

# CHAPTER I

## INTRODUCTION

### A. Research Background

In recent years, the increasing number of smartphone subscribers has encouraged the use of mobile application software for mobile devices, which is commonly referred to as mobile applications (apps) (Tam et al., 2020). Mobile applications are created and designed to be downloaded and used on a smartphone or similar mobile platform (e.g., iPad, tablet). According to journal (Hsiao et al., 2019), an international research organization, mobile device shipments have accumulated to 1.462 billion in 2018 and are expected to accumulate to 1.654 billion by 2022. The rapid development and popularity of mobile devices has resulted in the diversification of mobile application development and changing patterns and traditional business structures. It accelerates the advancement of mobile businesses, changes people's prior knowledge of the conveniences provided by e-commerce, and allows people to get services or products without restrictions on device, location, and time.

In addition, in journal (Hsiao et al., 2019) shows that global e-commerce turnover will increase to US \$4,878 trillion in 2021 from US \$2,842 trillion in 2018, equivalent to 17.5 percent of total offline turnover retail store. When the mobile business emerged, the company attached great importance to the progressive development of mobile applications. The main advantage of mobile applications over Web pages lies in providing

companies with more customized services and thereby increasing customer perceived value levels. Many companies develop their applications to provide various customized functions for use by customers. However, not all mobile applications developed by the company will continue to be used by customers. This is mainly because the quality characteristics provided by mobile applications, such as the quality of systems, information, and services, will affect customer perceived value with the application and thus affect their intention to continue using it.

Since the development of smartphones, our daily lives mostly rely on their various functions (Cho, 2016). Many companies develop mobile applications to attract more customers and generate more revenue (Hsiao et al., 2019). For example, the McDonald's App by McDonald's, the Chatime App by Chatime, and the Burger King App by Burger King strive to continuously understand their own customers and provide more convenient functions to be closer to their users' lives. Along with the rapid development of internet technology and digital libraries, the needs and behavior of information users have changed a lot, emphasizing the ease and usefulness of accessing information sources and expecting to interact with information providers (Xu & Du, 2018).

For organizations to be more aware of the benefits of IT, they must understand user behavior, which cannot succeed without an in-depth understanding of how individuals leverage emerging technologies such as mobile apps (Tam et al., 2020). Several studies have documented that

customer experience has emerged as an important issue in product and service design (Hong et al., 2017). Therefore, it indicates that the quality of functions, interfaces, services, etc. that mobile applications provide does have an influence on customer perception, and for today's companies, it is important to meet the demands of existing customers and acquire new customers.

In the past few years, people have become more and more open to using apps to order food. In Indonesia, for example, a lot of people use the McDonald's app. So, in this study, the author will use the McDonald's app as an example to find out how likely customers are to keep using apps that they own. By looking at the ISS model, we will discuss the continued intention to use the McDonald's App by building an integrated model that combines utilitarian values as well as privacy and security. The following is an overview of the McDonald's application:

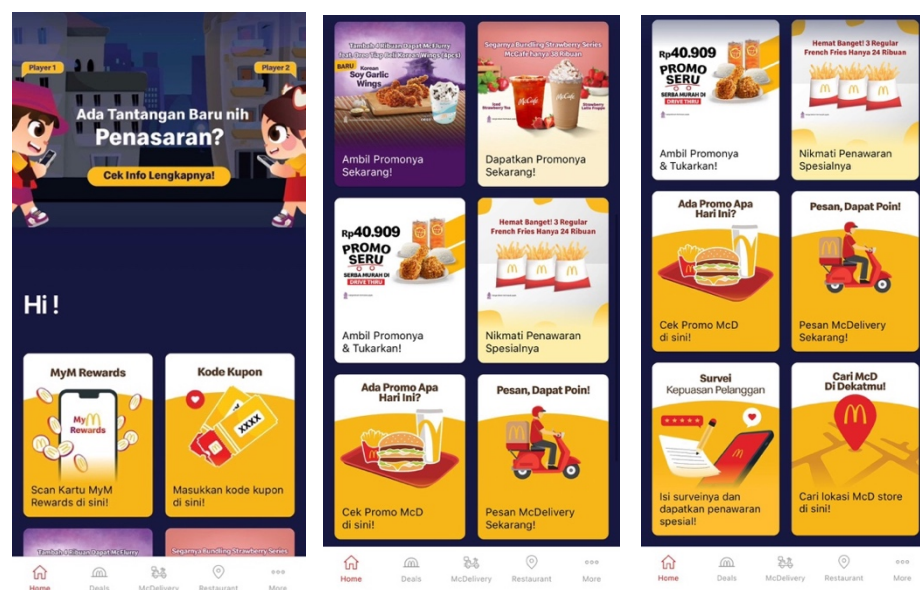


Figure 1.1 McDonald's application

The figure 1.1 is an illustration of the McDonald's application. The McDonald's app is a popular fast food app that can be used to get discounts or exclusive offers. The application can be accessed on both iOS and Android. Now McDonald's has an application that can provide benefits to its customers. The application contains pictures and information related to the menu or promos provided by McDonald's for its users. The application has several views, such as MyM rewards, entering coupon codes, menus that are currently on sale, McDelivery, and services for finding the nearest McDonald's store location.

This research is a repetition of the previous research entitled Continued Use Intention of Lifestyle Mobile Applications: The Starbucks App in Taiwan. This study was conducted to verify the generalizability of the previous findings because the previous findings regarding the generalizability of the findings to all types of mobile payment services were unclear. This is unclear because in previous studies, researchers still doubted the results of research on payment services. In the results of this study, the results cannot be generalized for all types of payment services. So, in this study, we'll do the same things we've done before with different kinds of services, like the payment services in the McDonald's app.

Based on this background, researchers are interested in conducting research on the Determinant of Utilitarian Value and Customer Perceived Value in Using McDonald's Application. For this study, McDonald's App users were considered respondent.

## **B. Problem Formulation**

The author attempts to identify the following problems based on the title provided:

1. Does system quality will positively effect utilitarian value?
2. Does system quality will positively effect customer perceived value?
3. What is information quality will positively effect utilitarian value?
4. What is information quality will positively effect customer perceived value?
5. Does service quality will positively effect utilitarian value?
6. Does service quality will positively effect customer perceived value?
7. What is privacy and security will negatively effect utilitarian value?
8. What is privacy and security will negatively effect customer perceived value?
9. Does utilitarian value will positively effect customer perceived value?

## **C. Research Objective**

The researcher must accomplish the following objectives for this study:

1. To examine the effect of system quality on the utilitarian value of the McDonald's App.
2. To examine the effect of system quality on the customer perceived value of the McDonald's App.
3. To analyze the effect of information quality on the utilitarian value of the McDonald's App.

4. To analyze the effect of information quality on the customer perceived value of the McDonald's App.
5. To examine the effect of service quality on the utilitarian value of the McDonald's App.
6. To examine the effect of service quality on the customer perceived value of the McDonald's App.
7. To analyze the effect of privacy and security on the utilitarian value of the McDonald's App.
8. To analyze the effect of privacy and security on the customer perceived value of the McDonald's App.
9. To analyze the effect of utilitarian value on the customer perceived value of the McDonald's App.

#### **D. Research Benefits**

The researcher hopes this study can bring benefit for knowledge and associated parties. The following are the anticipated outcomes of this research:

1. Theoretical Benefits
  - a. This study is considered to provide knowledge related to the continued use intention of lifestyle mobile applications.
  - b. This research can be used as study material and as a reference for future research in the field of mobile applications.

## 2. Practical Benefits

- a. This study can be utilized to inform decision-making, particularly in terms of the intention to use lifestyle mobile applications.
- b. This research can be used as a company evaluation to find out mobile applications effectively.