

# ACCEPTANCE OF SUBSCRIPTION MODEL IN MALE GROOMING PRODUCT USING TECHNOLOGY ACCEPTANCE MODEL

**Dicky Thomas and Isti Rafaaldini Mirzanti**

School of Business and Management, Institut Teknologi Bandung, Indonesia

Email: dicky.thomas@sbm.itb.ac.id

*Abstract. Male grooming product is a potential industry in Indonesia, it is always be related with feminineness, but since some years ago, male grooming market growing rapidly in western countries and developing countries. Even male grooming always seen controvert with value of masculinity, the growth of market in this industry is increasing. The development of start-ups business also impact the male grooming business. It comes with some differentiation using subscription model. This study intends to analyse the factors influencing the acceptance of subscription model for male grooming product in Indonesia. This study using Technology Readiness (TR) and Technology Acceptance Model (TAM) as the framework and using PLS-SEM to process and analyse the data. The result is both perceived ease of use and perceived usefulness has positive relationship toward intention to use. From TR, optimism and innovativeness has positive relationship toward perceived ease of use. Responsiveness and smartness has positive relationship toward perceived usefulness.*

## INTRODUCTION

Grooming is always be related with feminineness, but since some years ago, male grooming market growing rapidly in western countries and developing countries. Even male grooming always seen controvert with value of masculinity, the growth of market in this industry is increasing. Male right now is not just need shaving, but they also need skin care, hair care, and body grooming (Felix, 2009). Purchasing grooming product is now becoming a priority for men. Grooming product for male has been growth rapidly in the world. In Indonesia, this industry is growing rapidly, it shows by its growth 7.57% in 2015. From the forecast, Indonesia male grooming product market value will increase at 9% in 2020 (Canadean, 2016).

As the male grooming business and digital start-ups are growing, there are people who combine male grooming with the digital start-up. They come with some differentiate to other start-ups. One of them is a company selling male grooming product using subscription model business that is using digital platform. Before, in United States, Gillete is the rule in the razor (shaver) industry followed by Schick. At this time, this industry is flat, until in 2011, Dollar Shave Club with their subscription model come in (Vox, 2018). In 2015, Dollar Shave Club claim 48.6 percent of this industry and it shock Gillete and Schick which known as giant in this industry(CNBC, 2019). That is why this model is interesting. It shows that in this industry, innovation is one of the most important things. One of them is by using subscription model which have been used by Dollar Shave Club. This model had been a success in other countries like the United States. They can do it in their smartphone though the company website. Customer just need to choose the item they want and choose when will the company send the item every month.

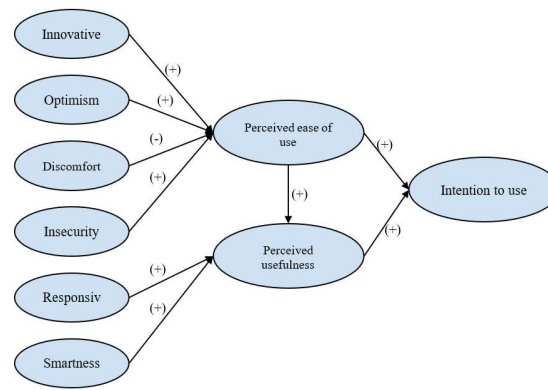
Subscription model also bring some benefit for customer and for the companies. The benefit for customers is the convenience. First, there is the autopilot simplicity of subscriptions that removes a purchase decision from thinking. Subscribers never have to remember to reorder every month, which gives them the reassurance that before they actually need it, they will have anything they need. Second, subscriptions provide a flat rate that helps clients remain within their budget. Finally, subscriptions generally give added value to the client by bundling or receiving it all at one's cost. The importance of a subscription for companies is the capacity to predict income through repeated sales. Indeed, according to the creator of The Value Builder System, John Warrillow, recurring income may be one of the most convincing variables in a company valuation. "The more you can provide a prospective acquirer with guaranteed income, the more important your company will be," says Warrillow. (Longanecker, 2015). Different from the United States that subscription model has been implied to grooming product selling by some companies, in Indonesia there is only one company that use this model called Bannershave and it can not break the market like in the United States. It can be caused by the business does not considering the factors that can affect customer to using the product and subscription model. This study identify the factors that make subscription model in buying male grooming product can be accepted by Indonesian male. From the factors that influence the acceptance, researchers can generate the strategies that can be used to improve the acceptance of subscription model in male grooming product. The scope of this study is business, technology, and customer acceptance.

## LITERATURE REVIEW

The conceptual framework of this research is adopted from Technology Readiness and Technology Acceptance model. Technology Acceptance Model (TAM) which introduced by Davis et al. (1989, 982-1003) explain the relationship between two variables called perceived usefulness and perceived ease of use toward customer intention to use information and communication technology (ICT) with external variables. Based on Davis et al. (1989), Perceived usefulness is the degree of people believe that using a technology can increase his/her performance and Perceived ease of use define as degree of people believe that there is free or less effort to use the technology. Meanwhile, according to Fishbein & Ajzen (1975), intention to use is a subjective probability of users that will affect the behavior. Technology readiness defined as the tendency of people to use a new technology to comply their goal in home life and in work (Parasuraman, 2000). Technology readiness index is a variation of the Technology Acceptance Model (TAM) to measure people's readiness of using a new technology. There are four factors that are considered in Technology Readiness Index such as: innovativeness, optimism, insecurity, and discomfort. Based on Parasuraman (2000), innovativeness is people's propensity to be a technology pioneer and thought leader, optimism means a positive view of technology and a belief that it offers people increased flexibility, efficiency, and control in their lives, insecurity means people's skepticism about a new technology will work properly, and discomfort means people's belief about lack of control of technology and feeling mastered by it. Beside TAM and TR, this study also using responsiveness and smartness as the external variables, which are responsiveness and smartness (adopted from Shin & Lee, 2014).

## METHODOLOGY

This research is conducted by using quantitative method. There are five steps of method namely problem identification, literature review, data collection, data analysis, and conclusion and recommendation. For the literature review, researcher identify eight related literature about Technology Acceptance Model. The information is helping to decide the variable using in this research based on previous research in the same field. Based on the literature review, the framework of this research are adopted and modified from Shin & Lee (2014) journal about The Effect of Technology Readiness and Technology Acceptance on NFC Mobile Payment Services in Korea. This research is used because it has some similarity. First, this journal focus on payment technology and payment technology also part of the subscription model. This research also focus on the Technology Acceptance Model and it similar to this research. For data collection, this research using non-probability sampling technique with using convenience samples method. The data is collected through Google Form platform with 32 question with 5 scale of likert scale. The questionnaire are adopted and modified from Shin & Lee (2014) journal. Refer to Malhotra (2006) rule of thumb, related this study with the type of study product test, the minimum sample size will be 200 respondents. This research focusing on Indonesian citizens who are male and age 18 - 34 years old who live in Bandung. Based on SWA Magazine's survey, Bandung occupy the second place for Best City for Business (BCB). It means that Bandung has supportive environment for business. It makes Bandung can possibly be chosen as one of the first cities to try subscription model in male grooming product industry. Data analysis is using Partial Least Square Structural Equation Modelling (PLS-SEM) with SmartPLS. PLS-SEM is used because the result of the questionnaire is ordinal data and the framework has intermediate variable which can not be processed by Multilinear Regression. Validity and Reliability of the PLS-SEM is divided into four parts such as: indicator reliability, convergent validity, internal consistency, and discriminant validity. For indicator reliability, researcher must make sure that the value of outer loading is more than 0.5. For convergent reliability, researchers must look at the Average Variance Extracted value and its minimum value is 0.5. For internal consistency, researchers must look at the Cronbach's Alpha value. Based on Sekaran (2006), the minimum value of Cronbach's Alpha is 0.6. For discriminant validity, researcher must make sure that the value of each indicator in the discriminant validity table has the higher score with its own variable rather than with other variables. Each variable or indicator that do not meet the requirement of this validity and reliability will not be included in the data processing. This research also using Microsoft Excel to generate the means for each indicator of variables.



Reference: Shin & Lee (2014)

Figure 1. Conceptual Framework

## FINDINGS AND ARGUMENT

### *Hypothesis 1: Innovativeness has positive relationship to perceived ease of use*

The first hypothesis states that Innovativeness (INN) positively significant toward Perceived Ease of Use (PEU). With a coefficient value 0.318 and P value less than 0.05, the first hypothesis is accepted. This means that people who are willing to try a new technology see that using a new technology is easy.

### *Hypothesis 2: Optimism has positive relationship to perceived ease of use*

The second hypothesis states that Optimism (OPT) positively significant toward Perceived Ease of Use (PEU). With a coefficient value 0.324 and P value less than 0.05, the second hypothesis is accepted. This means that if the user are optimistic, they will perceive that subscription model is easy to use. Optimism also has the strongest relationship among other factor toward perceived ease of use.

### *Hypothesis 3: Discomfort has negative relationship to perceived ease of use*

The third hypothesis states that Discomfort (DIS) negatively significant toward Perceived Ease of Use (PEU). Hypothesis is rejected since Discomfort construct is unreliable with Cronbach's alpha less than 0.6.

### *Hypothesis 4: Insecurity has negative relationship to perceived ease of use*

The fourth hypothesis states that Insecurity (INS) negatively significant toward Perceived Ease of Use (PEU). With a coefficient value -0.105 and P value 0.072 which more than 0.05, the fourth hypothesis is rejected. Because all of the respondents are millennials which are getting used to the internet, they think that the internet is a safe place for doing business, so they are not afraid anymore with doing business on the internet.

### *Hypothesis 5: Responsiveness has positive relationship to perceived usefulness*

The fifth hypothesis states that Responsiveness (RES) positively significant toward Perceived Usefulness (PU). With a coefficient value 0.374 and P value less than 0.05, the fifth hypothesis is accepted. This shows that if the subscription model can give people attention and benefit including fast services, people will see it as useful. This means that the more benefit people get, the more useful it will be. Responsiveness has strongest influence toward perceived usefulness. That means that people will see subscription model useful if it can give people benefit rather than make them look smart. It also means that features are more important than the satisfaction feeling.

### *Hypothesis 6: Smartness has positive relationship to perceived usefulness*

The sixth hypothesis states that Smartness (SMA) positively significant toward Perceived Usefulness (PU). With a coefficient value 0.239 and P value less than 0.05, the sixth hypothesis is accepted. This means that if using subscription make people look smart and make people feel as a smart person, they will think it is useful. Because most of the respondent is a college student, it is normal that the respondent wants to be look smart by other people.

*Hypothesis 7: Perceived ease of use has positive relationship to perceived usefulness*

The seventh hypothesis states that Perceived Ease of Use (PEU) positively significant toward Perceived Usefulness (PU). With a coefficient value 0.359 and P value less than 0.05, the seventh hypothesis is accepted. This means that if subscription model is easy to use then the greater the chance that it will be useful for the customer. When something is easier to use, people can optimize the usage of that thing. With optimization of the usage, a thing will generate more benefit for the user. Beside responsiveness, perceived ease of use also has strong relationship toward perceived usefulness. So, the user of this model should also pay attention to ease of use of their model.

*Hypothesis 8: Perceived ease of use has positive relationship to intention to use*

The eighth hypothesis states that Perceived Ease of Use (PEU) positively significant toward Intention to Use (USE). With a coefficient value 0.266 and P value less than 0.05, the eighth hypothesis is accepted. This means that if subscription model is easier to use, the greater the chance people will use it. Most of the respondents are generation z (below 25 years old). This generation are get used to live in the era where everything is easier. That make most of the respondents are likely to use things that are easy to use.

*Hypothesis 9: Perceived usefulness has positive relationship to intention to use*

The ninth hypothesis states that Perceived Usefulness (PU) positively significant toward Intention to Use (USE). With a coefficient value 0.555 and P value less than 0.05, the ninth hypothesis is accepted. This means that if subscription model gives people more benefit, the greater the chance people will use it because people only use a thing when it gives them benefit. Perceived usefulness has stronger influence toward intention to use rather than perceived ease of use. It means that the respondent think that benefit is the most important thing.

The result is described by following figure.

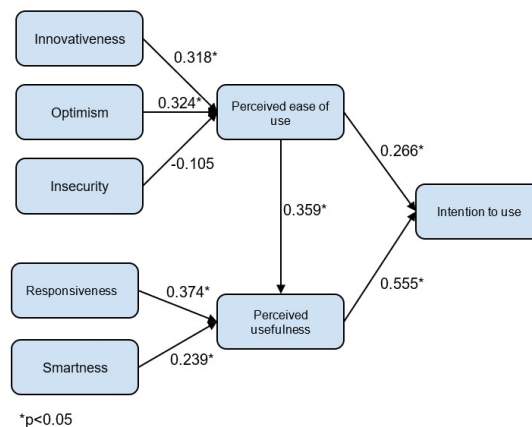


Figure 2. Structural Equation

## CONCLUSIONS

From this study, readers can know some factor that affected the acceptance of subscription model for male customer in Bandung such as: innovativeness, optimism, insecurity, responsiveness, smartness, perceived ease of use, and perceived usefulness. People who love to try a new technology will think the new technology is easy to use. Optimist people tend to think that a new technology is easy to use. If subscription model in male grooming product gives people benefit and attention, people will see this model useful. Subscription model in male grooming product see as useful when make people look and feel smart. The easier a technology to use, the more useful it will be. The easier the technology, the more chance people will use it. If subscription model in male grooming product gives people more benefit than the conventional way, the chance people will use it will be increase. Because intention to use is strongly influenced by perceived usefulness and perceived usefulness are strongly influenced by responsiveness, the user of this model must focus on the benefits of the product. The business should focusing on selling item that cheaper from the competitor. Remembering that business has cut the distribution service, this cheap price feature is highly possible to be implemented. Business also should provide a platform and services that gives people personal attention like 24 hour customer service that ready to help the customer with their difficulties. Perceived usefulness also strongly influenced by perceived ease of use and it strongly influenced by optimism and innovativeness. The user of this model must focus on people who are optimistic

and innovative because they tend to see that technology is easy to use. While the user sees technology is easy to use, the usefulness of the technology will increase also and it increases the chance of people using the model. This means that the user of the model should aim youngster as their target customers rather than older people. It because increasing in age related with increasing in conservatism (Premuzic, 2011). Besides, the platform provided by the company must be easy to use to increase the intention of use of the customer. This can be done by implementing many payment method and simple process of buying. The platform also should be accessed by many devices.

## REFERENCES

- Boyd, W. (n.d.). Between the Competitive Route and Negotiated, First Southwest's ThirdOption: Subscription, 4.
- Canadean. (2016). *Male Toiletries Hygiene Market in Indonesia: Market Snapshot to 2020*.
- Davis, F. D., Bagozzi, R. P., & Warshaw, P. R. (1989). User acceptance of computer technology: a comparison of two theoretical models. *Management science*, 35(8), 982-1003.
- Felix, S. (2009). Canadian Grocer; Chicago. *EnsembleIQ*, 123(7), 37–39.
- Fishbein, M., & Ajzen, I. (1975). *Belief, Attitude, Intention, and Behavior: An Introduction to Theory and Research*, Reading, MA: Addison-Wesley.
- Hair, J. F., Black, W. C., Babin, B. J., Anderson, R. E., and Tatham, R. L. (2006). *Multivariate data analysis 6th Edition*. Pearson Prentice Hall. New Jersey.
- Longanecker, C. (2015). *Why You Should Use a Subscription Business Model*. Retrieved July 12, 2019 from <https://www.entrepreneur.com/article/243573>
- Parasuraman, A. (2000). Technology Readiness Index (Tri): A Multiple-Item Scale to Measure Readiness to Embrace New Technologies. *Journal of Service Research*, 2(4), 307–320. <https://doi.org/10.1177/109467050024001>
- Premuzic, T. C. (2011). *Why Are Older People More Conservative?* Retrieved July 13, 2019 from <https://www.psychologytoday.com/us/blog/mr-personality/201410/why-are-older-people-more-conservative>
- Sekaran, U. (2006). *Research methods for business: A skill-building approach*. New Delhi: Wiley India.
- Shin, S., & Lee, W. J. (2014). The effects of technology readiness and technology acceptance on NFC mobile payment services in Korea. *Journal of Applied Business Research*, 30(6), 1615.