

Literature review of mobile phones and wireless advertising marketing essay



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This study explores the relationships between attitudes toward the mobile phone medium and mobile phone ads and the behaviour of the respondents in relation to their propensity to accept and use mobile phone ads.

At the end we want to know if Egyptian consumers affected in their purchasing patterns by mobile phone ads or not?

Literature Review:

Wireless Advertising is one of the newest ways advertisers/marketers have found to reach consumers in a new and compelling way. With the boom of Internet advertising beginning to level out, advertisers discovered a new technology that consumers are beginning to welcome with open arms. It has been estimated that there will be half a billion mobile phones in the U. S. by 2003 (King, 2000). There are currently about 4. 4 million wireless Web and messaging subscribers in the U. S. as of August 2001, but the expected growth by 2005 is 71. 1 million (Kotch, 2001). If the rapid growth of the mobile phone is any indication as to what is to come, the entire wireless market is looking at a bright future.

But nobody knows if wireless advertising will grow to be a viable industry. There is a great chance that a large percentage of the population will someday get some kind of advertising-supported content on a wireless device of some kind. But right now the industry is at a sensitive point and it has to prove that consumers will accept advertising on personal digital assistants (PDA), cell phones, and others.

Even though it is important to present market predictions for wireless advertising, one of the most important questions that should be asked right now is whether or not consumer will be willing to receive advertising on their wireless devices such as cell phone.

Mobile Advertising

The forms of new media advertising mentioned so far are primarily designed to be used with the Internet. A different form of new media communication is intended to take advantage of the on-the-go nature of modern consumers and is referred to as mobile advertising (Senn, 2000; Stafford, 2005). This technology uses wireless communication to reach consumer via cell phones, pages, and personal digital assistants. In some countries such as Japan and Finland, these devices have already become important forms of new media communication. Although their use for promotion has been slower in the United States, the diffusion of mobile devices has already begun to surpass the Internet (Perlado & Barwise, 2005). Thus, the use and importance of mobile advertising is likely to grow in the future.

It is unlikely that mobile technology will be rich enough to support the amount of content or the quality of visual we associate with print or electronic media advertising.

More likely, it will take the form of short text messages intended to inform, remind, or notify consumers. Thus, it can best be used to support relationships with existing customers rather than to be used to attempt to acquire new consumers (Perlado & Barwise, in press). For example, mobile

advertising may help to remind consumers to make a purchase or to provide information for immediate consumer decisions.

Perhaps the major advantage of mobile advertising is that it is able to reach people at exactly the moment they are making purchase decisions. For example, it can be used to provide information about sales promotions at the time of purchase to help sway consumer choices for parity products.

Short Messaging Advertising

In the United States, there is not yet sufficient text messaging ads or text messaging to cause service disruptions. Only recently have the major wireless carriers agreed to let their customers send text messages to one another (Shachtman, 2002).

Competing standards (global system for mobile communications versus code division multiple access), fragmented systems, and lack of variety in calling plans are all cited as reasons for the lower per capita use of cellular phones in the United States than in Japan or Europe (Hirsh, 2001).

On the basis of experience in Japan and Europe, it seems likely that text messaging ads will increase in the United States as cellular phones and other wireless devices increase in popularity. Worldwide, nearly 33% of cellular telephone users reported in January 2002 that they had received some sort of advertisement on their mobile phones, compared with just 1% of survey respondents in June 2001 (Kelsey, 2002).

Analysts expect that text messaging ads could be the next big inexpensive marketing tool and that it could experience dramatic growth. The majority of <https://assignbuster.com/literature-review-of-mobile-phones-and-wireless-advertising-marketing-essay/>

digital cellular phones (100 million-123 million users) can already accept text messaging.

Ovum, a Boston-based research firm, expects text messaging ads to grow to a \$16 billion market by 2005 (Berman, 2000). There is a broad range of other predictions for wireless advertising sales in 2005 from \$6 billion (The Yankee Group), \$3.9 billion (Strategis), \$891 million (Forrester), and \$700 million (Jupiter Media Metrix) (Graham, 2001).

Just as cellular phones are supplanting pagers, PDAs and cellular phones are beginning to merge into a single unit with an interactive larger screen format that is more conducive to advertising (Hirsh, 2001; Stone, 2001).

There is good reason to be optimistic about the growth of text messaging ads in the United States. Whereas a study by Jupiter Media Metrix reports that nearly half of all U. S. cellular phone and PDA users would not accept advertising even if compensated for it, more than 33% of the people surveyed expressed interest in receiving advertising in exchange for subsidized access (Olsen, 2001). Most of those customers considered the advertising valuable, and many proactively sought to view advertisements they were not selected to receive (Berman, 2001; Pintak, 2001).

WindWire surveyed the 260 users who took part in its trial of text messaging ads, and 86% favored free or ad-subsidized wireless content over fee-based content (Graham, 2001). Similarly, Adbroadcast. com of Baltimore offers consumers between \$.05 and \$.50 each time they view advertisements.

These trials were made possible when AT&T Wireless and Sprint PCS

introduced free text-messaging capabilities on wireless telephones in early
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2000. Other carriers, such as Nextel and Cellular One, now Cingular, charge extra to receive text messages (Musgrove, 2000). Consumers most likely would be reluctant to pay for unsolicited text messaging ads if charged for each message.

Types of SMS ads

There are six types of SMS ads altogether (Barwise & Strong, 2002).

Brand building: Examples include an esoteric campaign for Tango (a soda) with executions such as “ Feed the Tango inside” and “ The Tango inside is wise. Feed him.”

Another, for Carlsberg, is sent to males 18+ at 10: 30 p. m. on a Friday night “ Pulled? If Carlsberg ran a nightclub you’d have pulled by now. Probably...”

Specific offers: These create awareness of existing special offers. A typical example is from Sega “ A Dreamcast with 4 selected games for just 109. 99 pounds at Electronics Boutique or Game. Details in store. Call 000 000 0000

for your nearest store.” Timely Media Teasers: These are used by media organizations to encourage purchase or viewing, as illustrated by the following execution by the Evening Standard (London’s main local newspaper) “ Tube strike starts 8 p. m. Anger as Major says ‘ walk’... see tonight’s Evening Standard for ‘ walking times’ map of key routes in

London.” Product, service or information request: Examples included Interflora “ Have you remembered Mother’s Day this Sunday? It’s not too late to say it with flowers, just call

Interflora on 000 000 0000.” And Cadbury’s “ Cadbury Gifts Direct – THE guide to gifts for chocolate lovers. For your copy sent direct to your door just text back CADBURY now!” Competitions: Examples are Wella, “ Free Wella Shockwaves. 1st 50 win! Text back WELLA now” and Lucozde Sport, “ Win a signed Premier League shirt from Lucozade Sport. Text back your team’s name 2 enter draw. Lucozade Sport. Have you got it in you?”

Polls/Voting: Include lottery company Gamelot’s SMS “ Would you like to play the National Lottery using you mobile? For further details text back YES. U 16s cannot play” and Blockbusters, “ THE BLOCKBUSTER OSCARS VOTE Marilyn Monroe or Cameron Diaz. Text us your favourite female movie star, past or present. Let U know poll winners on Mar 18th!”

Mobile Phone Usage And Advertising Acceptance Among College Students.

The mobile phone is rapidly becoming one of the most influential media for marketing since the advent of the Internet. As Gerry Purdy, a leading mobile industry analyst, points out: “ probably the most important medium for advertising in the 21st century is going to be the cell phone, not print media, not billboards...” (SMS Marketing, 2006). By leveraging the mobile phone, the mobile phone network and the cast of players within the mobile marketing ecosystem, brands, businesses and marketing agencies can intimately engage and interact with their target audience in a fashion that has previously been unavailable to them. Young people, as early adopters of new technology, have shown the highest incidence rates of cell phone usage and mobile content adoption, according to M: Metrics (2005). Students with jobs consume more mobile content than any other group, and are 42% more

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likely to use mobile email than the average subscriber, and 23% more likely than typical full-time workers. Working students also download mobile games and personalize content on their phones twice as often as other users (M: Metrics, 2005). ComScore Networks, who has labelled 18-24 year olds as the “ Cellular Generation,” says students see their cell phones as more than a means of voice communication; they can provide entertainment, convey social status and help express one’s individuality The practice of mobile marketing, defined as marketing through the mobile channel and via mobile enhanced traditional media (Becker 2005), can embody any number of different marketing activities. One very common form of mobile marketing is mobile advertising. Virtually unheard of just a few years ago, mobile advertising has drawn much attention recently. Leading companies like Procter & Gamble, Microsoft, ESPN, Disney, Coca-Cola, Sony Pictures, and McDonalds are embracing mobile advertising and including it within their marketing budgets, often targeting teens and college students.

Since the first mobile text advertising was done in Scandinavia in 1997, mobile advertising has grown consistently (Becker, 2005). It’s expected that by 2011 marketers will be spending \$11. 3 billion annually on mobile advertising, up from \$871 million in 2006 (O’Shea, 2007). Jupiter Research predicts a somewhat less aggressive growth rate for mobile advertising: a 50% increase to \$2. 9 billion by 2011 (Jupiter Research, 2006). As a reference, it took two years for broadcast TV, four years for the Internet and five years for cable TV advertising to reach \$1B in ad revenue, and five years for Internet and broadcast TV advertising to reach \$5B. None crossed the \$10B revenue mark in their first 10 years of existence (Sharma, 2007).

Mobile advertising can be targeted to the individual, personal and interactive, unlike traditional advertising that is considered to be a non-personal means of conveying a message via mass media for the purpose of informing and persuading a target audience (Ayanwale, Alimi, and Ayanbimipe, 2005). Marketers can engage consumers via mobile advertising in a number of ways. They may include a call-to-action in their traditional media advertising and encourage consumers to respond via text messaging, multimedia messaging, picture messaging, Bluetooth alerts, or voice channels on their cell phone. For instance, a consumer may be invited to send a text message, respond to a Bluetooth alert, dial a regular or toll-free number, interact with an instant voice response service, or send a picture message via the phone's multi-media messaging service. For consumers who have previously opted in and agreed to receive mobile messages, marketers may append an advertisement to any of these messaging or voice channels, both on a broadcast basis to specific demographic groups and to individuals. Another common way to advertise on a mobile phone is through embedded on-device applications and browsers. For example, it is very common for advertisers to include inline and interstitial ads on mobile Internet sites, embed advertisements in mobile radio, video clips, TV, and games, and place an ad within a mobile operator's dedicated portal. Ads may also be included within the interface of the phone, although this practice is not common. Mobile advertising uses both "push" and "pull" advertising strategies, often in tandem with other direct-to-consumer marketing strategies and niche market advertising strategies. Because of the inherent regulatory and telecommunications delivery barriers of advertising through the mobile channel, the presentation or delivery of mobile advertising

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messages has restrictions that other advertising media do not. These restrictions force marketers, in most cases, to get prior approval from consumers before being able to send commercial messages to a mobile device.

With mobile marketing, receiving prior approval from a consumer before delivering a message is critical because access to mobile consumers in the United States is dictated by federal law and industry best practices (Mobile Marketing Association, 2007; CAN-SPAM Act, 2003), while in many areas of Europe and the rest of the world prior approval is not always required.

What makes mobile advertising unique is the fact that the mobile medium is extremely personal (Tahtinen & Salo, 2003). Marketers have discovered through research that mobile devices – primarily cell phones – are personal communication tools that have become embedded in the social network and fabric of our digital society. According to a recent study by the Mobile Marketing Association, the mobile phone, across all age groups, has been found to be an important part of our everyday lifestyle. The study found that 82% of all respondents indicated that their mobile phone is highly to moderately important to their daily life, and 79% say that they are highly to moderately dependent on their mobile phone (Mobile Marketing Association, 2007).

To many, a cell phone represents one of the few remaining unspoiled personal spaces they can use to communicate and socialize and still maintain control. It is, therefore, important for marketers to respect this personal space and learn to gauge consumers' perceptions of and

willingness to accept mobile advertising. A recent study by Forrester Research found 79% of consumers said they would be irritated if an ad was sent to their mobile phones (Forrester Research, 2007). One-third (34%) of mobile Web users in the United States and internationally say they would watch advertisements on their cell phones in exchange for free mobile content, according to the Online Publishers Association (2007). A Harris Interactive study found 35% of U. S. adult cell phone users are willing to accept incentive-based mobile advertisements (Harris Interactive, 2007). Although there is a growing body of knowledge about consumer attitudes toward mobile advertising and the factors that may affect consumer acceptance of mobile advertising, no multi-year analysis of those factors exists.

Problem definition:

The marketing research problem is to determine the effectiveness of using mobile phone as an advertising media in the companies & producers advertising campaigns.

What are the strengths and weakness of using this advertising media over there major competitors?

By the end of the research we should be able to determine whether companies & producers should use the mobile phone ads on their advertising campaign & will it increase sales & market share.

We should also find out whether Egyptian consumers preferences of mobile phone ads & if it affect their purchasing patterns, and whether such media should be used in the future or not.

Management decision problem:

Management & producers should seek to find out how successful will it be using mobile phone ads? Does the sale will increase after the use of mobile phone ads or not? They are therefore seeking action and their question is as follows:

Should the use of Mobile phone advertising increase sales & market share?

Marketing research problem:

This question is translated in to another one that seeks to find the information needed, one that will be used to conduct the marketing research and this question is:

We need to determine the effectiveness of using mobile phone ads & the preferences of consumers on this advertising media.

Throughout this research we will be using the marketing research problem to help us provide the decision makers with better understanding of this marketing phenomenon.

We will also be able to provide them with information such as the effectiveness of mobile phone ads and its influence on Egyptian consumers,

whether they are affected and increase their purchases leading to increased sales and hence increase its market share.

Approach to the problem

Theoretical Framework:

The study discussed in this paper investigated consumer attitudes about the mobile phone medium, the general mobile phone ads, and SMS-based mobile phone advertisements.

This study also examined the relationships among attitude, intention, and behavior.

It is important to identify mobile phone user's needs and preferences for certain applications for targeting them. Users consider driving directions, instant messaging, news/weather, streamed music (mp3) and email services the most important applications while on the move. In particular, users are highly interested in driving directions service. This issue can be combined with mobile phone ads message for a successful mobile phone advertising activity.

It would be interesting to further investigate what factors would be effective in changing the mobile phone consumers' attitude towards mobile phone advertising and SMS advertising.

It would be beneficial for the wireless service provider to know how to change the users' attitude in order to create service plan and offers that would appeal to the mobile phone users. Related to this concept, future

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research should explore the type of messages that would appeal to the wireless users in detail.

This study has several limitations including the sample, sampling procedure, and the measurements. First, since this study will be conducted with college student sample with convenient sampling, the result of this study cannot be generalized to the mobile phone user population as a whole. Second, because of a lack of previous studies regarding perception of mobile phone ads, it will be difficult to develop appropriate measurements.

I will try to test the consumer perception for mobile phone ads, & I will try to know if they find it convincing or not & if they feel that this kind of ads violate their privacy or not.

Research questions:

Specifically, research should provide information on the following questions:

1. Are Egyptian consumers affected in their purchasing patterns by mobile phone ads?
2. Are Egyptian consumers found mobile phone ads attractive & convenient?
3. Did companies & producers market share increase since the use of mobile phone ads in their advertising campaign?
4. Should companies & producers continue using the same campaign process or should it be changed?
5. Does the use of mobile phone ads disturb consumers?

These questions should be answered by the end of the research to provide insight on this market phenomenon, where mobile phone ads are affecting consumers to the extent of persuasion in the purchasing patterns.

Hypothesis:

From the previously mentioned questions we can come up with some hypotheses to test throughout the research and see if they are true or not.

H1: Mobile phone ads will have more advertising effects in terms of attitude toward the brand and purchase intention in the Egyptian market. Egyptian consumers are affected by mobile phone ads.

H2: Mobile phone ads attract consumers & convince them to purchase the product or use the service in the ads.

H3: Mobile phone ads will increase the companies' sales.

H4: Mobile phone ads will increase the companies' market share.

H5: Mobile phone ads intrude the consumer privacy.

Descriptive research design:

The structured questionnaire is the survey method that will be given to respondents. This will be done through a personal interview method, I chose the mall intercept method because questionnaires can be given to consumers at their point of purchase and they can then produce their opinion on the topic, also it will be distributed to college students at the university because they also represent a big sector of the society. My main

sample will be college students because they are representing the future for the Egyptian market.

The questionnaire will mainly contain ordinal and interval scales to measure several perceptions, and preferences in the minds of the Egyptian consumers.

Sampling:

The sample to which the questionnaire will be distributed to will be based on a convenience sampling technique, as mentioned before that the mall intercept method will be used which is one of the types of convenience sampling.

The researcher will pass out the structured questionnaire to the customers in a supermarket, malls, sport clubs & university, mainly to college students. If they are there in the right place at the right time, they will take part in the sample. I will distribute thirty questionnaires for my research.

In the next page there is a sample of the questionnaire that will be distributed to the test units to provide us with the information needed.

Questionnaire:-

Dear participant,

The following is a questionnaire that will enable us to measure consumer's perception of using mobile phones as an advertising media.

Because you as a consumer will help give us the correct picture, I request from you to respond to the questions frankly and honestly.

Thank you for your time and cooperation.

1. (x1). a) Thinking about advertising which advertising media comes first to your mind?

(x2). b) Which advertising media do you find it easy & fast to reach you?

(x3). c) Which is the most advertising media convinced you to purchase goods or use service in the past 3 months?

MEDIA: (a) (b) (c)

TV 1 1 1

Radio 2 2 2

Mobile Phone 3 3 3

Billboard 4 4 4

2. During receiving mobile phone ads:

(x4).

I paid attention to the content of the ads.

Strongly Disagree (1)

Disagree (2)

Neutral (3)

Agree (4)

Strongly Agree (5)

(x5).

I carefully read the ads.

Strongly Disagree (1)

Disagree (2)

Neutral (3)

Agree (4)

Strongly Agree (5)

(x6).

I concentrated on the ads components.

Strongly Disagree (1)

Disagree (2)

Neutral (3)

Agree (4)

Strongly Agree (5)

(x7).

I expended effort to look at the content of the ads.

Strongly Disagree (1)

Disagree (2)

Neutral (3)

Agree (4)

Strongly Agree (5)

(x8).

I found it easy to understand.

Strongly Disagree (1)

Disagree (2)

Neutral (3)

Agree (4)

Strongly Agree (5)

3. I think Mobile phone ads are:

- (x9). Interesting 1 2 3 4 5 6 7 Boring

- (x10). Persuasive 1 2 3 4 5 6 7 Not Persuasive at all

- (x11). Informative 1 2 3 4 5 6 7 UN informative

- (x12). Believable 1 2 3 4 5 6 7 UN believable

- (x13). Impressive 1 2 3 4 5 6 7 UN impressive

- (x14). Clear 1 2 3 4 5 6 7 Not clear

- (x15). Convincing 1 2 3 4 5 6 7 Not convincing

- (x16). Overall liking 1 2 3 4 5 6 7 Disliking

- (x17). Meaningful 1 2 3 4 5 6 7 Meaningless

- (x18). Helpful 1 2 3 4 5 6 7 Not helpful

4.

(x19).

(a). I always receive mobile phone ads.

Strongly Disagree (1)

Disagree (2)

Neutral (3)

Agree (4)

Strongly Agree (5)

(x20).

(b). My overall opinion on mobile phone ads is very good.

Strongly Disagree (1)

Disagree (2)

Neutral (3)

Agree (4)

Strongly Agree (5)

(x21).

(c). I think mobile phone ads violate my privacy.

Strongly Disagree (1)

Disagree (2)

Neutral (3)

Agree (4)

Strongly Agree (5)

5. Arrange the advertising media according to which you like the most. (1 is the most you like, 7 is the worst):

a) (x22). TV ads. 1) ____

b) (x23). Magazine ads. 2) ____

c) (x24). News paper ads. 3) ____

d) (x25). Radio ads. 4) ____

e) (x26). Cell phone ads. 5) ____

f) (x27). Internet ads. 6) ____

g) (x28). Billboard. 7) ____

6. (x29). My age range between:

1. 21-25

2. 26-30

3. 31-35

4. 36-40

5. 41-50

6. above 50

7. (x30). My gender is:

1. Male

2. Female

8. (x31). Total monthly household income:

1. 1000 - 3000 \$

2. 3001 – 6000 \$

3. 6001 – 10, 000 \$

4. 10, 001 – 20, 000 \$

5. above 20, 000 \$

Conclusion:

Throughout the research we have been measuring Egyptian consumer attitudes and behaviour towards cell phone advertising. Through a structured questionnaire we will be able to finally answer the research problem which was should companies use cell phone ads through their advertising campaigns, and if the Egyptian consumer accept cell phone ads or not?

If results from this research show that Egyptian consumers are being affected by cell phone ads in their purchasing patterns and that they do purchase more, then the answer to the question is yes use cell phone ads in promotions.

However if the results show that the Egyptian consumer don't like this kind of ads, and that it does not affect their purchasing patterns and that they do feel that it harm their privacy, then the answer to the question is no stop using cell phone ads in promotions or try to improve it.

Result:

While most respondents have positive attitude toward mobile phone medium, especially in “ useful” aspect, but most respondents have negative attitude toward mobile phone advertising. The significant positive correlation between attitude toward mobile phone medium and attitude toward mobile phone ads was found in this sample.

The result shows that the individuals who had more positive attitude toward mobile phone ads were more receptive to accept and use mobile phone ads. It appears that attitude toward mobile phone ads is very important to get higher likelihood to accept and use mobile phone ads.

The results from this study indicate that users are skeptic toward mobile phone advertising. The respondents held negative attitudes about receiving mobile phone ads. This may have been because they found mobile ads irritating, given the personal, intimate nature of mobile phones, also many of them find mobile phone ads boring & inconvenient & they think that it’s meaningless, unbelievable, uninformative & not helpful. Also through my research I found out that many of respondents don’t receive a lot of ads at their mobile phones which means that until now Egyptian companies & producers did not efficiently use the mobile phone as an advertising media & they have to think to use it in an appropriate way in their advertising campaigns in order to convince & attract users to try their products & services so it can increase their sales & market share. Finally we can say that Egyptian consumers are not affected in their purchasing patterns by mobile phone ads, because mobile phone ads are still new in the Egyptian market & it must be introduced well in the future in order to gain users trust & perception.

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