



A study on customer loyalty on Mobile Wallet amongst millennial generation in Bengaluru, Karnataka

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Abstract: This research intends to assess the factors that sustain millennial's loyalty in Mobile Wallet platform. Millennial Mobile Wallet users aged 16 to 36 years were taken as sample for this study and the responses were collected using e-questionnaire through convenience sampling. The results showed that there was a significant relationship with few demographic and loyalty factors. It was suggested that Mobile Wallet firms need to infer more out of other factors that affect customer loyalty other than loyalty rewards alone, which would keep loyalty sustained in the long run.

Keywords: mobile wallet; customer loyalty; millennial; bengaluru

I. Introduction

TRAI (Telecom Regulatory Authority of India) data indicates that there are 1,034.23 million mobile phone users in India (as on 31st July, 2016), out of which there are only 220 million people [estimated] who use smart phones as per Counterpoint Research. There are 371 million mobile internet users according to IAMI (Internet and Mobile Association of India)- IMRB International on December 2015, but all these mobile internet users need not be possessing smart phones. To implement a mobile wallet transaction, a smart phone is a must. The top leader among mobile wallet firms claims to hold 100 million mobile wallet users. There is less clear clarity on the exact number of mobile wallet users in India. There are only below 10% mobile wallet users out of the total mobile phone subscribers in India as per RBI, in 2015. The number of mobile wallet firms as well as the number of users is growing. There is no constant customer base for any of these firms. Customer loyalty is at stake. This study intends to study few factors that customers are on the lookout, for being loyal. The term Millennial was coined by (Richard K. Miller and Associates, 2011) who fixed them on the scale between the years 1980 and 2000. Other studies have variance with such a scale. This study has been set as per the study of (Richard K. Miller and Associates, 2011) (16 to 36 years old) was taken under study since they lack loyalty to a certain product or service as per (Greenberg, 2011). It is also the largest group which is currently on the consumption side in the Indian economy [440 million millennials as per "The Asian Consumer: India Consumer Close-Up, by Goldman Sachs, in 2016]. Millennial generation generally look for personalization and experience. They are less satisfied with brand endorsements and more service utility is preferred. Bengaluru is the Silicon Valley of India and the hotbed for fintech startups. In 2016, It holds first place for such startups in India and 15th place in the world as per KPMG's Fintech in India, only to the financial capital of India. Hence, this place was chosen as the ground for this study.

II. Literature review

Past studies reveal a lot of factors that influence respondents in adopting such a platform. A study conducted by Rathore (2016) in India pointed that respondent's purchased product or service's brand loyalty and convenience of transaction, attracted them to a particular mobile wallet app. In the same study, security and internet connectivity were raised as the major issues that deterred respondents from accessing this platform. A study conducted in USA by Shawn (2015), further pointed out that even if the platform had security, perceived ease of use and perceived usefulness, it was never opted by skeptical non- users due to absence of trial period. Madan and Yadav (2016) adds that apart from security, promotional benefits and perceived regulatory support are two more factors that customers were looking out for. Aydin and Burnaz (2016) and Tang et al., (2014) clearly pointed out that it was not social influence or personal innovativeness that brought customers to this platform, but it was satisfaction. As Oliveira et al., (2016) and Thilakarathne et al., (2016) states it, lessening cyber risks brings more satisfaction. The above reviews clearly mentioned that millennial generation are not influenced by social influence. They needed satisfaction in the form of security. Promotional benefits were one more thing that made them stick onto this

platform. From the lights of the above reviews, it was found that studies were conducted on adoption and satisfaction primarily. The results focused primarily on the ease of use that this platform provided. There was a gap in finding the customer loyalty amongst such customer, particularly with millennial generation.

III. Methodology

The study was conducted among mobile wallet users, within the age group of 16-36 years old. The study was done between 4th August, 2016 and 30th September, 2016. A pilot study was done using 10 respondents. Later, after a correction of the questionnaire, convenience sampling was used to distribute via online method, among 384 respondents. The sample size was decided on this number since there was infinite population. Cronbach's Alpha was used to test data reliability and it was resulted with high score of 0.833. Linear regression pointed the significant relationship between various factors. The model used for this study focused on the below given variables which will achieve customer loyalty. The variables used for this study were gender, age, educational qualification, income, area of residence as demographic profile and ease of on boarding, perceived usefulness, personalisation, loyalty rewards, security and social influence as loyalty factors. A five point likert scale was used to complete the questionnaire.

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IV. Results and discussion

A. Descriptive analysis

Male respondents were 58% compared to female respondents. 40% of the respondents were those who completed their under graduate degree. 35% of the respondents earned an income between Rs. 20,001 to Rs. 30,000 and 70% of them came from the urban areas.

B. Inferential analysis

Five independent variables were related with loyalty factors using Pearson's chi-square to identify the association. The results were illustrated in Table I.

Table I Relationship of demographic statuses of respondents with internet banking factors using Pearson's chi-square

Independent variables	Dependent variables	Value	df	Asymp. Sig. (2-sided)
Gender	Ease of on boarding	7.663	4	0.105
	Perceived usefulness	12.033	4	0.017
	Personalisation	7.801	4	0.099
	Loyalty rewards	7.985	4	0.092
	Security	10.947	4	0.033
	Social influence	8.174	4	0.085
Age	Ease of on boarding	9.612	12	0.650
	Perceived usefulness	13.034	12	0.367
	Personalisation	12.049	12	0.442
	Loyalty rewards	8.847	12	0.716
	Security	11.527	12	0.484
	Social influence	16.364	12	0.175
Educational qualification	Ease of on boarding	43.232	16	0.000
	Perceived usefulness	45.288	16	0.000
	Personalisation	39.266	16	0.001
	Loyalty rewards	40.075	16	0.001
	Security	42.771	16	0.000
	Social influence	38.995	16	0.001
Income of the respondents	Ease of on boarding	56.174	16	0.000
	Perceived usefulness	49.835	16	0.000
	Personalisation	55.120	16	0.000
	Loyalty rewards	49.241	16	0.000
	Security	57.806	16	0.000
	Social influence	47.250	16	0.000
Area of residence of respondents	Ease of on boarding	22.835	8	0.004
	Perceived usefulness	15.320	8	0.53
	Personalisation	14.605	8	0.67
	Loyalty rewards	10.045	8	0.262
	Security	19.670	8	0.12
	Social influence	19.914	8	0.11

All the variables had no significant relationship with gender ($p > 0.05$), hence null hypotheses were accepted. From Table I, it was inferred that there is no significant relationship between demographic variables of respondents and usage of internet banking. All the senior citizens, irrespective of their socioeconomic status had equal opinion on computer fundamental knowledge, technology accessibility, ease of use, inherent belief and alternate channel choice.

Table II Hypotheses testing of demographic variables and loyalty factors

Dependent variables	Independent variables	Unstandardized Coefficients		t	Sig.
		B	Std. Error		
Residential Area	Ease of on boarding	.041	.020	2.032	.043
	Perceived Usefulness	.058	.020	2.934	.004
	Personalisation	-.324	.022	-14.548	.000
	Loyalty Rewards	.665	.029	22.719	.000
	Security	-.116	.040	-2.919	.004
	Social influence	.100	.033	3.024	.003
	Social influence	.100	.033	3.024	.003
Income	Ease of on boarding	.621	.052	12.030	.000
	Perceived Usefulness	-.288	.048	-5.989	.000
	Personalisation	.185	.057	3.259	.001
	Loyalty Rewards	.116	.073	1.575	.116
	Security	.290	.087	3.345	.001
Educational Qualification	Ease of on boarding	.183	.032	5.779	.000
	Perceived Usefulness	.513	.029	17.410	.000
	Personalisation	.033	.035	.952	.342
	Loyalty Rewards	.622	.045	13.829	.000
	Security	-.254	.053	-4.792	.000
Ease of on boarding	Perceived Usefulness	.700	.025	27.496	.000
Personalisation	Perceived Usefulness	.843	.026	32.667	.000

From Table II, the following results are depicted:-

- Apart from ease of on boarding, other variables had no significant relationship with area of the respondent. It was inferred that area of the respondent will decide ease of on boarding experience for a new user. Urban, rural and semi-urban places do play a critical role in the usage of mobile wallet. For the same reason, mobile wallet firms will have to start penetrating to these potential areas.
- Variables other than loyalty rewards had no significant relationship with income of the respondent. It was inferred that regardless of any income that respondents have, they all look forward to gaining loyalty rewards. This is one of the strongest traits of millennial generation.
- Apart from personalisation, other variables have no significant relationship with educational qualification of the respondent. It was inferred that higher the educational level, respondents tend to seek for personalization. Through personalization respondents want freedom to sort their dashboard with their favourite payment avenues and want to track each payment on a monthly basis. This is done in order to track the expenses incurred.
- Perceived usefulness had no significant relationship with ease of on boarding. It was inferred that ease of on boarding did not ensure that respondent's perceived usefulness would increase. Perhaps, this would have been the other way round if the survey was conducted among prospective new users.
- Personalisation had no significant relationship with perceived usefulness. H18 was rejected. It was inferred that even personalization did not offer perceived usefulness to the customer. This was inferred before in Table 1.4 when higher educational qualifications lead to more want for personalization. Perceived usefulness would mean to actualization of basic needs of customers. All the mobile wallets do not have enough clients to satisfy the want of all the payments that a customer wants to do. It is not a one stop shop for all the payment needs.

V. Conclusion

From this study, it was analysed the factors and the real need of the millennial generation with regard to mobile wallets. Mobile wallet firms can focus on these factors instead of focusing on loyalty rewards alone. Loyalty rewards are not the only whole and sole when it comes to increasing customer loyalty, but this paper tries to point out that there are other factors as well. These firms need to increase its penetration towards rural and semi-urban areas. They can continue with their loyalty rewards as it saw a wide acceptance among users, but they can focus on giving out more loyalty rewards during Indian festive seasons and can thus garner more loyalty of customers. A literacy on what personalization is and what can a dashboard do, how can one track expenses can be taught through a simple online video. Just as banks are taking efforts to sensitize citizens on saving benefits, mobile wallet firms too can have a take on this strategy. Ease of on boarding is a factor that is hindering baby boomers, but millennial generation is far ahead when it comes to gadget usage. This implies that these firms will have to strive hard to pitch for an experience beyond ease of on boarding. Security did not find much impact as a factor in any of the hypotheses created. With the successful experience that millennial generation had with other payment gateways like Master Card and Visa, security was not a deterrent for creating customer loyalty, unlike other earlier studies, which cited security as the reason for non users not venturing into such a platform. Social influence too did not have much impact on sustaining customer loyalty. It is a trait of the millennial generation to experience rather than to believe

somebody else's words. Hence, presently we see that in the present generation of customers, there is more number of innovators.

VI. References

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