

Chapter 63

An Empirical Study of Factors Influencing Consumer Attitudes towards SMS Advertising

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ABSTRACT

This article examines factors influencing consumer attitudes towards SMS advertising. The study's research framework was conceptualized using five predictor variables – informativeness, irritation, privacy, credibility, and incentives – and an outcome variable of consumer attitudes towards SMS advertising. The informativeness, irritation, and privacy was labelled as central route constructs and credibility and incentives were labelled as peripheral route constructs. Survey data collected from 251 mobile users selected from a cohort of undergraduates in business management from the University of Colombo, Sri Lanka, were analyzed using the Structural Equation Method (SEM). Results suggest that the informativeness and incentive variables are positively associated with customer attitudes towards SMS advertising, whereas irritation and privacy are found to be negatively associated with consumer attitudes towards SMS advertising. Surprisingly, credibility was found to be an insignificant factor predicting consumer attitudes towards SMS advertising. Several implications for consumer attitudes towards SMS advertising are discussed.

INTRODUCTION

With the rapid development of mobile technology and high penetration rate of mobile devices, Short Messaging Service (SMS) is extensively used for advertising products and services. Prior studies (Rohma, Gao, Sultanb, & Pagani, 2012;

Sultan & Rohm, 2005; Varnali & Toker, 2010) have underlined the ubiquity of SMS-based mobile communications in increasing opportunities for marketers to sell their products and services and also for building and sustaining better customer relationships (Haghirian & Madlberger, 2005). In relation to expenditure, Gao, Rau and Salvendy

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(2009) highlighted that approximately \$871 million was spent on mobile advertising worldwide in 2006. More recently, Baghdassarian and Frank (2012) forecasted that global mobile advertising will grow roughly 400% between 2011 and 2016, reaching \$24.6 billion, creating new opportunities for app developers, ad networks, mobile platform providers, specialty agencies and even communication service providers in certain regions.

In Sri Lanka, there has been a tremendous growth in the mobile communication sector, with a relatively high mobile-cellular penetration that has more than tripled, from around 27% in 2006 to over 87% by the end of 2011. By early 2012, the country's mobile penetration level was higher than that of the regional and world averages (International Telecommunication Union, 2012) and, in 2013, the Sri Lankan mobile market was set to pass 100% subscriber penetration rate (Evans, 2013). Sri Lanka has therefore become a fertile ground for initiating SMS advertising as an effective marketing communication channel to promote products and services to consumers. Although consumers in Sri Lanka are increasingly exposed to mobile advertising, little is known about what factors may influence their attitudes towards this form of advertising (Vatanparast, 2010) as research in this field is still in its infancy. Given the prevalence of SMS advertising in emerging markets, like Sri Lanka, and the increasing interest in this form of advertising to both academics and practitioners (Chowdhury, Parvin, Weitenberner, & Becker, 2006; Vatanparast, 2010), a study was designed to investigate factors influencing consumer attitudes towards SMS advertising from a South Asian perspective.

Following, a review of the literature is presented. Then the research framework is discussed, hypotheses proposed and the research method outlined. In the third section, the results of the study are presented and discussed. The final section concludes this paper and makes some suggestions about potential future research directions.

LITERATURE REVIEW

In the past decade, SMS advertising has gained widespread popularity largely due to its inherent merits to potentially reach a large number of individuals at relatively low cost (Baiwise & Strong, 2002; Chen, Fang, Chen, & Dai, 2008; Dickinger, Haghirian, Murphy, & Scharl, 2004; Kim, Park, & Oh, 2008; Rettie, Grandcolas, & Deakins, 2005), immediately (Baiwise & Strong, 2002; Dickinger, et al., 2004; Rettie & Brum, 2001; Zhang & Mao, 2008), with high levels of interactivity, and ease of personalization (Bamoriya & Singh, 2012; Chowdhury, et al., 2006; Rettie & Brum, 2001; Tsang, Ho, & Liang, 2004; Vatanparast, 2010). As a result, many companies have been redirecting their marketing spending towards interactive marketing tools, like SMS (Vatanparast, 2010). Generally speaking, advertising is used to inform, persuade and remind consumers about products and services in order to enhance their ability to make informed-purchase decision and thus lead to greater sales for the relevant companies (Eze & Lee, 2012; Nelson, 1974). In the case of SMS advertising, this is a special form of marketing that uses mobile devices to send text messages to inform, persuade and remind intended customers of a company's products and services. Unlike traditional advertising channels, where the individual consumer is often anonymous, the mobile channel is extremely personal (Muk & Babin, 2006; Tahtinen & Salo, 2003) and ubiquitous.

The literature suggests that advertising, in general, is either easily ignored by the audience or is perceived to have little value by its recipients (Wang, Zhang, Choi, & DiEredita, 2002). As this also applies to SMS advertising (Leppäniemi, Sinisalo, & Karjaluo, 2006; Maneesoonthorn & Fortin, 2006; Rettie & Brum, 2001), it is critical for SMS advertisers to inquire about the effectiveness of their advertisements in terms of customer acceptance so that effective customer services can be offered. Therefore, marketers need

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