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Examining Gen Z's Intention to Join NFT Loyalty Programs: The Role of Perceived Value and Ease of Use

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ABSTRACT

This study aims to examine the influence of perceived value and perceived ease of use on Generation Z's intention to participate in NFT-based loyalty programs. Perceived value is measured through three key dimensions: functional value, symbolic value, and hedonic value, while perceived ease of use is tested as a moderating variable. A quantitative approach using PLS-SEM analysis was applied, with a saturated sample of 50 Gen Z respondents. The results show that perceived value has a significant positive effect on the intention to join NFT-based loyalty programs, while perceived ease of use does not significantly moderate this relationship. These findings suggest that businesses should focus more on delivering strong perceived value when designing NFT loyalty strategies, particularly in appealing to the preferences and digital experiences of Gen Z consumers.

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INTRODUCTION

The development of digital technology has brought significant changes to marketing strategies, particularly in building customer loyalty. In the Web3 era, Non-Fungible Tokens (NFTs) have emerged as an innovation that has the potential to transform traditional loyalty programs into digital and blockchain-based systems. NFTs, being unique and non-interchangeable, allow companies to offer exclusive, transparent, and verifiable digital loyalty incentives. Generation Z, as highly adaptable users of digital technology, has become the primary target in implementing NFT-based loyalty programs. Their perception of the value of NFTs and the ease of using this technology is believed to be a critical factor influencing their intention to participate in these programs. Therefore, understanding how the perception of value and the ease of use of NFTs affects the intention to participate in loyalty programs is essential in designing effective marketing strategies in the digital era.
NFT (Non-Fungible Token) has become one of the fastest-growing digital technology trends in recent years. According to a DappRadar report (2023), the volume of NFT transactions reached over $10 billion in the first quarter of 2023, an increase of nearly 500% compared to the previous year. In addition, a survey by Statista (2024) showed that around 70% of NFT users are from the age group 18-30, which predominantly includes Gen Z.

Gen Z is known as a generation that is highly adaptable to digital technology and has a strong preference for personalized and exclusive experiences. Data from Morning Consult (2022) revealed that 65% of Gen Z is interested in loyalty programs offering rewards based on the latest digital technologies, including NFTs.

Several businesses have started adopting NFTs as part of their loyalty programs to enhance engagement with consumers. However, the adoption of this new technology faces challenges, as there are still consumer doubts about the real value of NFTs and their ease of use. For example, a survey by The Harris Poll (2023) found that 45% of Gen Z consumers find NFTs difficult to understand. Similarly, there is still limited literature discussing NFTs as a tool for building and maintaining consumer loyalty.

This phenomenon highlights the need for in-depth research on how the perception of value and ease of use of NFTs influences the intention to participate in loyalty programs, particularly among Gen Z. While Plasa Gym has not yet implemented NFTs as a loyalty program, the author aims to understand the perception of consumers, specifically members of Plasa Gym, regarding NFTs as a loyalty program. This research will enable businesses to optimize NFT-based loyalty program strategies to meet expectations if implemented.

LITERATURE REVIEW

Non-Fungible Token (NFT)

Murray et al. (2023) describe Web3 as an advanced evolution of the internet, built on blockchain technology and decentralized applications. Hanswal et al. (2023) mention that Web3 offers higher security, transparency, and user control over data compared to Web2. Key features of Web3 include cryptocurrency, NFTs, DAO, and the metaverse, which facilitate peer-to-peer interactions and reduce reliance on centralized entities.
Ko et al. (2024) explain Non-Fungible Tokens (NFTs) as unique digital assets built on blockchain technology, particularly on the Ethereum network, which provides ownership and provenance that can be verified. NFTs are identified through smart contracts and token IDs, allowing the tracking of their history and ownership. Razi et al. (2024) highlight that NFTs have applications in various fields, including digital art, healthcare, supply chains, gaming, and education. However, this technology faces challenges related to security, privacy, ownership, governance, and environmental impact. Despite these obstacles, NFTs offer great potential to revolutionize asset ownership and value exchange in decentralized markets (Abubakar et al., 2024).
Non-Fungible Tokens (NFTs) are evolving as transformative technology for business model innovation and digital asset management. NFTs establish digital ownership rights, enabling new business models centered around digital ownership, transferable assets, and decentralized communities. One of the benefits of NFTs is serving as membership tokens to access a pool of business models and company knowledge resources, facilitating the exchange of best practices among organizations (Kopp, 2022).

Perceived Value

Perceived value is a multidimensional concept that plays a crucial role in consumer purchasing behavior. This concept involves the interaction between consumers and products, and is characterized by its comparative, personal, and situational nature (Sánchez-Fernández and Iniesta-Bonillo, 2007). Lu and Wang (2020) mentioned that perceived value influences intention. Several factors affecting perceived value include price, quality, quantity, and shopping experience. To enhance competitiveness, businesses should focus on managing consumer-perceived value by increasing perceived benefits and reducing costs (He, 2024). Perceived Value is the dependent variable in this research. Perceived Value is measured through functional value (Zeithaml, 1988), symbolic value (Sweeney and Soutar, 2001), and hedonic value (Holbrook and Hirschman, 1982).

Perceived Ease of Use

Perceived Ease of Use is a critical concept in research on technology acceptance. This concept influences the extent to which an individual accepts and uses information technology (Venkatesh, 2000). However, ease of use is not always the primary concern. Many users prioritize the benefits of technology in completing tasks over how easy the technology is to use (Pickering et al., 2020).

Perceived Ease of Use is the moderating variable in this study. Perceived Ease of Use is measured by the ease of understanding how NFTs work and the ease of becoming proficient in using NFTs, adapted from Chopra et al. (2021), as well as the ease of using NFTs without assistance (Alalwan et al., 2017).

Intention to Participate

Intention to participate refers to an individual's willingness to engage in a specific activity or program. In this study, Intention to Participate in the Program is measured by the intention to join (Xie et al., 2023), the intention to use NFTs as part of a loyalty program (Xie et al., 2023), the intention to recommend the loyalty program with NFTs (Khati et al., 2024), the interest in participating (Xie et al., 2023), and the willingness to utilize the benefits offered by the loyalty program with NFTs (Ramly and Md Zabri, 2024).

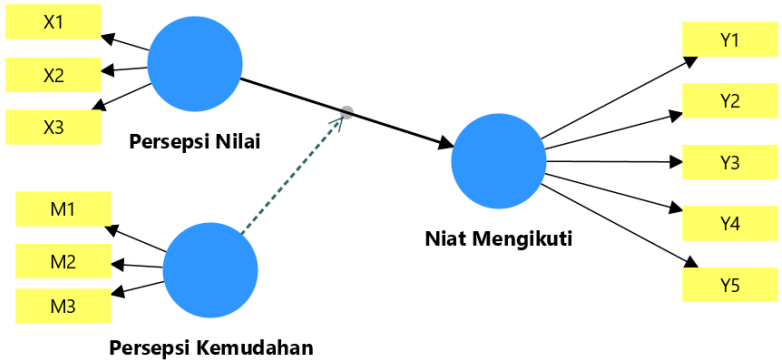

Figure 1. Research Model

METHODOLOGY

This study uses a saturation sampling technique, where the entire population that becomes the subject of research is used as the sample because the number is relatively small and easily accessible. In this case, the population consists of 50 active Gen Z members of Plasa Gym in Situbondo Regency who are familiar with the concept of NFTs. This technique was chosen to gain a comprehensive understanding of their perceptions of the NFT-based loyalty program. To analyze the data, the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach was used because this method is suitable for explanatory research, involving complex models with latent variables, and is appropriate for small to medium sample sizes. PLS-SEM also allows for simultaneous testing of relationships between variables and provides robust results even when the data is not normally distributed (Hair et al., 2021).

RESEARCH RESULTS

An algorithm test was conducted to measure the validity, reliability, and strength of the indicators in this study. The results of the algorithm test indicate that the research model has good measurement quality. All indicator variables

have outer loading values above 0.70, which indicates that convergent validity is sufficiently met (Hair et al., 2021). In the Perceived Value variable, indicators X1, X2, and X3 have loading values of 0.925, 0.917, and 0.897, respectively. Similarly, in the Perceived Ease of Use variable, which serves as the moderating variable, indicators M1, M2, and M3 show loading values of 0.917, 0.939, and 0.918, respectively. The Intention to Use variable also meets the convergent validity criteria with five indicators (Y1, Y2, Y3, Y4, Y5), all of which have loading values above 0.85.

The coefficient of determination (R^2) value of 0.699 indicates that about 69.9% of the variance in the Intention to Use variable can be explained by the Perceived Value, Perceived Ease of Use, and their moderating interaction. This value is considered strong according to Chin (1998), suggesting that the model has high predictive power. Furthermore, the path analysis results show that the direct effect of Perceived Value on Intention to Use has a coefficient of 0.565, meaning that the higher the consumer's perception of the value of NFTs, the higher their intention to participate in the NFT-based loyalty program. However, the interaction effect between Perceived Value and Perceived Ease of Use, as the moderating variable, on Intention to Use has a very small coefficient of 0.061. This value indicates that Perceived Ease of Use does not provide a significant moderating effect in strengthening or weakening the relationship between Perceived Value and Intention to Use. Thus, it can be concluded that although Gen Z considers NFTs easy to use, this perception does not substantially strengthen the effect of the NFT's value on their intention to participate in the loyalty program. The results of the algorithm test are shown in Figure 2 below.

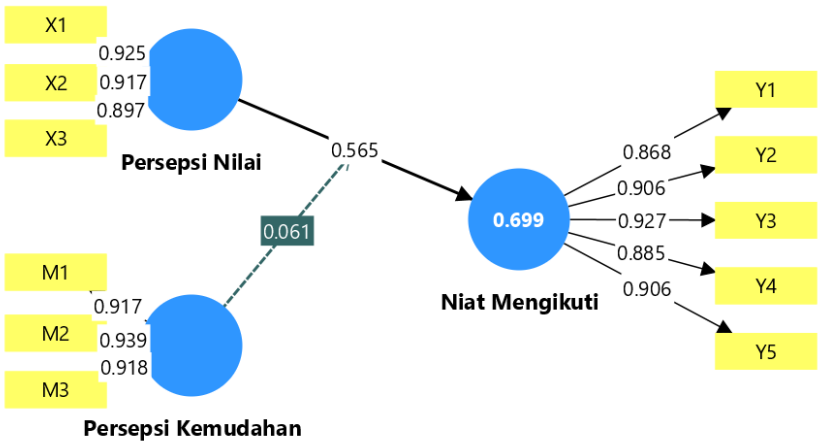

Figure 2. Algorithm Test

BOOTSTRAPPING ANALYSIS RESULTS

The bootstrapping analysis in this study shows that the relationship between the Perceived Value variable and the Intention to Participate in the NFT-

based loyalty program has a statistically significant effect. This is indicated by the p-value of 0.000, which is below the significance threshold of 0.05. This means that the higher the Gen Z's perception of the functional, symbolic, and hedonic value of NFTs, the higher their intention to join and participate in the NFT-based loyalty program.

Meanwhile, the moderating effect of Perceived Ease of Use on the relationship between Perceived Value and Intention to Participate is not significant, with a p-value of 0.419. This shows that although Gen Z considers NFTs easy to use, the ease of use does not significantly strengthen or weaken the effect of NFT's value on their intention to participate in the loyalty program. In other words, the ease of using NFTs is not a determining factor in strengthening the relationship between value and intention to use in this context.

Furthermore, all indicators of each variable (Perceived Value, Perceived Ease of Use, and Intention to Participate) have a p-value of 0.000, indicating that all of these indicators are valid and significant in measuring their respective variables. The R^2 value of 0.699 for the Intention to Participate variable also indicates that about 69.9% of the variation in Gen Z's intention to participate in the loyalty program can be explained by this model. This value falls into the strong category, indicating that the model has good predictive ability. The bootstrapping test results are shown in Figure 3 below.

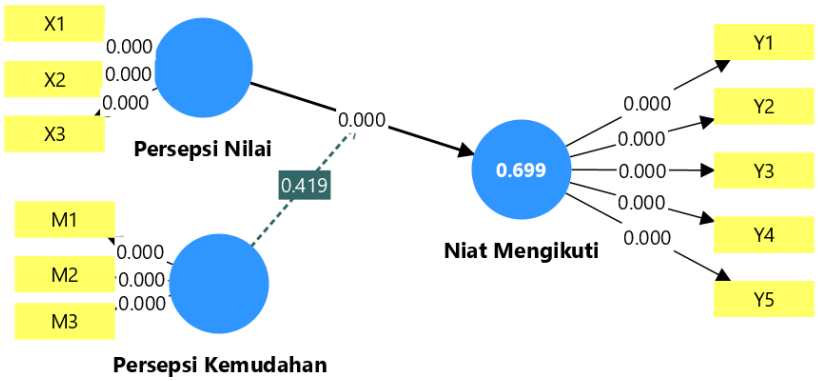

Figure 3. Bootstrapping Test

DISCUSSION

The results of the tests indicate that perceived value (which includes functional, symbolic, and hedonic value) has a significant impact on Gen Z's intention to participate in NFT-based loyalty programs. This finding aligns with various previous studies that emphasize the importance of perceived value in shaping the adoption behavior of new technologies, particularly among digital natives. Gen Z tends to be attracted to technologies that are not only useful but also reflect their social identity and provide pleasurable (hedonic) experiences. NFTs, as unique digital representations, have a significant potential to fulfill all three of these dimensions if appropriately packaged.

However, the research also shows that the perceived ease of use does not act as a significant moderating variable in strengthening the relationship between perceived value and intention to use. This means that while Gen Z may consider NFTs easy to use, this ease of use does not have a substantial impact on enhancing or weakening the relationship between the perceived value of NFTs and their decision to participate in the loyalty program. One possible explanation for this is that Gen Z, as digital natives, is already accustomed to digital technologies, so the ease of use is not a major obstacle or determining factor in their behavior toward NFT adoption.

Strategic Implications

For businesses, particularly those wanting to adopt NFT technology as part of a loyalty program targeting the Gen Z consumer segment, the finding that perceived value significantly affects the intention to participate in an NFT-based loyalty program indicates that companies need to focus on building strong perceived value regarding NFTs. This includes not only functional values such as benefits and ease of transactions but also symbolic and hedonic values, such as exclusivity, digital identity, and enjoyable experiences. NFTs designed as symbols of premium membership or unique digital rewards can enhance the appeal for Gen Z consumers who highly value personal and social digital experiences.

Although perceived ease of use was not proven to be significant as a moderating variable, ease of use remains important as a basic prerequisite. Therefore, the user interface, the NFT claiming process, and integration with digital wallets should be designed to be as simple and intuitive as possible. Furthermore, businesses need to craft marketing communications that highlight the advantages and uniqueness of NFTs so that consumers fully understand the value of the program. Market segmentation based on consumers' value preferences (symbolic, hedonic, or functional) can also assist companies in designing more relevant personalized approaches. By combining education, emotional value, and memorable digital experiences, businesses can maximize the potential of NFTs as an innovative loyalty strategy that aligns with the characteristics of Gen Z.

CONCLUSION AND RECOMMENDATIONS

Perceived value significantly influences Gen Z's intention to participate in NFT-based loyalty programs, reflecting the importance of functional, symbolic, and hedonic value in generating interest in digital innovations. While perceived ease of use is generally important, it does not act as a significant moderator in the relationship between perceived value and intention to use NFTs. Therefore, it can be concluded that the success of NFT-based loyalty programs is more determined by a business's ability to create value perceived by consumers, rather than merely the technical ease of use.

FUTURE RESEARCH

This study has limitations related to the small sample size and its focus solely on one generational group, Gen Z, meaning the results may not be generalized to a broader population. Additionally, the use of a purely quantitative approach without qualitative exploration limits the deeper understanding of the motivations and subjective perceptions respondents have toward NFTs. Future research could expand the study to include a mixed-method approach to explore deeper reasons behind respondents' perceptions of value and ease of use.

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