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**LOYALTY MANAGEMENT OF MOBILE SHOPPING APPLICATIONS**

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LOYALTY MANAGEMENT OF MOBILE SHOPPING APPLICATIONS  
MOBİL ALIŞVERİŞ UYGULAMALARININ SADAKAT YÖNETİMİ

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## **ABBREVIATIONS**

CON	Shopping Convenience
UTILITY	Application Utility
PER	Application Performance
PRI	Privacy Logging
ENJ	Enjoyment
AES	Aesthetics
HED	Hedonic Benefits
UT	Utilitarian Benefits
BR	Brand Image
SM	Social Media Integration
AU	App Usage
SAT	Satisfaction
REW	Rewards Program
CINT	Continuous Intention
AND	Android Operating System
iOS	Apple Operating System

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## **ABSTRACT**

### **Loyalty Management of Mobile Shopping Applications**

This study explores familiarity of smart phone users to a mobile shopping application, their expectation from a shopping app, why they can be convinced for an app download and how an app can create a continuous intention behavior. Mainly, the research survey focuses on the impact of Brand Image, Social Media Integration, Utilitarian and Hedonic Benefits factor on App Usage, whether App Usage creates Satisfaction in consumer mind and at the end the impact of both Satisfaction and Rewards Program on Continuous Intention. The data is collected from 306 respondents via an online survey tool. The results show that Application Utility, Application Performance and Privacy Logging are directly effecting Utilitarian Benefits factor whereas Shopping Convenience is not evaluated vital by survey audience. In particular, Privacy Logging plays a critical role in consumer mind. Additionally, Aesthetics and Enjoyment have great impact on Hedonic Benefits. Furthermore, the analysis of Application Usage factor is resulted unexpectedly; Brand Image, Utilitarian and Hedonic Benefits are effecting positively Application Usage whereas Social Media Integration is not found related. When shopping is the subject, it is seen that Brand Image effects consumer decision beyond any doubt. The findings disclose that if an mobile shopping application is downloaded and used for a shopping transaction at least once and the app saturates the consumers especially in the fields of Enjoyment and Privacy, than Satisfaction occurs supposably and consequently Continuous Intention behaviour is being constituted. In sum, the study explores understanding of the continuous foundation of online shopping application habit.

Keywords: Mobile shopping, mobile application, application usage, loyalty management

## ÖZET

### **Mobil Alışveriş Uygulamalarının Sadakat Yönetimi**

Bu çalışma, akıllı telefon kullanıcılarının mobil alışveriş uygulama kullanımına yatkınlıklarını, bir alışveriş uygulamasından beklentilerini, ne sebeplerden bir mobil uygulamayı indirmeye ikna olabileceklerini ve bir uygulamanın sürekli kullanım davranışını nasıl oluşturabileceğini araştırıyor. Temelde; araştırma anketi, marka imajı, sosyal medya entegrasyonu, toplam fayda ve hedonik fayda etkenlerinin uygulama kullanımı üzerindeki etkisine, uygulamanın tüketici zihninde memnuniyet yaratıp yaratmadığına ve son olarak memnuniyet ve ödül programının sürekli kullanım faktörü üzerindeki etkisine odaklanıyor. Veriler, online anket aracılığıyla 306 katılımcı tarafından toplanmıştır. Sonuçlara baktığımızda; uygulama faydası, uygulama performansı ve gizlilik faktörlerinin müşteri açısından doğrudan toplam fayda faktörünü etkilediğini görürken, alışveriş kolaylığının kritik önemde değerlendirilmediği anlaşılmaktadır. Özellikle; gizlilik faktörü, tüketici zihninde kritik bir rol oynamaktadır. Ayrıca, uygulama estetiği ve eğlence, hedonik faydalar üzerinde büyük bir etkiye sahiptir. Bunun yanı sıra, uygulamanın kullanımı üzerine yapılan analiz beklenmedik bir şekilde sonuçlanmıştır; marka imajı, toplam fayda ve hedonik fayda uygulamanın kullanımını olumlu bir şekilde etkilerken sosyal medya entegrasyonunun anlamlı bir etki yaratmadığı görülmüştür. Konumuz alışveriş olduğunda, şüphesiz ki; marka imajının tüketici kararını etkilediği görülüyor. Bulgulara göre, bir mobil alışveriş uygulaması indirilir, en az bir kez bir alışveriş işlemi için kullanılırsa ve özellikle de tüketicilerin beklentilerini eğlence ve gizlilik alanlarında karşılarsa, tüketicide memnuniyet oluşur ve bu sayede sürekli kullanım davranışı oluşturulabilir. Özetle; bu çalışma, mobil alışveriş uygulama alışkanlığının nasıl sürekli bir davranışa dönüştürebileceğini araştırıyor.

Anahtar Kelimeler: Mobil alışveriş, mobil uygulama, uygulama kullanımı, sadakat yönetimi

## INTRODUCTION

Internet revolution had begun with a basic need as sharing information. This communication platform had been made great progress in time. To create a bigger network, World Wide Web is established, thus internet had begun to be globalized. At the beginning, the technology firms were working for an aim to be able to enter every family house with a computer. In time, the computers got smaller and more multifunctional, changed to laptops and tablets. At the end, they became tiny enough to be fit in a trouser pocket. In the meantime, technology giants have been born such as Facebook, Google, Amazon...etc.

A mobile frame has become an inseparable part of a human being. From the moment that we wake up in the early morning, until the end of the night we are checking the local and world news, controlling the weather, calling our parents, sending messages to our friends, ordering our meals, calling for a taxi or even reserving a taxi with help of a mobile application, sending flowers to our beloved relatives, turning on heating system in the house, closing the lights, watching TV series or even doing some academic researches on internet. In sum, we all look at our little mobile screens and are able to control our wishes in seconds.

At the very beginning, mobile application entered our lives with messages and contact apps in our mobile phones. So, mobile phone producers were developers of upgraded versions of mobile applications at the same time. Shortly after, Java-based mobile operating system are launched, the usage behavior of the mobile phones is changed the direction and they have begun to bring positive benefits in human lives. By courtesy of Java-based mobile operating system, any user become to be able to download or remove a mobile application. By this way, the storage of a mobile phone has begun to be managed by its user. Soon afterwards, the needs are differentiated from each other. Some users were addicted to play a digital game, some liked listening to music via their mobile phones. After the launch of iOS operating system, producers of technologic

devices had been renewed their point of view and they had begun to focus on user experience. Today, internet and technologic devices accompany human lives and almost all basic needs are being met with some clicks.

Considering both leisure times and working times, we have a parallel life in digital world. Human gained a need of sharing his feeling or seeking an answer for his wonders in social media. Because perceived reality has been changed, all brands had to take a place in digital world. Thus a new dimension is added on marketing mechanism which is divided into online and offline marketing. Today, all firms try to spend their budgets optimum and as much as profitable in both channels. To achieve it, they characterize and segment their audience and target them in the right place at the right time with differentiated advertorials. Especially, right after operating systems helped the firms by providing location information of the users, strategically, the companies have planned to touch to possible consumers with the right messages in order to lead them to buy new products. Because location-based ad targeting is valuable and conversion rate results really high when using this tool, both iOS and Android platforms are positioned themselves as location providers. Apparently, mobile would become dominant in the near future and like in saying from 7 to 70, everyone would use a smart phone without any exceptions.

Mobile has been changing shopping behaviors like it has been changing socialization needs of human. In the past, people were doing window shopping spending some time from store to store; but today before going in a store, a majority of customers are searching in internet, comparing prices, reading product specifications and completing shopping in a short time. On the other hand, stores are following the trends and they are launching new online shopping stores in the digital platforms. In this way, they show right advertorials to the digital target audience and lead them into their online shopping applications. Thus, they convert an online window shopper to a real customer.

In order to complete shopping, all users are entering their personal information and also credit card details. All giant web firms are registering and processing online consumer data and no wonder, who has bigger customer data pool, than automatically gain strength in the digital market.

Like in global, in Turkey there are a lot of online shopping stores categorized in market, electronics, outfit, publication...etc. Each day, all categories are being expanded with new mobile applications. Because of the market variety, loyal customers have become valuable for the brands. In order to track customer footprints and expand customer pool, brands are announcing loyalty programs and planning retention campaigns via help of these programs. In fact, consumers don't hesitate participating in loyalty programs, but in time they don't continue with collecting and redeeming their shopping points. A majority of consumer state that rewards are not attractive enough to run after.

The aim of the present research is to be able to focus on experiences of consumers who often use mobile shopping applications and fundamental features which these applications must have in order to create a loyal user pool. Roughly, every day 2.500; every hour 100 and every minute 1.7 new apps are being released. (Chantelle, 2017) From the first moment right after an app is submitted, each one begins to search for its possible consumer and whenever a new app reaches its targeted audience, works up hard to gain a place in their lives. Considering rush and busyness of human lives, there are just few moments in that these technologically smart units could be able to target, attract and convince to be downloaded possible consumers. Therefore, the study focuses on dynamism of the digital market environment, consumer needs, behaviors, expectations and discusses in order to understand the relationship between the online consumer, online stores and evolved marketing.

## **CHAPTER ONE**

### **CONCEPTUAL BACKGROUND**

#### **1.1 ENVIRONMENTAL CHANGE AND DIGITAL AGE**

Today's social life is heavily covered by internet which became rapidly central in the daily lives and drove human into an environmental change. Mobile gadgets are surrounded young and old alike, we all turned to be single internet points.

In principle, internet was found to connect computers with each other and transfer the data. Since Arpanet Internet system is founded in USA, first internet network was created and e-mailing was preferred as a communication platform, this network had been popular and became widespread in time. Arpanet which is established in year 1969 had covered almost every computer in United States in 17 years.

IBM, the world's largest computer company, introduced the first personal computer in year 1981. The purpose of personal computers was to sell one computer to every family. Thus, people would be able to connect with each other very comfortably via internet. That day's first computer took up more space than the computers we are currently using and also the old version computers were less useful.

During the same period, studies of the internet continued. In 1985 the name "internet" began to be pronounced for the first time which was set as the abbreviation for Interconnected Networks. This abbreviation was translated into our language as connected networks. In the same year, one of the most preferred domain names, ".com" is born. In year 1991, technology begun to be globalized; Arpanet came to its endpoint and the World Wide Web (www) which provides an easy transition between links entered the market. www initiated a new era on the internet. In this period, Tim Berners Lee designed a website for the first time and thus the world's first website was launched which introduced people the "internet" and taught how to use it.



This technology arrived in our country in year 1993, used firstly by ODTU University and the first connection was 64 Kbps. After 6 years, a new internet network infrastructure named as TTNET was established. At the beginning of the 2000s, through TTNET system, many academic institutions and related units had attained internet access.

In year 2000, the internet was becoming to be used especially for entertainment. Firstly, the websites which let people order food online named yemeksepeti.com was launched. Afterwards, the Counter Strike game which was played by millions of people all over the world entered our country. This online game showed us that the internet was becoming an asset to entertain people. Close after, social networking sites started to be established; YouTube was founded by three friends in 2005 where millions of videos were watched billions of times. A year later, in 2006, Google bought YouTube. Since that time, YouTube has been working seamlessly; we all can reach the site in few seconds and start watching the video we search. In 2006, Twitter was founded in San Francisco via the collaboration of 14 friends. The first tweet on Twitter was tweeted by Jack, one of the founders, as "I'm editing my own Twitter account."

In year 2005 Facebook is founded aiming to exchange information and communicate with others. At that time, Mark Zuckerberg who was studying at Harvard University had a purpose to use Facebook only in Harvard. Then all the universities around Boston participated in the site. In a short span of time, Facebook covered the entire Ivy schools. Before the end of its first year, all schools in the US became Facebook member. Today, even our parents who belong to baby boomers' generation have a Facebook account to talk with their old friends.

In this century, the needs and perceived reality has been evolving. We, humans would like to keep in touch with our family, old friends, relatives across far distances every single minute. To achieve it, technology with its benefits is seen exploitable and with

help of various resources mutual information flow is being built. (Young, Berkhout, Gallopin, Janssen, Ostrom, Leeuw, 2006)

### **1.1.1 World-Wide Web: The Information Universe**

In 1989, computer scientist Tim Berners-Lee with his colleagues from the CERN research institute presented the world wide web project aiming to connect the entire world. Following this proposal, the world's first web site was launched on December 20, 1990 by Berners-Lee on his own computer. In this time period, it was not possible to access any content from an outside network. Soon after, on January 10, 1991 the system was used by other physicists and also by some universities. Scientists were able to communicate through this network. However, the World Wide Web, network aiming to surround and connect the world, could not reach its real purpose at that times. On August 6, 1991, Berners-Lee sent an article to the alt.hypertext newsgroup describing the World Wide Web (www) network and explaining how it should be used. Thus, the system that we are still using today was announced to the public for the first time. Today, internet network that has become common since this date is being used by half of the world population. Studies are also being conducted to cover the other half's lives.

On one hand, web technology was a priceless tool to reach instant information; but on the other hand, some of pages was not relevant with the search purpose of an user. Whenever a simple information is wondered, there is a common habit of today, we directly address our question to the search engines. Because we lose time while surfing in web (Felton, 1996). As the usage of the internet has become more widespread, entries about any subject increasingly enriched the platform. First, in year 1998 Google and afterwards some other similar search engines entered web technology and helped people to find exact results about what they were looking for. While web frame has been becoming online libraries, best and quick way to find scientific data; in the meantime, people got in touch across long distances with each other and begun to socialize. First ICQ than MSN Messenger entered our lives. Besides forum websites

were launched as an online channel which made people talk about any topic and thus common knowledge has begun to be occurred.

Amazon, another web giant, became popular in year 1997, although it was founded in 1994. In origin, the company were selling books online but soon after they achieved great success and enriched web abilities. In 1998, Amazon added new product types to its selling list as software, electronics, video games, toys, and home appliances. From that time, shopping had been carried on online services and day by day diversity of the products and also amount of websites had been increased.

From very first day, everyone could enter World Wide Web and publish any argument. But then, as the web evolved, the web sites changed to be online personal spaces. Web's originally purpose of being a research-sharing platform for the scientific community, has become a structure governed by some corporations such as Amazon, and Google. These web giants not only control their own products but also keep their users' data and personal information. This is also a problematic situation we consumers are facing today.

## **1.1.2 Mobile World**

### **1.1.2.1 History of Mobile Application**

In the beginning of 2000's mobile applications entered our lives through the launch of mobile phones. First mobile apps were able to call and send messages to the contacts. Its base structure was too simple because the first mobile operating systems were quite primitive and were not allowing comprehensive usage of the hardware. Another impeding fact were scarcity of mobile phones' memory. Low memory restricted the amount of registered contacts' numbers and also size of the data to be stored on a mobile device.

During this period, mobile app was upgrading itself only if a new phone were presented in the market. There was no alternative way to install an upgraded version of unique

mobile application. Day by day, these mobile applications have begun to make our lives easier both in business and daily life. Firstly, “contacts” mobile application with more memory was appeared on the newly released mobile devices. Thus, a user could easily store hundreds of peoples’ phone number on a single device and find the phone number very quickly who exactly was searched for. Likewise, some other mobile applications were stored in the mobile phones memory too; such as calendar, calculator and ringtone editor. The same company which were developing and producing mobile devices were focusing on mobile app technology and they were not sharing the resources and knowledge of the development procedure.

However, in 1994, Tetris was launched for the first time in a mobile device named Hagenuk MT-2000 and a new era in mobile gaming sector had begun. Close after, many old games like Snake took place as a mobile game and mobile device users had begun to demand more features and more qualified games over time.

Shortly after mobile phones and mobile devices became widespread, Java-based mobile operating system was announced in the market. These operating systems have evolved more and more in time and the function of “removing a mobile application” was launched in Java-based mobile operating systems. Basically, this function let user remove an app when he would not use any more. On top of it, a limited number of mobile applications compatible with mobile devices were able to download and use during this period.

Through Java-based operating systems, mobile device storage space had significantly increased and also expanding these storage areas became possible just with a memory card. Besides, internet connections with a mobile device became faster and the number of tasks that can be completed with an internet connected mobile device had dramatically increased. Consequently, advanced mobile internet browsers were launched that were allowing users to navigate easily on web pages and send/receive files over the internet.

In the 90's, mobile applications of popular messaging / chat programs and social networks has begun to take place on mobile of which Media Player app attracted users the most. Through the Mobile Media player application, a user became able to play music and video files were stored in the memory of mobile device. In the meantime, gaming category started to be developed and differentiated, mobile applications had brought a new breath to the entertainment sector.

Diversification of mobile apps led increase users' expectations on mobile devices and mobile device producers could not meet the demand of every user. As a consequence, mobile application stores were presented. iOS Mobile operating system which Apple company introduced in 2007 with the new phone “iPhone” and Android mobile operating system which was introduced in 2008 changed market dynamics. In the last 5-6 years, every day, mobile application developers have been submitting mobile apps in the stores to meet consumer's wishes.

Mobile devices of which market share has been increasing rapidly caused growth of the mobile application industry too. Thousands of mobile apps specialized with its own purpose is being developed today and they are changing the lives of millions of people. We continue to live more technologically connected, we all are being informed instantly, we can enter social networking sites at any time and also complete our duties with help of mobile applications.

#### **1.1.2.2 Mobile and Constantly-Connected Consumer**

Today, consumer has been playing the role of being a host on mobile technology platform. As a consequence, market has evolved to consist assertive competitors which are considering hospitality, caring to be more competitive, analyzing technology and investigating more for its benefits. Therefore, the need of understanding the user perspective and constitution of both technology and customer experience knowledge have come into prominence for the future.

The authors of “The Future of Competition”, Prahalad and Ramaswamy (2004) worked up on a model named as DART Model. This study model demonstrated that companies are being forced into creation of their own innovation strategy in order to understand the demand of recently evolved, well-informed and selective consumer. Below the meaning of each letter which creates the name “DART” is explained.

- Dialogue: Mobile technology is offering an opportunity to the consumers to manage their dialogue on their own. Whenever or wherever they choose to be informed at will.
- Access: User expectation is increasingly growing coherent with the technology. Therefore, mobile application companies should be working in aim of satisfying the need and make his consumer access in surprising and pleasant experiences.
- Risk: The primary objective is eliminating the probability of any damage of consumer experience. But, in present-day conditions it goes out of scope; a consumer can manage his dialogues wherever or whenever he would like to access in the system.
- Transparency: The fine line which would like to be drawn by companies is getting lost in online environment. Consumers are consciously analyzing information entered for each product. Internet is an irreplaceable opportunity to get great amount of knowledge about a single subject. Any information about a product or service is available and internet creates a transparent area between companies and consumers.

In order to explore dynamic mobile market, it would be better to study daily life of a usual business person. Thus, we recognize clearly distinctive touch points of a mobile application on human routines. It would make sense, if we observe an employee in an international company as an example. To facilitate expression, the employee would be named as Aria.

During a weekday, Aria comes upon a need of meeting her colleagues who are located in another city. Because of the business needs, she should take action in a rush and schedules a meeting for one day after. Directly, she takes her mobile phone and looks through a mobile app which lets her reserve a ticket from a flight company she had chosen. Right after she controls timing and prices, also completes payment process with several clicks. So, first task as flight organization is completed in minutes. Secondly, Aria searches an app which helps to reserve a room for one night in the city. Via another mobile application, she controls location between the hotels and company building, also compares best pricing offer in the results and completes the payment for the hotel she would like to accommodate at that night. As a next step, 24 hours before the flight Aria completes online check-in on flight company's mobile app. Then she remembers another need and clicks another mobile app in order to reserve a transport for 2 hours before the flight. During her trip to the airport and waiting for boarding, Aria listened to the music on a mobile app in the back ground, while reading her favorite book on her favorite app. Right after landing, Aria takes a cab which takes her to the hotel via help of mobile navigation and thus cab driver eliminates expected waiting times in the traffic. She arrives in the hotel on time and gets from reception a unique customer code in order to access hotels' owned mobile application. Just via mobile app Aria enters her room keyless and starts to prepare herself for the meeting.

This example can be extending with the details of any running day. As is, we see clearly the fact that hundreds of mobile applications are currently helping us to complete our tasks in minutes and each one meets a consumer demand which makes a mobile app essential in our lives.

As Prahalad and Ramaswamy (2004) studied in details, a mobile company should accept the facts of the DART model which especially instructs to be more transparent, multi-tasking, ease human life, be clever and identify purposes and access moments of a single consumer in order to enhance its service and to have a role in center of our lives.

### **1.1.2.3 Social Media and Mobile World**

According to Copyblogger's Infographic, the history of social media begins with the first electronic mail sent in 1971. The emergence of the world wide web in year 1991 is one of the most important milestones in the past of the social web.

In fact, the web environment became more social with the first blog launched in 1994. Classmates.com, founded with the purpose of enabling to find old classmates in 1995, revealed that real social relationships among people can be carried out on a digital platform.

Two years after the “weblog” term debuted in 1997, the first major sub-structures, such as Blogger and LiveJournal, were positioned in the digital market. Especially after Wordpress became popular in 2004, blog concept is recognized by digital consumer.

The release of Wikipedia in 2000, Stumbleupon in 2001, Friendster in 2002, Myspace in 2003 and Facebook in 2004 contributed further dissemination to digital socialization. Besides, web services like Flickr, YouTube, Twitter and Spotify are called as today's major initiatives that define next generation of social web. Groupon brought another dimension on social web as changing concept to social trade. Many Google's initiatives in this area, as well as services such as Foursquare and Pinterest, are completing the big digital picture we've seen today. As Mangold and Faulds (2009, p. 358) states “social media is a wide range of online, word-of-mouth forums including blogs, company-sponsored discussion boards and chat rooms, consumer-to-consumer email, consumer product or service ratings websites and forums, Internet discussion boards and forums, moblogs (sites containing digital audio, images, movies, or photographs), and social networking websites”. Since social media became irreplaceable in human life, Marketing has been evolving and changing its direction from offline to online. Independent from age everyone buys a smart phone just to be more online and connected to their communities.



Deloitte (2015) conducted a global mobile user survey, with 49.000 participants from 30 countries including Turkey, shows exact picture of mobile world in human life. Turkey is one of the countries with the highest smart phone dependency due to its dynamic and young population. Users in Turkey control their mobile screens approximately 70 times during the day which means, they look at a digital screen in every 15 minutes.

82% of smartphone users in Turkey prefer to connect the internet with their own Wi-Fi (at home or at work). Wi-Fi usage in public places ends up a rate of 37%. The proportion of mobile network connection among smartphone users is 65%. Considering preferred connection method, 59% of the users would like to use Wi-Fi. This ratio was 73% in year 2013 which indicates that users in Turkey are increasingly using mobile networks.

Consumer behavior was another important metric in the survey. 85% of users connect to shopping sites via mobile phone; but only 17% of all users are preferring to use mobile payment methods. Security concern plays a disincentive role in consumer mind and they avoid complete a transaction with mobile payment model. %50 of consumers who has not experienced money transfer before, states that they would like to try voluntarily this feature in near future.

## **1.2 MARKETING IN THE DIGITAL WORLD**

The common usage of cars in the 1920s caused travelling of consumers to far distances and ultimately big shopping stores are opened out of towns. In the 1940s, every family had begun to buy a refrigerator, therefore people could buy and store food at home. And in the 1990s, internet removed the limitations and impracticability of shopping in offline stores, gave a better choice to the consumer.

Although packaged products were initially favored by its manufacturers as a way to increase short-term sales and market share in supermarkets, it has now become a half-trillion sub-sector in retail. (Gaissmaier, Heckenbach, Lucht, 2012) However, it did not

catch up with the changes in consumer behavior. Commercial marketing methods usually aim to attract the attention of the consumer at the point of sale which could not fit online shopping consumers.

Only 13% of producers have separate budgets for stores and e-commerce on the spot, and 24% have no e-commerce budget. (Golden, Brad & Kathy Weber, 2016) Considering the importance of the digital touch points in both research and purchasing, recent reports show that an obvious decline in the impact of traditional commercial marketing has been occurring. Mainly, this is a result of wrong calculated budgets which could not be transferred from offline channels to digital channels as fast as consumer changes his/her shopping channel.

The digital platform as a marketing channel is still being exploited below its potential. While some retailers are reaching consumers with static messages, digital media has features that can be digitizing the reach results as reliable, targeted campaign metrics. Ignoring the growth of the digital media costs a company as missing opportunities to be created more relevant online experiences for users and increase company sales.

Commercial marketing budgets should be focused on influencing the consumer through the digital media strategies. Today's consumers are doing research on the Internet before they shop online or shop on store. Surveys show that 70% of customers make their first product discoveries on the Internet and 28% on offline stores. In addition, 39% of the customers are doing research on the Internet before buying the product. This figure is 55% higher in expensive technology purchases and 58% higher in health, fitness and beauty products. (Karr, 2016) Brand perception and purchasing decision are shaped in million moments before a product is bought. There are even more impressive moments in high-volume shopping from an offline store which should be studied carefully by both marketers and sellers.

In such an environment where consumers first research and then buy products, it is crucial that marketers and sellers would increase their investment in digital commercial

marketing. Since digital media is both targetable and measurable, implementing digital targeting for a commercial campaign and taking advantage of programmatic would make a positive change in the profit of both vendors and manufacturers. The impact of the mobile platform on offline store sales increased up to about \$1 trillion which was only \$160 million in 2013. This figure represents 28% of the total effect in digital. (Lobaugh, Simpson, Ohri, 2015)

Using an ad server to manage and direct vendor messages, make predictions, target a group in mass, and to announce measured campaign results is becoming a prerequisite recently. Manufacturers demand and get this service from digital media partners. The same must be applied to the digital "retail media". Frequency capping, targeting, remarketing, return on investment, and optimization while campaign is on air form the cornerstones of digital marketing. Both producers and vendors, who are ready to take advantage of the fundamental structures of digital, unlike their predecessors, who were using offline and analog methods, face a tremendous opportunity.

### **1.3 LOCATION-BASED MOBILE MARKETING**

There is an important element that stands out in the mobile digital world: Location of the consumer. Targeted campaigns based various locations or social media entries is being actively used in Turkey and the world. The main purpose of location-based marketing, like any other mobile marketing initiative, is to draw the attention of the end user and transform them into a customer.

Location-based innovations are continuously being developed on Facebook, Snapchat and Instagram that encourage the use of location as well as Foursquare and Swarm has been doing since years. Especially in the last period of 2016, Snapchat's "Geo-Filters" and "Location Based Filters" offered different contents to users in different places which increased the popularity and importance of personalized content. Brands are benefiting from location information to strengthen the brand loyalty of the user while consumers are using new generation apps like Snapchat.

Through the personalized campaigns, a brand has the opportunity to show more relevant offers with interests to potential customers. The location of users is achieved in real time. Therefore, brands should send its catchy offers to the target audience without missing the moment. Location-based marketing creates a natural environment for targeting which allows to differentiate the audience in various geographical regions according to its similarities and differences. In this way, a brand can reach consumers effectively by spending less time and money owing to the right targeting.

On March 2017, The Location Based Marketing Association (LBMA) launched its second annual Global Location Trends Report at SXSW during RetailLoco, the largest annual gathering of brands and LBMA members. The online study was conducted in the five most important and innovative global markets for location based marketing as US, Canada, Germany, UK and Singapore. Key overall findings from the report include:

- Location-based ad targeting is valuable, actionable and accurate according to some of the world's top executives. Over 50% of companies are currently using location-based data to target their customers.
- 25% of marketing budgets are allocated to location-based marketing (LBM). The ability to target consumers and driving sales are cited as the top benefits of LBM.
- Countries are shifting more marketing dollars to LBM.

Traditional commercial perspective was not good enough at making predictions on consumers' lives. But today marketers have the technology to explore real consumer behavior according to the time and location variables. Today, who works on real time marketing algorithms and create instant offers to satisfy a consumer need will make a major difference in the market.

## **1.4 MOBILE TO BECOME DOMINANT IN THE FUTURE**

The mobile application sector, which has become one of the most important business solutions of our age, grows day by day and continues to progress rapidly. The increase in the use of mobile devices and the rapid development of mobile applications reveal increased need for connectivity and real-time information.

Standards are being redefined in the smartphone market caused by the development of mobile applications. Research results published by Juniper Research in 2013 show that the number of applications downloaded to smartphones and tablets reached 80 billion in 2013 and will be doubling to 160 billion in 2017. By 2017, mobile apps will be downloaded more than 268 billion times, generating revenue of more than \$77 billion and developing apps one of the most popular computing tools for users across the globe, according to Gartner, Inc. As a result, Gartner predicts that mobile users will provide personalized data streams to more than 100 apps and services every day. (Meulen & Gartner, 2014)

Mobile applications are being used today not only as mobile versions of organizations' but also as a marketing tool. With mobile applications, companies can send instant notifications to their users in order to keep their content up-to-date. Every business which would like to survive, succeed in the digital world and get instant feedback has to introduce its content, product and brand to customers and also adjust its marketing plan with the dynamics of digital world.

Anderson (2014), reported a research which Elon University and Pew Research Center jointly conducted with 1,464 technology experts on how the Internet will change the evolution and affect our daily life. Research results about mobile applications are as follows;

- Functional improvement of internet speed will cause an increase in the number of mobile video applications.

- 86% of the participants stated that functional improvement of internet speed in the next 10 years let people interact with each other via mobile applications due to their high quality video performance.
- Augmented and virtual reality applications will be multiplied.
- Participants in the study agree that they will see a growth in virtual reality game sector which would influence positively even other areas like entertainment, art, tourism. Mobile reality applications will be a rising trend.
- Mobile application will let people monitor themselves.
- Mobile health applications are being listed among the most popular mobile applications even now. In the next 10 years, many mobile apps will be developed that will be able to create predictions coherent with the user's personal information. A user will have more knowledge about himself. Under favor of big data and internet of things, these mobile applications will cover all areas including users' daily lives and will go beyond today's mobile health applications.
- Knowing that all tracks are followed by corporations and governments at any moment, frightens many people. Everyone's worried about data security. It is thought that in the following periods, these doubts will be completely over and transparency will come in humans lives. A user will know who's watching himself.

#### **1.4.1 Online Shopping Behaviors**

comScore, Inc. (NASDAQ: SCOR) and UPS have published the UPS Pulse of the Online Shopper™ Europe (2015) study, analyzing what internet shoppers are looking for in their customer experience, starting from the minute of purchase to the minute of delivery and recall. The study focuses on mobile trends, the impact of social media, and the experience in offline and online stores. The results show that consumers would like to have more product variety, more control over the delivery of their products, and

an easy return process when it comes to online shopping. They use social media to find best prices, and they expect more shipping options from companies which are selling online.

- 67% of total consumers prefers to use desktop while entering credit card details and completing purchasing of which %46 finds mobile screens small to enter all digits.
- Also, consumers are more satisfied with online shopping experience (80%) than offline shopping experience (64%).
- If we compare tablet and mobile phone users; %43 of tablet users and %26 of mobile phone users is completing payment without any concern.
- Additionally, %35 of offline store visitors compares prices online with their mobile phones, while doing window shopping. Besides, if there is no proper size left in the store, %53 of consumers don't give up and find the product by searching online.
- %25 of the total would like to share their positive opinion about the product and brand.
- Surprisingly, %47 of online consumers goes to brand store to deliver their purchased product and %30 of total buys new products before they leave the store.
- Some advanced online consumers with a ratio of %26 are living difficulties at customs procedure due to complicated processes or missing documents in their purchases which was done on abroad websites.

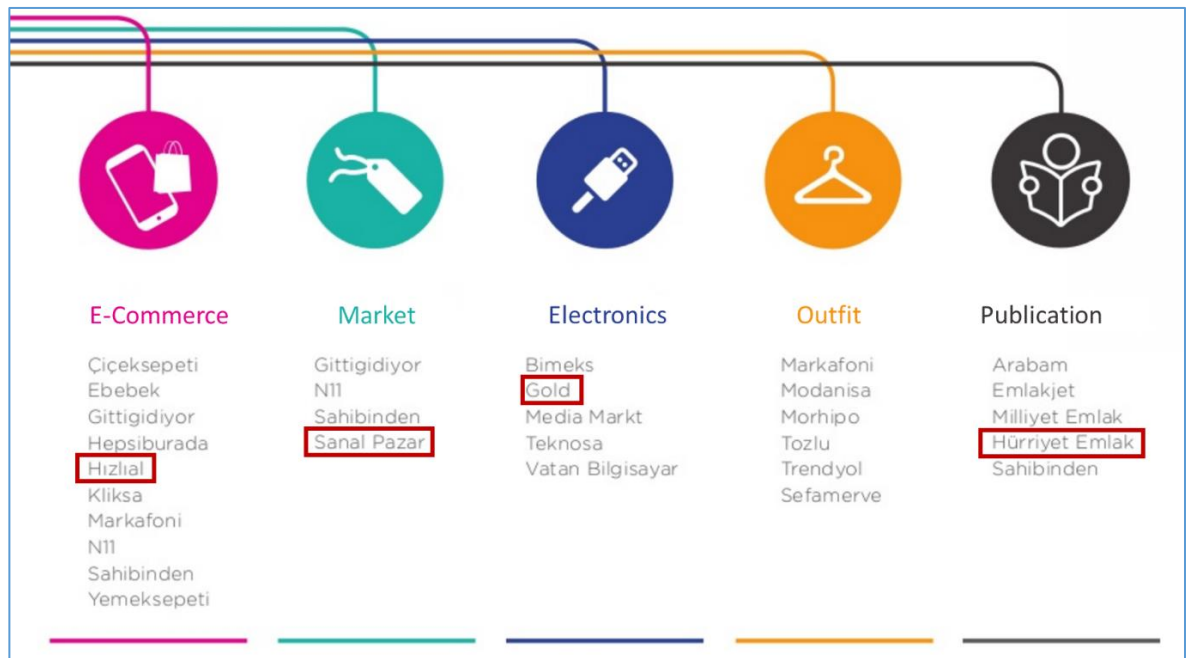
#### **1.4.2 Mobile Shopping Applications in Turkey**

ComScore is one of the best goal-oriented companies which works in mobile sector, measures audiences, consumer behavior and brands anywhere. According to a study conducted by ComScore (2015), 55% of the spent time for online shopping took place on mobile devices of which 45% belongs to smartphones and 10% to tablets.

Considering the impact of the user experience on the conversion rates from product collecting in shopping basket to purchasing, a seamless mobile experience becomes critical. The same research shows that any interruption in mobile user experience increase user bounce rate up to 60% before buying the products in the shopping basket.

Monitise (2015), launched a mobile shopping applications survey in Turkey which had queried iOS and Android mobile applications of banking, payment and e-commerce websites with different angles as user experience, interface, software quality, etc... The review was done through Google Play and the App Store of June 2015 data and it was based on AppAnnie's success rating for iOS and Android apps while revealing the mobile status of shopping sites.

**Figure 1.1** Selected 25 Mobile Shopping Apps and Their Categories

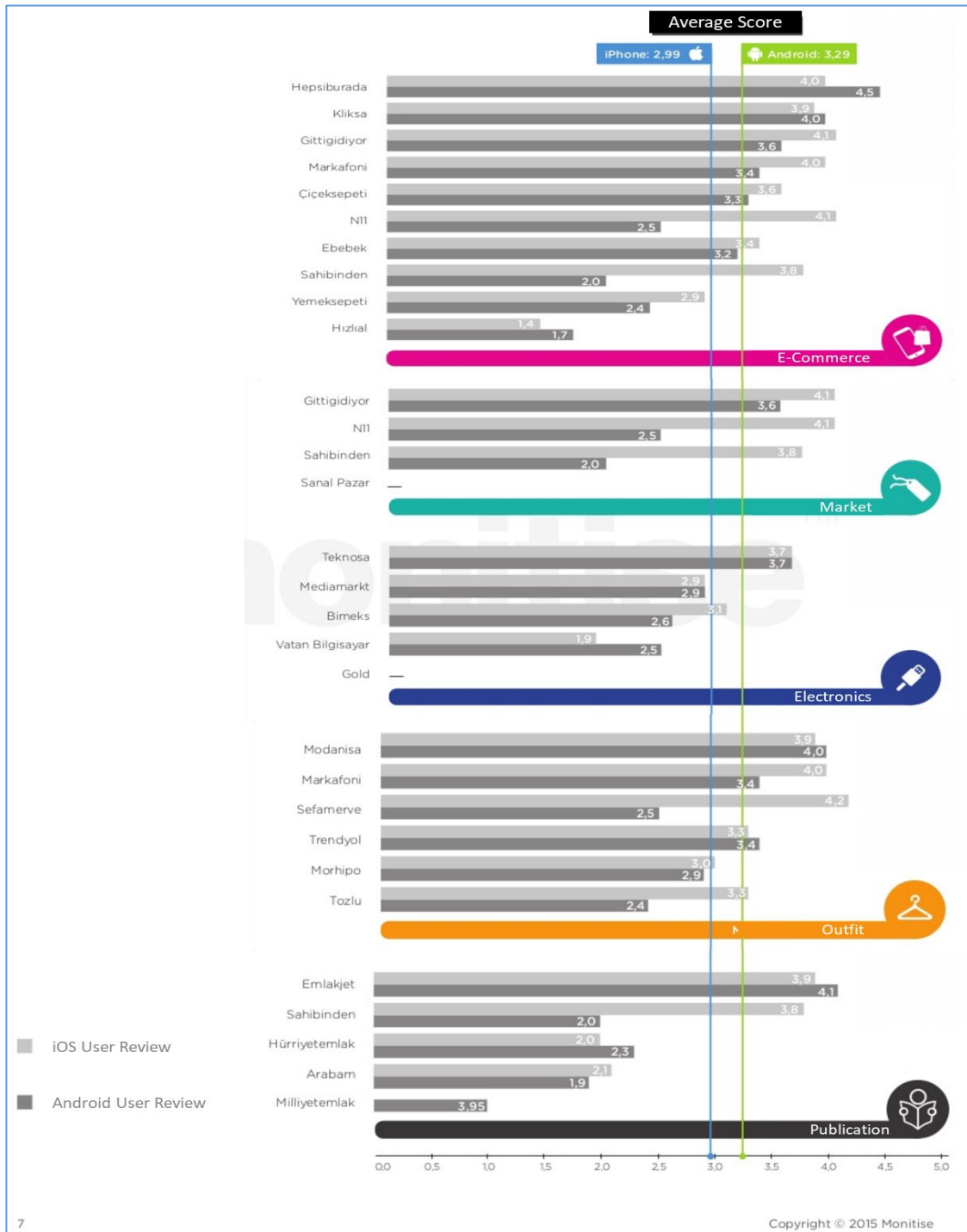


**Source:** <https://www.slideshare.net/PozitronMobile/monitise-trkiye-mobil-alveri-uygulamalar-aratmas>

One fact was; %83 of selected apps was mobile compatible and 17% was not mobile compatible which are highlighted with red boxes below in Figure 1.1.



**Figure 1.2** The Success Scores in Mobile Consumers' Mind



**Source:** <https://www.slideshare.net/PozitronMobile/monitise-trkiye-mobil-alveri-uygulamalar-aratmas>

When we compare success scores of iOS and Android shopping apps in AppAnnie as shown in Figure 1.2, 13 out of 23 iOS applications are evaluated as under the average and 10 as above the average. On the other hand, the evaluation for 8 Android applications is done as under the average and 14 as above the average. Android apps are evaluated approximately 30% better than iOS apps in average of total success.

Unfortunately, mobile apps in the Turkish e-commerce sector are not meeting the demand of users; when the average success rate between the top 25 mobile shopping apps in the US and the top 25 mobile shopping apps in Turkey are compared as shown in Figure 1.3

**Figure 1.3** Success Rates of Best Mobile Shopping Apps in TR&USA



Source: <https://www.slideshare.net/PozitronMobile/monitise-trkiye-mobil-alveri-uygulamalar-aratmas>

The share of mobile in e-commerce has reached up to 34% in the world. The Business Insider report conducted in year 2013 shows that 32.5% of Walmart's and 24% of eBay's monthly visitors are from mobile channel. Looking at the average success rates of these companies', mobile shopping apps based on App Store and Google Play reviews, Walmart's iOS and Android apps' average rate is 4,1 and E-Bay's iOS and

Android apps' average rate is 4,0 which keeps them in the average of top 25 mobile shopping app ratings. Although the average scores between 3 and 3.5 for a mobile shopping app seem to be a passing note in this report. In fact, for a mobile traffic acquisition an app should get at least 4 points. This is the only way that mobile app can take the share of 25-30% of total internet traffic of the brand.

With this report published in 2015, Monitise evaluated common mobile applications, unrolled the facts and possible improvement points. However, mobile application ecosystem in Turkey is still full of unknowns. To enlighten and take a picture of the industry, Digital Age has been conducting a survey of "Mobile applications of the year" with the Mobile Marketing Association (MMA) since January 2014. Within the scope of the research, MMA members determine the most used applications of the year in different categories with help of the professionals from different fields of the sector. The study tries to clarify a brand's trust for mobile investment, current situation of its investment, and explicitly shows whether these investments have a real sense of value in consumer mind. Digital Age (2017) reports that an online survey was conducted with the participation of 1.385 respondents in 2016 in 36 categories.

In the banking category, which consists always a great competition every year, Garanti Mobile was the leader with 53.6% of the votes which was evaluated as 28.6% in year 2015. While there was no surprise in the News and Sports News categories, Bilyoner got 24.2% of the votes, took the summit of this year in this category. In the fashion category, n11 took the first rank and Morhipo took the second which had become leader in the previous year. In the second hand, market and real estate categories, the summit was Sahibinden indubitably which had also best practices of the year in communication for its mobile. In the mobile payment category, Bonus Flash shared the first rank with BKM Express, while Burger King became best in its Fast Food fast food category. Netflix, which entered the Turkish market in the television category, took the first place. And lastly Biletix was the summit of the service category which was selected for the first time in this research. In addition to these, recently, mobile shopping context

and its applications have earned reputation in the market. Thus, mobile shopping category was added to the survey in the same year. Here are listed top 5 of this category:

- Hepsiburada with rate of 18,1%,
- Sahibinden with rate of 15%,
- N11 with rate of 14,8%,
- Morhipo with rate of 7,2%,
- Aliexpress 6,9%

First 3 competitors are evaluated approximately with the same rates. But so soon, in the coming years, this category will become more reputable with new influencer brands which will be bringing seamless payment experiences.

### **1.5 LOYALTY PROGRAM**

Having loyal customers among its targeted audience is very crucial for a brand. All brands want to register these loyal customers to their database in order to create an information pool, analyze all data about how to increase sales and to gain new loyal customers while protecting the existing ones at the same time. The most common strategy to achieve is creating memberships under a "Loyalty Program" to follow the product groups bought by these loyal customers, to offer new promotions to the existing group according to the strategy, or to create new campaigns to take attention of new possible consumers.

We can divide loyalty programs into 4 types:

- The personal information of the customers is insignificant. Even if the customer has forgotten his / her card, the cashier will enter a campaign code by using any card.
- A customer gets a free product for "n" bought items. No special records related to consumers' past purchases are controlled, only the number of repetitions is important.

- The points collected by the shopping past gives a chance to the consumer to get new special offers. The goal is to make sure that the customer spends enough to collect the points which lets him get a second level offer.
- Customers are segmented by the company according to their shopping history. Customer demographics and transactions are tracked each day.

In the global market there are various Loyalty Programs in many sectors. But especially Loyalty Programs in Personal Care and Perfume Chains are taken into consideration by a great amount of women. The best known examples are Sephora Loyalty Program, Tekin Acar Cosmetics Beauty Club Card, Sevil Card, Watsons Card, Gratis Card, Yves Rocher Card, Douglas Card... The offers listed by these loyalty programs vary according to the customer profile the brand is planning to target and attract. While Tekin Acar, Sevil or Sephora target customers who have high income with a special product line; Watsons, Gratis or similar chains would like to reach customers with a more affordable product range who have a lower income from the first group. In order to participate in loyalty programs, the conditions specified by the brand differ from each other. As an example can be given: A consumer needs to collect 350 points which means 350 TL should be spent and wait for his/her 4th shopping day to become Black segment. However, in order to participate in a basic Loyalty Program applied in personal care chains like Gratis, customer only needs to ask a card while paying the bill. Although these programs are a mix of several type of programs, all can be classified as "Third Type" of Loyalty Program. Watsons is a good example for the first type loyalty programs; assigns a standard coupon code to every customer while getting Watsons Card. On the other side, Yves Rocher registers its customers, operates information mining behind and offers special campaigns related with unique customers' past purchases which brings their strategy to fourth genre loyalty program.

In general, third type loyalty program is widely applied in the market. To be registered in such program, a customer must have a card that is identified with his personal information; name, surname, address, telephone, e-mail, etc. In every transaction by

cash register, all details about the purchasing frequency as well as the personal information are processed right after barcode is read. For example, a customer buys lipstick from X brand in every two weeks, but somehow this customer skips buying it in last month. At that point data mining tool runs and catches the difference in customer behavior. Then the brand sends an offer to this customer as "10% discount for X brand lipsticks". So this is the way to picture customers' habits and encourage them to buy more products.

As another example can be given that customers included in the loyalty program benefit from extra discounts; while a 20% discount is applied for a new customer, a customer already in the program gets 30% discount. In addition, customers' personal information such as demographic analysis, purchasing habits, and frequently shopped categories can be used to direct company operations such as production, distribution and sales. For example, a company store in a location where high income reside can be designed differently and special product lines can be sold there, in this way the right product can reach the right customer in a right location.

However, designing a loyalty program is a core element for a brand. Marketing team should consider and balance gaining and redemption scenarios of shopping points in order to prevent that a consumer might give up using the program. If a consumer gets just 1 point for every 1000TL shopping, definitely it won't be encouraging for consumers to be involved in the program.

In the meantime, consumers are now following the brands that would like to reach directly to them and become a part of their lives. They are even more interested in brands that are aware of their own uniqueness, addresses directly, tracing their shopping cycle, and offer appropriate and relevant campaigns.

The number of entrepreneurs increasing every year; new start-ups and their dynamic culture brings a deep change in business life, social life, shopping habits. Consumers now talk to each other before buying a product and mostly they all think that brands

are not differentiating from each other. Without having an experience or hearing a great praise, they don't believe the messages which reached to them with different communication channels.

While observing the strategy of some brands like Starbucks and Nike, we clearly see that periodically they announce their new innovative products. Rather than highlighting the same message in consumer mind, they evolve, grow and live with their consumer which helps them to bring the brand loyalty in the center of human lives without dictating. Therefore, these two brands have no worries about positioning in the market, because both have special positions; they had become already love marks.

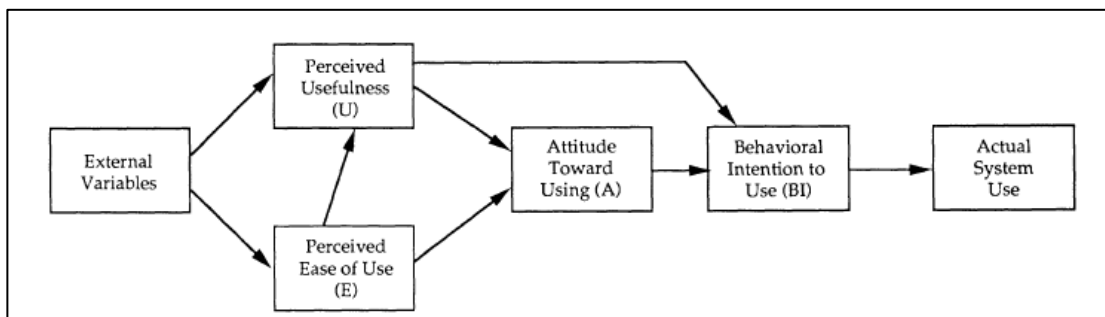
## CHAPTER TWO

### THEORY AND RESEARCH MODEL DEVELOPMENT

#### 2.1 TECHNOLOGY ACCEPTANCE MODEL (TAM)

TAM, introduced by Davis (1986), is a widely used research model to clarify user acceptance of information systems. The goal of TAM is to provide an explanation of the determinants of computer acceptance that is general, capable of explaining user behavior across a broad range of end-user computing technologies and user populations, while at the same time being both parsimonious and theoretically justified. (Davis, Bagozzi, Warshaw, 1989, p 985) TAM has an aim to explain how external factors effects Perceived Usefulness and Perceived Ease of Use and triggers internal beliefs and behaviors shown in Figure 2.1.

**Figure 2.1** Technology Acceptance Model



Davis defines perceived usefulness (U) as the probability that using a specific computing technology will enhance users' performance within an organizational context. Perceived ease of use (EOU) refers to the degree of a users' understanding effort while using an application system. This model shows that ease of use and perceived usefulness are the key actors of actual system use.



As shown in Figure 2.1, ease of use and perceived usefulness are directly affected by external variables which are social factors, cultural factors and political factors. While social factors consist language, facilitating conditions and political factors mainly focus on upheavals, crisis encountered; behavioral intention has an important role as predicting whether a consumer may use that application.

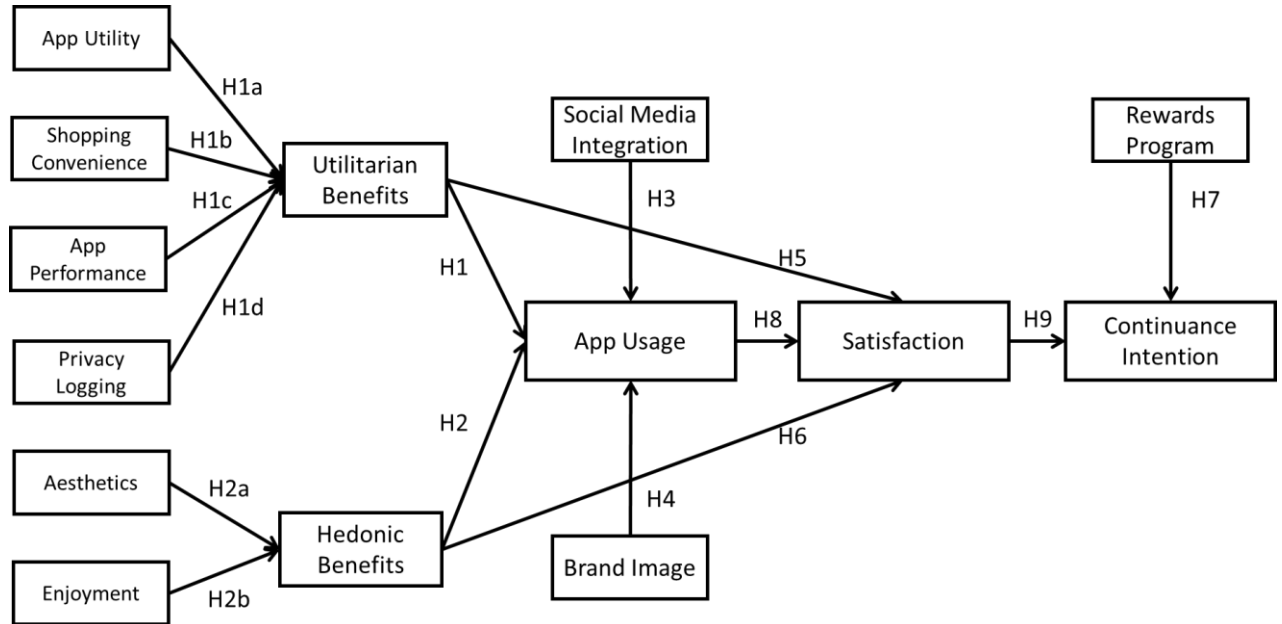
## **2.2 RESEARCH MODEL AND HYPOTHESIS DEVELOPMENT**

In the literature various studies and surveys are conducted which has led some modifications in the TAM, introduced by Davis (1986). This study proposes to examine how a mobile shopping application may be used continuously by consumers with various behaviors. It's being argued whether committed utilitarian and hedonic benefits, integration with social media accounts and brand image push targeted consumer to download and use a mobile shopping application and also claims that a satisfied consumer with current services will be having continuance intention for this mobile application which is being triggered by a rewards program.

As shown in Figure 2.2, a model in which benefits are detailed in itself, identified effective external factors and evaluated correlation between application usage, satisfaction and continuous intention.

Next, hypotheses are developed.

**Figure 2.2** Conceptual Model



### 2.2.1 Utilitarian and Hedonic Benefits for Mobile Shopping Applications

While clarifying the compositions of users perceived value, literature is divided into two: utilitarian and hedonic motivations which also can be defined as extrinsic and intrinsic motivations. Deci and Ryan (2000, pp.56) specified the definition of intrinsic motivation as taking an action in order to satisfy inherent feelings. When a person has an intrinsic motivation, then he/she automatically does an activity in order to feel happier, peaceful...etc. External pressures or public rules cannot motivate him/her as much as an intrinsic need. From birth to dead humans are seeking for new information because of their curiosity which depends on their interest. In last decades, technology has been growing too fast and bringing our lives more comfort with complexity in tow.

According to the report prepared by Kemp (2017), (<https://wearesocial.com/uk/special-reports/digital-in-2017-global-overview>) more than half of the world's population uses the internet and they prefer being online. Roughly, more than 300 new applications had

been submitted every day in year 2016. And each of these mobile applications are being downloaded by courtesy of humans' intrinsic motivation and curiosity, every user spends some time in those applications. Although, intrinsic motivations make us move to do something, there are also some other beliefs which let us to explore more. Deci and Ryan (2000, pp.60) focused on the definition of both intrinsic and extrinsic motivation. They state that extrinsic motivation let a person take an action just he/she would like to get some benefits. With this type of motivation humans act to gain a pleasure or avoid a pain rather than because they find it interesting. For any instrumental reason we download a mobile application with one click and as Deci and Ryan (2000) mentioned, everyone may have a motivation to use these mobile applications whether they get hedonic benefit, an intrinsic reward or they feel an external pressure for a utilitarian benefit. Therefore, there is need to be checked effect of utilitarian and hedonic benefits on application usage and satisfaction.

H1. Utilitarian benefits positively influence users' app usage

H2. Hedonic benefits positively influence users' app usage

H5. Utilitarian benefits positively influence users' satisfaction

H6. Hedonic benefits positively influence users' satisfaction

### **2.2.1.1 Utilitarian Benefits**

#### **2.2.1.1.1 Application Utility**

Individuals may reach mobile application markets depending on their mobile operating system (iOS, And...etc.) and most applications are free to download while some are positioned with reasonable prices. Because a user doesn't pay a dollar for an application, price doesn't play a significant role while buying decision. All applications are being downloaded on purpose differing from each other what they offer inside the app. Individuals are accepting technology especially if they complete their job better, quicker, get better outcomes and maximize what they desire. In this digital era

especially application utility is a great perceived value component. The more useful a mobile application becomes, the greater value an individual perceives. As Heijden (2003, p. 542) studied and summarized Davis's theory; behind taking an action there are two underlying beliefs which motivates for an Information System usage. The first belief is named as perceived usefulness, which means that a unique person takes help of a smart system in order to complete his/her duty over his/her expectation rather than achieving with his/her own competencies. The second belief defined as perceived ease-of-use. This belief makes a person think that usage of an information system could be effortless. If a mobile application covers these two important needs, then its software will be definitely used by its target audience. To buy a t-shirt or a bedlinen there are millions of mobile applications waiting its audience in the market. Even to buy a concert ticket we need to use some applications to be informed and also to reserve a seat. But the company which doesn't care one or both of person believes, people deny using its system.

As a great example Biletix company can be given. Unfortunately, its mobile application is designed so cumbrous without paying attention to ease of use, being useful and having simple user flows. Because of its impracticability, a part of people is still buying event tickets from Biletix sales points in the city. Therefore, the company never achieves to reduce number of its sales points. Even sometimes event tickets can be sold more expensive on this Biletix points, people don't hesitate to buy there.

On the other hand, there are numerous good examples in the market. Today, most of flight companies are focusing on their mobile customers and designing end-to-end experience flow especially via thinking of their consumption habits. Firstly, the company launches good campaigns in varied seasons, then calls its target audience via customized communication channels and let them buy the ticket with few steps. After the sale, the user can save its flight details inside the app, gain some travel points with its flight history, buy new tickets for the future with his points and also pass boarder with mobile app ticket at the airport. In sum, any company should take into

consideration beliefs of its mobile audience in order to get good profits. Therefore, it is hypothesized that utility has positive impact as a utilitarian benefit on consumer mind.

H1a. Application utility positively influences utilitarian benefits

#### **2.2.1.1.2 Shopping Convenience**

A smart phone user lives almost attached with his mobile phone and has always a reason to look at it: sending instant messages to friends, listening to music, planning his agenda, socializing, using the camera, searching information and also using navigation tools to go to any destination. Besides, to make good time management for shopping, they also use smart phones as a tool including searching for products, making price comparison, creating long term and short term shopping lists, conducting transaction for instant purchases, tracking product shipment, and also getting service after sale. Using internet gives great power to consumers to reduce search cost, to reach various products and to make better shopping choices. Szymanski and Hise (2000, p.311) discussed e-satisfaction and they state that today's consumers don't have to do window shopping or get opinion from their close friends in order to buy their needs. On the contrary, they can list the products they would like to buy via using internet, compares their preferences. At the end, briefly and to the point they would complete their shopping in convenience and take the advantage of online stores' existence. At the end, they would be satisfied with their smart action. In the study of Szymanski and Hise (2000), one of the hypotheses aims to measure the relationship between convenience and e-satisfaction. As a result, they find that convenience has the greatest impact on e-satisfaction levels.

In today's online markets, each company has a virtual store waiting for a user download. Among all, Amazon is the best online retailer for a lot of reasons. A majority of Amazon users is satisfied with its current service and every day Amazon enhances its new generation customer experience. To search a product and list various types,

read the reviews, select the best to buy, plan its shipment and be informed continuously via mobile notifications for promotions of some other products which are customized to user interest, Amazon provides best end-to-end user experience. With its recommendation engine, the company helps its consumers for saving a lot of time. Besides its online services, Amazon is also creating a new generation shopping experience that combines online and offline rituals. A mobile Amazon user enters offline Amazon Go market with his Amazon QR ID and triggers the walk out technology. Each product in the market is being inspected with computer vision which has deep learning algorithms behind. If a customer takes a product with the purpose of buying, that exact product is being listed in consumers virtual shopping basket with sensor fusion technology. The customer takes all his needs and leaves the market without waiting lines or checking out. At the end, he just gives an approval to summary of his shopping list on Amazon shopping application, then mobile payment is directly being completed. Even for offline shopping Amazon cares convenience, shortens and also enhances current purchasing steps. Therefore, hypothesis about convenience is put into consideration in the study.

H1b. Shopping convenience positively influences utilitarian benefits

#### **2.2.1.1.3 Application Performance**

Sweeney and Soutar (2001) defines that functional value as performance/quality is the utility derived from the perceived quality and expected performance of the product. Additionally, Chang (2015, p.4) notes that a mobile application with great performance and quality would provide better benefits to its customers. In his study Chang proposes hypothesis saying performance/quality value will have positive effects on perceived value and ends up with a result that performance/quality has strong influence on perceived value of mobile applications.

In digital environment one and also most important characteristic of a mobile application user is his great impatience. In early days, any software was responding to

customer requests in some minutes, but today if the system can't be uploaded in milliseconds, the user bounces immediately and these milliseconds count as loss of money to the companies. There is no understanding of the consumer; a mobile application must have great performance. Especially, while the consumer is searching his wonders in an application, its search engine should be listing with meaningful and leading responses even if the words aren't written correctly.

One of best developed engines are running in hotel and flight sectors, one is booking.com and other one is skyscanner.com. In this century, all people are facing with time deficiency and therefore they all want to plan great vacations in beautiful destinations with cheap room rents and flights. And this need leads companies to develop a software which is able to make comparisons between every single item entered in internet. If the consumer wants to buy a ticket to a destination via skyscanner.com, he receives alternative flight schedules showing transit amounts, time and destination dimensions. Because these mobile applications are found reliable, the user buys a ticket even he doesn't know the airline company. Reaching the best combination in seconds and buying it without running out is most important issue. Secondly, the same user searches place to stay in booking.com and just right after writing planned vacation time and destination, he gets results from hostels to boutique hotels in milliseconds, is able to compare prices and benefits. The key strength of both software is responding his consumer with high performance which is the idea that the study hypothesis is focused on.

H1c. Application performance positively influences utilitarian benefits

#### **2.2.1.1.4 Privacy Logging**

It is quite hard to create a loyal customer pool for mobile a shopping store because of low switching cost to another online store which is waiting one click away and calling possible customer via catchy mobile ads. Once a mobile user enters an online store, a reason for leaving without purchasing is due to lack of security and this is main obstacle

for online consumers. An online store should consider investigating not only just on security infrastructure also on interface quality in order to enhance perceived security. So, it should be designed informative about its security progress. There are few hygienic factors which a consumer studiously looks for. As Chang and Chen (2009, p.412) mentions, one of them is deficiency of information security. While a consumer continues with his/her shopping, he/she should be entering both personal information and credit card details. If the user gets any suspicion, then his/her shopping could not be finished with a transaction. Clearly, the consumers at the purchasing step feel that they take a risk while entering all their personal information.

Most consumer trust more in mobile banking applications; therefore, some banks are combining their loyalty programs with online shopping store system in order to redeem customer points. Actually, they design a vicious circle between loyalty program and online stores. The more the consumer uses his banking card, the more he gains shopping points and these points are carrying him to spend more money in online stores. Once they trust in a mobile application store, then they continue buying their needs via these mobile applications.

In the virtual world, there are great mobile payment wallet systems with trustworthy infrastructure which are locking consumer's personal information instead of keeping it in the mobile application database. For an in-app purchase there should be an integration with a wallet system which is limited in the market in order to secure sensitive information lawfully. MasterCard is today's best wallet system which is performing all around the world and its reputation brings customers to mobile shopping apps. A customer who is accustomed using mobile shopping application, mostly they shop in apps which have an agreement with MasterCard to avoid possible risks.

In the literature it's seen that hotel, flight and laptop shopping's are still under discussion. All are big tickets, carry more risk for consumer. Hampton, Sosa and Koufaris (2005) studies show that customization of the dates, times, number of transits,



meal and selecting seat numbers of a plane ticket or customization of entire hardware and software configurations play a significant role for customer and surprisingly the user trusts these companies more than others. Therefore, privacy in consumer mind is discussed in the study.

H1d. Privacy logging positively influences utilitarian benefits

### **2.2.1.2 Hedonic Benefits**

#### **2.2.1.2.1 Aesthetics**

Interface design has an indispensable position before development of a new application. The look and feel of any mobile application may bring more customer or cause escape of excited influencers. Each company reflects its own brand characteristics with shapes, animations, font and colors on user interfaces. A great visual design with its appeal directly creates a quality impression in users' mind and individuals link aesthetic design with ease of use of the mobile application. Tractinsky's (2004, p.775) study shows that a user experiences an interactive system and forms an opinion about its ease of use, usefulness, aesthetics and many other characteristics. Mobile applications' layout and its design consistency on all of possible user flows to be experienced become hygienic factor while a consumer chooses an app to download. Today, users are not much differentiating from each other. They all seek for an IT system which initiates a well-designed user experience and in that they reach all their planned goals while their emotional senses are being satisfied. Therefore, the element design of interfaces necessitates great proficiency.

The leading international award "The Webby Awards" is honoring every year excellence on Best User Interface. (<https://www.webbyawards.com/winners/2016/mobile-sites-apps/features-categories/best-user-interface/>) In year 2016, mobile application "Lonely Planet" was one of the winners which lets his user discover a destination via help of electronic guides, videos, tips for each city and offline navigation maps with simple interface scrolls. Another winner of year 2016 was

“Tinder” which is today’s world-embracing mobile application. Its own design of moving cards to right or left is copied by even LinkedIn Career pages. While users are searching new job postings in their work area, they are simply moving cards according to their needs. Today, if an application user meets a card in any software, they all know that moving to left means “dislike” while moving to right means “like”. Through this genius visual design all users are involved in an interaction with interfaces and expressing their feelings simply. Therefore, in the study impact of Aesthetics is discussed.

H2a. Aesthetics positively influences hedonic benefits

#### **2.2.1.2.2 Enjoyment**

It is a fact that there are plenty of applications in the market which is satisfying the same user need. Only just because some are triggering an interior motivation, people are more willing to spend their time in these interfaces. Nowadays, “gamification” and its ideology gained a great reputation among mobile applications. In order to obey ground rules of gamification, a playful flow between user and the interface is being designed. Agarwal and Karahanna (2000, p. 688) discusses today’s consumers and technologic environment. They state that the experience of the consumer is positioned in development strategy of the companies. They are in aim for developing richer content and more appealing interfaces. Basically, the experience designers are focusing on human intrinsic motivations and they would like to attract their consumers with an enjoyable infrastructure, because they believe that intrinsic reasons would strengthen consumers’ usage intentions.

The path that all users take so much similar to each other. Firstly, for a reason a mobile application is downloaded, then interfaces are played quickly which should be understood with one look and should ensure ease of use to its audience. If the user has fun while exploring this new system, spends more time. At the end the users rationalize that they don’t spend their time on this app under pressure, on the contrary they like

doing it. Consequently, they decide that this mobile application should be useful for their lives. Bruner and Kumar (2005, p.554) defines ease of use and how this factor triggers users for an information system usage. A user passes through two paths: first one is committed utility of the system (the utilitarian path) and the second one is making the consumer spend great time while using the system (the hedonic path). As all systems are designed easier to use and avoid being cumbersome, the individual user has great fun while passing interfaces.

If we consider especially mobile shopping applications which has the aim to be shopped and is interesting enough in itself, some applications come up with good ideas. Some sport brands are allowing their consumers to customize their products which are labeled as special product. Any consumer enters the system, changes products' colors and patterns with one click by courtesy of systems' ease of use and creates his own product. These customized products are being sold literally with doubled price. Because this brands are introducing a unique service to their consumers, the system is being designed simple and let their consumer have fun while spending their time. These companies pioneer the market and also gain more profit. They own it to a simple idea which is also adaptable to a gamification concept. Secondly, this genius brands reach the crowd effortless just with help of WOM. People like talking of their leisure times especially their pleasant moments. Therefore, unique experience which is designed with fun factor is being spread abroad quickly and it's taken in the studies hypothesis list.

H2b. Enjoyment positively influences hedonic benefits

### **2.2.1.3 Social Media Integration**

Even in the digital world a user wants to satisfy his fundamental human senses especially his "belonging" need. Therefore, in mobile shopping context an individual desires to be able to connect a friend, a family member or a society in order to give and also get insights. We all try to find a common subject to talk about and socialize with

new people. There are good digital platforms which are best at interpreting and showing human feelings like Facebook does. Since Facebook had entered our lives, a Facebook comment box and its “like” feature are carried in every other mobile application as a must just to make the consumers feel familiar. In fact, in mobile shopping application the consumer triggers whole ecosystem via his ratings, comments, information or videos sharing, following shopping friends, recommending, inviting contacts from his society and also sending mentions. This is definitely not surprising; everyone likes to exchange personal knowledge with like-minded friends while shopping. Gordon (2007) justifies that consumer interest for a product which is highly recommended in social media or by close friends convinces him/her always to buy. In fact, a majority of consumers analyze detailed reviews and scores both for a specific product and seller, then continue with an online transaction. Therefore, Chen (2015) highlights that trust factor between the consumers and online stores becomes crucial and turns to a must in online environment. So, an online brand must give confidence to its consumers in order to succeed and survive in the competition.

There are also some other social network concepts on that a user saves his interests and creates personal wish-lists. Because the user enters that new network with his Facebook account and all his close friends are able to be notified of his wish-lists which helps and also directs the audience to buy a gift for him. In this manner, it results to a win-win situation. For a user, entering every platform with a Facebook identity and sharing information, showing his interest easier. On the other side, the sellers reach great consumer population and rises their daily profit, especially in online shopping context. As Hsu, Chen, Kikuchi, Ippei (2016) state that social shopping platforms, such as Groupon and LivingSocial, serve mainly as a rich information source and moreover they make consumers interact with each other.

H3. Social media integration positively influences users’ app usage

#### **2.2.1.4 Brand Image**

When we go in a big shopping mall, it can be easily realized that the crowd enters most popular brands. Even the layout logic of the mall is designed in the scope of target audience segmentation; all premium brands are aligned in the same area. Alternatively, today online shopping malls are available anytime in the pockets and visiting is effortless compared to offline shopping. For a consumer the access is cost-free and he can get a large amount of information about product characteristics. Much importantly, an unique visitor can compare prices and then buy a product with few clicks wherever he would like to buy. Just one disadvantage could be waiting time for the shipment which is the detail nobody cares.

How does the consumer behavior change from offline to online shopping, this is the question which the brands are dealing with... Christodoulides et al. (2006) proposed a consumer behavior model about brand equity of online stores called as Online Retail Service. Basically, this model focuses on five dimensions: emotional bond, online consumer experience, responsive service performance, fulfillment and trust. The definition of online brand equity is as: “a relational type of intangible asset that is co-created through the interaction between consumers and the e-tail brand” (Christodoulides, 2006, p. 803). So, if a visitor enters the online world, the platform must be trustable, user friendly, consisting product variety, satisfying and predicting consumer need. But the thing which brings consumers inside this virtual reality is exactly the brand image and its awareness in the online market.

A study had been done by Smith et al. (2000). The author gathered three unbranded retailers which have lowest prices in the market. The results are surprising: The crowd was price sensitive. But just 26% of visitors were interested and had chosen cheap offers, 51% of consumers did not choose these unbranded products and would like to pay 3% more especially for a branded product. In addition, visitors were ready to pay 6,8% more price while shopping in an online store where they had shopped before.

In sum, brand image effects consumer shopping behavior in the online environment. If the brand had already carved its value proposition in consumer mind, its online sales will be raising in time. To make these sales profitable, the brand should be continuously investing on its wireframes and online store atmosphere too. Therefore, in today's business the companies spend huge amount of money in order to exist and survive in online market. Therefore, the survey includes questions about brand image.

H4. Brand image positively influences users' app usage

#### **2.2.1.5 Rewards Program**

Most marketing firms focus on customer relationship, analytics and essentially create a loyalty program in order to get sustainable profit with help of retention. Nielsen (2013)'s Global Survey shows that around 60% of total participants told that they had been offered loyalty programs where they shopped and almost 85% stated that they would be willing to be a part of those offered loyalty programs. Although this great popularity and prevalence of loyalty programs, mostly they fail to increase loyalty, because they don't meet expectations of target audience. Meyer-Waarden (2015, p.23) discourses of loyalty programs referred by The American Marketing Association. He states that a reward program keeps a customer alive, it makes him/her participate in the program, collect shopping points and triggers for the next possible shopping. Mostly, a loyalty program rewards goods, more discounts, personalized offers or special treatment. To constitute true loyalty rewards should be chosen attractive for consumer and make a cause to increase cost of switching.

In last years, loyalty programs tend to position itself as a platform. The truth is, a loyalty program just for mono brand can't reach various type of consumer of which some would be special offered in order to be called back in shopping stores. Therefore, mono brands and also some store chains are involving in digital loyalty programs in order to create synergy in the ecosystem and gain new consumers in competition. But there is always a risk to be cannibalized. On the other side, the platform itself tracks consumers

path and gives direction to brands about how to keep them active. The consumers are mostly well informed of all campaigns and do shopping just if they get good deals. In this sense, miles program works really well in the market. For any reason everyone flies to a destination and miles program helps to buy tickets with great prices even for free. Some banks act reasonable, they avoid launching big loyalty programs instead they just give miles for each shopping evaluated with different rates which can be considered as online and offline and. Positively, flight companies are studying miles' program carefully, promoting the system with seasonal campaigns. Once an individual purchases a ticket, he tries to move on in order to collect more mile points and doesn't change flight company until living a difficulty.

H7. Rewards program positively influences users' app continuance intention.

#### **2.2.1.6 Application Usage, Satisfaction, Continuous Intention**

Mobil devices cut wires between hardware and human being; they offer anytime availability. These technological gadgets provide various information and make users live new customer journeys. A user downloads a mobile application for various reasons; to play a game, to book a room, to read a book or to buy a coffee. Value proposition of a mobile application should be set clearly in consumer mind. To achieve it brands are spending million dollars. Firstly, to be downloaded a mobile company launches acquisition campaigns to gain new users and retention campaigns are coming after continuously in order to keep users active and lead them to buy more. In the software world, it is sad but true, in one second a user can delete a mobile application, therefore it is risky business too. As Alnawas and Aburub (2016, p.316) state in their study "satisfaction from using mobile apps results from the user's assessment and impression of the app performance across a number of aspects, whereas purchase intention involves individual assessment of the subjective probability or degree of effort one will exert to purchase from the sponsor of the mobile app in the future". For a sustainable profit a mobile application strategy should ensure to be irreplaceable in

its target audience lives when there is a need to buy. With all other variables application usage behaviors and consumer satisfaction is analyzed in this study.

H8. App usage positively influences users' satisfaction

H9. Satisfaction positively influences users' app continuance intention

### 2.3 METHODOLOGY

This study aims to lighten how to create an online loyal customer pool in mobile shopping business through a quantitative research survey. The research model is tested via online survey detailed in Appendix A/B and survey questions are adopted from literature. All items are rated on 7-point Likert scales anchored in 'strongly disagree' 1; through to 'strongly agree' 7 were planned.

**Table 2.1.** Scales

<b>Construct</b>	<b>Items</b>	<b>Source</b>
<b>Application Utility</b>	The application enables me to do the shopping more quickly The application helps me to be more effective The application helps me to be more productive	Davis, 1989
<b>Shopping Convenience</b>	I expend little effort as compared to other channels of shopping I manage to shop in the least amount of time The application sends my goods list of the order form after completing shopping	Thakur, 2016
<b>Application Performans</b>	This application has been always available for business use without the close time This application system can operate at once This application is invulnerable to attacks The application will not be immovable after my submission of order	Tianxiang, Chunlin, 2010
<b>Privacy Logging</b>	This application keeps secret of information of my online purchase behaviors This application will not share my personal information with other applications This application will protect my bank cards information and my online payment	Tianxiang, Chunlin, 2010



**Table 2.1.** Scales (Continued)

<b>Construct</b>	<b>Items</b>	<b>Source</b>
<b>Aesthetics</b>	The interface of my application is attractive	Cyr, Head, and Ivanov, 2006
	The interface of my application is professionally designed	
	The overall look and feel of the application is visually appealing	
<b>Enjoyment</b>	I find using the application to be enjoyable	Natarajan, Balasubramanian, Kasilingam, 2017
	Using the application is pleasant	
	I have fun while using the application	
<b>Social Media Integration</b>	I always prefer using my own facebook profile while signing in this application	Alnawas, Aburub, 2016
	I do quite a bit of socializing on this application	
	This application does a good job of getting its visitors to contribute or provide feedback	
	I've gotten interested in things I otherwise would not have because of others on this application	
<b>Brand Image</b>	This brand is trustworthy	Groß, 2016
	This brand provides good customer services	
	This brand keeps their promises and commitments	
	This brand cares about their customers and takes their concerns seriously	
<b>Hedonic Benefits</b>	Using this application improves my mood, makes me happier	Alnawas, Aburub, 2016
	While I am using this application,I don't think about other applications I might go to use	
	I spend some enjoyable and relaxing time when using this application	
	This is one of the applications I always go to any time I am using the mobile	
<b>Utilitarian Benefits</b>	This application gives me good product information	Thakur, 2016
	This application helps me make good purchase decisions	
	This application provides information from other users that help me make good purchases	

**Table 2.1.** Scales (Continued)

<b>Construct</b>	<b>Items</b>	<b>Source</b>
<b>Application Usage</b>	This application is useful in my shopping	Rivera, Gregory and Cobos, 2015
	This application enables me to have a more convenient shopping	
	This application enhances the quality of my shopping	
<b>Satisfaction</b>	I am satisfied with my overall experiences from using this mobile application	Alnawas, Aburub, 2016
	I am satisfied with the pre-purchase experience from using this mobile app	
	I am satisfied with the purchase experience from using this mobile app	
	I am satisfied with the post-purchase experience from using this mobile app	
<b>Rewards Program</b>	I believe I can easily attain good returns through reward programs	Sharma, Verma, 2014
	I am happy with the likely returns through reward programs	
	I think reward programs cater to my strong desire to maintain my personal freedom in encashment of return	
<b>Continuous Intention</b>	I tend to leave positive comments about this mobile application.	Tarute, Nikou, Gatautis, 2017
	I think this mobile application is the best out of similar ones.	
	I would recommend this mobile application for my family and friends.	

The survey link is distributed between the dates 02.08.2017 and 17.08.2018 via direct messages on LinkedIn and Instagram. A convenience sample is used in the study. First reach criteria were decided to find users who has already completed a transaction on mobile application channel without considering product category. Second criteria while forming the audience were to reach users as much as possible who are experienced in application and web sector. The contacts working in firms such as n11.com, DMS, gittigidiyor, Turkcell, Doğuř Teknoloji, Trendyol.com, Mobilet,

Dolap, Yemeksepeti, Monitise, Vodafone, Pegasus, Turk Telekom and adjust contributed this survey with their responses. The departments they are working differentiates from each other; they have a role in CRM, Marketing, Product, Development, UI/UX, Data Analytics, Business Intelligence, Warehouse Management...etc.

The survey is summed in 5 pages; first page designed as a welcome page, second and third pages are consisting technical questions, forth page is listing demographic questions and last one greets the users with a thank you message. Totally, 454 responses are collected but 306 of the total were fully filled and analyzed. Each participant reported useful mobile shopping applications and the survey took averagely 6 minutes to be completed. Demographic distribution can be seen in Table 2.2.

**Table 2.2** Demographic Distribution

<b>Measure</b>	<b>Items</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Age</b>	18–25	25	8%
	26–30	81	26%
	31–35	104	<b>34%</b>
	Above36	96	31%
<b>Gender</b>	Female	138	45%
	Male	168	<b>55%</b>
<b>Education</b>	Bachelor	184	<b>60%</b>
	Master/MBA	114	37%
	PhD	8	3%
<b>Operating system</b>	IOS	179	<b>58%</b>
	Android	109	36%
	IOS + AND	16	5%
	Windows	2	1%

**Table 2.2** Demographic Distribution (Continued)

<b>Measure</b>	<b>Items</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Shopping application(s) in current usage</b>	hepsiburada	196	<b>64%</b>
	sahibinden.com	175	<b>57%</b>
	n11.com	170	<b>56%</b>
	Markafoni/Trendyol/Morhipo	148	48%
	ebay/gittigidiyor	93	30%
	AliExpress	90	29%
	Amazon	88	29%
	Other	45	15%
	ebebek	27	9%

34% of survey participants are at age 31-35, female with ratio of 55%, 60% of all had been graduated from a university with bachelor degree. In this group, an iOS smart phone is being used by the majority and the applications named as hepsiburada, sahibinden.com and n11.com are dominating responses. 19% of all participants left some other shopping application names as a note of which letgo, getir.com, Net-A-Porter, Amway, Dermocozanem, Asos and Etsy are worth to mention.

The means, standard deviations and variance for all factors are presented in Table 2.3. The standard deviation calculated between 1.10 and 2.06 respectively, while the variance values were between 1.21 and 4.23.

**Table 2.3** Descriptives

	Mean	Std Deviation	Variance
<i>Application Utility</i>			
The application enables me to do the shopping more quickly	5.49	1.34	1.80
The application helps me to be more effective	5.22	1.40	1.97
The application helps me to be more productive	4.57	1.62	2.63

**Table 2.3** Descriptives (Continued)

	Mean	Std Deviation	Variance
<i>Shopping Convenience</i>			
I expend little effort as compared to other channels of shopping (web, store..etc)	5.26	1.54	2.38
I manage to shop in the least amount of time	5.60	1.31	1.71
<i>Application Performance</i>			
This application has been always available for business use without the close time	6.22	1.15	1.32
This application system can operate at once	5.48	1.33	1.76
This application is invulnerable to attacks	4.47	1.41	1.97
The application will not be immovable after my submission of order	5.36	1.31	1.71
<i>Privacy Logging</i>			
This application keeps secret of information of my online purchase behaviors	4.64	1.62	2.62
This application will not share my personal information with other applications	4.09	1.72	2.95
This application will protect my bank cards information and my online payment	5.04	1.49	2.22
<i>Utilitarian Benefits</i>			
This application gives me good product information	4.99	1.39	1.94
This application helps me make good purchase decisions	5.00	1.38	1.91
This application provides information from other users that help me make good purchases	5.06	1.62	2.63
<i>Aesthetics</i>			
The interface of my application is attractive	5.05	1.30	1.68
The interface of my application is professionally designed	5.36	1.20	1.44
The overall look and feel of the application is visually appealing	5.01	1.32	1.74

**Table 2.3** Descriptives (Continued)

	Mean	Std Deviation	Variance
<i>Enjoyment</i>			
I find using Mobile Shopping Applications to be enjoyable	5.08	1.37	1.87
The actual process of using Mobile Shopping Applications is pleasant	5.31	1.18	1.40
I have fun while using Mobile Shopping Applications	5.08	1.39	1.93
<i>Hedonic Benefits</i>			
Using this application improves my mood, makes me happier	4.26	1.76	3.11
While I am using this application, I don't think about other applications I might go to use	3.90	1.63	2.65
I spend some enjoyable and relaxing time when using this application	4.07	1.60	2.56
This is one of the applications I always go to any time I am using the mobile	4.39	1.70	2.87
<i>Social Media Integration</i>			
I always prefer using my own facebook profile while signing in this application	3.33	2.06	4.23
I do quite a bit of socializing on this application	2.69	1.77	3.13
This application does a good job of getting its visitors to contribute or provide feedback	4.40	1.64	2.69
I've gotten interested in things I otherwise would not have because of others on this application	4.33	1.80	3.23
<i>Brand Image</i>			
This brand is trustworthy	5.07	1.43	2.04
This brand provides good customer services	5.48	1.16	1.35
This brand keeps their promises and commitments	5.42	1.13	1.27
This brand cares about their customers and takes their concerns seriously	5.19	1.31	1.72

**Table 2.3** Descriptives (Continued)

	Mean	Std Deviation	Variance
<i>App Usage</i>			
This application is useful in my shopping	5.54	1.17	1.37
This application enables me to have a more convenient shopping	5.38	1.24	1.53
This application enhances the quality of my shopping	5.11	1.33	1.76
<i>Satisfaction</i>			
I am satisfied with my overall experiences from using this mobile application	5.48	1.10	1.21
I am satisfied with the pre-purchase experience from using this mobile app	5.34	1.19	1.41
I am satisfied with the purchase experience from using this mobile app	5.54	1.12	1.25
I am satisfied with the post-purchase experience from using this mobile app	5.27	1.17	1.37
<i>Rewards Program</i>			
I believe I can easily attain good returns through reward programs	4.24	1.79	3.22
I am happy with the likely returns through reward programs	4.37	1.76	3.09
I think reward programs cater to my strong desire to maintain my personal freedom in encashment of return	4.30	1.78	3.16
<i>Continuance Intention</i>			
I tend to leave positive comments about this mobile application	5.30	1.23	1.52
I think this mobile application is the best out of similar ones	5.08	1.23	1.50
I would recommend this mobile application for my family and friends	5.26	1.32	1.73

Correlation matrix between the factors are shown on Table 2.4. The weakest correlation is calculated between the factors Shopping Convenience and Social Media Integration

as +0,178 whereas the strongest correlation is seen between the factors Application Usage and Satisfaction.

**Table 2.4** Correlation Matrix

	CON	UTILITY	PER	PRI	ENJ	AES	HED	UT	BR	SM	AU	SAT	REW	CINT
Shopping Convenience (CON)	1	0.687	0.556	0.411	0.562	0.474	0.4	0.376	0.476	0.178	0.572	0.574	0.338	0.511
Application Utility (UTILITY)	0.687	1	0.563	0.355	0.575	0.499	0.479	0.384	0.48	0.291	0.597	0.549	0.353	0.491
Application Performance (PER)	0.556	0.563	1	0.51	0.546	0.519	0.39	0.443	0.576	0.306	0.552	0.584	0.323	0.502
Privacy Logging (PRI)	0.411	0.355	0.51	1	0.39	0.425	0.376	0.401	0.517	0.234	0.452	0.449	0.33	0.489
Enjoyment (ENJ)	0.562	0.575	0.546	0.39	1	0.808	0.597	0.433	0.567	0.378	0.675	0.687	0.387	0.635
Aesthetics (AES)	0.474	0.499	0.519	0.425	0.808	1	0.559	0.509	0.591	0.382	0.657	0.673	0.385	0.61
Hedonic Benefits (HED)	0.4	0.479	0.39	0.376	0.597	0.559	1	0.488	0.53	0.43	0.536	0.556	0.437	0.494
Utilitarian Benefits (UT)	0.376	0.384	0.443	0.401	0.433	0.509	0.488	1	0.666	0.452	0.543	0.537	0.391	0.526
Brand Image (BR)	0.476	0.48	0.576	0.517	0.567	0.591	0.53	0.666	1	0.391	0.647	0.702	0.368	0.62
Social Media Integration (SM)	0.178	0.291	0.306	0.234	0.378	0.382	0.43	0.452	0.391	1	0.361	0.383	0.435	0.404
App Usage (AU)	0.572	0.597	0.552	0.452	0.675	0.657	0.536	0.543	0.647	0.361	1	0.818	0.461	0.692
Satisfaction (SAT)	0.574	0.549	0.584	0.449	0.687	0.673	0.556	0.537	0.702	0.383	0.818	1	0.411	0.689
Rewards Program (REW)	0.338	0.353	0.323	0.33	0.387	0.385	0.437	0.391	0.368	0.435	0.461	0.411	1	0.547
Continuance Intention (CINT)	0.511	0.491	0.502	0.489	0.635	0.61	0.494	0.526	0.62	0.404	0.692	0.689	0.547	1

Correlation is significant at the 0.01 level (2-tailed).

## HYPOTHESES TESTING

### 2.4.1 Factor Analysis

To analyze the data, factor and reliability analysis procedures are conducted to each factor in the research model. A factor analysis should be applied in order to test construct validity. As prerequisite to complete a factor analysis, KMO and Bartlett Test results are checked for each factor: App utility, Shopping convenience, App performance, Privacy logging, Aesthetics, Enjoyment, Utilitarian and Hedonic benefits, Social media integration, Brand Image, Rewards program, App usage, Satisfaction, Continuance Intention.

Last question of factor “Shopping convenience” which is named as CON3 is eliminated in order to reach and test correlated factors.

KMO value changes between 0,5 to 0,805 as shown in Table 2.5. Highest loading scores are observed for the Satisfaction factor and lowest loading scores are observed



for the Shopping convenience factor. Factor loadings are listed in the next column. The higher factor loading of a question equals, the better that exact question explains related factor. In the column of “% of Variance” value shows how many percent of variance is being clarified.

**Table 2.5** Factor Analysis Results

<b>Factors</b>	<b>KMO Score</b>	<b>Factor Loading</b>	<b>%Variance</b>
UTILITY1	0.662	0.910	73.125
UTILITY2		0.828	
UTILITY3		0.824	
CON1	0.500	0.893	79.781
CON2		0.893	
PER1	0.718	0.705	57.755
PER2		0.787	
PER3		0.768	
PER4		0.778	
PRI1	0.631	0.850	65.540
PRI2		0.870	
PRI3		0.698	
UT1	0.627	0.861	67.475
UT2		0.889	
UT3		0.703	
AES1	0.735	0.894	78.824
AES2		0.897	
AES3		0.872	
ENJ1	0.743	0.908	82.246
ENJ2		0.891	
ENJ3		0.921	
HED1	0.723	0.587	61.608
HED2		0.883	
HED3		0.878	
HED4		0.755	

**Table 2.5** Factor Analysis Results (Continued)

<b>Factors</b>	<b>KMO Score</b>	<b>Factor Loading</b>	<b>%Variance</b>
SM1	0.698	0.697	57.330
SM2		0.783	
SM3		0.784	
SM4		0.761	
BR1	0.797	0.801	72.148
BR2		0.868	
BR3		0.873	
BR4		0.854	
AU1	0.733	0.888	78.229
AU2		0.895	
AU3		0.870	
SAT1	0.805	0.898	78.073
SAT2		0.889	
SAT3		0.900	
SAT4		0.846	
REW1	0.749	0.925	87.359
REW2		0.952	
REW3		0.926	
CINT1	0.736	0.894	78.798
CINT2		0.875	
CINT3		0.894	

To complete reliability analysis alpha model is used. Cronbach's Alpha value shows reliability level of a unique question in the total which is assumed reliable if the value equals more than 0.7 according to Durmuş, Yurtkoru, Çinko (2011). The results of reliability analysis are shown in Table 2.6. Because just 2 questions are remained for factor Shopping Convenience, there is no number calculated in last column.

**Table 2.6** Reliability Analysis Results

<b>Factors</b>	<b>Cronbach Alpha Score</b>	<b>Cronbach Alpha if Item is deleted</b>
UTILITY1	0.810	0.791
UTILITY2		0.631
UTILITY3		0.790
CON1	0.740	-
CON2		-
PER1	0.755	0.731
PER2		0.681
PER3		0.693
PER4		0.683
PRI1	0.736	0.582
PRI2		0.538
PRI3		0.786
UT1	0.744	0.611
UT2		0.543
UT3		0.819
AES1	0.864	0.799
AES2		0.796
AES3		0.834
ENJ1	0.890	0.838
ENJ2		0.871
ENJ3		0.817
HED1	0.778	0.822
HED2		0.657
HED3		0.662
HED4		0.740
SM1	0.745	0.727
SM2		0.657
SM3		0.673
SM4		0.691
BR1	0.865	0.856
BR2		0.819
BR3		0.818
BR4		0.820

**Table 2.6** Reliability Analysis Results (Continued)

<b>Factors</b>	<b>Cronbach Alpha Score</b>	<b>Cronbach Alpha if Item is deleted</b>
BR1	0.865	0.856
BR2		0.819
BR3		0.818
BR4		0.820
AU1	0.859	0.797
AU2		0.783
AU3		0.827
SAT1	0.905	0.870
SAT2		0.876
SAT3		0.868
SAT4		0.897
REW1	0.927	0.910
REW2		0.866
REW3		0.908
CINT1	0.865	0.799
CINT2		0.830
CINT3		0.800

#### **2.4.2 Regression Analysis**

After factor analysis, enter regression analysis is conducted to predict the value of dependent variable (Continuous Intention) based on the value of independent variables. In detail, each factor with its questions should be analyzed. A number of findings are worth mentioning in particular.

Utilitarian Benefits, Hedonic Benefits, App Usage, Satisfaction and Continuous Intention is considered as an independent variable in itself. Firstly, an enter regression analysis is conducted for Utilitarian Benefits.

**Table 2.7** Model Summary of Regression Analysis for Utilitarian Benefits

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.510 <sup>a</sup>	.26	.25	1.03

a. Predictors: (Constant), Privacy, App\_Utility, App\_Performance, Convenience

The model summary is shown in Table 2.7. There are 1 dependent variable as Utilitarian Benefits and 4 predictor variables of which Application Utility, Application Performance, Shopping Convenience and Privacy Logging. Adjusted r-square equals to 0.25 which tells that 25% of the variance in the dependent variable Utilitarian Benefits is explained by independent variables Application Performance, Privacy Logging and Application Utility.

**Table 2.8** Anova Table of Regression Analysis for Utilitarian Benefits

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	113.08	4	28.27	26.44	.000 <sup>b</sup>
Residual	321.84	301	1.07		
Total	434.92	305			

a. Dependent Variable: Utilitarian

b. Predictors: (Constant), Privacy, App\_Utility, App\_Performance, Convenience

ANOVA result in Table 2.8 show we have statistical significance. Secondly, the standardized coefficients values are checked and interpreted for each factor. Without taking in consideration of (-) or (+) sign of coefficients, the highest one would be explaining the dependent variable at most. Coefficients are shown in Table 2.9 which shows that The Factors Application Performance, Privacy Logging and Application Utility Satisfaction have statistically significant impact on the outcome variable. For every 1 unit of change in Application Performance, there will be a 0.23 change in the Utilitarian Benefits variable.

**Table 2.9** Coefficients Table of Regression Analysis for Utilitarian Benefits

<b>Coefficients<sup>a</sup></b>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
App_Utility	.14	.07	.15	2.05	.042
Convenience	.05	.07	.06	.82	.413
App_Performance	.28	.08	.23	3.46	.001
Privacy	.19	.05	.21	3.66	.000

a. Dependent Variable: Utilitarian

Secondly, an enter regression analysis is conducted for Hedonic Benefits.

**Table 2.10** Model Summary of Regression Analysis for Hedonic Benefits

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.611 <sup>a</sup>	.38	.37	1,03

a. Predictors: (Constant), Enjoyment, Aesthetics

Model summary of regression analysis done for Hedonic Benefits is shown in Table 2.10. Adjusted r-square equals to 0,37 which tells that 37% of the variance in the dependent variable Hedonic Benefits is explained by independent variables Enjoyment and Aesthetics.

**Table 2.11** Anova Table of Regression Analysis for Hedonic Benefits

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	191,38	2	95,69	90,31	.000 <sup>b</sup>
Residual	321,02	303	1,06		
Total	512,39	305			

a. Dependent Variable: Hedonic

b. Predictors: (Constant), Enjoyment, Aesthetics

ANOVA result in Table 2.11 show we have statistical significance. Coefficients are shown in Table 2.12 which shows that The Factors Enjoyment and Aesthetics have statistically significant impact on the outcome variable. For every 1 unit of change in Enjoyment, there will be a 0.42 change in the Hedonic Benefits variable.

**Table 2.12** Coefficients Table of Regression Analysis for Hedonic Benefits

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Aesthetics	,26	,09	,22	2,88	,004
Enjoyment	,46	,08	,42	5,42	,000

a. Dependent Variable: Hedonic

Right after Utilitarian and Hedonic Benefits, an enter regression analysis is conducted for Application Usage.

**Table 2.13** Model Summary of Regression Analysis for App Usage

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.695 <sup>a</sup>	.483	.48	.79702

a. Predictors: (Constant), Brand\_Image, Social\_Media, Hedonic, Utilitarian

Model summary of regression analysis done for Application Usage is shown in Table 2.13. In the Excluded Variables table, it can be seen that predictor variable Social Media Integration is removed. Adjusted r-square equals to 0,48 which tells that 48% of the variance in the dependent variable Application Usage is explained by independent variables Brand Image, Utilitarian and Hedonic Benefits.

**Table 2.14** Anova Table of Regression Analysis for App Usage

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	178.54	4	44.63	70.26	.000 <sup>b</sup>
Residual	191.27	301	.64		
Total	369.74	305			

a. Dependent Variable: App\_Usage

b. Predictors: (Constant), Brand\_Image, Social\_Media, Hedonic, Utilitarian

ANOVA result in Table 2.14 show we have statistical significance. Coefficients are shown in Table 2.15 which shows that The Factors Brand Image, Utilitarian and Hedonic Benefits have statistically significant impact on the outcome variable. For every 1 unit of change in Brand Image, there will be a 0.421 change in the Application Usage variable.



**Table 2.15** Coefficients Table of Regression Analysis for App Usage

<b>Coefficients<sup>a</sup></b>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Utilitarian	.12	.05	.133	2.27	.024
Hedonic	.19	.04	.233	4.52	.000
Social_Media	.03	.04	.036	.75	.456
Brand_Image	.44	.06	.421	7.19	.000

a. Dependent Variable: App\_Usage

Another important variable in the model is Satisfaction for which enter regression analysis is conducted too.

**Table 2.16** Model Summary of Regression Analysis for Satisfaction

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.833 <sup>a</sup>	.69	.69	.56

a. Predictors: (Constant), Hedonic, Utilitarian, App\_Usage

Model summary of regression analysis done for Satisfaction is shown in Table 2.16. Adjusted r-square equals to 0,69 which tells that 69% of the variance in the dependent variable Satisfaction is explained by independent variables Application Usage, Utilitarian and Hedonic Benefits.

**Table 2.17** Anova Table of Regression Analysis for Satisfaction

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	215.61	3	71.87	228.88	.000 <sup>b</sup>
Residual	94.83	302	.31		
Total	310.44	305			

a. Dependent Variable: Satisfaction

b. Predictors: (Constant), Hedonic, Utilitarian, App\_Usage

ANOVA result in Table 2.17 show we have statistical significance. Coefficients are shown in Table 2.18 which shows that The Factors Application Usage, Utilitarian and Hedonic Benefits have statistically significant impact on the outcome variable. For every 1 unit of change in Application Usage, there will be a 0.69 change in the Satisfaction variable.

**Table 2.18** Coefficients Table of Regression Analysis for Satisfaction

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
App_Usage	.64	.04	.69	16.99	.000
Utilitarian	.08	.03	.09	2.35	.020
Hedonic	.11	.03	.14	3.56	.000

a. Dependent Variable: Satisfaction

At the end dependent variable of the model Continuous Intention is analyzed separately.

**Table 2.19** Model Summary of Regression Analysis for Continuous Intention

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.748 <sup>a</sup>	.56	.56	.74

a. Predictors: (Constant), Rewards, Satisfaction

Model summary of regression analysis done for Continuous Intention is shown in Table 2.19. Adjusted r-square equals to 0,56 which tells that 56% of the variance in the dependent variable Continuous Intention is explained by independent variables Satisfaction and Rewards.

**Table 2.20** Anova Table of Regression Analysis for Continuous Intention

ANOVA <sup>a</sup>					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	212.57	2	106.29	191.89	.000 <sup>b</sup>
Residual	167.83	303	.55		
Total	380.39	305			

a. Dependent Variable: Continuance\_Int

b. Predictors: (Constant), Rewards, Satisfaction

ANOVA result in Table 2.20 show we have statistical significance. Coefficients are shown in Table 2.21 which shows that The Factors Satisfaction and Rewards have statistically significant impact on the outcome variable. For every 1 unit of change in Satisfaction, there will be a 0.56 change in the Continuous Intention variable.

**Table 2.21** Coefficients Table of Regression Analysis for Continuous Intention

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Satisfaction	.62	.05	.56	13.36	.000
Rewards	.21	.03	.38	7.58	.000

a. Dependent Variable: Continuance\_Int

If p-value of any independent variable results greater than 0.05; than its hypothesis should be rejected. Coefficients Table 2.9 of Utilitarian Benefits consists t-statistics and p values of 4 factors. Application Utility (t=2.05; p<0.05), Application Performance (t=3.46; p<0.01) and Privacy Logging (t=3.66; p<0.01) are found to have a positive effect on Utilitarian Benefits and hypothesis incidental to these factors are supported due to their p values whereas hypothesis of Shopping Convenience (t=0.82; p=0.41) is rejected due to its p value. Between the factors, Privacy Logging has greater impact on dependent variable which plays totally critical role in practice too. Dynamically, the legislations are being changed to protect customer rights and to avoid personal data to be used unauthorized. Online customer is truly well-informed, controls privacy logging contracts and shares his shopping experience through online channels. Surprisingly, Shopping Convenience is considered as insignificant in these sample. Especially in application business, there are specialized employees who are focusing on user experience and convenience. Mostly, they try to minimize steps that consumer takes and maximize significance of the flow. On the contrary, this sample doesn't rely on convenience as expected.

Secondly, Coefficients Table 2.12 of Hedonic Benefits is evaluated with t-statistics and p values of its 2 factors. Both hypothesis of Aesthetics (t=2.88; p<0.01) and Enjoyment (t=5.42; p<0.01) are supported whereas Enjoyment has greater impact on Hedonic Benefits due to its t-statistics value. Recently, both of these factors are appreciated in

the sector too. Especially, start-up firms care more than their competitors, they try to leave a positive impact on consumer while entertaining and showing well-designed frames.

Following Utilitarian and Hedonic Benefits, Application Usage is evaluated regarding Table 2.15. Utilitarian Benefits ( $t=2.27$ ;  $p<0.05$ ), Hedonic Benefits ( $t=4.52$ ;  $p<0.01$ ) and Brand Image ( $t=7.19$ ;  $p<0.01$ ) are found to have a positive effect on Application Usage and hypothesis incidental to these factors are supported whereas hypothesis of Social Media Integration ( $t=0.75$ ;  $p=0.46$ ) is rejected due to its p value. Recently, most of the applications try to connect customer social media accounts in order to simplify registration process while transferring customer profile data right after customer authorization. Even, some applications don't show fill-in boxes to let customers create their own profile; they directly ask for a Facebook or Instagram account. On the other side, Brand Image has greater impact on Application Usage. Today, brands are spending million dollars just to get more awareness in the crowd, so this sample shows that they use a shopping application when it belongs to a reputable brand.

Thereafter, Satisfaction factor is analyzed with its sub factors on Coefficients Table 2.18. All hypothesis of Application Usage ( $t=16.99$ ;  $p<0.01$ ), Utilitarian ( $t=2.35$ ;  $p<0.05$ ) and Hedonic Benefits ( $t=3.56$ ;  $p<0.01$ ) are supported. Basically, if a shopping application is being used continuously, the consumer prefers using it without hesitation and thus trust and emotional bond gain strength gradually. As a result, this sample totally agrees with the idea and shows his satisfaction.

Impacts of independents variables as Satisfaction and Rewards is found to have a positive effect on dependent variable Continuous Intentions whereas both hypothesis of Satisfaction ( $t=13.36$ ;  $p<0.01$ ) and Rewards ( $t=7.58$ ;  $p<0.01$ ) are supported. Both factors have great impact on dependent variable. Recently, a lot of new Rewards programs are launched just to prevent losing intention of consumer. Application sector uses Rewards tool while planning retention strategy. Mostly, a consumer joins the

program and collects the shopping points. But just some of the programs survive, most of them are being forgotten due to their inadequate offers. Especially, miles programs have great reputation all over the world. Besides, satisfaction triggers the consumer to use a shopping application beyond any doubt.

The results of the hypotheses are summarized in Table 2.22.

**Table 2.22** Summary of Hypotheses

<b>Hypothesis</b>		<b>Results</b>
H1a	Application utility positively influences utilitarian benefits	(+)Supported
H1b	Shopping convenience positively influences utilitarian benefits	(-)Rejected
H1c	Application performance positively influences utilitarian benefits	(+)Supported
H1d	Privacy logging positively influences utilitarian benefits	(+)Supported
H2a	Aesthetics positively influences hedonic benefits	(+)Supported
H2b	Enjoyment positively influences hedonic benefits	(+)Supported
H1	Utilitarian benefits positively influences users' app usage	(+)Supported
H2	Hedonic benefits positively influences users' app usage	(+)Supported
H3	Social media integration positively influences users' app usage	(-)Rejected
H4	Brand image positively influences users' app usage	(+)Supported
H5	Utilitarian benefits positively influences users' satisfaction	(+)Supported
H6	Hedonic benefits positively influences users' satisfaction	(+)Supported
H7	Rewards program positively influences users' app continuance intention	(+)Supported
H8	App usage positively influences users' satisfaction	(+)Supported
H9	Satisfaction positively influences users' app continuance intention	(+)Supported

## **CHAPTER THREE**

### **DISCUSSION**

The main objective of the study is to understand when a consumer needs to use a mobile shopping application, track user experience while he/she is completing shopping flow and define which criteria is making a consumer become a loyal customer. During the study, key insights are gathered in order to analyze shopping applications in the market. The survey is prepared on an online survey tool named as surveymonkey and its hyperlink is distributed through LinkedIn and Instagram with direct messages. All respondents are chosen according to basic criteria; the respondent should be completed an online transaction through a shopping application at least once. Besides, as much as possible, people who have professional experience in online shopping sector are chosen. Totally, 454 responses are collected but 306 of the total were fully filled and analyzed.

Data collected through the survey proved that Application Utility, Application Performance and Privacy Logging has a positive impact on Utilitarian Benefits whereas H1b which postulates that “Shopping convenience positively influences utilitarian benefits “is rejected and its impact is not counted. Additionally, it is discovered that both Aesthetics and Enjoyment have a positive impact on Hedonic Benefits. As a next step, Application usage with its sub factors is analyzed and it is found that Brand Image, Utilitarian and Hedonic Benefits have all positive impact on Application usage whereas it is seen that Social Media Integration doesn’t trigger consumer to use a mobile shopping application. Besides, Application Usage, Utilitarian and Hedonic Benefits let consumer satisfy with its experience. At the end, Satisfaction and Rewards Program creates a positive impact on Continuous Intention and make a consumer become a loyal customer.

Consumer needs are differentiating from each other; even a vegetable shopping can become urgent in our lives because of time deficiency. Therefore, utility is being

considered at first. In some categories few applications help for time management and come into prominence. As an example white collar employees don't have time for food shopping. Mostly, they don't spent time for cooking at home on the excuse that there are no fresh ingredients at home. At this point, Migros had a great move with launching online shopping services. First on web than with app, Migros has launched an online store where consumers can buy fresh ingredients whenever they want. Additionally, Migros has offered courier services to changeable addresses. In this way, this target audience hasn't missed this opportunity, saved time and also begun to prepare healthy food for themselves. As considered in the model, Application Utility ( $t=2,045$ ;  $p<0,05$ ) make consumer discover the market where Migros achieved a great success story with putting emphasis on responding consumer need.

Considering an online service, one of the important issues should be system performance. If the service consists payment procedure too, then the importance is doubled in consumer mind. All search algorithms are being developed to be able to respond in milliseconds. In the market there are various names to live an online shopping experience; n11.com, ebay, sahibinden.com, hepsiburada can be given as examples. All of these stores try to be mega markets which consist products in differentiated categories. One of the key factors to be chosen by a consumer is its search and payment performance. Because they are mega markets, it can be difficult to find exact product. Therefore, search algorithm should be directive and fast responsive. After a quick search, the consumer finds his need on a list with different brands, reads the reviews, checks the store success points and proceeds to payment steps. From this point, if the service shuts down in any time, the consumer loses his trust irrevocably. Especially, while entering credit card details, there is no possibility to let consumer live an interruption. As discussed in the model, Application Performance ( $t=3,455$ ;  $p<0,01$ ) plays a key role in competition which is acknowledged as a hygienic factor in the online market. Besides, according to the survey respondents, Application Performance has a better impact than Application Utility on Utilitarian Benefits.



During an application design, logic of the flow should be studied carefully in order to be able to convert downloads to transactions. First, main decisions are taken by the business team and right after user experience designers are focusing on the frames. As a KPI, they take convenience seriously to work on. Their duty is quite difficult, because they try to change an impatient behavior to curiosity. If the consumer could not be pulled in few frames, then he/she should be considered as a lost transaction. Therefore, in practice user experience designers taking a critical role before development. Unexpectedly, the survey sample doesn't agree with sector practice. They state that Shopping Convenience ( $t=0,820$ ;  $p=0,413$ ) doesn't have a significant positive impact on Utilitarian Benefits.

New technologies brought awareness about personal privacy policies. In early 2000's we all got tired of receiving marketing and sales SMS from various brands. In time, legislations are changed and improved; today the consumers surf consciously in the internet, reads contracts before taking a service. If the service consists payment process, then the service provider could never keep credit card details on its database and it is prohibited with law. The survey respondents agree with sector principle and states that Privacy Logging ( $t=3,658$ ;  $p<0,01$ ) has the most positive impact on Utilitarian Benefits.

Online consumers prefer to use applications with simple, aesthetic and enjoyable frames. Otherwise, they bounce from an app to another app. User interface designer is acting as co-worker of user experience designer; they improve the idea together from sketches to final design. They try to highlight call to actions and give main ideas with simple definitions. In fact, a consumer spends more time when he enjoys in app; therefore, gamification concept is born in the sector. To keep the consumer busy where he/she also likes staying there, experience and frame designers try to fictionalize app frames as much as enjoyable. As the survey respondents state that Enjoyment ( $t=5,419$ ;  $p<0,01$ ) has a better impact than Aesthetics ( $t=2,878$ ;  $p<0,01$ ) on Hedonic Benefits which means; if online consumers have fun while surfing in an application, they spend more time whereas user wireframes can be less attractive.

Every minute a great amount of new application is submitted in the stores and application volume is being enlarged day by day. Regularly, online consumer downloads an application, passes registration procedure and meets the app. Because the consumer behaves impatient, application developers are searching for quick paths in order to simplify registration steps and minimize required information, at the same time they get consumer profile too. Additionally, customization is a new and must trend for an application. Each customer would like to see his/her timeline according to his/her interests. Recently, social media account connection is a popular way to achieve this goal and satisfy customer expectations. According to the What Happens in an Internet Minute infographic by Lewis and Callahan as shown in Figure 3.1, we spent our times in online environment; so, we are preferring to be online in our leisure time. That means; we leave a lot of insights about our personal lives in internet. Taking all this tracks and process the data could be maybe the best idea in online world. But the survey sample surprisingly doesn't agree with the sector practice, states that Social Media Integration ( $t=0,747$ ;  $p=0,456$ ) doesn't have an impact on Application Usage. Therefore, H3 which postulates that "Social media integration positively influences users' app usage" is rejected.

**Figure 3.1** What Happens in an Internet Minute Infographic by Lewis and Callahan



*Source: <https://www.allaccess.com/merge/archive/26034/what-your-audience-is-doing-when-they-re-not#sthash.NBQ5GMsP.uxf>*

In the very old days, each service was being given by a few brands; but in today’s world variety, we as consumers face fierce competition environment. To survive in the market, each brand communicates with its customer and try to manage brand image in minds. If a brand is good at telling its value proposition, communicates with right channels, gives quality service and continues with well-planned after sales service; then directly emotional bond is being connected between the brand and its consumer. In this way, brands are building strong image in minds and whenever the brand launches a

new product, then it is being sold to the followers in a short time. Hence, the analysis confirms this fact, Brand Image ( $t=7,185$ ;  $p<0,01$ ) positively effects Application Usage.

Each brand tries to gather its customer data in a pool and to achieve it, launches Rewards Programs. Locally, it begun with Migros Card, this knowledge spread really quick in the market, and some years ago each of us were having plastic loyalty card series of the brands. In fact, the consumer participates these programs and in the course of time they forgot continually using it. Indeed, the consumers don't continue with any program, if and only if they get a valuable benefit at the end. On the other side, if the brand organizes a valuable program catalog, then the budget could not be affordable. So, this is the truth that the brands are dealing with. The analysis shows us that the consumers are open for new Rewards ( $t=7,575$ ;  $p<0,01$ ) and if they meet a disruptive program, they would enter with pleasure.

If a brand convinces the consumer to download its application, then the customer journey begins. Because online customers are bouncing in some seconds, application engagement becomes a main problem to be solved by the business. If Application Usage ( $t=16,994$ ;  $p<0,01$ ) occurs gradually in time, then at the other end of the turn, Satisfaction ( $t=13,356$ ;  $p<0,01$ ) is being effected positively. Most importantly, these customers become brand ambassadors and help unconsciously the brand to be extended in the market.

### **3.1. LIMITATIONS AND FURTHER RESEARCH DIRECTIONS**

This study explores when, how and why a smart phone user may download a new mobile shopping app, which factors let him/her use a mobile shopping app, whether forecasted benefits make him/her satisfy and at the end whether we arrive a continuous intention behaviour. Research findings may help understanding a mobile user habits and needs towards online shopping.

However, the study has some limitations which should be considered while analyzing the results. Basis for the distribution of the study survey was limited with two criterias; first criteria was to reach an audience who has already completed a transaction on mobile application, second criteria was to find experienced people in application or web sector as much as possible. Although e-commerce business is being used since years, still there are some concerns in consumer mind about completing a payment procedure on mobile. Therefore, for the sake of the study, unconvinced users are eliminated. Additionally, because mobile technology is evolving continuously and rises on its growth curve, hearing some experience from sector people and trying to get new point of views was matter in order to get more contribution to the study. In the worst scenario, if the survey would be reached to a person who has done all shopping transactions in offline stores, then the survey questions would not make sense for him/her and unfortunately he/she could not answer any of the surveys questions. To find the people who have both characteristics as experienced in the sector and competed mobile transaction at once was very difficult. However, small chats are done with these contributors before and after they had completed the survey.

On the other hand, collected responses show that shopping convenience factor were not vital as much as expected. One reason could be competitors and their prioritizations in the sector. Because privacy logging of entered the credit card details was found much more important and these technology drivers are mainly focusing on error-free performance, today shopping convenience is not evaluated as a must preference. But in the digital markets which are some steps ahead of our country, the software companies are focusing on how to minimize steps between check-in and check-out frames. It is estimated that some years later local apps would be studying on this factor more precise.

Additionally, social media integration factor was subordinated by the respondents. Connection with social media accounts is being used mostly in aim for taking easily user interest information, to analyze the data with recommendation engine and at the

end to attain well-customized offers or products. In reality, in the sector, mobile shopping applications are not being differentiated at the beginning from the moment that the first confrontation happens with the user. If it would be, then the products would be listed considering unique user. It is clearly seen that social media integration does not make sense to the mobile shopper.

Future research could perform a wider study with a limited application set on mobile shoppers. Especially, application set wouldn't be chosen from local market, would be some well-known brands with great designs and technic preferences. Mobile shoppers would be completing a transaction for the first time and the survey would be digging their new experience.

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## Appendix A. The questionnaire in Turkish

<p>Bu anket çalışmasını Pazarlama yüksek lisansımın bitirme tezi için hazırladım. Anketimin temel amacı, günümüzde sıkça kullandığımız alışveriş uygulamalarının kullanıcılar da bıraktığı tecrübe ve bu uygulamaların sadık kullanıcı havuzu yaratabilmeleri için sahip olması gereken özellikleri tahminleyebilmektir.</p> <p>Çalışma süresince verilecek soruların doğru veya yanlış cevapları yoktur. Bu anket tamamen anonim olup kişisel bilgilerinizle ilgili sorular içermemektedir. Çalışmaya katılım gönüllülük temelindedir. Ankette, sizden kimlik belirleyici hiçbir bilgi istenmemektedir. Cevaplarınız gizli tutulacak; elde edilecek bilgiler bitirme tezi kapsamında kullanılacaktır. Deney kişisel rahatsızlık verecek sorular içermemektedir. Ancak, katılım sırasında sorulardan ya da herhangi başka bir nedenden ötürü kendinizi rahatsız hissederseniz anketi yarıda bırakıp çıkabilirsiniz. Anketi tamamladığınız için şimdiden teşekkür ederim. Konu hakkında daha fazla bilgi almak isterseniz doguyasemin@gmail.com'a yazabilirsiniz.</p> <p>Bu çalışmaya tamamen gönüllü olarak katılıyorum ve istediğim zaman yarıda kesip çıkabileceğimi biliyorum. Verdiğim bilgilerin bahsedilen tez kapsamında kullanılmasını kabul ediyorum. Gönüllü katılım formunu onaylıyorsanız, onayınıza dair aşağıdaki kutucuğu işaretleyerek anket sorularına geçebilirsiniz.</p>							
o KABUL EDİYOR VE ONAYLIYORUM							
1. Bu bölümde kullanmayı tercih ettiğiniz mobil alışveriş uygulamasının sağladığı fayda, kullanım kolaylığı, performansı ve sizde yarattığı bilgi güvenliği izlenimi değerlendirilir.							
	1	2	3	4	5	6	7
Diğer alışveriş kanallarına kıyasla daha az çaba harcarım (web, mağaza..vs)							
En kısa sürede alışverişimi tamamlayabilirim							
Uygulama alışverişimi tamamladıktan sonra aldığım ürünlerin listesini bana atar							
Uygulama yapmak istediğimi daha hızlı yapmama olanak sağlar							
Uygulama daha verimli olmama yardımcı olur							
Uygulama daha üretken olmama yardımcı olur							

	1	2	3	4	5	6	7
Uygulama ile her zaman alışveriş yapmak mümkündür, mağazalarda olduğu gibi kapanma zamanı yoktur							
Uygulama hızlıdır, bir kerede çalışır hale gelir							
Uygulama saldırılara karşı dayanıklıdır							
Uygulama siparişlerimi tamamladıktan sonra zarar görmez (bozulmaz)							
Uygulama online satın alma davranışlarıma dair gizli bilgileri saklı tutar							
Uygulama kişisel bilgilerimi başka uygulamalarla paylaşmaz							
Uygulama banka kart bilgilerimi ve online ödeme bilgilerimi saklı tutar							

2. Bu bölümde kullanmayı tercih ettiğiniz mobil alışveriş uygulamasının estetiği ve kullanırken sizde bıraktığı haz değerlendirilir.							
	1	2	3	4	5	6	7
Uygulamayı kullanmak eğlenceli diyebilirim							
Uygulamanın kullanıcıya sunduğu akıştan memnunum							
Uygulamayı kullanırken keyif alırım							
Uygulama arayüzü ilgi çekicidir							
Uygulama arayüzü profesyonel olarak tasarlanmıştır							
Uygulamanın genel olarak görünüşü ve bıraktığı his etkileyicidir							

3. Bu bölümde kullanmayı tercih ettiğiniz mobil alışveriş uygulamasının marka imajı, sosyal medya ile bağlantısı ve yarattığı fayda değerlendirilir.							
	1	2	3	4	5	6	7
Uygulamayı kullanırken kullanılabilecek diğer uygulamaları düşünmem							
Bu uygulamayı kullanmak ruh halimi iyileştirir, beni mutlu eder							
Uygulamayı kullanırken eğlenceli ve dinlendirici zaman geçiririm							
Bu uygulama akıllı telefonumu kullandığım her zaman bakacağım uygulamalardan biridir							
Bu uygulama ürünle ilgili iyi bilgi verir							
Bu uygulama iyi bir satın alma kararı almama yardım eder							
Bu uygulamada diğer kullanıcıların yorumlarını görerek daha iyi satın alma gerçekleştiririm							
Bu marka iyi bir müşteri hizmetleri sunar							
Bu güvenilir bir markadır							
Bu marka söz ve taahhütlerini tutar							
Bu marka müşterilerini ve onların endişelerini ciddiyle önemser							
Uygulamaya giriş yaparken her zaman facebook profil bilgilerimi kullanırım							
Bu uygulama ile biraz da sosyalleşiyorum							
Bu uygulama kullanıcılarının katkıda bulunması ve geribildirimde bulunması konusunda iyi iş çıkarır							
Uygulamadaki diğer kullanıcılar sayesinde normalde fark etmeyeceğim şeyler ilgimi çeker							

4. Son olarak bu bölümde kullanmayı tercih ettiğiniz mobil alışveriş uygulamasından memnuniyetiniz, ödül programlarının sizde sadakat sağlayıp sağlamadığı ve uygulamanın sürekli kullanımı tetikleyip tetiklemediği değerlendirilir.							
	1	2	3	4	5	6	7
Bu uygulama alışveriş yapmada kullanışlıdır							
Bu uygulama bana daha uygun alışveriş yapma olanağı sağlar							
Bu uygulama satın alma kalitesini artırır							
Uygulamanın genel kullanımı tatmin edicidir							
Uygulamanın satın alma öncesi kullanımı tatmin edicidir							
Uygulamanın satın alma süreci tatmin edicidir							
Uygulamanın satın alma sonrası kullanımı tatmin edicidir							
Ödül programlarıyla iyi kazanç elde edebileceğime inanıyorum							
Ödül programlarıyla elde edilebilecek muhtemel kazanımlardan mutluyum							
Ödül programları kendim karar vereceğim faydalara çevirmeme yardım eder							
Bu uygulama hakkında olumlu yorum yaparım							
Bu uygulamanın benzerlerine göre en iyisi olduğunu düşünüyorum							
Bu uygulamayı aileme ve arkadaşlarıma tavsiye ederim							

5. Yaşınız	
18-25	
26-30	
31-35	
36+	

6. Cinsiyetiniz	
Kadın	
Erkek	

7. Eğitim geçmişiniz	
Lisans	
Yüksek lisans	
Doktora	

8. Akıllı telefonunuzun işletim sistemi	
iOS (Apple)	
Android (Samsung, htc..)	
Windows (Nokia..)	

9. Kullandığınız alışveriş uygulamaları	
amazon	
n11.com	
ebay/gittigidiyor	
Trendyol/Morhipo..	
hepsiburada	
sahibinden.com	
AliExpress	
ebebek	
Diğer	
Diğer (lütfen belirtin) :	



## Appendix B. The questionnaire in English

This questionnaire is prepared for the graduation thesis of Marketing master. The main purpose of my survey is to be able to focus on experiences of consumers who often use mobile shopping applications and fundamental features which these applications must have in order to create a loyal user pool.

Questions do not have correct or incorrect answers. This questionnaire is completely anonymous and does not contain any questions about your personal information. Participation in the questionnaire is based on volunteerism. In the survey, personal information about you is not required. Your answers will be kept confidential; gathered information will be used within the scope of thesis. The survey does not contain questions that will cause your personal discomfort. However, if you feel uncomfortable because of questions or any other reason, you can leave the questionnaire.

Thank you in advance for completing the survey. You can write to [doguyasemin@gmail.com](mailto:dogyasemin@gmail.com) to get more information on the subject.

I participate totally voluntarily in the survey and I know that I can leave whenever I would like to. If you agree, you can continue with the questionnaire after checking the box below to show your approval.

ACCEPTED AND APPROVED

1. In this section, the benefits of the mobile shopping application you prefer to use, ease of its use, its performance and the perception of information security are going to be evaluated.

	1	2	3	4	5	6	7
I expend little effort as compared to other channels of shopping (web, store..etc)							
I manage to shop in the least amount of time							
The application sends my goods list of the order form after completing shopping							
The application enables me to do the shopping more quickly							
The application helps me to be more effective							

	1	2	3	4	5	6	7
The application helps me to be more productive							
This application has been always available for business use without the close time							
This application system can operate at once							
This application is invulnerable to attacks							
The application will not be immovable after my submission of order							
This application keeps secret of information of my online purchase behaviors							
This application will not share my personal information with other applications							
This application will protect my bank cards information and my online payment							

2. In this section, the aesthetics of mobile shopping application you prefer to use and the pleasure you feel while using it are going to be evaluated.							
	1	2	3	4	5	6	7
I find using Mobile Shopping Applications to be enjoyable							
The actual process of using Mobile Shopping Applications is pleasant							
I have fun while using Mobile Shopping Applications							
The interface of my application is attractive							
The interface of my application is professionally designed							
The overall look and feel of the application is visually appealing							

3. In this section, the brand image of the mobile shopping application you prefer to use, its connection with the social media, and the benefit it creates are going to be evaluated.

	1	2	3	4	5	6	7
While I am using this application, I don't think about other applications I might go to use							
Using this application improves my mood, makes me happier							
I spend some enjoyable and relaxing time when using this application							
This is one of the applications I always go to any time I am using the mobile							
This application gives me good product information							
This application helps me make good purchase decisions							
This application provides information from other users that help me make good purchases							
This brand provides good customer services							
This brand is trustworthy							
This brand keeps their promises and commitments							
This brand cares about their customers and takes their concerns seriously							
I always prefer using my own facebook profile while signing in this application							
I do quite a bit of socializing on this application							
This application does a good job of getting its visitors to contribute or provide feedback							
I've gotten interested in things I otherwise would not have because of others on this application							

4. Finally in this section, your satisfaction with the mobile shopping application you prefer to use is going to be evaluated. Additionally, it is questioned whether the reward program creates a bond between the consumer and mobile shopping application and whether the app triggers continuous use of the application.							
	1	2	3	4	5	6	7
This application is useful in my shopping							
This application enables me to have a more convenient shopping							
This application enhances the quality of my shopping							
I am satisfied with my overall experiences from using this mobile application							
I am satisfied with the pre-purchase experience from using this mobile app							
I am satisfied with the purchase experience from using this mobile app							
I am satisfied with the post-purchase experience from using this mobile app							
I believe I can easily attain good returns through reward programs							
I am happy with the likely returns through reward programs							
I think reward programs cater to my strong desire to maintain my personal freedom in encashment of return							
I tend to leave positive comments about this mobile application							
I think this mobile application is the best out of similar ones							
I would recommend this mobile application for my family and friends							

5. Age	
18–25	
26–30	
31–35	
Above 36	

6. Gender	
Female	
Male	

7. Education	
Bachelor	
Master/MBA	
PhD	

8. Operating system	
IOS	
Android	
Windows	

9. Other application in current usage	
Amazon	
n11.com	
ebay/gittigidiyor	
Markafoni/Trendyol/Morhipo	
hepsiburada	
sahibinden.com	
AliExpress	
ebebek	
Other	