

Chapter 45

The Impact of Inertia as Mediator and Antecedent on Consumer Loyalty and Continuance Intention

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ABSTRACT

This study builds on existing loyalty literature and theories, and extends to include consumer attitudes impact on continuous intention and loyalty based on relationship marketing and information systems. Three structural equation models built from a survey of 458 mobile Thai consumers revealed that inertia was the strongest factor among all constructs in predicting consumer loyalty and continuance intention, either as mediator or antecedent. Support was found for all of the hypothesized relationships for consumers using mobile wallet apps, except for the path between loyalty and continuance intention. Though the direct effects of consumer attitudes were more or less constant, satisfaction became insignificant when inertia acted as a mediator. As an antecedent to both consumer attitudes and satisfaction, inertia significantly increased the explanatory power of continuance intention and loyalty. This study provides new insights into factors that influence loyalty and continuance intention in the context of mobile wallet applications.

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INTRODUCTION

Mobile applications (apps) have quickly emerged as the new platform that drives growth of many activities, especially online financial transactions. The increased usage of mobile devices makes mobile wallet applications an attractive choice for both consumers and businesses, allowing financial transactions to migrate to entirely new platforms. Mobile wallets allow consumers to use a new channel to conduct business anywhere and anytime. According to IDC (2016), the worldwide Internet of Things market is expected to exceed USD 2 trillion by 2020. With these growing numbers, about 1.5 billion people made purchases online worldwide (Satista, 2016) with more than 40 percent of the orders placed through mobile devices. While credit cards continue to be the preferred payment method, digital payment systems and applications, such as PayPal, Apple Pay, Samsung Pay, and Alipay, are gaining reliability and credibility. As more people connect online, the world's mobile commerce market, including m-retailing, m-ticketing/booking, m-billing, and other m-commerce services, is forecasted to be USD 626 billion by 2018 (Mandrigal, 2014).

Mobile commerce penetration varied from country to country. According to the new Worldwide Semiannual Mobility Spending Guide, the Asian region was increasing mobility spending and taking a lead as a mobile-first and app-centric economy (IDC, 2016). Within Southeast Asia, Thailand was the second largest smartphone market, with an estimated market size of USD 3.12 billion (Positioning, 2015). Thai consumers spent at average of four hours a day on their smart devices (YOZZO, 2016). The sales of smartphones also grew at 63.6% and the penetration rate reached 150 percent in 2015 (Thaitech, 2015). The mobile content and applications market in Thailand continued to grow 200 percent, with revenues of more than USD 600 million for the past five years (Bangkok, 2015). Thailand also anticipates high growth in mobile wallet point-of-sale payments segment, as a result of the national e-payment master plan by the Ministry of Finance, together with the 4G and 3D security system which was enabled in 2016. The transaction value of electronic payments is projected to grow 94 percent annually (Statista, 2015) and expected to save USD 2.27 billion through reduced paperwork and lower use of cash and checks in Thailand (Bangkok Post, 2016). With this rapid growth, Thailand has become a lucrative, growing market for mobile wallet applications and technologies.

Despite its market opportunities, Thailand has challenges for mobile app developers and m-commerce businesses. Thai consumers have limited access to high-speed Internet and in the past have perceived debit and credit cards as less secure payment methods. This is because of the cases of card skimming and security card number theft, and as a consequence, Thai consumers favor cash over card purchases (Nielsen, 2015). According to the Kearney study in 2015, sixty-two percent of Thai consumers who shopped online were reluctant to provide their credit card information, due to perceptions of poor security and fear of personal and financial information theft. Such fears have prevented Thai consumers from moving into the mobile shopping space until recently. Though actual online payment fraud losses are not high in terms of total value in Thailand, the worry and mistrust of systems occupy the mindset and beliefs of Thai consumers. Unless consumers' trust increases and unless perceptions about the banking systems, facilities, and infrastructure improve, adoption of mobile payments will be slower to penetrate the culture.

This study offers insight into understanding the adoption and usage of mobile wallet applications and technologies in Thailand, specifically understanding how certain factors influence a consumer's

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