Chapter XXVIII
Sources of Trust and Consumers' Participation in Permission–Based Mobile Marketing

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ABSTRACT

The chapter investigates different sources of trust as factors affecting consumers' willingness to provide companies with personal information and the permission to use it in mobile marketing. The chapter develops a conceptual model, which is tested with data from a survey of 200 young Finnish consumers. The data were analyzed by means of structural equation modeling (LISREL8.7). The main source of trust affecting the consumers' decision to participate in mobile marketing is the company's media presence, rather than personal experiences or social influence. Hence, mobile marketers should focus on building a strong and positive media presence and image in order to gain consumers' permission for mobile marketing. Further, international research is required in order to investigate especially institutionally-based sources of trust in different regulatory and cultural environments.

INTRODUCTION

The development of mobile handsets and new mobile network technologies such as 3G and wireless local area networks (WLAN) opens up new opportunities to how to manage customer relationships. The literature on mobile marketing has mainly focused on consumer perceptions of mobile marketing (e.g., Barnes & Scornavacca, 2004; Bauer, Reichardt, Barnes, & Neumann, 2005; Dickinger, Haghirian, Murphy, & Scharl, 2004; Karjaluoto, & Alatalo, 2007; Lewis, 2001; Merisavo et al., 2007; Okazaki, 2004; Tsang, Ho, & Liang, 2004), and its effectiveness (e.g., Barwise & Strong, 2002; Kavassalis, Spyropoulou, Drossos, Mitrokostas, Gikas, & Hatzistamatiou, 2003; Nysveen, Pedersen, & Thorbjornsen, 2005). Emerging areas such as the role of mobile marketing in the integrated marketing communications mix (Karjaluoto, Leppäniemi, & Salo, 2004; Karjaluoto, Leppäniemi, Salo, Sinisalo & Li, 2006) and brand building (e.g., Rettie, Grand-

colas, & Deakins, 2005; Sultan & Rohm, 2005) are receiving more and more attention in the literature (for a literature review see Leppäniemi, Sinisalo & Karjaluoto, 2006).

Most studies agree that mobile marketing, the most common current form of which is text messaging, will turn into an active direct marketing medium as part of the promotion mix. In other words, given the special features of the mobile medium including its personal nature and ubiquity, it works best in activating consumers to either purchase a product or react in some other way intended by the marketer right after the message has been received. The benefits of mobile marketing in CRM programs include a high rate of personalization, interactivity and a low cost of reaching large target audiences at the right time and in the right place (Anckar & D'Incau, 2002; Facchetti, Rangone, Renga, & Savoldelli, 2005).

Mobile marketing is in many countries subject to government regulation and it is thus permission-based (Barnes & Scornavacca, 2004; Barwise & Strong, 2002; Leppäniemi & Karjaluoto, 2005). Besides a prior permission to send multimedia or text messages, mobile marketing also requires the consumer to provide at least basic personal information to the marketer. In addition to the mobile phone number, this may include background and location information. The more companies can utilize various kinds of customer data, the more personalized and effective their mobile marketing messaging is likely to be (Yunos, Gao, & Shim, 2003). Moreover, data on customer preferences enables the companies to make their messages relevant to the customer, whereby the messages also become more welcomed by the customers (Ho & Kwok, 2003).

A relevant concern from the consumer perspective is how companies use these data. Previous studies have associated trust with the consumer's decision to provide personal information to marketers (Gordon & Schoenbachler, 2002; Shen & Siau, 2003). However, while there is an abundance of marketing and management literature on trust focusing on contexts such as business relationships (e.g., Ganesan & Hess, 1997; Sako, 1992; Zaheer, McEvily, & Perrone, 1998), organizational issues (e.g., Creed & Miles, 1996; Six, 2005) and electronic transactions in general (e.g., Ba, Whinston, & Zhang, 2003; McKnight & Chervany, 2002; Shen & Siau, 2003; Yang, Hung, Sung, & Farn, 2006), the literature on the role of trust in the particular context of mobile transactions is still at an early stage (e.g., Cheng & Yuan, 2004). However, according to a recent study (Greenville, 2005) one of the main reasons

explaining the slow uptake of mobile marketing is the lack of consumer trust. This U.K. based study found that companies are reluctant to adopt mobile marketing mostly because they fear that the consumers are reluctant to participate, as the consumers are expected to worry about the problems of e-mail spamming being paralleled on their mobiles.

Even though the trust literature is relatively consistent in attributing positive characteristics and effects to trust such as open communication, flexibility, reduction of transaction costs and enhancement of commitment (Ganesan & Hess, 1997; Sako, 1992; Zaheer, McEvily, & Perrone, 1998), there is considerable ambiguity as to what trust actually is (Kautonen, 2006) and how it should be operationalized (Sargeant & Lee, 2004). Trust is often treated as a multidimensional construct consisting of various dimensions such as benevolence and competence (Ganesan & Hess, 1997; Selnes & Grønhaug, 2000). These refer to the object of trust, that is, whether it is the ability or the intentions of the trustee that is being evaluated by the trustor. However, while the object and effects of trust have received considerable attention in management and marketing literature, fewer studies have investigated the antecedents or sources of trust (Bachmann, 2001; Welter & Kautonen, 2005; Zucker, 1986), especially in the context of new technologies in general and mobile marketing in particular. Understanding the sources of trust is a key question both for strengthening the effectiveness of specific mobile marketing campaigns, products and services, as well as developing the legitimacy of mobile marketing in general.

Against this backdrop, this chapter examines the role of different sources of trust on the customer's willingness to provide and allow the use of personal information in mobile marketing communication. Hence, this paper contributes to the understanding of the factors that affect the formation of trust in mobile marketing and more generally, and how these contribute to the customer's willingness to participate in permission-based mobile marketing. Moreover, it provides implications to mobile marketing practitioners as to where their trust-building efforts should be targeted.

The chapter is organized as follows. First, we develop a conceptual model, which describes different factors that may affect trust in the mobile marketing context. These are subsumed under the constructs of personal and institutionally based trust. The operationalization of these factors is also discussed in this section. Second, the method applied in the analysis is

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