Chapter 5.6
Consumer Perceptions and Attitudes Towards Mobile Marketing

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ABSTRACT

Mobile marketing is an area of m-commerce expected to experience tremendous growth in the next 5 years. This chapter explores consumers' perceptions and attitudes towards mobile marketing via SMS through a sequential, mixed-methods investigation. Four factors were identified and proven as all having a significant impact on mobile marketing acceptance—permission, content, wireless service provider (WSP) control, and the delivery of the message, which guided the development of a revised and empirically tested model of m-marketing consumer acceptance. The findings also suggest that marketers should be optimistic about choosing to deploy mobile marketing, but exercise caution around the factors that will determine consumer acceptance. The chapter concludes with a discussion about directions for future research.

INTRODUCTION

One area of m-commerce that is expected to experience tremendous growth is global wireless advertising. It has been predicted that the mobile marketing industry will grow from $4 billion to $16 billion from 2003 to 2005 (Ververidis & Polyzos, 2002). Mobile marketing provides new revenue streams and the opportunities for subsidized access, along with the potential for

customers to experience more convenient and relevant content value, sponsored by advertising (Barnes & Scornavacca, 2004). It is expected that 33% of cellular service provider's revenue will be coming from advertising and from payments and commissions from mobile commerce activities (Ververidis & Polyzos, 2002).

Wireless marketing allows effective targeting and tailoring of messages to customers to enhance the customer-business relationship (Barnes & Scornavacca, 2004). Studies on this new advertising medium indicate that mobile advertising campaigns can generate responses, which are as high as 40% compared with a 3% response rate through direct mail and 1% with Internet banner ads (Jelassi & Enders, 2004). Despite this phenomenal marketing potential, there has been very little research on mobile marketing and particularly through its most successful application, short message service (SMS) (Barnes & Scornavacca, 2004). According to GSM Association, cell phone users send more than 10 billion SMS messages each month, making SMS the most popular data service (Dickinger, Haghirian, Murphy, & Scharl, 2004). Conceptual frameworks and models identified in the literature provide insight into the critical success factors of m-commerce marketing; however, very few of these studies have empirically tested or generated models from a consumer's perspective (Barnes & Scornavacca, 2004; Dickinger et al., 2004; Scornavacca & Barnes, 2004).

The aim of this chapter is to explore consumers' perceptions and attitudes towards mobile marketing via SMS, and to empirically test Barnes and Scornavacca's (2004) m-marketing acceptance model. The following section provides a background to mobile marketing and identifies some of the prominent models in the m-business literature. It also examines the factors believed to influence consumer acceptance of mobile marketing. The third section discusses the methodology, while the fourth and fifth sections provide the results of the study and a revised model for mobile marketing

acceptance. The chapter concludes with a discussion about the future for SMS mobile marketing, and directions for further research.

BACKGROUND ON MOBILE MARKETING

Mobile marketing can be defined as "Using interactive wireless media to provide customers with time and location sensitive, personalized information that promotes goods, services and ideas, thereby generating value for all stakeholders" (Dickinger et al., 2004). This definition includes an important concept of adding value not just for the marketing party, but also for the consumer. The literature shows a variety of technological platforms such as wireless application protocol (WAP), SMS, and multimedia message service (MMS) that are available to support mobile marketing applications (Barnes & Scornavacca, 2004; Dickinger et al., 2004).

SMS is the most popular mobile data application to date, showing phenomenal usage with 580 million mobile messaging users sending over 430 billion messages worldwide in 2002 (TTI, 2003). Text message services have been hugely popular for interpersonal communication, allowing users of all ages to exchange messages with both social and business contacts (Dickinger et al., 2004; Xu, Teo, & Wang, 2003). Xu, Teo, and Wang (2003) identified three consistent success indicators for SMS messaging. The first factor is the cost effectiveness and interoperability of the wireless infrastructure, the second is the high penetration of mobile phones (ubiquitous penetration levels of over 80% in some countries), and the third is the relatively low cost of the SMS messaging service.

Countries such as Japan, New Zealand, Germany, and the UK have cost-effective and interoperable wireless structures, a high penetration of mobile phones, and a relatively low cost for the SMS messaging service have experienced

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