

International Journal of Advance Research in Computer Science and Management Studies

Research Article / Survey Paper / Case Study

Available online at: www.ijarcsms.com

Consumer Perspectives on Mobile Advertising and Marketing

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Abstract: Mobile marketing is set to make a big impact in India. However, experience from the use of email for marketing purposes demonstrates that there are a number of pitfalls that companies can fall into and which consumers react badly to. The paper examines various theoretical approaches that can be used to investigate effective m-marketing strategies. We use an adapted version of the unified view of user acceptance of IT to determine the factors that impact on the intention to participate in m-marketing. A survey of mobile phone users shows that consumers view the benefits of m-marketing as saving money, saving time and providing useful information. Consumers think that granting permission is an important factor in a decision to participate in m - marketing.

In addition, financial incentives can substantially improve the level of participation. It would appear that the effort and time involved in processing m-marketing messages are not important factors in the decision to participate in m-marketing schemes.

Keywords: m- marketing, SMS, saving time, saving money, useful information, permission

I. INTRODUCTION

Mobile marketing is defined in this paper as advertising or marketing related messages sent to a mobile phone. New types of e-commerce transactions, conducted through mobile devices (e.g., cellular phones, handheld or palm-sized computers, and even vehicle mounted interfaces), using wireless telecommunication networks and other wired e-commerce technologies, are termed mobile commerce (m-marketing).

However, researchers are still unclear as to the key issues that are likely to impact on the success of m-marketing and the levels of adoption by consumers.

The term permission marketing is closely linked to the concept of m-marketing as it is assumed that granting of permission to receive m-marketing communication is pivotal to its success. The benefits of permission marketing have been seen as reducing clutter and search costs for consumers whilst improving targeting precision for marketers. The problems of SPAM with email have significantly impacted on the potential of the channel for marketing, at least for the time being. The fear is that if consumers see the same happening to marketing then it too will be damaged a marketing channel. Indeed, it has been recognized that mobile technology is in danger of dominating the user.

Research in this area is important to determine the facilitators and barriers to impact m-marketing communication adoption. The answers to these issues will inform marketing companies on how best to go about developing effective and appropriate m-marketing strategies that will have a positive impact on consumers.

II. MOBILE MARKETING IN PRESENT

According to a recent survey, Nearly 98 million of all mobile users have used mobile phones to recharge prepaid card or pay their phone bill –The second most popular M-Commerce activity is buying movie tickets (39.67 million). Online recharge is one of the easiest means of prepaid recharge. Mobile connections can be recharge very easily and quickly through online recharge.

Some other interesting facts about the Indian telecom industry are as follows:

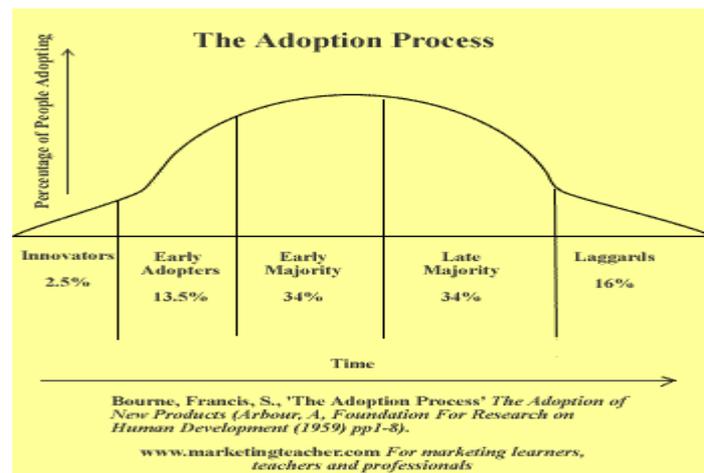
1. Almost 60% of Females have participated in 1 to3 SMS contests and though this is higher than their male counterparts, in frequency of participation males outshine females. And what is the source of these SMS Contest? Offcourse, it is dominated with TV. All reality TVs, song and dance shows choose their winners via some or the other SMS contest and India just loves it.
2. Yahoo! Messenger has narrowly edged Google's G talk to become most popular messenger service with urban Indian mobile users, with an 18.3% market share followed closely by Google Talk (17.8%). Nice to see Yahoo beating Google, at least somewhere
3. "Finding out who called" and "informing people when busy" are the two other most popular Value added services used by Urban India. Missed call alerts is used by almost 110 million urban Indians while Talk/Voice SMS is used by almost 80 million.
4. Jokes and Astrology are the top two Vas services used by mobile subscribers. While news updates, job search and spiritual quotes follow.
5. Nearly 18.5 million Indian Urban Mobile subscribers use their mobile phones for searches, with Google taking the numero-uno position with 5.76 million followed by yahoo with 4.58 million

Research on the adoption m-marketing falls into two categories. The first category takes an application perspective. Within this stream of research, the distinctive features of the application area are examined and brought together in various research models. These features include such factors as consumer and industry technology, location awareness, personalization, benefits of mobile advertising and fears in relation to m-advertising. All of these factors are likely to impact on consumer adoption of m-marketing. A similar approach is the key factors impacting on m-marketing adoption as message relevance, personalization, privacy costs, message processing costs and monetary benefits.

The second m-marketing research category uses established information technology adoption frameworks to structure the studies, to examine the diffusion of Internet access via mobile phones. Studies related to advertising and marketing are closely associated with consumer attitudes. Attitude in this context has been defined as a learned predisposition of human beings. In the model of entertainment, in formativeness, irritation and credibility are seen to shape attitudes in addition to permission which has a major impact. The availability of incentives, such as free calls, impacts on intention to receive m-marketing for certain attitudes.

Intention is directly related to behavior in relation to m-marketing. Their study findings indicate that consumers have a negative attitude towards mobile advertising unless they have consented to it. All four attributes of mobile advertising impact significantly on attitude towards mobile advertising. Attitude was significantly correlated to intention with incentives also positively impacting on intention. There is a strong correlation between intention and behavior. This study was conducted in Anand District with a large percentage of respondents regularly using SMS, although it is unclear from the results presented the extent to which respondents had received mobile Advertising.

The customers are going to give response according to the adoption model of marketing.

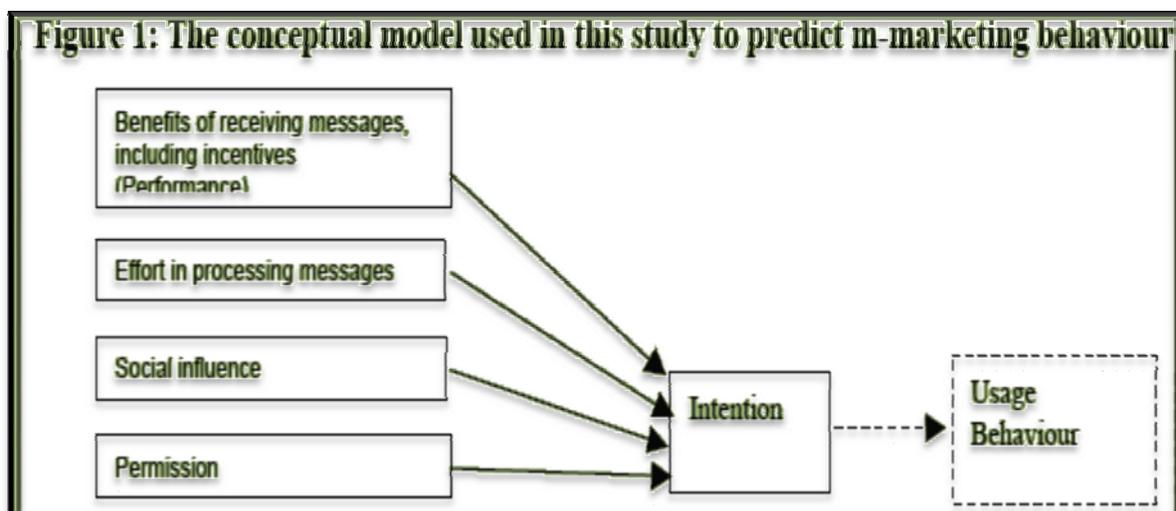


Early adopters are also quick to buy new products and services, and so are key opinion leaders with their neighbours and friends as they tend to be amongst the first to get hold of items or services.

III. RESEARCH DESIGN AND METHODOLOGY

Although the unified model of user acceptance was found to be an improvement on other models of user acceptance there are a number of problems in directly applying it to consumer use of m-marketing. In particular, effort expectancy as a construct is aimed at systems that involve a certain amount of learning and where usability is an issue. However, in terms of m-marketing this can be replaced constructs that test the cognitive load on users through length, readability and number of messages received. Social influence is an important factor when examining adoption of information technology since it considers the role of senior management. Facilitating conditions is related to having the knowledge and resources to use the system and is not directly applicable to m-marketing since those that have a mobile phone could at least receive SMS. The constructs that are relevant to m-marketing adoption are shown in figure 1. Performance from the unified model is equivalent to the benefits of receiving m-marketing messages; we have included incentives as part of the benefits. Permission is tested as a separate construct impacting on intention behavior. In our pilot of the survey we found that respondents had little experience of m-marketing, many had only received a small number of messages, mainly from their telecommunications carrier, over the past year and could not remember fully how they responded to those. As this is the case, we determine intention and this implies usage behavior.

Bachelor and masters students at university (mature age) were used as a convenience sample. Eighty questionnaires were given out and 51 completed questionnaires were returned. Of these 51, four were found to be unusable, leaving 47 usable responses.



IV. HYPOTHESIS

H1: The perceived benefits affect the intention to receive m-marketing

H2: Financial rewards are a significant influence on intention to participate in m- marketing

H3: The less effort involved the greater the intention to participate in m-marketing

H4: Social influence is significant in intention to participate in m-marketing

H5: Granting permission improves intention to participate in m-marketing

V. FINDINGS

To determine if the average intention in relation to m-marketing participation was positive the means were calculated for overall intention, intention subject to providing permission and intention to participate without permission. Using a seven point Likert scale (1 least favorable and 7 most favorable) overall intention was just slightly below a neutral score of 4, indicating a neutral stance towards m-marketing with a slight bias towards negativity. Table 2 shows that the reaction to permission based marketing is much more positive, whilst unauthorized m-marketing has a negative impact on intention.

Table 1: Constructs and item used to predict usage of m-marketing

Constructs	Items	Testing of Hypothesis
Benefits of m - marketing	Saving money	H1
	Making money	H1
	Saving time	H1
	Useful information (relevance)	H1
	Entertaining experience	H1
	Financial rewards	H2
Effort	Preference for short, easy to process messages	H3
	Number of messages	H3
	Time involved in dealing with messages	H3
Social Influence	Recommendations	H4
	Forwarded by friends	H4
Permission	Conditional on permission	H5
Intention	Intention to receive messages in the Future	H5
	Read all messages in the future	H5
	Would not read unsolicited messages	H5

Table 2: Statistics on Consumer Intentions

	N	Mean	Std. Deviation
Overall Intention	47	3.96	1.978
Intention subject to permission	47	5.94	1.466
Unauthorized intention	47	2.64	2.363

Table 3: Correlation Analysis

		Saving money	Savings time	Useful information	Entertainment	Rewards	Effort	Recommendation	Intention
Saving money	Pearson Correlation	1							
	Sig. (2-tailed)								
Savings time	Pearson Correlation	.667**							
	Sig. (2-tailed)	.000							
Useful information	Pearson Correlation	.741**	.789**						
	Sig. (2-tailed)	.000	.000						
Entertainment	Pearson Correlation	.718**	.794**	.766**					
	Sig. (2-tailed)	.000	.000	.000					
Rewards	Pearson Correlation	.171	.355*	.354*	.321*				
	Sig. (2-tailed)	.249	.014	.015	.028				
Effort	Pearson Correlation	.164	.234	.233	.062	.122			
	Sig. (2-tailed)	.272	.113	.115	.677	.414			
Recommendation	Pearson Correlation	.602**	.629**	.675**	.670**	.136	.249		
	Sig. (2-tailed)	.000	.000	.000	.000	.362	.092		
Intention	Pearson Correlation	.475**	.462**	.498**		.280	-.115	.441**	1
	Sig. (2-tailed)	.001	.001	.000	.000	.057	.297	.002	

.... Note: "*" shows level of significance = 0.05 (two – tailed test)

.... Note: "***" shows level of significance = 0.01 (two – tailed test)

VI. INTERPRETATION

The intention to participate in m-marketing is higher when incentives are offered. A chi-square test between general intention and intention when rewards are offered is statistically significant ($p < .001$), hence, H2 is supported. Clearly, some form of financial incentive is likely to increase the intention to participate in m-marketing.

Table 4: The impact of incentives on intention

	N	Mean	Std. Deviation
Intention	47	3.96	1.978
Intention With incentives	47	5.11	1.856

Those that took part in the study were generally neutral to the idea of m-marketing. If people provide permission to receive the m-marketing then the intention to participate improves markedly. This sends a clear signal to companies thinking of employing m-marketing as part of their marketing approach. Consumers want to be in control of the types and volume of information they receive and to be cost effective companies should employ permission based m-marketing. In addition,

financial incentives improve the intention to participate. However, it is unclear at this stage whether people can understand the real value of personalized information provided on a just-in-time basis.

In terms of the unified model, performance benefits and social influence had a significant relationship with intention but measures for effort were not significant.

Generally, people preferred fewer m-marketing messages per week, messages that were quick to read and did not take up a lot of time but the latter two items were not significantly related to intention to participate. It is unclear why effort is not significant as one would assume that those that saw receiving m-marketing as a time consuming issue would not want to participate.

Perhaps, this finding was influenced by sample bias since younger people may not quantify the time or effort expended in dealing with the messages.

In addition, social influence (recommendations) has been found to be significant whilst effort is not considered a significant factor. The study has limitations because of the small sample size and the fact it was a convenience sample but for practitioners the study highlights the importance of permission and incentives in encouraging more people to participate in m-marketing schemes.

There are a number of implications for organizations considering whether to use m-marketing. It appears that the trend is towards greater acceptance of m-marketing and therefore managers should find that it an increasingly effective channel for marketing. Mobile marketing is more likely to be effective if it is focused, personalized, and permission has been obtained. Many consumers would prefer not to be overloaded with messages but are still not that concerned about the time it takes to process the messages. These factors indicate a generally positive future for marketing if organizations can make their marketing focused to the individual.

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