Perceived Value and Intention to Purchase a Smartwatch: Understanding the Role of Brand Trust, Perceived Quality, and Perceived Risk

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Background and Purpose: Smartwatch is a major category of wearable technology and has been considered as a trend to increase brand value and market share for companies. Apart from well-known retailers such as Apple, Samsung, Guess, and Fossil who introduced smartwatches as extensions of their existing product lines and kept updating them regularly, some young brands started their smartwatch business to compete for customers (Burrell, 2017). A comprehensive search on Amazon.com indicated that there are more than 50 brands of smartwatches offered on the market and the price ranges from $12 to $1000. Previous research categorized smartwatch as a fashion product and consumers' purchase intention of smartwatch was discussed (Choi & Kim, 2016; Kim & Shin, 2015). However, these studies only used smartwatches launched by well-known companies such as Apple and Samsung as stimuli and failed to consider consumers' acceptance of smartwatches launched by unknown brands. As the current market provides numerous brands of various price ranges for consumers to select, a better understanding of consumers' expectations on various selections of smartwatch is needed to guide the product development while maximizing added value to consumers. To this end, **the purpose of this study** is to better understand consumers' purchase intention of smartwatch across well-known brand and unknown brand at various price points. The results of this study will provide insights to retailers for product development and pricing.

Conceptual Framework: A research model and hypotheses were developed Sweeney, Soutar, & Johnson (1999). In addition, brand trust was included as an exogenous variable which can influence perceived quality in creating perceived value. **H1:** Brand trust will positively influence perceived quality. **H2:** Perceived quality will positively influence perceived value. **H3:** Perceived value will positively influence purchase intention toward smartwatch. **H4ab:** Perceived risk will negatively influence (**a**) perceived value and (**b**) purchase intention toward smartwatch. **H5-7:** The salience of the path would be different across (**H5**) consumers of high price point, (**H6**) consumers of medium price point, and (**H7**) consumers of low price point with well-known brand and unknown brand.

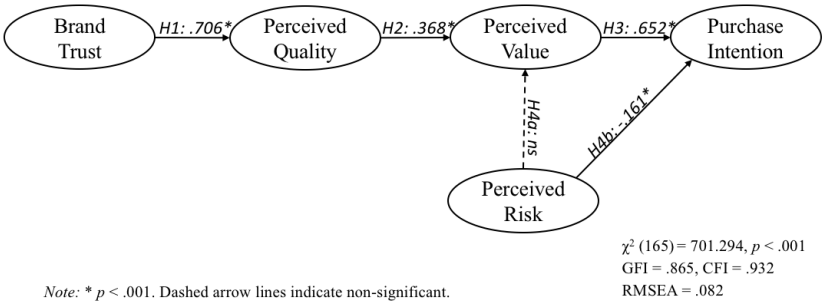

Figure 1. Conceptual Framework

Methods: Two pre-tests were conducted to identify the brands (well-known brand: Apple, and unknown brand: LEMFO) and price points (of low, medium, and high for each

brand). An online self-administered questionnaire was created using Qualtrics and a subject pool was recruited via Amazon Mechanical Turk Panel services. Participants were randomly assigned into 6 groups (Apple-high, Apple-medium, Apple-low, LEMFO-high, LEMFO-medium, LEMFO-low). After reading an introduction and description (with brand, price information, and images) of smartwatch, they were asked to complete the questionnaire, which include measures of brand trust, perceived quality, perceived value, perceived risk, and purchase intention of the smartwatch from established research by a 5-point scales. A total of 546 responses were obtained over one-week period. After data cleaning, a total of 479 valid responses (240 males, 239 females) were included in the data analysis. The majority of the participants (66.4%) ranged between 25 and 44 years old (age range from 18 to 74). The participants were equally distributed among the 6 groups.

Results: Exploratory factor analysis (EFA) on SPSS and confirmatory factor analysis (CFA) on AMOS were conducted to ensure construct validities. Items with low loadings or high-cross loadings were removed in the EFA. Varimax rotation resulted in 26 items that measured 5 factors, with 78.04% of total variances explained, and item loadings ranging from .703 to .867. Cronbach's alpha ranged from .868 to .953. After dropping the items of high modification indices in CFA, twenty items within five factors remained, with the reliability and validities achieved. Path analysis with a fair model fit ($\chi^2/df = 4.25$, $p < .001$, RMSEA = .082, CFI = .932, and GFI = .865; MacCallum, Browne, & Sugawara, 1996) was used to test hypothesized relationships (see Figure 1). Three rounds of multiple group comparisons were conducted to examine any differences between two groups of different brands (Apple & LEMFO) among three levels of price points. The results of multiple group comparisons indicate that for participants who were assigned to the high price point, the relationship between perceived risk and purchase intention is only significant for those who related to the well-known brand. In addition, for participants who were assigned to the low price point, the relationship between perceived risk and purchase intention is only significant in the unknown brand group, the relationship between perceived value and purchase intention is stronger in the unknown brand group, and the relationship between perceived quality and perceived value is stronger in the well-known brand group. Attitude and purchase intention for participants who were assigned to the medium price point did not vary between different levels of brands.

Conclusion and Implications: Proposed hypotheses H1, H2, H3, and H4b were supported (see Figure 1), and H5 and H7 were partially supported. Research findings suggested that consumers value the product quality that was provided by both well-known and unknown smartwatch brands. Apart from establishing brand trust, unknown brands should price their products to medium or high so as to avoid perception of risk. Another advantage of this pricing strategy for unknown brands is they can avoid consumers relating their products of low value and low quality. For well-known brands, in addition to constantly upgrading the platforms of smartwatches, they should avoid pricing their products too high so as to decrease consumers' concerns of risk. Theoretically, this study contributed by extending the model of perceived value to fashion technology related product and systematically tested the model.

***Full Reference List Available Upon Request**