A Study of Consumers’ Upgrade Intention of High-technology Products

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Statement of Originality

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# Table of Contents

Statement of Originality .................................................................................................................. iii
Acknowledgements ......................................................................................................................... v
Table of Contents ............................................................................................................................ vii
List of Figures ................................................................................................................................ xi
List of Tables ................................................................................................................................ xiii
Synopsis ....................................................................................................................................... xv
Abstract ..................................................................................................................................... xvii

Chapter 1  Introduction .................................................................................................................. 1
  1.1. Background .......................................................................................................................... 2
  1.2. Adoption and Upgrade of High-technology Products by Consumers ............................... 6
  1.3. Research Justification ........................................................................................................ 9
  1.4. Aim of the Research .......................................................................................................... 12
  1.5. Research Questions ........................................................................................................... 12
  1.6. Proposed Conceptual Framework ..................................................................................... 13
  1.7. Research Methodology ..................................................................................................... 15
  1.8. Data Analysis .................................................................................................................... 15
  1.9. Research Findings ............................................................................................................. 16
  1.10. Research Significance ...................................................................................................... 17
      1.10.1. Theoretical Contribution ........................................................................................ 17
      1.10.2. Practical Contribution .............................................................................................. 19
  1.11. Limitations and Directions for Future Research ............................................................. 21
  1.12. Thesis Structure .............................................................................................................. 23

Chapter 2  Literature Review ........................................................................................................ 25
  2.1. High-technology Products ............................................................................................... 25
  2.2. Technology Acceptance and Use ................................................................................... 27
  2.3. Technology Acceptance Model ....................................................................................... 28
  2.4. Unified Theory of Acceptance and Use of Technology .................................................. 32
  2.5. Extended Unified Theory of Acceptance and Use of Technology ................................ 36
  2.6. Technology Upgrade ...................................................................................................... 40
  2.7. Satisfaction ....................................................................................................................... 46
  2.8. Research Questions ......................................................................................................... 53
  2.9. Hypotheses ........................................................................................................................ 54
  2.10. Conceptual Framework ................................................................................................... 56

Chapter 3  Methodology ............................................................................................................... 59
  3.1. Research Paradigm ........................................................................................................... 59
3.2. Research Method ................................................................. 60
3.3. Research Design ................................................................. 61
3.4. Survey Method ................................................................. 64
3.5. Sampling Design ................................................................. 65
3.6. Target Population ............................................................... 66
3.7. Sampling Frame ................................................................. 66
3.8. Sampling Technique ............................................................ 66
3.9. Sample Size ........................................................................... 68
3.10. Questionnaire Design .......................................................... 70
  3.10.1. Questionnaire Section 1 ...................................................... 70
  3.10.2. Questionnaire Section 2 ...................................................... 73
  3.10.3. Questionnaire Section 3 ...................................................... 74
  3.10.4. Questionnaire Section 4 ...................................................... 75
3.11. Reliability and Validity .......................................................... 76
3.12. Review of Questionnaire Items .............................................. 77
3.13. Data Preparation ................................................................. 77
3.14. Method of Analysis ............................................................. 78
3.15. Descriptive Analysis ............................................................ 78
3.16. Normality Testing ............................................................... 79
3.17. Confirmatory Factor Analysis ................................................ 79
  3.17.1. Goodness-of-fit of the Measurement Model....................... 80
  3.17.2. Construct Validity of the Measurement Model .................... 81
3.18. Update of the Measurement Model ......................................... 83
3.19. Structural Equation Modelling Analysis ................................... 84
  3.19.1. Goodness-of-fit of the Structural Model ......................... 85
  3.19.2. Relationships between the Constructs .............................. 85
3.20. Moderation ........................................................................... 85
3.21. Multi-sample Confirmatory Factor Analysis ............................ 86
  3.21.1. Goodness-of-fit of the Totally Free Multiple Group Model ... 86
  3.21.2. Goodness-of-fit Measures and Δχ² .................................... 87
3.22. Multi-group Structural Equation Modelling .............................. 87
  3.22.1. Relationships between the Constructs across the Two Groups 88
3.23. Ethics .................................................................................... 88
Chapter 4 Data Analysis ............................................................... 91
  4.1. Data Preparation .................................................................. 91
  4.2. Descriptive Analysis of the Participants ................................. 91
  4.3. Normality Assessments ......................................................... 94
5.2.2. Relative Importance of Factors for Consumers’ Upgrade Intention ................................................................. 137
5.2.3. Relevance of UTAUT2 for the Explanation of Consumers’ Upgrade Intention .................................................. 139
5.3. Implications ......................................................................................................................................................... 141
  5.3.1. Theoretical Contributions .......................................................................................................................... 141
  5.3.2. Practical Implications .................................................................................................................................. 145
5.4. Limitations and Directions for Future Research ............................................................................................ 148
5.5. Conclusion ......................................................................................................................................................... 150
Appendices .............................................................................................................................................................. 153
References ................................................................................................................................................................. 175
List of Figures

Figure 1.1 Proposed Technology Upgrade Model ............................................... 14
Figure 2.1 TAM ................................................................................................. 30
Figure 2.2 UTAUT Model .................................................................................. 35
Figure 2.3 UTAUT2 Model ................................................................................ 38
Figure 2.4 Proposed Technology Upgrade Model ............................................. 57
Figure 3.1 Measurement Model for the Technology Upgrade Model ............... 80
Figure 3.2 Structural Model for the Technology Upgrade Model .................... 84
Figure 4.1 Participants’ Gender........................................................................... 92
Figure 4.2 Participants’ Age................................................................................ 93
Figure 4.3 Participants’ Recency of Purchase (in Months)................................. 94
Figure 4.4 Measurement Model for the Technology Upgrade Model ............... 96
Figure 4.5 Standardised Factor Loadings and Squared Multiple Correlations of
the Measurement Model for the Technology Upgrade Model ......................... 97
Figure 4.6 Updated Measurement Model for the Technology Upgrade Model
with the Deletion of the Items EE1, FC4 and SAT3 ........................................... 103
Figure 4.7 Standardised Factor Loadings of the Updated Measurement Model
for the Technology Upgrade Model ................................................................. 104
Figure 4.8 Structural Model for the Technology Upgrade Model ................. 107
Figure 4.9 Standardised Path Coefficients of the Structural Model for the
Technology Upgrade Model ........................................................................... 108
List of Tables

Table 3.1 Measuring Items for Performance Expectancy ........................................71
Table 3.2 Measuring Items for Effort Expectancy ...............................................71
Table 3.3 Measuring Items for Social Influence ..................................................71
Table 3.4 Measuring Items for Facilitating Conditions .......................................72
Table 3.5 Measuring Items for Hedonic Motivation ............................................72
Table 3.6 Measuring Items for Price Value ..........................................................72
Table 3.7 Measuring Items for Satisfaction with the Current High-Technology Product ..................................................................................................................73
Table 3.8 Measuring Items for Satisfaction with the Technology That Supports a High-Technology Product ..................................................................................74
Table 3.9 Measuring Items for Upgrade Intention .................................................74
Table 3.10 Measuring Items for Demographic Information ...................................75
Table 3.11 Measuring Item for Recency of Purchase .............................................75
Table 3.12 Goodness-of-fit Measures ....................................................................81
Table 3.13 Summary of the Standards and Their Sources to be Used for the Assessment of the Construct Validity of the Measurement Model ...........83
Table 4.1 Goodness-of-fit Measures of the Measurement Model for the Technology Upgrade Model ........................................................................................................98
Table 4.2 CR and Discriminant Validity (AVE and Squared Correlations) of the Measurement Model for the Technology Upgrade Model ..................100
Table 4.3 Construct Validity Measures of the Measurement Model for the Technology Upgrade Model .................................................................................101
Table 4.4 Goodness-of-fit Measures of the Updated Measurement Model for the Technology Upgrade Model ..........................................................................105
Table 4.5 CR and Discriminant Validity (AVE and Squared Correlations) of the Updated Measurement Model for the Technology Upgrade Model ....106
Table 4.6 Goodness-of-fit Measures of the Structural Model for the Technology Upgrade Model .................................................................................................109
Table 4.7 Standardised Path Coefficients, t Values, p Values and Variance-explained Estimate of Upgrade Intention .........................................................109
Table 4.8 Participants’ Recency of Purchase ..........................................................111
Table 4.9 Goodness-of-fit Measures of the Totally Free Multiple Group Model .........................................................................................................................112
Table 4.10 Goodness-of-fit Measures of the Constrained Model .........................113
Table 4.11 $\Delta \chi^2$ between the Totally Free Multiple Group Model and the Constrained Model ......................................................... 113
Table 4.12 Goodness-of-fit Measures of the Structural Model with all the Path Coefficients Estimated Separately for the Two Groups ..................... 115
Table 4.13 Goodness-of-fit Measures of the Structural Model with all the Path Coefficients Constrained to be Equal for the Two Groups ............... 115
Table 4.14 $\Delta \chi^2$ between the Structural Model with Unconstrained Path Coefficients and the Structural Model with Constrained Path Coefficients ................................................................. 116
Table 4.15 Standardised Path Coefficients, $t$ Values, $p$ Values and Variance-explained Estimate of Upgrade Intention for the Recency of Purchase RECENT Group ......................................................... 116
Table 4.16 Standardised Path Coefficients, $t$ Values, $p$ Values and Variance-explained Estimate of Upgrade Intention for the Recency of Purchase OLD Group ..................................................................... 117
Table 4.17 Hypotheses 1–6 and a Summary of the Results ..................... 119
Table 5.1 Summary of the Results ................................................................. 135
Table 5.2 Relative Importance of Factors for Consumers’ Upgrade Intention ...................................................................................... 137
Table 5.3 UTAUT2 for the Explanation of Consumers’ Use and Upgrade... 139
Synopsis

Consumers’ upgrading of high-technology products rapidly grows in importance, but is still under-researched. This research aims to investigate the consumer upgrading intentions relating to high-technology products. It expands the prior research on technology acceptance and use in the information systems literature, and consumer upgrade behaviour in the marketing literature, to propose a technology upgrade model. The model extends the most recent extended unified theory of acceptance and use of technology model (UTAUT2) and incorporates two different concepts of satisfaction: satisfaction with a high-technology product, and satisfaction with the underlying technology of a high-technology product. Recency of purchase is hypothesized to moderate the effects of consumer beliefs about a high-technology product on consumer upgrade intentions. Results from a quantitative, cross-sectional study involving an anonymous questionnaire survey of a sample of 410 degree and sub-degree university students in Hong Kong provided empirical support for the model. The results showed that the model is more useful and powerful than the UTAUT2 model for explaining consumer upgrade intentions. The model explained 46.4% and 57.8% of the variation in upgrade intentions for consumers who had purchased a smartphone less than or equal to 12 months previously, and for consumers who had purchased a smartphone more than 12 months previously respectively. This research makes several significant theoretical contributions. Firstly, it extends the generalisability of the UTAUT2 from a consumer acceptance and use context to a consumer upgrade context. Secondly, it explains the contradictory result on the effect of satisfaction on consumer upgrade intentions in prior research. Most significantly, this research showed that the two different concepts of satisfaction regarding a high-technology product were two of the most significant
factors that explain consumers’ upgrade of technology. Lastly, it reveals that a technology upgrade decision is similar to a technology acceptance decision when recency of purchase is old, but is more similar to a technology continued use decision when a purchase had been made recently (that is, 12 months or less). This research also indicates several practical implications for marketing managers. Marketers are advised to focus on hedonic motivation in order to attract consumers who made an earlier purchase to upgrade. Marketers should also focus less on price competition but more on product differentiation based on innovation and customer support services to promote upgrades.
Abstract

Consumers are adopting new technologies more readily and replacing high-technology products with improved versions more frequently. This phenomenon is most apparent regarding smartphone adoption and upgrading. Although substantial theoretical and empirical research has been undertaken to explain users’ acceptance and use of technology, consumers’ upgrading of high-technology products remains largely under-researched.

This research investigates the consumer upgrading intentions relating to high-technology products. The study will undertake this through formulating a technology upgrade model that expands the most recent extended unified theory of acceptance and use of technology model. This study will incorporate three different concepts: satisfaction with a high-technology product, satisfaction with the underlying technology of a high-technology product, and recency of purchase. A quantitative, cross-sectional study involving an anonymous questionnaire survey was conducted on a sample of 410 degree and sub-degree university students in Hong Kong. Confirmatory factor analysis was used to assess the measurement model validity of the technology upgrade model. Structural equation modelling analysis with multi-group analysis was used to assess the structural model validity of the technology upgrade model, the relationships between the constructs, and the moderating effect of recency of purchase. Empirical support is evident for the proposed technology upgrade model’s applicability to the consumer upgrade context. The variance explained in consumer upgrade intentions was substantial. The model explained 46.4% of the variation in consumer upgrade intentions for consumers who had purchased a smartphone less than or equal to 12 months previously; this was 57.8% when the purchase had been made more than 12
months previously. This suggests that the proposed technology upgrade model is useful and powerful for explaining consumer upgrade intentions regarding high-technology products.

The major findings from testing the proposed technology upgrade model reveal the following:

1. The proposed technology upgrade model (as a development of the extended unified theory of acceptance and use of technology model, incorporating satisfaction and recency of purchase) is relevant and powerful for explaining consumer upgrade intentions relating to high-technology products.

2. Prior research on the extended unified theory of acceptance and use of technology model suggests that seven significant factors influence consumer acceptance and use intention (Venkatesh, Thong, & Xu, 2012). In contrast, this research shows that only four factors—effort expectancy, social influence, facilitating conditions and hedonic motivation—are significant in relation to consumer technology upgrades.

3. This research verifies that two different concepts of satisfaction relate to consumer technology upgrades. These are satisfaction with the current high-technology product, and satisfaction with the technology that supports the current high-technology product. While consumers who are dissatisfied with their current high-technology product are more likely to upgrade, satisfaction with the technology that supports the current high-technology product actually influences upgrading intentions. This research shows that these satisfaction-related concepts are two of the most significant factors that explain consumer technology upgrades.
4. This research also shows that consumers made significantly different considerations regarding upgrading decisions when recency of purchase was greater than 12 months and less than or equal to 12 months. When recency of purchase was greater than 12 months, consumers were driven to upgrade more strongly by effort expectancy, social influence and hedonic motivation. However, these consumers were not driven by facilitating conditions. When recency of purchase was less than or equal to 12 months, consumers who were satisfied with their current high-technology product were reluctant to upgrade. However, those who were more satisfied with the technology supporting their current high-technology product were more attracted to upgrades linked to gaining further benefits from the technology.

This research seeks to identify the significant factors that influence consumer upgrading intentions regarding high-technology products. This research reveals that the proposed technology upgrade model incorporating satisfaction and recency of purchase is more applicable and powerful than the extended unified theory of acceptance and use of technology model for explaining consumer upgrading intentions regarding high-technology products. Additionally, the research results suggest that a technology upgrade decision is similar to a technology acceptance decision when recency of purchase is greater than 12 months, but is more similar to a technology continued use decision when recency of purchase is less than or equal to 12 months.

This research indicates several practical implications for marketing managers of consumer technology vendors in product design, promotion, pricing and customer support. The findings show that consumers who wait longer to make an upgrade perceive hedonic motivation as vital. Hence, marketers are advised to focus on the
development of new features or the ‘look and feel’ that will make the usage experience enjoyable for these customers. Consumers are increasingly regarding high-technology products as essential. Therefore, consumers may become insensitive to price when considering an upgrade. Marketing managers should focus less on price competition and more on product differentiation. Finally, only consumers who are satisfied with using a technology but are no longer satisfied with their current high-technology product will consider upgrading to an improved product. In evaluating consumer satisfaction and potential for an upgrade, marketing managers must measure not only consumer satisfaction with the current high-technology product, but also their satisfaction with the technology that supports the product.