



## Factors affecting consumers' acceptance of e-commerce consumer credit service



Lin Jia<sup>a,b,\*</sup>, Geng Xue<sup>a,b</sup>, Yuwei Fu<sup>a,b</sup>, Longjia Xu<sup>a,b</sup>

<sup>a</sup> School of Management and Economics, Beijing Institute of Technology, 5 South Zhongguancun Street, Haidian District, Beijing, 100081, PR China

<sup>b</sup> Sustainable Development Research Institute for Economy and Society of Beijing, 5 South Zhongguancun Street, Haidian District, Beijing, 100081, PR China

### 1. Introduction

In the past three decades, exportation serves as the main driving force that stimulates the fast development of Chinese economy (Ding, 2015). However, the world economy grows slower especially after the subprime mortgage crisis. This compels Chinese government to make a transition from exportation-oriented economy to one that also relies on enlargement of internal demands. *Consumer credit service*, a type of financial service that allows an individual to purchase goods or services in the absence of immediate payment, becomes an important financial tool that can be used to enlarge internal demands and thereafter contribute to China's future economic growth (Ding, 2015). The prosperity of consumer credit is also good for consumers and corporates. Consumer credit allows users to purchase products using income in the future, and thus consumers do not need to wait until they have saved enough money. This not only improves consumers' living quality but also helps overcome the negative effect of overproduction and thereafter increases corporate profits (Watkins, 2000). Thus, the popularity of consumer credit is a win-win situation for consumers, corporates, and the society.

Benefiting from the prosperous of China economy and expanding internal demands, e-commerce in China has experienced a rapid development in the past several years. However, as the slower growth of Chinese economy, e-commerce faces a bottleneck to make a further development. For example, Alibaba declared that it will no longer release gross merchandise volume after 2016. Many e-commerce companies initiated their own consumer credit services in hope of exploring the full potential of consumer consumption and promoting the sales of goods in e-commerce environment. These consumer credit services launched by e-commerce companies are named *e-commerce consumer credit services* hereafter. E-commerce consumer credit services are still in their early stage, and their market share and consumer acceptance are still low. It is also challenging for e-commerce companies to prosper their credit services since it takes financial institutions in China several years to break the strong saving habit of Chinese people and help consumers develop the habit of using credit cards to make purchase (Ding, 2015). Nowadays, credit card has become the major approach

that consumers use their credit limits. E-commerce consumer credit service serves as a substitution of credit card. It is hard to attract consumers to use alternative products such as e-commerce consumer credit services after they form the habit of using credit cards to make purchase. Moreover, vehicle and house credit services consist of a major part of consumer credit in China (iResearch, 2017). These areas are not prosperous or appropriate in the e-commerce context. Thus, there is a need to explore how to help service providers popularize their e-commerce consumer credit services.

Ant Check Later is a type of e-commerce consumer credit service launched by Alibaba, the largest e-commerce company in China. After opening an Ant Check Later account, an individual can obtain a credit limit from approximate \$73–\$7266. Then, he or she can make purchases on e-commerce platforms using credit limit and pay bills later. This study uses the Ant Check Later as the focal artifact for two reasons: first, Ant Check Later is the most popular e-commerce consumer credit service in China, and it can be used on both Alibaba's e-commerce platforms such as TMALL.com and Taobao.com and many other famous Chinese e-commerce platforms such as Amazon.cn and Dianping.com. However, only 9.52 percent of purchases in Alibaba e-commerce platforms are paid using the "Ant Check Later" (iResearch, 2017); and second, Alibaba company has launched its own individual credit rating system, which is an important factor that stimulates the development of consumer credit services. Thus, it is promising to use Ant Check Later as the focal service and explore how to attract users and encourage them to use the service.

Past literature demonstrates that systems can be categorized into utilitarian and hedonic systems. However, utilitarian and hedonic systems are not at opposite ends of one spectrum, and there are semi-hedonic systems that can be used for both utilitarian and hedonic purposes (Wu & Lu, 2013). Most recent systems offer both experiential enjoyment and practical functionality to consumers and can be treated as semi-hedonic systems (Gu, Fan, Suh, & Lee, 2010; Wu & Lu, 2013). E-commerce consumer credit service is a type of semi-hedonic service because it not only satisfies consumers' need of purchase, but also but also offers them experiential enjoyment (Turel, Serenko, & Giles, 2011). First, e-commerce consumer credit service is closely embedded in the

\* Corresponding author at: School of Management and Economics, Beijing Institute of Technology, 5 South Zhongguancun Street, Haidian District, Beijing, 100081, PR China.  
E-mail addresses: [jialin87@bit.edu.cn](mailto:jialin87@bit.edu.cn) (L. Jia), [1120142875@bit.edu.cn](mailto:1120142875@bit.edu.cn) (G. Xue), [15624952482@163.com](mailto:15624952482@163.com) (Y. Fu), [15954089718@163.com](mailto:15954089718@163.com) (L. Xu).

process of online shopping and is under the umbrella of service, one important characteristic of which is hedonic value (Berry, Seiders, & Grewal, 2002). For example, e-commerce consumer credit service provides a seamless connection between online shopping and payment using credits. This helps improve the flow of the whole purchase process and thereafter embodies the hedonic value of the service. Second, e-commerce consumer credit services allow users to purchase items using income in the future. This allows consumers to escape from the real world that they need to wait until they save enough money and helps meet their needs, improving the satisfaction and happiness of consumers. This reflects the hedonic purpose of the e-commerce consumer credit services (Kim, Li, & Kim, 2015). Third, past literature also supports the idea that e-commerce consumer credit services pertain to the scope of hedonic or semi-hedonic systems. For example, Gu et al. (2010) posits that transaction, the function of e-commerce consumer credit services, is an important aim of hedonic systems. Alalwan, Dwivedi, and Williams (2016) also highlights the hedonic value of telebanking, a system like e-commerce consumer credit service.

Recently, researchers have recognized the importance of hedonic components (e.g. perceived enjoyment) in affecting individuals' use of IT systems or services, especially hedonic or semihedonic-oriented services (Dabholkar, 1996; Dellaert & Dabholkar, 2009; Junglas, Goel, Abraham, & Lves, 2013; Lee & Park, 2014; Li & Mao, 2015; Mandel & Nowlis, 2008; Heijden, 2004; Venkatesh, Thong, & Xu, 2012; Yim, Cicchirillo, & Drumwright, 2012; Zhao, 2014). This hedonic component in form of *perceived enjoyment* has been defined as “the extreme mind stimulation that elicits personal interest and involvement in activities (Workman & Studak, 2007).”

Perceived enjoyment is an important variable that can determine the promotion effectiveness from an effects perspective (Nabi & Krmar, 2004; Yim et al., 2012). Individuals who perceive higher enjoyment from the promotion activity usually act more spontaneously and less deliberately (Benlian, 2015; Koufaris, 2002). In the case of e-commerce consumer credit services, the enjoyment or pleasure obtained from those promotion activities serves as a type of intrinsic psychological reward, improving their attitude toward the services and making them be more involved in using the service (Kima, Leea, & Bonn, 2017; Wu, Li, & Chiu, 2014). Thus, online service providers rack their brains trying to initiate attractive promotion activities that make consumers feel enjoyed and thereafter encourage them to use or continue using the service. However, it is difficult to design attractive promotion activities, leading to a situation that service providers will imitate each other's success promotion activities and finally leads to the homogenization of promotion activity among e-commerce consumer credit service providers. This is attributed, at least partially, to the lack of systematic exploration of categories of attractive promotion activities that will encourage consumers' acceptance of the focal service. This knowledge determines the effectiveness of marketing and help facilitate consumers' use of the focal service. Thus, it is of both practical and academic importance to explore the categorization of attractive promotion activities.

This study tries to bridge the gap mentioned above by exploring categories of attractive promotion activities initiated by e-commerce consumer credit service providers and testing their impact on consumers' acceptance of the service. Our research questions are: first, what categories of attractive promotion activities can be proposed, and second, what is the impact of these categories of attractive promotion activities on consumers' behavior intention towards e-commerce consumer credit services. Taking Ant Check Later as the focal service, we first summarize activities that Alibaba initiated to stimulate the use of Ant Check Later and then explore whether these activities can be categorized into different factors and whether these factors promote the use of Ant Check Later. The rest of the paper is organized as follows. First, the mechanisms through which attractive promotion activities affect consumers' acceptance of IT artifact are discussed, and attractive promotion activities of Ant Check Later are summarized. Then,

hypotheses are developed, and methodology part is explained. Finally, the results and both academic and practical implications of the findings are discussed.

## 2. Literature review

### 2.1. Attractive promotion activity and consumer acceptance

This study focuses on the hedonic part of e-commerce consumer credit services, especially enjoyment obtained from promotion activity, for several reasons. First, there are many alternative services such as credit card and loan which are more mature than e-commerce consumer credit services. Also, there are several e-commerce consumer credit services launched by different service providers. All those services have the same basic function of offering consumers credit for consumers to purchase now and pay bills later. It is hard to propose new functions but relatively easy to think of how to improve the hedonic part of the service. Second, the target consumers of e-commerce consumer credit services prefer a more experiential view of consumption. According to the report of iResearch (2016, 2017), young users aged between 18 and 37 serve as the main part of e-commerce consumer credit service users. Younger people are more hedonically oriented consumers who concentrate on the hedonic function of transaction services (Maenpaa, Kanto, Kuusela, & Paul, 2006). Thus, it is wise for the service providers to consider how to improve consumers' enjoyment obtained from their promotion activities. Third, the importance of hedonic value increases as the level of perceived risk (Chiu, Wang, Fang, & Huang, 2014). As a type of financial service, e-commerce consumer credit service is susceptible to risks such as security or privacy concerns associated with vulnerable technology infrastructure (Li & Yeh, 2010). This also demonstrates the importance of hedonic value in the acceptance of e-commerce consumer credit services.

Perceived enjoyment is the most frequently mentioned element of hedonic part of Information Technology (IT) artifact, which serves as the second strongest predictor of behavioral intention in the second generation of the Unified Theory of Acceptance and Use of Technology (UTAUT2) (Slade, Williams, Dwivedi, & Piercy, 2015; Wu & Lu, 2013). Past literature has demonstrated the impact of enjoyment on behavioral intention in different contexts such as mobile payments (Slade et al., 2015), mobile commerce (Li & Yeh, 2010), movie website (Heijden, 2004), and telebanking (Alalwan et al., 2016), etc. Heijden (2004) posited that developers should employ hedonic content in an IT artifact to encourage consumers' prolonged use. When it comes to e-commerce consumer credit services, service providers should also include hedonic content in maintaining current consumers and entice potential consumers.

Promotion activities are a significant source of enjoyment (Collins, Kavanagh, Cronin, & George, 2014). For example, monetary and non-monetary rewards or quota lifting might lead to a consumer to feel proud, wise, and knowledgeable, and a sense of accomplishment (Collins et al., 2014, Holbrook, Chestnut, Oliva, & Greenleaf, 1984). We summarize different mechanisms through which promotion activities affect consumers' acceptance decision from past literature. First, promotion activities help create a fun and enjoyable experience, which offers a state of “jouissance” that people try to maintain and fosters a favorable behavioral intention toward using the focal artifact (Benlian, 2015; Belk, Ger, & Askegaard, 2000; Jiang & Benbasat, 2007; Kim, 2012; Kim, Lee, & Bonn, 2017; Nah, Eschenbrenner, & DeWester, 2011; Wu et al., 2014). Second, promotion activities will increase consumers' pleasure and affect consumers' perceptions of the service such as usefulness and ease of use (Agarwal & Karahanna, 2000; Qiu & Benbasat, 2009; Heijden, 2004) and thereafter entice them to use the service. In addition, higher level of pleasure in using the focal artifact will also help decrease their anxiety, worry, or concern, which lower consumers' perceived risk toward the artifact and thereafter encourage them to accept the artifact (Koenig-Lewis, Marquet, Palmer, & Zhao, 2015).

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