Mobile Phone Marketing: Challenges and Perceived Attitudes

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Abstract
The global mobile phone market is fast-growing due to advancements in third-generation technologies. Given their high penetration rate, mobile phones are emerging as a significant marketing medium in that they allow for direct interaction with consumers anytime, anywhere. This conceptual paper makes an important contribution by adding to current understanding of this new field. The research objective was to identify the critical issues faced by mobile phone marketers and the key factors that influence consumer attitudes. The key drivers of consumer attitudes toward mobile marketing are posited as perceived entertainment, credibility, reward, technological familiarity, and message frequency. Consumer shopping orientation is posited to act as a mediator, and age, gender and education also have an influence. The authors are currently undertaking an empirical study to verify these propositions, the results of which will be presented at the conference.

Keywords: mobile marketing, advertising, promotion, consumer attitudes.
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“Mobile-phone marketing is where Internet advertising was in 1996, and now it’s about to really take off…There are already more mobile phones in use worldwide than televisions and computers put together” (Nylund, 2009).

Mobile phone industry in Australia

The Australian mobile telecommunications industry contributed $14.2 billion in direct and indirect contributions to total Gross Domestic Product (GDP) in 2007-8 (AMTA, 2008), within which the mobile phone industry is a significant and rapidly growing part (Oh et al., 2008). The market is becoming increasingly important, with benefits such as increased employment and wages (Chowdhury et al., 2006). It is predicted that by the end of 2009, the Australian mobile phone industry will further move to third generation (3G) products and services, with 3G users constituting one-third of the market (Johnson, 2005, 2008). ACMA (2007) reported that there were 4.56 million 3G mobile services in Australia in 2007, an increase of 192% on 2006, and 21.26 million Australian mobile phone services in operation in 2007 (AMTA, 2008; ITU, 2008); more than one mobile service for every person (ACMA, 2007). The rapid growth in 3G mobile customers has and will continue to result in strong competition amongst phone retailers, with many offering cheaper mobile phones and plans (ACMA, 2007).

Globally, the number of connections on mobile phone networks has surpassed 4 billion and is predicted to reach 6 billion by 2013 (Mika, 2009). Despite the global economic downturn, the mobile phone sector is not predicted to suffer overly, with consumers expected to buy less expensive mobile phones in response (Medford, 2008). The development of this type of mobile technology is significant for marketers as it has created a tailored and effective way of reaching target audiences - virtually.

Research on Mobile Phones

Researchers of mobile phones have examined areas such as Internet connectedness via mobile phones (Joo-Young, 2009), the role of mobile communications in health care (Whittaker and Smith, 2008), mobile phone use in, and access to, public places (Foley, Holzman and Wearing, 2007; Ito et al., 2005), mobile phone use in traffic (Esbjornsson, Juhlin and Weilenmann, 2007), mobile phone use by students (Economides and Grousopoulou, 2008), the social, lifestyle and employment implications of mobile communication (Ishii, 2006; Lal and Dwivedi, 2008; Madell and Muncer, 2007; Phillips, Butt and Blaszczynski, 2006Wajcman, Bittman & Brown 2008; Ito et al., 2005; Zaheer, 2008), mobile phones and economic development (Abraham, 2007), mobile phones and subcultures and various usage of mobile phone functions (Ito et al., 2005).

Several researchers have examined the different ways in which marketing and advertising practices need to adapt and change to effectively engage new media consumers (Spurgeon, 2005; Cappo 2003; Donaton 2004). The concepts of integration and branded content have become popular techniques amongst global brands (Cappo 2003; Donaton 2004). Spurgeon (2005) adds the 'conversational' interaction of new media (such as the mobile phone) with consumers as a successful marketing technique, as well as the international significance of the mobile phone as an immensely popular new media platform. Focusing on the consumer, Grant and O'Donohoe (2007) studied adolescent experiences of mobile phones, finding that “the mobile phone plays a central role in the social lives of adolescents” (p. 280). However,
research has shown that permission is vital in connecting with young consumers interactively (McCasland, 2005). It is also important to take into account that children and young adults use mobiles in different ways from adults (Kerckhove, 2002). Roach (2009) recently explored consumer perceptions of mobile phone marketing and found that perception of the relative advantages and compatibility associated with mobile phone marketing significantly influenced consumers’ intention to accept (or adopt) communication sent via this channel.

**Mobile marketing industry in Australia**

The Australian mobile phone advertising market is still in its infancy, with total revenue of just $2.5 million in 2007. However, it is expected to increase by more than 300% in 2008-09 and will sustain this growth rate into 2010 (Cellular-news, 2008). Australia’s mobile phone communications is about to enter the ‘next gen’ era, characterised by users’ opting in to receive advertisements and promotions based on their profiles, contextual activities and locations (Telsyte, 2009). With this potential in sight, Vodafone Australia recently launched a Mobile Advertising Division, which ensures customers benefit from advertising specifically tailored to their needs (Vodafone, 2009). As more companies are discovering the benefits of mobile advertising and promotion in general, it is expected that the financial impact of mobile marketing will top $12 billion by 2013 (Yaniv, 2008). As another example, the Commonwealth Bank, Australia’s largest retail bank, has launched a mobile phone banking service, and Yahoo has launched Yahoo Mobile which displays advertising from leading brands and allows consumers to share media content with friends (Datamonitor, 2009). A number of leading international brands like BMW, McDonalds and Nike have also launched mobile phone marketing campaigns with many more poised to follow (Bauer et al., 2005).

**Advantages of Mobile Phone Advertising**

It is evident that there is significant potential for the use of mobile phones as a medium for advertising. What makes this medium more attractive than traditional vehicles such as TV, radio and newspaper? The answer lies in its capacity for personalisation and interactivity, making it an effective and unique new media channel.

**Personalisation**

Personalisation is effected by sending marketing communication messages to mobile phones based on customers' behavioral beliefs (Xu, 2006) and hence is more personal than traditional and e-mail media (Bauer et al., 2005; Heinonen & Strandvik, 2007). The opportunity to reach customers in a more personal and unique way is even more critical given the incidence of audience and media fragmentation, and reduced faith in mass marketing as communications channels proliferate and consumer loyalties diminish or dilute. There is also increasing reliance on more highly targeted communications methods to reflect a relationship marketing orientation. Increased efforts to measure/improve marketing communications ‘return on investment’ also make personalised approaches more attractive to brands (Schultz et al., 2004).

**Interactivity**

Mobile marketing creates a powerful opportunity to reach consumers and encourages them to actively process communication messages. In this sense, interactivity is likely to lead to engagement by the audience with the recipient of a mobile phone message able to reply to, or act on it immediately (Haghirian & Madlberger, 2005). As a medium, it facilitates a direct
dialogue between the advertiser and the target audience; an important benefit given the increasing competition for consumers’ attention (Bauer et al., 2005; Heinonen and Strandvik, 2003). Similar to other forms of digital marketing, mobile advertising moves beyond traditional media, incorporating interactivity and thereby facilitating for one-to-one communication (Dickinger et al., 2004). This is particularly attractive to the time poor, multi-tasking consumer of the 21st century.

Not only does mobile marketing provide the opportunity for direct interaction between the customer and the advertiser, but also facilitates immediate feedback from recipients (i.e. customers) (Haghirian et al., 2005) as opposed to traditional advertising methods which have only one way to reach the target audience (Yaniv, 2008). A further feature is the ubiquitous nature of mobile marketing in that advertisers can contact their potential customers anytime and anywhere (Bauer et al., 2005; Chowdhury et al., 2006).

Importantly, mobile phones also act as a vehicle to facilitate location-based advertising. In effect, mobile phones remove geographical and information barriers between consumer and marketplace offerings by reaching shoppers when they are proximate to advertisers’ locations (Banerjee & Dholakia, 2008). Although advertising via mobile phones offers great opportunities, at the same time, there are a number of critical issues and concerns (Haghirian and Madlberger, 2005; Vatanparast & Asil, 2007; Yaniv, 2008). These issues are discussed below in detail.

**Challenges of Mobile Marketing**

Consumers regard mobile phones as a very personal device, which makes users sensitive to receiving messages from unknown persons (Vatanparast & Asil, 2007). Given that personal data is required to customise a message, privacy concerns are one of the reasons potentially impeding the success of mobile phone marketing (Scharl et al., 2005). Indeed, some countries (i.e. in Europe) are planning to introduce regulatory legislation that will impose penalties on unwanted sent messages (Bamba & Barnes, 2007; Yaniv, 2008), which will likely be imposed in other countries. The problem of privacy can therefore be mitigated via permission-based marketing, defined as messages requested by the consumer as a part of an opt-in system (Karjaluoto et al., 2008a). This can be undertaken by entering a mobile number on a website, or using Bluetooth features of a mobile phone in certain locations. One local permission-based marketing example involves enabling shoppers to request tailored and relevant information to be delivered from relevant retailers instantly to their mobile phones, using a display screen system in the shopping mall.

It is not sufficient that mobile marketing is permission-based; to be effective, the content of the communication must also be personally relevant Yaniv (2008). Research in the UK concluded that 71% of people were willing to receive a mobile communication if it was linked to them in some way (Vodafone, 2009). The communication should ideally be tailored to consumers’ interests; sports, music, food etc, and their shopping experiences (Yaniv, 2008).

**Consumer Attitudes toward Mobile Phone Advertising**

The uptake of mobile marketing, which generally requires consumer ‘buy-in’ or permission, will ultimately be determined by the their attitudes to this type of communication. It is therefore critical to understand what are likely to be the potential influences of attitude. Whilst several studies in the mobile marketing literature have examined consumers’ attitudes
towards mobile marketing (Okazaki, 2004; Tsang et al., 2004; Muk & Babin, 2006; Chowdhury et al., 2006; Xu, 2007; Sultan & Rohm, 2008), further research will add to the understanding of consumer perceptions and factors affecting their attitudes.

Factors Influencing Consumer Attitudes toward Mobile Marketing

Entertainment
Entertainment/enjoyment plays a significant role in forming overall attitudes towards mobile marketing (Hagharian et al., 2005; Shavitt, Lowrey and Haefner 1998). Entertaining messages can add value for the customer and also increase customer loyalty (Chowdhury et al., 2006). Many people have a natural playfulness whilst shopping and therefore participation can potentially be increased by providing incentives such as games and prizes (Hagharian et al., 2005).

Credibility
Credibility is a further consideration which can also affect consumers’ attitudes towards mobile advertising (Chowhury et al., 2006). This is defined as consumers’ perceptions of truthfulness and believability of marketing communication messages in general’ (Mackenzie & Lutz, 1989). Credibility of the message is influenced by corporate and endorser credibility (Goldsmith, Lafferty and Newell, 2000) and also by the advertising medium itself (Vatanparast & Asil, 2007).

Reward
Mobile marketing that is incentive-based is expected to encourage more people willing to accept it (Tsang et al., 2004). Incentives through mobile phones can motivate consumers and further encourage one-to-one relationships (Yaniv, 2008). The incentives can be in the form of price discounts such as discount coupons, download of free content, or free product offers sent to a particular industry (Karjaluoto et al., 2008b). Consumers are most interested in those offers that do not cost them anything and where there are no obligations, such as free offers (Wang, 2007). Consequently, consumers tend to be open to mobile marketing providing they get something in return for their attention and potential action (Telsyte, 2009).

Ease of use
Ease of use or familiarity with technology is another factor which can affect consumer perceptions and attitudes towards mobile advertising. Perceived ease of use is an important indicator of whether a person is willing to adopt or use such technology (Karjaluoto et al., 2008a). A consumer should ideally not face any technical difficulties when receiving a mobile phone message; they should able to access the marketing message without any hassle (Carroll et al., 2007). Furthermore, if a consumer is more familiar with mobile marketing communication and has more existing knowledge about it, the easier it is for them to use such services (Bauer et al., 2005).

Message frequency
The number of marketing messages sent to any one individual via a mobile phone is also an important factor in mobile marketing responsiveness (Carroll et al., 2007; Haghirian and Madlberger, 2005). Excessive messages are associated with negative attitudes towards mobile marketing, with no more than three marketing messages a day being considered ‘about right’ (Barwise & Strong, 2002).
Shopping orientation

It is reasonable to expect that a consumer’s shopping orientation will also impact on their attitude towards mobile phone advertising and promotions. Hibbert & Tagg (2001) identify three core types of shoppers based on utilitarian and hedonic values: economic shoppers, who focus on functional aspect of shopping and spend more time and effort to buy a product; recreational shoppers, who shop for fun and enjoyment; and apathetic shoppers, who are obliged to pursue functional shopping goals but at the same time try to limit their resource expenditure. Chandon et al. (2000) suggest that monetary promotions, as compared to those that are non-monetary in nature, provide more utilitarian benefits and fewer hedonic benefits to consumers. This implies that functional shoppers should be targeted with monetary based mobile advertisements in line with more utilitarian shopping benefits (Kim, 2006). In order to effectively utilise mobile phones as an advertising channel, marketers should be aware of the differences in consumers’ shopping orientation as well as the type and relevance of the benefits provided by their promotions.

Demographics

In devising mobile messages, marketers should also consider consumer demographics such as age and gender. Young consumers tend to be more positively disposed towards both traditional and mobile advertisement (Haghirian, Madlberger & Tanuskova, 2005). It is likely that for young consumers, a mobile phone is not only a fashion item, but also serves as a multi-purpose device, for example for downloading videos and music, surfing the Internet and taking pictures (Grant, 2007). Marketers should perhaps therefore focus more on hedonic needs targeting younger consumers. In terms of gender, research has found that men are less likely to buy in to mobile marketing compared to females, apparently because men exhibit a lack of patience and want mobile marketing activities to be over as soon as possible serving a specific function (Karjaluoto et al., 2008a). Factors affecting consumer attitudes can therefore have different affects on males and females, for example entertainment is seen as particularly important for female consumers (Nysveen et al. 2005).

We therefore propose that the key drivers of consumer attitudes towards mobile marketing are: perceived entertainment, credibility, reward, technological familiarity, and message frequency. Consumer shopping orientation is posited to act as a mediator, and age, gender and education will also have an influence. The authors are currently undertaking an empirical study to verify these propositions.

Conclusion

Similarly to other developed markets, mobile phone marketing in Australia, is currently growing at a fast pace as a new, innovative and interactive marketing medium and has huge future potential growth. Having a better understanding of the scope of this technology and the challenges it faces is crucial in order to take advantage of the emerging advertising medium. Better understanding the influences on attitudes will help identify strategic considerations for both academics and practitioners in the development of effective mobile marketing strategies.

In terms of future research, once the factors affecting attitudes are well understood, it will then be appropriate to adopt a behavioural lens to explore the uptake and application of various mobile marketing offers. Furthermore, future studies should explore how mobile marketing could best be integrated into the firms’ overall marketing communication strategy.
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