Chapter 13

Value and Risk:
Dual Pillars of Apps Usefulness

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ABSTRACT

The rapid expansion of Apps and subsequently Apps marketing have now entered into a post-adoption stage, where technical characteristics and qualities such as visual design, user interfaces, and navigation become the determinants of consumer’s intentions. However, very few studies have looked into the perceptions related to usefulness and “post-adoption” or acceptance of Apps-commerce. Building on risk and value concept, the aim of this chapter is to expand an understanding of the decision-making of those potential Apps customers to adopt Apps usage for the first time and also re-purchase decisions of experienced e-customers. As the concept of customer value has received increasing attention from both marketing, managers, researchers and practitioners, more originalities are encouraged to start incorporating the elements of Apps value, Apps risk, Apps usefulness elements in their strategies to sustain their core businesses activities. Besides, customers are likely to perceive a higher level of risk in using Apps than in traditional in-store setting. Thus, this chapter proposes that the risk concern of user information given to the vendors has an impact on the amount of consumption in Apps market. The practical and conceptual implications are discussed.

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INTRODUCTION

E-commerce has benefited retailers by way of increasing access to customers and information and also reducing the cost of operation and procurement (Rotem-Mindali, 2010). Over the past few years, electronic commerce (EC) has also enhanced the financial performance of organizations, removed some of the barriers to market entry, improved business efficiency and effectiveness, streamlined inventory management and brought down the cost (Liu, Marchewka, Lu, & Yu, 2005). From a retailer’s perspective, how E-commerce is likely to reshape their markets and business processes is crucial (Ellis-Chadwick, Doherty, & Hart, 2002).

Notwithstanding of the millions of dollars spent on creating and maintaining corporate websites, many corporations have failed to reach the organization’s goals (Hausman & Siekpe, 2009). One crucial principle, according to Butler & Peppard (1998), which holds true in the market space, is that marketers must understand the behavior intention of consumers before they can effectively respond to their demands. These phenomena open the room to for managers and academicians to emphasize and focus on the implementation of Apps as a core marketing and business activities. Regardless of the economic downturn since 2005 which has stricken the Internet and telecommunication sectors, it is predicted that electronic commerce (EC) will continue to grow (Liu et al., 2005). The increasing international competition has raised the question of how firms can effectively manage the new economic order in their domestic markets as well as other international markets (Lindman, 2010). This is crucial for all kinds of industry. Retail functions have been discussed in an academic debate with regard to retailers’ justification and their contribution to economic welfare and prosperity (Madlberger, 2004). Economic theory argue that purchased via would occur if the channel minimize the transactions costs (Ward, 2001). This could be the overwhelming reason why all vendors are starting to embrace the digital transformation such as Apps and related technologies.

The economic transformation in Asia in the last two decades has created a new generation of well-educated middle class consumers in the region who are becoming impatient about certain products that they want but cannot purchase conveniently locally because local retail stores tend to move slower than this group of dynamic and aspiring consumers (Lee & Cheung, 2004). According to Hannah & Lybecker (2010) internet shopping appears to be most strongly associated with the notion of convenience in addition to recreation and economic advantages as discussed before. The economy at this age could be described as “experience economy”, “attention economy”, and also “trust economy”, in which the buyer’s psychological factors play a crucial role in initiating a transaction (Chun-hui & Jun, 2008). Therefore, the digital era affects people’s lifestyles and buying habits in that customers are starting to look for maximization of self-perceived value (Jingdong & Xiaoqian, 2010).
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