or the brand, thus providing the basis to foster consumer loyal responses. We deduce that when consumers subjectively perceive more relevant and involved to the product series offered by the app owner brand, they would tend to have a more convenient and faster information channel to receive updated information and services offered by the brand, and thus exhibit more willingness to install and use the branded apps. H2 is proposed as below:

*H2: Consumer involvement is positively related to the branded app use intention*

In their series studies on service quality, Rust and Oliver [22] posited that consumer perceived value is playing the pivotal role in consumer decision process. Price and Arnould [20] further addressed the possible linkage between perceived value and loyal responses. They observed that customers tend not to easily switch their choices if they perceive and recognize the provision of satisfying services with good value. The researchers believe that though most branded apps are launched mainly for establishing a

stable linkage to their brand customers for free, the mobile apps delivering more perceived values in various dimensions still win more possibilities for consumers to install and use. In other words, if a branded app does provide high level of value to serve the brand customers, it is more likely to be downloaded and used, for its capability of not only delivering useful utilities and gains, but also providing a direct linkage for customers to exhibit loyal responses, such as active information search and contacts. H3 is proposed as below:

*H3: APP perceived value is positively related to the branded app use intention*

Accompanied with many studies addressing the positively moderating role of involvement in consumer behavior [2][7], the potential effects of increasing the influencing effects generated from brand relationship and perceived value are therefore also proposed for empirical validations. We expect high involvement shall strengthen the effects of explanatory factors on endogenous criterion due to the motivational issues. H4 and H5 are therefore proposed as below:

*H4: Consumer involvement positively moderates the relationship between brand relationship and branded app use intention*

*H5: Consumer involvement positively moderates the relationship between app perceived value and branded app use intention*

## **METHODOLOGY AND DATA COLLECTION**

Brand relationship can be conceptualized with attitudinal attachment and brand identification, that indicate the subjective feeling of favoring, expectation to own, and belonging toward the branded apps owner in this study. Operationalizations for each relationship dimension could be adapted from Keller [13], which comprise 3 and 4 items in each dimension. Consumer involvement refers to the personal assessed importance and relevance to the product series shown in the branded app in this study. Operationalized items could be adapted from Knox et al. [14] and Knox and Walker [15], which comprise 3 items for this factor. App perceived value refers to the perceptual gains in using the branded apps. It can be conceptualized with function value, acquisition value, efficiency value, and emotion value, that indicate the subjective feeling of benefits exerted in different aspects. Operationalizations for each value dimension could be adapted from the literature, which comprise 3 [23], 3 [19], 3 [18], and 3 [3] items in each dimension. Branded app use intention refers to the personal willingness of download, installation, and expected use of the branded app assessed by consumer in this study. Operationalized items could be adapted from Davis [8], which comprise 3 items. All the items are 5-point Likert scales adapted from the literature. Using rewarding incentives posted on app market forums and apps fans communities, the researchers expect to acquire sufficient and heterogeneous samples completing the questionnaires across different demographical groups. We finally screen and select three major banks from both national and private banks in Taiwan, who already launch their mobile app services with matured online transactional capabilities. An executive briefing for each bank and its app is presented to

the questionnaire respondent and then his or her completion of the research instrument is subsequently and accordingly attained. All the empirical data is analyzed with SPSS 16.0 and SmartPLS 2.0 M3 [21]. Totally 245 conveniently recruited effective questionnaires were acquired. These samples were skewed to female (71.4%), mainly in early twenty's (aged 18~25: 87.7%), mainly well-educated (college: 53.1%), mostly students (68.27%), and limited income or monetary capability (77.6% < 600 USD/Month). Their mobile platform is use are mostly based on ANDROID (46.9 %), WINDOWS family (36.7), APPLE iOS (12.2%).

## RESULTS

The reliabilities of collected measures were good enough (Cronbach's Alpha: 0.759~0.930) and also well secured in both convergent and discriminant validity (standardized factor loading in first or second order factor structures: 0.714~0.937,  $t > 3.29$ ,  $p < 0.001$  \*\*\*; factor AVE: 0.541~0.813, and were greater than all the squared factor correlation expressing cross factor coupling). All the measures and governing factors were then specified in PLS according to our reflective factor structures and path model. Through using PLS algorithm and Bootstrapping process within the analytic modules, an estimation for testing both the measurement and structural model was derived. Overall, in the banking apps context, our major arguments of hypotheses were supported. Relationship quality was found to be positively related to app use intention (standardized path=0.443,  $t=6.100$ ,  $p < 0.001$  \*\*\*, H1 was supported); consumer involvement was also found to be positively related to app use intention (standardized path=0.121,  $t=2.453$ ,  $p < 0.05$  \*, H2 was supported); app perceived value was found to be positively related to app use intention (standardized path=0.342,  $t=4.835$ ,  $p < 0.001$  \*\*\*, H3 was supported). As to the moderations, however, utilizing moderation testing modules in SmartPLS 2.0, the product terms composed of brand relationship \* involvement, and perceived value \* involvement were specified into the endogenous criterion model and found both insignificant (brand relationship \* involvement: standardized path=0.202,  $t=1.435$ ,  $p > 0.1$ ; perceived value \* involvement: standardized path=-0.046,  $t=0.669$ ,  $p > 0.1$ ). Therefore, H4-H5 were rejected, indicating that the moderating role of consumer involvement may not be as effective as in the conventional consumer research. Is it due to the free download nature to install branded mobile services or to the context of using banking services? The answer seems to need further clarifications in successive studies.

## CONCLUSION

We found that for banking service apps, brand relationship positively leads to app use intention and plays the most powerful role in this study. App perceived value and consumer involvement also contribute to raise the app use intention, however, in the context of using direct linking technology like app on mobile devices, the perceptual closeness with the brand seems to be the stronger driver than system thinking and motivational issues. After validating the main effects of this study, surprisingly deviated from the prediction of literature [2][7], we do not observe significant moderations generated by

involvement. Contrarily, the slightly suppressing effect of involvement to weaken the linkage between app perceived value and use intention (standardized path of this product term=-0.046) seems to indicate that highly involved banking apps users might rely on system evaluations less to determine their willingness to use banking apps. This may be attributed to highly banking service-involved users who are mainly businessmen pay many attentions only to accomplishing basic transactional tasks, instead of enjoying operating fancy designs in the banking system on mobile platforms. We suggest app deployment managers have to utilize the findings of this study to well plan the branded app distributions. Encouraging those appreciating or close to your brand to download your branded app is one of the most effective way to successfully launch your branded app. For future studies, a more sophisticated sampling design obtaining more heterogeneous banking services users with higher income capability is needed to raise the external validity of this study. Since a parsimonious explanatory model toward explaining the app use intentions has been preliminarily established, in addition to re-testing our proposed model in different apps usage contexts, we also recommend successive researchers to trace antecedents upward for the exogenous factors of this study, such as brand benefits [12], to explore more contingency factors exerting significant moderating effects, or to set up more competing models portraying the influencing factors leading to the branded apps use behavior.

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