



## IMPACT OF MOBILE ADVERTISING ON CONSUMER BUYING INTENTIONS

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### ABSTRACT

Consumer buying intentions are changing very fast and marketing companies also catching with the direct marketing. With the trend toward direct, one-to-one marketing, more attention is being paid to the use of the mobile channel as a means of effectively reaching (advertising) to consumers. Indian mobile market is one of the fastest growing markets due to the increase in the number of middle-income consumers. Marketing organizations are trying to reach millions of users with low cost. Thus, research on mobile advertising would impact greatly on the way business is done. This study examines the impact of mobile advertising on consumer buying intentions in Hyderabad city. Mobile advertising applications which have been introduced or about to be launched in the near future when companies understand the importance of mobile advertising and invest more in developing and adopting mobile marketing applications. To make it more precise, this study aims to explore the relationship between the mobile advertising and attributes of customers who use mobile phone and their behavioural intentions. Also find out the customer reactions towards mobile advertisements A sample of 109 valid responses was analyzed from the mobile users in Hyderabad city. The results revealed that there exists a positive relationship between the attributes of customers using mobile phones and their behavioural intentions i.e., there is an impact of mobile advertising on consumer buying intentions. Ultimately, earning attention is the key to mobile advertising success.

**Keywords:** Attributes of mobile customers, behavioural intention, mobile advertising.

### INTRODUCTION

Mobile marketing has been considered to be a modern form of marketing and provided new opportunities for companies to do businesses. Marketing activities conducted via mobile devices enable advertisers to directly communicate with potential customers in a fast speed and regardless the geographical location. Mobile advertising has been recently referred as one of the best means to cut through the clutter and interact directly with the consumer. Hence, with the trend toward direct, one-to-one marketing, more attention is being paid to the use of the mobile channel as a means of effectively advertising to consumers. Indian mobile market is one of the fastest growing markets due to the increase in the number of middle-income consumers, and is forecasted to reach millions of users in the next decade (Barnes & Scornavacca, 2004). In this regard, marketers should take into consideration of consumers' needs for security and privacy when designing a marketing plan. The marketers should maintain a balance between engaging consumers in their marketing mix and achieving the objectives of their marketing plan. In order to achieve this objective, the marketers must

understand the factors, such as incentives and consumer attitudes, which affect consumer acceptance of advertisements via mobile phone (Barnes, 2002).

Carter (2008) defined mobile marketing in a different way, i.e. “the systematic planning, implementing and control of a mix of business activities intended to bring together buyers and sellers for the mutually advantageous exchange of products”. Here, the key contact point with the intended consumers is their mobile phones. Balasubramanian, Peterson and Jarvenpaa (2002) described that m-commerce is a form of communication which involves “either one-way or interactive, between two or more humans, between a human (or humans) and one or more inanimate objects or between two or more inanimate objects (e.g., between devices)”. Mobile advertising is more flexible and convenient for a customer to get information about a product or a service, and to make a purchase of such product or service via his/her mobile, provided that the seller does provide such mobile applications phone (Balasubramanian *et. al.*, 2002; Altuna and Konuk, 2009). Although some marketing activities are not available via mobile technologies, space and time are considered constraints to consumers living in a world without mobile technologies. It is because of growth trends in mobile usage.

Altuna and Konuk (2009), Plavini and Durgesh (2011), described the mobile marketing as the use of wireless technology to provide an integrated content regarding a product or a service to the intended customers in a direct manner. Apart from reducing the gap caused by time, distance, convenience, costless transportation and interactive channel of communication, customized information is another special feature which makes mobile marketing (m-marketing) emerge as an important and innovative marketing tool (Friedrich et al. 2009). A study by Robert Turner (2008), many advertisers are ready to invest in m-marketing. This survey has been conducted among 50 international brands, and the findings revealed that the number of brands looking to spend a greater proportion of their marketing budget on mobile campaigns in the future has been increased. About 71% of respondents would spend up to 10% of their budget on m-marketing. Research has shown that m-marketing can be integrated with traditional marketing instruments to promote products and services of brands, and thus such combination of marketing tools will be able to improve the effectiveness and efficiency of the total marketing plan. Mobile devices have been considered one of the optimal options for communicating marketing information for the following reason. Apart from being cost effective and providing easy access to the target segmentation of consumers most of customers carry their mobile phones nearly 24 hours per day (Robert Turner, 2008; Altuna and Konuk, 2009).

New media in the digital economy has created potentially powerful tools for direct and interactive marketing. Traditional marketing communication strategies have been based on the interruption logic (Godin, 1999). Permission marketing was introduced as a new managerial approach in marketing communication. It has been argued that firms benefit from getting consumers’ permission to be contacted (Marinova, Murphy and Massey, 2002). Permission from the consumer would resolve the difficulties to get access to the consumer.

**Growth of Mobile Usage:** According to Telecom Regulatory Authority of India, there were 858,370, 000 mobile subscribers in India as of July 2011, and the mobile penetration rate is

around 71% (Palvini & Durgesh, 2011). The estimated value of E-commerce in India in 2011 was around US\$10 billion. Of which nearly 67% of the revenue came from mobile devices alone. If we examine the latest data, the number of Indians mobile users has been registering 1.16 billion in February, 2017 and sharing a monthly growth rate 1.17% and it is a growth of 1.36% over the previous quarter. This reflects year-on-year (Y-O-Y) growth of 5.05% over the same quarter of last year. If we see the mobile connectivity in urban India with 692.15 million, growth rate was 1.16% whereas rural connectivity was slower at 0.56% according to TRAI data. This growth indicates that the more than 80% Indian population using mobile phones and it highest in the number when compared to any other media such print or electronic in reaching the large number of customers by the corporate companies for promoting their offers . These details show that the revenue generated from mobile phone sales and usage is huge, and hence it is important for mobile companies to conduct research on consumer's usage on mobile phones and consumer attitudes towards mobile advertising. This study examines the attitudes of consumers in Hyderabad city (India) toward mobile advertising applications which have been introduced or about to be launched in the near future when companies understand the importance of mobile advertising and invest more in developing and adopting mobile marketing applications.

In order to safeguard consumers' interest, the Telecom Regulatory Authority of India (TRAI) has made the Telecom Consumers' Protection and Redressal of Grievances Regulations, 2007, covering all service providers, including BSNL and MTNL. Also, there is the *National Do Not Call/ Disturb Registry* ([www. ndncregistry.com](http://www.ndncregistry.com)), which ensures that a consumer needs to register with the respective telecom service provider to stop all unsolicited communication. It is illegal for a telemarketer to call anybody who is in the *Do Not Call* list. TRAI has proposed a 'Scrubbing Module' which will filter consumers' numbers from the telemarketers' database (Shalini & Masood, 2008).

## **MOBILE ADVERTISING**

As competition in the market has become more intensive given new tools of marketing, getting a bigger market share and retain existing customers as well as attracting new customers have always been a vital issue to the survival of brands. Buyer bargaining power has become stronger over the time as options and substitutes of similar products/services in the market have been significantly increased. Companies have been searching for new techniques and tools to create their core competencies in order to differentiate themselves from competitors. Channels of communication with customers have also increased in number. Thus, choosing the right time and the right tool to send the right message to customers certainly helps brands to gain competitive advantage. In this case, customized advertisements are more noteworthy and becoming a powerful marketing tool in this mobile era (Altuna and Konuk, 2009). According to Ayanwale, Alimi and Ayanbimipe (2005), and Chowdhury *et. al.*, (2006), mobile advertising has been recognised as one of the most common tools of mobile marketing. Traditional advertising is usually produced for the mass, i.e. it is non-personal and applicable only via mass media, such as on the newspapers, radio, television, etc. On the contrary, mobile advertising is more interactive and convey a more

personal touched message when informing and persuading potential customers to buy a product or a service (Hanley and Becker, 2008).

### **MOBILE ADVERTISING AND CONSUMER BUYING ATTITUDES**

Attitudes towards an advertisement are defined as “a learned predisposition to respond in a consistently favourable or unfavourable manner toward advertising in general” (Mehta and Purvis, 1996). In this case, it is essential to note that attitudes towards advertising via mobile devices refer to consumers’ attitudes towards this mode of advertising in general. It does not refer to consumers’ attitudes towards a particular advertisement. Generally, attitudes are mental states used by individual consumers to shape the way they perceive the external environment, and such mentality guides the way they respond to it (Aaker, Kumar and Day, 1995). Bauer and Greyser (1968) and Altuna and Konuk (2009) observed that there was a strong correlation between customers’ general attitudes towards mobile advertising and customers’ responses to specific advertisements.

### **SIGNIFICANCE OF THE STUDY**

The popularity of mobile advertisements is growing in India, and it is therefore relevant for marketers to consider this new form of marketing. This is a current concern of market research of many companies. Although many research studies have been conducted worldwide to examine consumer attitudes towards a product or service, there has been insufficient research on customer attitudes towards mobile advertising, especially in India. This research study aims at exploring the behavioural intentions of consumers towards mobile advertisements in the city of Hyderabad, India. This is significant as there has not many similar studies on this field of marketing. The findings provide better insights to companies on how to use mobile phones as one of the powerful tools to market their products. Since mobile marketing is able to reach individual consumers in a more personal and interactive manner than other traditional marketing forms, many companies have been invested in developing mobile marketing applications. Such applications, namely mobile marketing platforms and international wireless systems, allow companies to interact with consumers faster with more personalized and customized advertisements (Altuna and Konuk, 2009).

### **OBJECTIVES OF THE STUDY**

The objectives of this study are:

- (i) To study the impact of mobile advertising on the consumer buying intentions in Hyderabad City;
- (ii) To analyze the consumer attitudes and customer reactions towards mobile advertisements; and
- (iii) To measure buying intentions which determine the purchase decision of the consumer.

### **METHODOLOGY**

The research design chosen for the study (cross-sectional descriptive design) is conclusive. A survey instrument was developed based on previous studies on consumer perceptions of mobile advertising. The research is basically focused on the understanding of the consumer

attitudes among mobile ads and their behavioural intentions. For this study both primary and secondary data has been used, a quantitative research has been conducted with the help of a structured questionnaire, and it was tested and verified statistically. Convenient sampling approach has been used to select the samples, based on accessibility and availability of the respondents. A total of 109 valid responses have been analyzed which include male and female customers have been selected to avoid gender imbalance but, those holding a mobile phone and reside in the area of Hyderabad city. The mode of data collecting from the sample respondents was via electronic media (through Face book) and in person. Thus, this study focused on the antecedents of consumer attitudes towards advertising via mobile devices In general. In this study, customer attitudes towards advertising via mobile devices have been measured using various dimensions. It indicates the various components of the framework for further discussion, with “attitude toward advertising via mobile devices” as the dependent variable. They include: (i) informative; (ii) credibility; (iii) enjoyment; and (iv) irritation.

**RESULTS AND DISCUSSION**

In order to gain an insight into consumer reactions towards mobile advertising, the study was aimed at reveal not only about consumer attitudes about mobile ads but also about their behavioural intentions. The result of the study reveals that there is a significant positive relationship between consumer attitudes and behavioural intentions. It means the more the consumers’ attitudes are positive toward the mobile advertisements, the more affirmative are their behavioural intentions.

**Table 1: Mobile Advertising and Consumer Buying Attitudes**

<b>Factors</b>	<b>Positive</b>	<b>Neutral</b>	<b>Negative</b>	<b>Total</b>
Consumer attitude towards mobile advertisements	69 (63)	10 (09)	30 (28)	109 (100)
Consumer buying intention towards mobile advertisements	72 (66)	15 (14)	22 (20)	109 (100)
Relationship between enjoyment and informative content	58 (53)	12 (11)	39 (36)	109 (100)
Relationship between credibility and irritation	45 (41)	13 (12)	51 (47)	109 (100)
Relationship between consumer attitudes and behavioural intentions	77 (71)	13 (12)	19 (17)	109 (100)
<b>Average</b>	<b>64</b>	<b>13</b>	<b>32</b>	

**Source:** Field data

*Note: Figures in parentheses are percentages.*

**Customer Reactions towards Mobile Advertisements:** In order to examine the customer reactions towards mobile advertisements, it was found that irritation (22%), followed by indifference (18%) and then confusion (17%) were the three most important reactions. Hence, we can safely assume that respondents (having a paucity of time) reacted with irritation and indifference towards mobile advertising. Also, the respondents apparently got confused, on being bombarded with a plethora of advertisements from various sources. It can thus be inferred that mobile advertising in its current format is unacceptable to customers and

requires inclusion of certain attributes so that the relevance and utility value of such marketing messages, increases their overall acceptance by consumers.

**Table 2: Customer Reactions towards Mobile Advertisements**

Reactions	Percentage (%)
Usefulness	14
confusion	17
Awareness	16
satisfaction	13
Indifference	18
Irritation	22

Source: Field data

**Table 3: Summary of Results**

Factors	Results
Consumer attitude towards mobile advertisements	Positive
Consumer buying intention towards mobile advertisements	Positive
Relationship between enjoyment and informative content	Positive
Relationship between credibility and irritation	Negative
Relationship between consumer attitudes and behavioural intentions	Positive

The **findings** of the study are as follows:

1. The study found that the customer attributes tend to be positive for all the eight factors and the consumer attitudes towards mobile advertisements are positive.
2. Customer behaviour intentions tend to be positive and it is interpreted that the behaviour intention of people towards mobile advertisements is positive, i.e. more the respondents get the advertisements, the more their behaviour intention tends to be positive.
3. There exists a mixed response among the customer attributes towards different mobile advertisements. There exists a positive correlation among the enjoyment and informative content.
4. In case, the relationship between credibility and irritation found negative correlation among credibility and irritation.
5. Regarding the relationship between customer attitudes and behaviour intentions, there is a positive correlation among attributes on mobile advertisements on consumer attitudes and their behavioural intentions. The more the attributes tend to be positive, the more the behaviour intentions of the respondents tend to be positive.
6. It can thus be inferred that mobile advertising in its current format is unacceptable to customers and requires inclusion of certain attributes so that the relevance and utility value of such marketing messages, increases their overall acceptance by consumers.

**SUGGESTIONS**

1. The overall attitudes of the respondents in Hyderabad city are positive towards mobile advertisements. They considered informativeness to be the most significant factor when receiving mobile advertisements. Therefore, companies should invest in developing

applications which can help them advertise their products and services in better way through mobile to reach the consumers beyond the study area.

2. Since informativeness is the most significant determinants of a mobile advertisement, advertisers should provide or highlight the information aspect of their advertisement in order to be successful in their marketing campaign.

3. The behaviour intent seems to be on the positive side, companies have to make sure that their mobile advertisements do not divert customers' intention.

4. The mobile advertisers should make sure that current and potential customers do not get irritated due to receiving so many mobile advertisements, and they should ensure that the advertisement is designed in an informative way. As expected before conducting the research, there is a direct co-relation between customer attitudes and their behavioural intentions regarding mobile advertisements.

5. This positive relationship may provide a novel means to build core competencies and achieve a competitive advantage for those companies which invest in mobile applications to enhance the positive attitudes of customers towards mobile advertisements. This can be done via sending innovative, informative and entertaining content to intended customers.

6. At the same time, companies should find a way to reduce the level of disruption and irritation due to the frequency and the content of mobile advertisements.

7. In order to increase their overall acceptance by consumers, the respondents should not get confused, on being bombarded with a plethora of advertisements from various sources.

## **LIMITATIONS**

- The main issue in this study is that this research only focused on the attitudes towards mobile advertisements in general and it confined to Hyderabad city only. It did not include specific product categories as one of the variables which may affect the attitudes of customers towards such products and mobile advertisements.
- The data was collected on the basis of convenience sampling so the result can be optimized by including more sample from the city. If the scale for measuring the attitudes i.e., exclusively developed for analyzing the attitudes towards mobile advertisements in the near future and the results may be generalized to the whole population in the city.

## **CONCLUSION**

This study reveals that the consumer attitudes towards mobile advertisements are positive. Informativeness has been found to be the most significant factor in mobile advertising and other variables can be considered as some key indicators of the marketing mix plans. M-marketing and mobile advertisements can also be considered as most effective marketing mix components. This finding has significant implications for companies in terms of marketing their offers. Since Hyderabad city is developing as a global city, the rate of technology usage is high, and so is the acceptance of new technological applications. Thus, this city would seem to be a promising market regarding mobile applications to many companies. However, the results show that the respondents' attitudes are not only correlated with the technological infrastructure but also with other cultural variables. However, "Good advertising does not just circulate information. It penetrates the public mind with desires and belief". — Leo Burnett.

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