

User Acceptance of Location-Based Mobile Advertising: An Empirical Study in Iran

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ABSTRACT

Location-based advertising (LBA) opens up new frontiers for marketers to place their advertisements in front of consumers. LBA is a new form of marketing communication that uses location-tracking technology in mobile networks to target consumers with location-specific advertising on their cell phones. It provides more targeted communication and interaction between the marketer and its potential customers. This paper reviews different aspects of LBA advertising and investigates the drivers of consumer acceptance toward it. Achieving this, a research framework is developed to explore the factors influencing consumer intention for using LBA in Iran. Individuals' responses to questions about intention to accept/use of LBA advertising were collected and analyzed with various factors modified from UTAUT with main constructs of utility expectancy, trust, effort expectancy, and control. While the model confirms the classical role of utility expectancy and effort expectancy as the key factors in technology acceptance, the results also show that users' behavioral intentions are influenced by trust and their control on ads flow.

Keywords: Location-Based Advertising, M-Commerce, Mobile Marketing, User Acceptance, UTAUT Model

INTRODUCTION

The high penetration rate of mobile phones has resulted in the increasing use of handheld devices to deliver advertisements for products and services. Mobile technologies imply many opportunities for marketing, in particular a direct communication with consumers without time or location barriers. In this regard, location-based advertising (LBA) can be considered as

a new form of marketing communication that uses location-tracking technology in mobile networks to target consumers with location-specific advertising on their cell phones (Unni & Harmon, 2007). It provides more targeted communication and interaction between the marketer and its potential customers. As Okazaki (2004) notes, advanced technologies, such as FeliCa and Bluetooth, enhance the feasibility of applying GPS (Global Positioning System) technology that will allow advertisers to provide

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real-time offers to subscribers who are shopping in a specific store, or driving in close proximity to a retail outlet. Several forms of LBA have already been demonstrated using technologies enabling LBA such as GPS, Bluetooth, and RFID (Radio Frequency Identification) (Bruner & Kumar, 2007). Among the location proximity detection technologies for mobile devices, the obvious choice is Bluetooth which can be exploited in Iran to offer LBA messages.

As consumers are increasingly exposed to mobile advertising, their acceptance is also increasingly regarded as a critical success factor. Mobile marketing acceptance is of particular interest to the many researchers, and represents a fundamental managerial challenge in mobile marketing implementation (Merisavo & Kajalo, 2007). LBA is a very specific type of mobile marketing and it is therefore important to understand how consumers are likely to evaluate it. On one hand, consumers may see great benefits in receiving location specific advertising, while on the other hand privacy concerns and the intrusiveness of such marketing messages may turn consumers away. With regard to LBA in particular, scholarly studies are still extremely rare. The few that have been done were more technically focused and/or the consumer data were qualitative in nature (Bruner & Kumar, 2007).

The primary objective of this paper is trying to understand the acceptance of mobile location-based advertising from consumers' perspectives and to explore the factors that can influence their intention to use LBA in Iran society. The answers to these issues will inform marketing companies on how best to go about developing effective and appropriate m-marketing strategies that will have a positive impact on consumers.

In the following sections, we will first introduce a brief background into LBA, LBA characteristics and the associated "push" and "pull" strategies. Then, we briefly review acceptance research models and related work on location-aware mobile advertising. Next, we identify the constructs that may influence users' attitude toward LBA ads, and develop

our hypotheses. After that the research model is presented and the empirical data is analyzed and results reported. Finally, the paper ends with discussion of the results in terms of the managerial and theoretical implications of the study's findings.

LOCATION-BASED ADVERTISING

With the emergence of high speed wireless network technologies and the increasing market penetration of mobile phones the global advertising industry's interest in using this medium as a means of marketing communication is rising. Mobile advertising can be more personalized and different forms such as permission-based, incentive-based, or location based (He & Lu, 2007). Researches related to mobile advertising have shown that this marketing instrument is very effective as a branding vehicle and in stimulating a response, thus increasing brand attitude and purchase intentions (Rettie, Grandcolas, & Deakin, 2005). In this regard, LBA refers to marketer-controlled information specially tailored for the place where users access an advertising medium (Bruner & Kumar, 2007). Marketers can entertain, inform, build brand awareness, create loyalty, and drive purchase decision among their target consumers through LBA. LBA can be defined as a subset of location-based marketing (LBM which includes all aspects of the marketing mix in the mobile location-based setting, whereas LBA is a narrower concept focused on the advertising strategy and communications elements of LBM).

Consistent with the classifications that are derived from general principles of direct marketing, there are two broad types or approaches in delivering LBA - pull and push (Okazaki & Taylor, 2008). Pull LBA is advertising specific to the location of the consumer delivered to the mobile device only when it is explicitly requested for. In this type of LBA, the consumer initiates the request for advertising or promotions for preferred product. While in push LBA, advertising messages are sent to a

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