



ABSTRACT

OVO is a financial application that was launched widely in September 2017. Since its launch, OVO has successfully received ten million users in July 2018. This study aims to investigate innovative characteristics that determine its rapid acceptability. Roger's (1983) diffusion of innovation theory underlines the study. The data were collected from 150 respondents who have used the OVO application at least once in the last six months, chosen judgmentally. This study found that OVO acceptability is determined by relative advantage and observability. Compatibility does not affect OVO acceptance. In addition, complexity influences OVO acceptability negatively. The four determinants can explain 72% of OVO acceptability. The researcher recommends that companies conduct counseling, seminars, and even workshops on OVO applications so that more people can better know OVO. This research still focuses on people below 31 years old. Further research can focus on older people.

Keywords:

Relative advantage, ease of use, compatibility, observability, triability, adoption of innovation

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Research Article

OVO acceptability and its innovative characteristics

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INTRODUCTION

In the era of globalization, the emergence of smartphones and mobile apps greatly facilitates transactions. The company began to use smartphones and mobile apps to build new business lines, one of which was in financial technology (Fintech), namely smart financial apps. Consumers increasingly adopt today's financial applications because they promise their practicality, convenience, and speed, which significantly facilitates financial transactions anytime and anywhere.

Many financial applications have emerged in Indonesia, such as T-Cash, Go-Pay, Finansialku, Dana, and MidTrans. The digital payment company belonging to the Lippo group of companies has launched a new intelligent financial app called OVO. This mobile payment application is available for Android and iOS platforms with an e-money system.

The electronic money model is currently popular among Indonesian mobile device users. Various forms of e-money systems are offered. There is an OVO Cash facility in the OVO application that can be used for various financial transactions. OVO is intended to be a simple payment system and intelligent financial services.

As the latest financial application, OVO carries out various strategic innovations to introduce its products so that they can be known and accepted by the public. This fact is evident from the large number of users of the OVO application, which reached 10 (ten) million users in July 2018. The strategies carried out by OVO are also very diverse, ranging from large-scale promotions to partnerships. Since its launch in 2017, OVO has started a movement to introduce its brand at Lippo Group's malls. OVO began its activity with the Personal Selling Promotion method. Personal selling involves many Sales Promotion Girls (SPG) and Sales Promotion Boys (SPB) to cover many consumers in these various shopping centers. In addition, OVO also utilizes various shopping centers under the auspices of Lippo Group to start demonstrating the use of the OVO application with a parking payment system that currently uses the OVO application.

In April 2018, OVO decided to form a partnership with the Grab. This collaboration aims to be mutually beneficial for both parties. This collaboration helps OVO enter the market through the online transportation target and introduces and attracts many people to start downloading and using the OVO application. The partnership strategy with OVO is part of the open ecosystem to touch 60 (sixty) million smartphone users in Indonesia, including Grab users spread across 135 cities.

In addition, the promotion strategy is used as a tool to enter the competitive market. One of the promotions is the Rp1 promo, payment using OVO via the Grab application, and purchasing food at certain restaurants. The Rp1- promo is very profitable for consumers, so consumers start downloading and using the OVO application because there are many benefits from the promos offered by OVO. OVO users are also given other benefits: discounts, various cashback, and other promos if consumers make payments using the OVO application. In addition, to Grab, OVO has recently entered into a partnership with one of the marketplaces in Indonesia, namely Tokopedia. Moreover, in November 2018, OVO officially replaced Tokopedia's digital wallet, Tokocash. Various OVO strategies are carried out to be known by the public and expand their market by presenting promotional innovations, innovations in technology, and other innovations.

People in Indonesia have widely used the financial OVO application. The OVO brand has also been known and accepted by the people of Indonesia. This result cannot be separated from various OVO innovations.

According to Roger (1983), innovation is the characteristics or character of an idea, item, or method, which is felt or observed as a new aspect or finding by a person or group of people (society) which aims to solve the problems of its users. Rogers (1983) suggests five innovation characteristics: relative advantage, compatibility, complexity, trialability, and observability.

Relative advantage is the degree to which an innovation is perceived as beneficial to its recipients (Kotler and Keller, 2016; Rogers, 1983). Compatibility is conformity with

the recipient's values, experiences, and needs. The level of complexity (complexity) is assessed from the difficulty in understanding and using the innovation for the recipient. Observability refers to whether it is easy to observe or not an innovation results from the recipient's viewpoint.

Based on the description above, it can be concluded that the diffusion of innovation is the process of spreading new ideas to change a society, which occurs continuously from one place to another, from one period to the next, from a particular field to another. Other areas to a group of social system members (Rogers, 1983). The main objective of the diffusion of innovation is to adopt an innovation (science, technology, community development field) by members of a particular social system. The social system can be individuals, informal groups, organizations to the community.

The OVO brand presents various innovations, starting from promotional innovations, technological innovations, and even brand innovations to be accepted by consumers. Characteristics of innovation are one way that the innovation presented by a brand can be well received by consumers or not.

Based on the background that has been described, the purpose of this research is to find out and get an overview of:

1. How does OVO's relative advantage affect consumer brand acceptance?
2. How does OVO compatibility affect consumer brand acceptance?
3. How does complexity affect consumer brand acceptance?
4. How does observability affect consumer brand acceptance?

RESEARCH METHOD

Data were obtained from 150 respondents using the OVO application at least once in the last six months, who were selected by non-probability sampling with the judgment sampling technique. The data is processed with structural equation modeling using Lisrel 7.8. Roger (1983) proposes relative advantage, compatibility, complexity, trialability, and observability as the dimension of innovation adaptability. The researcher made an adaption in which, based on Sugandini (2007), complexity is represented by the following variables: ease of use, easy to learn, clear and understandable, easy to become skillful, controllable, and flexible. Trialability is skipped because a sample does not accompany the application introduction.

RESULT

This study established three of the four dimensions of Roger's (1983) innovation characteristics, namely relative advantage, compatibility, and ease to use. Those dimensions fulfill content and convergent validity well, as shown by factor loading (FL)>0.50, average variance extracted (AVE)>0.50, and composite reliability (CR)>0.60. They are also reliable, as demonstrated by Cronbach Alpha (CA) >0.70. The observability dimension fails to express validity (FL<0.50, AVE<0.50, CR<0.60) and reliability prerequisites (CA<0.60) and is skipped from the study (Table 1).

OVO acceptability and its innovative characteristics

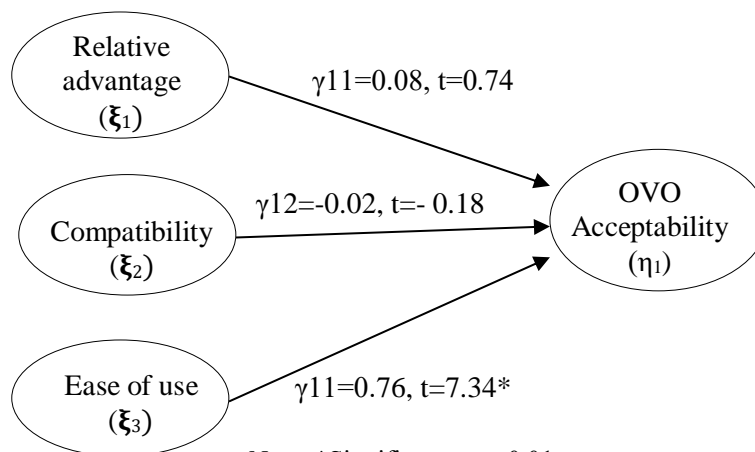
The complete model of SEM has a fair fit (RMSEA=0.088). The model shows that the acceptability of OVO is caused by its easiness of use ($\beta_{13}=0.76$, $t=7.34$). The other two antecedents have a non-significant influence (Figure 1).

Table 1

Validity and Reliability Analysis

Relative Advantage (AVE=0.69, CR=0.86, Alpha=0.80)		Loadings
1.	I feel the OVO application can make payments virtually easier (ADV1)	0.80
2.	In my opinion, the OVO application can save time at the time of payment (ADV2)	0.89
3.	I feel that the presence of the OVO application can make my activities and work much easier (ADV3)	0.80
4.	I feel the OVO application can be used quickly (ADV 4)	0.82
5.	I know that the OVO application has a feedback feature (criticisms and suggestions) (ADV5)	Eliminated
Compatibility (AVE=0.63, CR=0.68, Alpha=0.76)		
1.	In my opinion, the features and technology of the OVO application are in accordance with current technological developments (COMPA1)	0.86
2.	In my opinion, the OVO application can be categorized as a Financial Technology (Fintech) application because it can make non-cash payments (COMPA2)	0.72
Ease of use (AVE=0.66, CR=0.89, Alpha=0.92)		
1.	I find the OVO application easy to use (COMPLEX1)	0.76
2.	In my opinion, the OVO application is easy to learn how to use (COMPLEX2)	0.88
3.	OVO is fun to use (COMPLEX3)	0.93
4.	I find the OVO application easy to master (COMPLEX4)	0.87
5.	I can control the use of the OVO app easily (COMPLEX5)	0.81
6.	In my opinion, the OVO application can be used anywhere and anytime by consumers (COMPLEX5)	0.59
Observability (AVE=0.44, CR=0.40, Alpha=0.59)		
1.	I share information about the OVO application with people around me (OBSERV1)	0.64
2.	I find the OVO application useful as a cashless payment application (OBSERV2)	0.68
Acceptability (AVE=0.56, CR=0.81, Alpha=0.88)		
1.	I feel the OVO application is better than similar financial applications (ACCEPT1)	0.67
2.	I recommend people around me to use the OVO app (ACCEPT2)	0.72
3.	In my opinion, inviting and convincing people around me to use the OVO application is a good idea (ACCEPT3)	0.77
4.	I feel no regrets using the OVO app (ACCEPT4)	0.85
5.	I am satisfied with the presence of the OVO application (ACCEPT4)	0.86
6.	In my opinion, payment using the OVO application is easier than making payments in cash or cash (ACCEPT5)	0.58

Figure 1
Structural Model of SEM



Note: *Significant at $\alpha<0.01$

DISCUSSION

Ease of use, as the opposite of complexity, positively affects OVO acceptability. This result indicates that the complexity of the innovation affects the OVO acceptability. These results are common in technology-based products (Damanpour & Gopalakhrisnan, 2001). Therefore, the widespread OVO adoption is caused by its ease of use.

The absence of comparison causes the non-significant relative advantage influence. As we know, OVO is a pioneer in fintech (financial technology) applications in Indonesia. During its introduction, no established fintech application can be used as a relevant comparison (Roger, 1983; Yahya et al., 2017).

The study found that compatibility does not influence OVO acceptability. As an application that can be installed on the Android and iOS platforms, the compatibility aspect is not a user consideration in adopting the OVO.

The failure to prove the validity of observability and the lack of influence of relative advantage and compatibility indicates that Roger's (1983) innovation adoption is not the right model for such a study. Further researchers are advised to use a technology adoption model (TAM), which is specifically intended to study the adoption of technology products.

CONCLUSION

The installation of the OVO application is influenced by its ease of use. Relative advantage and compatibility do not affect OVO adoption. Further researchers are advised to use the technology adoption model (TAM).

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