

**ANALYSIS THE ADOPTION OF OVO AS SMARTPHONE PAYMENT (CASE STUDY: STUDENTS AND WORKERS IN MANADO)***ANALISIS ADOPSI OVO SEBAGAI PEMBAYARAN LEWAT SMARTPHONE  
(STUDI KASUS: PELAJAR DAN PEKERJA DI MANADO)*

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**Abstract:** Nowadays, along with globalization and technological development, more people think of effective and efficient in life, and how can they saving money or make transaction without having to spend a lot of money and safe and easy. OVO is the answer. OVO was further spread of the present. OVO has the distinctiveness of service, their service is extremely varied. This study aims to know the process adoption of OVO as smartphone payment for students and workers who adopt OVO. This research implies qualitative research using interview toward 10 student and 10 worker. In process adoption, through 5 stages, there are Awareness, Interest and information search, Evaluation, Trial and Adoption. The results of this study is in awareness the highest answer is word of mouth in influence peoples. All the informants interested in offered promotion and used internet for more information. Also they only focus on advantages, and by their experienced, informants get discount or cashback, fast response and easy to make transaction. In adoption, they obtained according the expectations by offered. Recommendation for businesses in Manado, this new payment method can gain more profit, and for universities better to know the trends now and future researchers can used this information.

**Keywords:** *e-business, consumer behavior, adoption process, smartphone payment.*

**Abstrak:** Saat ini, seiring dengan globalisasi dan perkembangan teknologi, banyak orang berpikir tentang efektif dan efisien dalam hidup, dan bagaimana mereka dapat menyimpan uang atau melakukan transaksi tanpa harus mengeluarkan uang banyak dan aman dan mudah. OVO adalah jawabannya. OVO lebih lanjut menyebar saat ini. OVO memiliki kekhasan layanan, layanan mereka sangat bervariasi. Penelitian ini bertujuan untuk mengetahui proses adopsi dari OVO sebagai pembayaran lewat smartphone bagi siswa dan pekerja yang mengadopsi OVO. Penelitian ini mengimplikasikan penelitian kualitatif dengan menggunakan wawancara kepada 10 mahasiswa dan 10 pekerja. Dalam proses adopsi, memiliki 5 tahap, ada kesadaran, minat dan pencarian informasi, evaluasi, percobaan dan adopsi. Hasil penelitian ini adalah dalam kesadaran jawaban tertinggi adalah dari mulut ke mulut dalam mempengaruhi orang-orang. Semua informan tertarik dengan promosi yang ditawarkan dan menggunakan internet untuk mendapatkan lebih banyak informasi. Juga mereka hanya fokus pada keuntungannya, dan oleh pengalaman mereka, informan-informan mendapatkan potongan harga atau pengembalian uang, respon yang cepat, dan mudah untuk melakukan transaksi. Dalam adopsi, mereka memperoleh berdasarkan ekspektasi oleh penawaran. Rekomendasi untuk bisnis di Manado, metode pembayaran yang baru ini dapat menghasilkan untuk pendapatan lebih, dan untuk universitas lebih baik untuk mengetahui kecenderungan sekarang dan untuk peneliti selanjutnya dapat menggunakan informasi ini.

**Kata kunci:** *e-bisnis, perilaku konsumen, proses adopsi, pembayaran lewat smartphone.*

## INTRODUCTION

### Research Background

Nowadays, along with globalization and technological development as well as smartphone has become important part of everyday life. Smartphone are a class of mobile phones and of multi-purpose mobile computing devices. There is phenomenon happening in Indonesia, the quantity of smartphone consumers Indonesia surpassed 100 million smartphone users active in the year 2018. Along smartphone production, plenty of services have been created to utilize the possible functions of smartphones. Not with only smartphones are used as communication devices, but also to be used as socialized tool, entertainment tool, internet access tool, and even payment tool (Rajgopal, 2012).

The increase of used smartphone devices in e-commerce coupled with the popularity of mobile phones also led to the emergence of smartphone payment tools. Within this context smartphone payment can be defined as payments for goods, services, and bills with a mobile device such as mobile phone etc. by taking advantage of wireless and other communication technologies (Dahlberg et al, 2008). Finding opportunities in the dynamic business scape and benefiting from them using new technologies is a major area of focus for organizations in creating value. Thanks to technology, smartphone users nowadays can use their smartphones to make money transaction in non-cash method or payment by using OVO application installed in their smartphone. Besides payment, people can also get store receipts, coupons, business cards, and bills in their Smartphone in OVO application.

Government also support non cash payment method such as the last couple of years, we often heard the term Cashless Society being promoted by Bank Indonesia. Bank Indonesia as Indonesia's central bank initiated a movement called National Cashless Movement back in 2014, with goals such as providing convenience to users and more importantly, reducing the handling cost of financial institutions.

In fact, it is a trendy topic that has been discussed in technical forums and financial websites in several years lately, also we can see the word Smartphone Payment multiple times from the internet such as OVO as a smartphone payment application. The problem is OVO was present and known in Manado on 2018, that is the new system transaction for the society in Manado, yet he does not know what OVO smartphone payment is and how that works. Become the problem because OVO is new system transaction and will continuously evolve, but people must adopt it, and to adopt, people will through the adoption process. In this case, the question arises is how the adoption process to adopt OVO as smartphone payment of students and workers in manado? based the question, the researcher want to know and to gain practical knowledge about process adoption of this new system transaction that is OVO as smartphone payment by students and workers in Manado. Based on the explanation, this research will come up with topic Analysis the Adoption of OVO as Smartphone Payment. Case Study Students and Workers in Manado.

### Research Objectives

The objective of this research is to find out how the adoption process of students and workers in Manado to adopt OVO.

## THEORETICAL FRAMEWORK

### E-Business

E-business as the use of Internet technologies to link customers, suppliers, business partners, and employees using at least one of the following: a. e-commerce websites that offer sales transactions, b. customer-service websites, c. intranets and enterprise information portals, d. extranets and supply chains, and e. IP electronic data interchange. This definition is broadly consistent with that of: the use of electronic networks and associated technologies to enable, improve, enhance, transform or invent a business process or business system for create superior value for current and potential customers. Both definitions recognize that, by helping to build and manage relationships with customers, suppliers, employees, and business partners, e-business can potentially transform a firm into a networked entity with seamless supply chains and value creation processes, according Wu., Mahajan and Balasubramanian, 2003.

### Consumer Behavior

Consumer behaviour as the process whereby individuals decide whether, what, when, where, how, and from whom to purchase goods and services. definition Walters, 1974. Mowen, 1993 provides a different definition

by explaining consumer behaviour as the study of the buying units and the exchange processes involved in acquiring, consuming, and disposing of goods, services, experiences, and ideas. This definition focuses on buying units in an attempt to include not only the individual but also groups that purchase products or services. Schiffman and Kanuk, 1997 define consumer behaviour as: The behavior that consumers display in searching for, purchasing, using, evaluating, and disposing of products, services, and ideas. Schiffman and Kanuk elaborate on the definition by explaining that consumer behaviour is, therefore, the study of how individuals make decisions to spend their available resources: time, money, effort on consumption-related items. It includes the study of what, why, when, where and how often they purchase and how they use the purchased product. In addition, it encompasses all the behaviours that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs.

### **Adoption Concept**

In diffusion of innovation literature, adoption is one of the oldest and most important concepts. Many diffusion of innovation research has been using adoption concept as the main variable and it has successfully given the main basis for the generalizability (Eveland, 1979). Adoption can refer to a process, an event, or a state of being - sometimes all at once. Adoption is laden with positive value and implied finality. Adopters are those who adopt, as opposed to rejecters who decide not to adopt, or non-adopters who have yet to begin the process of becoming adopters (Zenobia, 2008). The 3 types of adoption decisions suggested by (Rogers, 2003). In his Diffusion of Innovations book:

1. Optional adoption decision is made by single individual such as the consumers' decision.
2. Collective adoption decision is taken place by group consensus.
3. Authority adoption decision is established by more or less a few individuals who hold positions of power, status or technical professionals in a group.

This research paper will focus mainly on Optional adoption decision which means that it studies the adoption decision of consumers. However, optional does not imply that the adoption is made without the influence of such factors as opinions of others like family, friends, etc. or the impact of the image imposed by advertising agency according Katz, 1962.

### **Adoption Process**

The adoption process as the mental process through which an individual passes from first learning about an innovation to final adoption, and adoption as the decision by an individual to become a regular user of the product. There are numerous stages of adoption which a consumer goes through. These stages may happen before or even after the actual adoption according iedunote.com, 2019.

1. Awareness: The consumer becomes aware of the new product, but lacks information about it. Simply speaking, if you are not aware of the product, you are never going to buy the product.
2. Interest and Information Search: The consumer seeks information about the new product. Once you are aware, you start searching for information, Whether it be your daily soap, your car or for that matter your home, you won't buy it unless you know about it.
3. Evaluation: Evaluation is where in you test or have a trial of the product. The consumer considers whether trying the new product makes sense. This is pretty difficult in services as services are generally intangible in nature.
4. Trial: The consumer tries the new product on a small scale to improve his or her estimate of its value. However service marketing managers do find ways of offering Trial packs to users. Comparatively, it is pretty easier in Product marketing and finds a major usage in Below the Line sales promotion.
5. Adoption: The actual adoption of the product. The consumer decides to make full and regular use of the new product. Where in the consumer finally decides to adopt the product.

### **Smartphone Payment**

Payments made through wireless devices like mobile phones and smartphones are thought to provide more convenience, reduce the fee for the transaction, and increase the security of electronic payment. This payment system has also made it easier for businesses to collect useful information about their customers and their purchases (Hoofnagle, et al. 2012), other name of smartphone payment is mobile payment. Paunov et al. 2006 found the applicability of mobile payment systems to be quite wide due to the remarkable growth and greater penetration of mobile devices as compared to other telecommunication infrastructure. Mobile payment methods

are suitable for offline micropayments as well as for online purchases. This method is a potential attraction for online traders due to an enormous user base of mobile phones. The use of mobile payment service does not only reduce the overall cost of a transaction but also offer a better payment security according Hoofnagle et al. 2012.

### Smartphone Payment Technology

1. Direct Carrier Billing (DCB) This has been the traditional technique for decades. It is also called direct operator billing or mobile content billing, which lets the users make a purchase via their phones from merchants without entering credit card data PCMag. Direct Carrier Billing also called direct operator billing – A way to do this is to enter your phone number on a payment page or in an app, where after you go through a few authentication steps to confirm you're the owner of that number for instance, by confirming a text message. The payment will then be deducted from your phone bill or prepaid SIM card as with SMS payments.
2. Quick Response (QR) and Bar codes. QR codes are the square bar codes. The optional confirmation code can be required for security purpose. People have to aim the camera carefully to match the indicators on your phone screen before the app can scan the code.

### OVO

OVO is electronic money issued by PT. Visionet International. This company is under the auspices of LippoX which is a business division of digital payment belonging to the Group Lippo. Under the auspices of the LippoX as the company's digital-payment belongs to the group company Lippo, a smart financial apps launched, namely OVO. OVO itself is an application that will give us ease in payment services online transaction with cashless or smartphone-payment. Application OVO is currently available for Android and iOS platforms. An OVO is an electronic payment new officially launched on March 2017. Application OVO is one of the platforms that is used as a media transactions in making payments by the method payment is electronic or digital in which there is a balance OVO Cash which the user can operate the fully the application through your android phone's OVO Cash own is the amount of money or funds in the form of electronic money that can be accessed. An OVO which can be used for a wide range of financial transactions, such as payment in various merchant partners OVO refill (top-up) and balance checking In using the app OVO, the user simply open the app by recording code QR and automatically balances in the application is reduced according to the total payment. Not only do the payment, by the an OVO user can also perform a balance transfer between account OVO and also the transfer of existing funds within the app with make a transfer to different Bank account number or a number the account of private property. The vision of e-money in an OVO trying to be a finance app that works continuously and also the mission of the social developed OVO, OVO determined through payment application tools to support the program government related Non-Cash Movements (GNT), one of the also offered is a system of e-money. The Model of electronic money is indeed on the rise nowadays among the users mobile devices Indonesia. Various forms of e-money offered. On an OVO, there are OVO Cash that can be utilized for various financial transactions. Also OVO have doing cooperation with Grab Indonesia.

### Previous Research

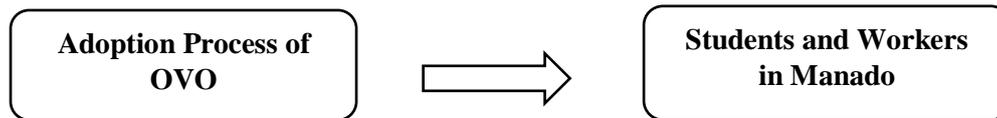
Exploring Consumer Adoption of Mobile Payments – A Qualitative Study. It examines the consumer adoption of a new electronic payment service, mobile payments, research by Mallat. 2006, to this research was also about adoption for noncash payment method. The results indicated that the relative advantages of mobile payments include time and place independence, availability, possibilities for remote purchases, and queue avoidance.

Abrahão, et al. 2016 did a research about Intention of adoption of mobile payment: An analysis in the light of the unified theory of Acceptance and Use of Technology or UTAUT. The important aspects like factors performance expectation, effort expectation, social influence and perceived risk. It was observed that using structural equation modeling, 76% of behavioral intention. The result also claimed that Perceived cost was found not statistically significant at the level of 5%.

Research by Shin, Lee, and Odom, 2014 about A comparative study of smartphone user's perception and preference towards mobile payment methods in the US and Korea. This paper investigates Smartphone users' perceptions and preferences toward mobile payment methods in Korea and the U.S. Smartphone users of U.S have a willingness to pay more for a secure mobile payment transaction, even though Korean users have more experience in the mobile payment frequency. Among the three factors, mobile security is the factor of strongest influence on mobile payment frequency in both countries.

## Conceptual Framework

The relationship between the variables in this research is explained in this conceptual framework.



**Figure 1. Conceptual Framework**

*Source: Data Processed 2019*

The purpose of conceptual framework is to examine of adoption process of OVO as smartphone payment, with a case study of students and workers in Manado.

## RESEARCH METHOD

### Research Approach

In conducting this research, the researcher used the qualitative methodological approach. As quoted from (Saunders, Lewis and Thornhill, 2007) qualitative research is used predominantly as a synonym for any data collection technique, such as an interview or data analysis procedure, such as categorising data, that generates or use non-numerical data. This research used Qualitative approach to get result from the aim of this research is to answer the research questions, how the adoption process of students and workers in Manado to adopt OVO?

### Population, Sample and Sampling Technique

Population is a set or correlations elements that was observed, Arikunto, 2010. Population is generalization range consisting of object/subject having quality and certain social situation which is chosen by researcher to be learnt and drawn conclusions. The population in this research is students and workers in Manado. Sample is the selected people chosen for participation, they are referred as subjects or participants and that actually possesses the same characteristics as the population, and sample is a part of numbers and characteristics of certain population chosen by researcher Sugiyono, 2013. Sample in qualitative research also is not statistical sample, but theoretical because the objective of qualitative research is not to find theories. Sample in qualitative research is also called as constructive sample because from certain sources of the sample, than could be construct phenomenon which are first still unclear. The sample in this research is 20 informant they are 10 students and 10 workers selected in Manado city.

### Purposive Sampling

Purposive sampling is a technique to collect sample of data source with some considerations like people who are considered understand the matter, can be trusted or people who has authority that will make it easier for the researcher to explore the certain object or social situation. This is one form of purposeful selection. Selecting those times, settings, and individuals that can provide information needed to answer research questions is the most important consideration in qualitative selection decision.

### Data Collection Method

This research using Primary data and secondary data. Primary data are the result of conducting some type the data needed for this research were gathered through interview and observation in the social situation according Hair, et al. 2007. Primary data are data gathered for research from the actual site of occurrence of event are called primary data according Sekaran and Bougie, 2010. On this research, researcher using Observation and In-depth interview for obtained data as primary data.

### Observation

Observation according to Arikunto (2010) includes the activity of paying attention to an object by using all sensory tools. This technique is done by carefully observing and recording. The types of observations include structured observation, unstructured observation, participant observation, and nonparticipant observation. The researcher used nonparticipant observation because the researcher was not directly involved only as an independent observer.

### **In-Depth Interview**

In-depth interviewing is a qualitative research technique that involves conducting intensive individual interviews with a small number of respondents to explore their perspectives on a particular idea, program, or situation. The process for conducting in-depth interviews follows the same general process as is followed for other research: plan, develop instruments, collect data, analyze data, and disseminate findings. In-depth interview is an unstructured one-to-one discussion session between a trained interviewer and a respondent according Hair, et al, 2007. In this research, the interviews were held face-to-face. Sekaran and Bougie, 2010 stated that interview is a useful data collection method for exploratory research.

### **Operational Definition of Research Variables**

Operational definition is an explanation about the variable in this research. In this research, operational definition is used to make a clear explanation to analyze the adoption of OVO as smartphone payment by students and workers in Manado. This research is about Adoption Process, and the adoption process have 5 stages which experienced by informants.

1. Awareness: The consumer becomes aware of the new product, but lacks information about it. Simply speaking, if you are not aware of the product, you are never going to buy the product.
2. Interest and Information Search: The consumer seeks information about the new product. Once you are aware, you start searching for information. Whether it be your daily soap, your car or for that matter your home, you won't buy it unless you know about it.
3. Evaluation: Evaluation is where in you test or have a trial of the product. The consumer considers whether trying the new product makes sense. This is pretty difficult in services as services are generally intangible in nature.
4. Trial: The consumer tries the new product on a small scale to improve his or her estimate of its value. However service marketing managers do find ways of offering Trial packs to users. Comparatively, it is pretty easier in Product marketing and finds a major usage in Below the Line sales promotion.
5. Adoption: The actual adoption of the product. The consumer decides to make full and regular use of the new product. Where in the consumer finally decides to adopt the product.

### **Data Analysis Method**

Data analysis in this study was carried out qualitatively. According to Sugiyono (2013) analysis of qualitative data is the process of systematically searching and compiling data obtained from interviews, field notes, and documentation by organizing data into categories, describing them into units, synthesizing, arranging into patterns, choosing which ones are important and which will be learned, and making conclusions so that they are easily understood by themselves and others. Data analysis in qualitative research was carried out before entering the field, while in the field and after completion in the field. The activities in the analysis of qualitative data were carried out interactively and continued continuously to completion so the data was saturated. Activities include data reduction (data reduction), data presentation (data display) and conclusion (verification).

1. Data reduction (data reduction) means summarizing, choosing the main things, focusing on important things, looking for themes and patterns and discarding unnecessary ones, so that the reduced data will provide a clearer picture and will make it easier to carry out further data collection.
2. Presentation of data (data display), in qualitative research, the presentation of data can be done in the form of brief descriptions, charts, relationships between categories, flowcharts and the like. Presentation of data in this study the researchers describe with text that is narrative and designed to combine structured information so that it is easy to understand.
3. Conclusion (verification), the next step is drawing conclusions, the initial conclusions put forward are still temporary and will change if no strong evidence is found that supports the next stage of data collection. But if the conclusions put forward at the initial stage are supported by valid and consistent evidence when the researcher returns to the field when collecting data, the conclusions put forward are credible conclusions. Thus the conclusion might be able to answer the formulation of the problem but maybe not because in qualitative research the formulation of the problem is still temporary and will develop after the research is in the field.

## RESULT AND CONCLUSION

### Result

This research discusses how students and workers go through step by step in the adoption process for using OVO as smartphone payment, so in the end become adopter even loyal customers. In recent years, OVO as smartphone payment has become one of the most talked about. Its growth in Indonesia is also very rapid compared to neighboring countries in the Southeast Asia region. The second stage was won by OVO who successfully excelled for four consecutive quarters.

Based on 10 students and 10 workers informants who were through the adoption process to adopt OVO as smartphone payment and were successfully interviewed, the variables that emerged and were significant with the research were Awareness, Interest and Information search, Evaluation, Trial, and Adoption. In Manado, OVO have good potential to grow, many have realized the benefits of this business. 20 informants give good response because can helpful and win win solution, the business OVO and user get positive impact.

### Discussion

The interview is conducted among adopter of OVO, case study: students and workers in Manado. This part explains about discussion after the interview.

#### 1. Awareness

Definition of awareness is the quality or state of being aware: knowledge and understanding that something is happening or exists (Merryam, 1839). A simple example of awareness that is built in OVO is a collaboration with Grab and other merchant. Maybe at first, Grab has only a bunch of users and the OVO. However, due to the cooperation, Grab subscribers will potentially use OVO, likewise vice versa. There is an interesting look at the industry smartphone payment is consumer behaviour or online application based transport users. President Director of OVO Adrian Suherman calls his current digital money of OVO service has been pocket five to ten million active users. This user growth called Adrian also helped thanks to the cooperation OVO with Grab. OVO occupies the top position among the brand line of financial technology which is often talked positively/positive buzz. This assessment was given by YouGov Brand Index, 2019 of the survey results that they did for a year to get a Brand with the highest and most positive word of mouth in the society's eyes. In this research, all informants who were successfully interviewed answered the same thing, important word of mouth in awareness tools of OVO and 65% affected by friend bid, sales and driver Grab's bid. 25% affected by information on application Grab and 10% affected by advertisement on TV/social media.

#### 2. Interest and Information search

Interest is a feeling that accompanies or causes special attention to something or someone: concern. When people pay attention, next step will find out the information according Merryam, 1828. Various sales promotions OVO are made, from the form of points, discounts, cashback, smartphones or gold giveaway. Initially OVO attempted to attract consumers or users by offering attractive offers or deals. Promo is an additional value for OVO consumers. For interest and information search according to the results of the research, all the informants interested in offered promotion so easily will know more about OVO, and to find out more information 60% their using internet or search engine google, 20% from grab application, and 20% asking sales promotion or grab's employee.

#### 3. Evaluation

Evaluation is a systematic determination of a subject's merit, worth and significance, using criteria governed by a set of standards. It can assist an organization, program, design, project or any other intervention or initiative to assess any aim, realisable concept/proposal, or any alternative, to help in decision-making; or to ascertain the degree of achievement or value in regard to the aim and objectives and results of any such action that has been completed according to Wikipedia. The primary purpose of evaluation, in addition to gaining insight into prior or existing initiatives, is to enable reflection and assist in the identification of future change. Evaluation in this research is all the informants already knows about other smartphone payment as their alternative method payment: Gopay and Dana, also the advantages and disadvantage of OVO before trial that become their evaluation. The informants focus on advantages, other informants know the disadvantages but still want using OVO.

#### 4. Trial

Experiments are where you test something by using or doing it for a period of time to see how well it works. If there is anything to be tried, it is being tested this way. In this research, when try OVO all informants

get discount or cashback, so become more thrift, fast response and easy to make transaction, they feel satisfy. In other side of difficulty, just 35% informants answered face difficult on top-up OVO and error in applications.

### 5. Adoption

Product adoption is the process by which customers hear about new products and decide to buy them. This can be an easy process like customers who are fans of brands who are trying out new products they release. This is the main stage, all the informants decide to use OVO and finally their till the stage of becoming adopter. All informants agreed to answer OVO better than others and obtained according the expectations are offered. The types of transactions often used is 70% for online transportation/Grab and 30% for shopping at merchants.

This research have similar with research by Oliveira et al, 2015. Mobile payment: Understanding the determinants of customer adoption and intention to recommend the technology. Found compatibility, perceived technology security, performance expectations, innovativeness, and social influence to have significant direct and indirect effects over the adoption of mobile payment and the intention to recommend this technology. The relevance of customer's intention to recommend mobile payment technology in social networks and other means of communication was also confirmed, supporting the recommendation to include it in social marketing campaigns and in future technology adoption studies.

## CONCLUSION AND RECOMMENDATION

### Conclusion

It can be concluded that there are many people get first information from mouth to mouth or word of mouth or more specific is their friend, sales promotion and driver grab. Some of them know from internet advertising, TV and social media. For interest and information search, all the informants interested in offered promotion and will know more about OVO then to find out more information mostly using internet. Other informants search information direct from grab/OVO application and asking sales promotion or employee of Grab/OVO. In evaluation stage for all the informants already knows about the others smartphone payment as their alternative method payment, also the advantages of OVO before trial that become their evaluation, but for disadvantages many informants did not know the disadvantages because they focus on advantages, other informants know the disadvantages but still want using OVO. The informants when try OVO answered as expects get discount or cashback, so become more thrift, fast response and easy to make transaction, they feel satisfy, and only a small part has difficulty. All the informants decide to use OVO and finally till the stage of becoming adopter to become a loyal customer of OVO as smartphone payment in Manado and mostly used OVO for online transportation Grab.

### Recommendation

Based on the result of the research, this is a recommendation for business in Manado, universities and researchers in the future:

1. It is highly recommended for business or merchants owners in Manado to be more open minded with new payment method for strategies to gain more profit, and word of mouth is effective for influence peoples.
2. For universities it is expected as early as possible to know the trends now. Students can use the application in good way. Most students now have more business spirit, so that the business they build can develop faster.
3. It is advisable for future researchers to involve more informants in this kind of research and use other research tools to find out more about using OVO as smartphone payment.

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