

# Chapter IV

## Consumer Perceptions of Mobile Advertising: An Application of the Theory of Reasoned Action

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### **ABSTRACT**

*A two-stage approach is employed to examine the influencing factors of consumer behaviors in the context of mobile advertising. The first stage of the study evaluates the correlation relationship of consumer motives for receiving mobile advertising and their attitudes toward mobile advertising. The relationship between consumer intentions for receiving advertisements on their cellular phones and their subsequent actions upon receiving the mobile advertising is also investigated. A negative sentiment was revealed of cellular phone users toward mobile advertising. This represents a warning signal indicating that current practices of mobile advertising generally are ineffective and are in need of a careful reevaluation on the part of mobile commerce firms. The second stage of the research applies Fishbein and Ajzen's theory of reasoned action model to examine consumer behavior regarding mobile advertising. We found that positive actions on the received advertisements are significantly influenced by strong intentions, strong intentions are significantly influenced by favorable attitudes, and favorable attitudes are significantly influenced by strong motives. Implications for e-commerce application developers and marketers are discussed.*

## **INTRODUCTION**

The convergence of the Internet and wireless communications has led to rapid development of an emerging market for mobile e-commerce, or m-commerce. As the business impact of e-commerce has been witnessed in almost every facet of the business arena, the advancement of wireless Internet access capabilities is adding to the convenience and flexibility of the online shopping process. This growing trend of m-commerce has been confirmed by numerous industry research reports. Malhotra and Segars (2005) report the global market for mobile commerce would reach \$20 billion in the year 2006. Increasingly, Web-enabled wireless devices and broadband connection services have allowed users to search, communicate, and purchase products from anywhere at any time. These powerful features are contributing to e-commerce's growth in the knowledge economy, as attention and time are becoming scarce resources for the consumers (Hague, 2004).

As wireless technologies and standards for security, bandwidth, and interoperability continue to advance, the impact of online shopping via wireless communication devices is becoming a crucial issue for marketers as they strive to design their organizations' marketing and other strategic initiatives. The development of m-commerce is also posing a new challenge for information system personnel. Information system departments often are called upon to implement powerful and flexible system capabilities to support or enable innovative business initiatives. For many practicing information system professionals, wireless communication is a new field. Different from wired communication networks, wireless networks are relatively more limited in processing power, transmission bandwidth, user interface (e.g., screen size), and security protection. For some time, concerns over these restrictions have kept wireless networks from becoming a serious option as a core information management component.

Advancements in all these areas, however, have been made to improve the technical capabilities of wireless communication as a viable vehicle for serious business innovation. Traditionally, the information system community has looked to various integrated frameworks that address the relationships between technology, user, and application domain for conceptual guidance. However, most existing literature on m-commerce is anecdotal reports that center on industrial development (Okazaki, 2005). Systematic empirical investigation into various aspects of m-commerce development is relatively limited. Clarke (2001) points out this problem, saying that "Despite tremendous interest in the melioration of m-commerce, there is little, if any, research that examines how to develop a comprehensive consumer-oriented mobile e-commerce strategy" (p. 134).

This study is partly a response to this calling. Our concern is with business practices and theory development in mobile commerce. The objective is to obtain a theory-based understanding of an important aspect of mobile commerce—mobile advertising. Basing our study on a well-established theory, such as the Theory of Reasoned Actions, facilitates a systematic inquiry of mobile advertising as a newly emergent phenomenon. Such an inquiry not only provides a better understanding of mobile advertising, it also generates additional new evidence for further validation of the theory.

The use of wireless communication services is becoming a global phenomenon. Cellular phones are increasingly becoming an essential vehicle for business and personal communications as well. These mobile phone users are being targeted by companies that seek to incorporate Internet-enabled operations into their advertising approaches. These companies must develop their business strategies based on an in-depth understanding of the distinct characteristics of their customers.

Guided by the theory of reasoned action developed by two social psychologists, Fishbein

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