

## **A STUDY ON AWARENESS OF MOBILE MARKETING IN DHARMAPURI DISTRICT**

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### **ABSTRACT**

Mobile marketing is defined as the use of the mobile medium as a means of marketing communications. It has gained momentum over the last several years. Its special features made it lucrative to various business concerns. Technological growth and increasing awareness amongst the consumers persuaded the Indian companies to evolve new strategies to reach the target audiences.

Under these circumstances, a study has been conducted to identify the various segments of markets where the mobile marketing is in vogue and its acceptance by the consumers. Data was collected from consumers in Dharmapuri District and later factor analysis and cluster analysis were conducted to segment Dharmapuri District consumers. Demographic and technological variables were taken as criteria to segment the market. The revealed that certain variables distinguish market segments from each other. For the purpose of this study Dharmapuri District consumers were classified into three different segments, namely knowingly nonuser, the real acceptor and the uninterested.

### **KEYWORDS**

Mobile marketing, Knowingly Non-user, Real acceptor, Uninterested

### **INTRODUCTION**

Due to technological growth Internet has occupied predominant position in furnishing information to the consumers; Television is the second importance source in providing information about product and services. The evolution of e-commerce has brought with it a new marketing channel known as mobile marketing (marketing), as a third source of communication (Tanakinjal,

Deans, & Gray, 2010). Since on-the-go lifestyles of today's consumers make them harder than ever to reach, new ways to reach target audiences are evolving to stand up to the challenge and mobile marketing is one of them (Leek & Christodoulides, 2009). Mobile marketing is defined as the use of the mobile medium (e.g. mobile phones) as a means of marketing communications (Leppaniemi, Sinisalo, &

Karjaluoto, 2006). New business models for mobile marketing are turning the mobile phone into a marketer-exclusive platform. Marketers can create mobile portals dedicated to their business or brand (giving their message exclusive airtime with their best customers), a choice of tailored handsets (to match the brand), preloaded applications that drive further contact with the brand, and any number of other developing technologies that drive home the exclusivity of the message (Friedrich et.al., 2009).

Atkinson (2006) suggested that 90% of well-known U.S. brands were planning to initiate mobile marketing practices by 2008 and that more than half of them plan to devote as much as 25% of their total marketing budget toward the mobile platform. The high penetration rate of mobile devices among consumers also provides an opportunity for companies to utilize this means to convey advertising messages to consumers. This makes various companies to use mobile as marketing device (Ma, Suntornpithug, & Karaatli, 2009). For example, Adidas introduced a mobile marketing campaign, The Missy Elliott campaign, to strengthen its position in the U.S. market within the 12-17 year old market segment and to compete with its major competitor, Nike. Another company, Greystripe, an ad-supported mobile game and application distributor, launched a mobile advertising campaign for the movie "The Golden Compass" in 2007. This campaign offered downloadable games, playing full screen ads to the audience waiting for their games to load. The campaign increased movie awareness from 42 percent to 61 percent (Interactive Advertising Bureau, 2008). Since teenagers and young adults

are faster adopting mobile platform, mobile marketing seems have a bright future, but the extent of acceptance by consumer still remain unclear due to various hurdles, including feelings of intrusiveness and privacy concerns (Sultan & Rohm, 2008). In spite of the growing number of companies investing in mobile marketing campaigns, there still are several issues that remain to be addressed. The objective of this paper is to identify distinct market segments based on consumers accepting mobile marketing. The paper begins by presenting the concept of mobile marketing and its importance. Then the criteria for segmenting the consumers in terms of their mobile acceptance behaviour are discussed. The third section discusses the research methodology and then results are presented. The last section discusses managerial implications and conclusion.

## **CONCEPT OF MOBILE MARKETING**

The penetration of the mobile phone market led to an increased number of applications for mobile marketing. Leppaniemi and Karjaluoto (2005) discussed about various definitions of mobile marketing present in literature and pointed out that terms like mobile advertising, wireless marketing, wireless advertising and mobile marketing were the terms used interchangeably in the literature. Since mobile marketing is part of the Web.2 technology the future growth is phenomenal. Since mobile devices are personal marketers can directly engage customer by replying to the message content. So customers are active here, rather than passive in traditional medias (Bauer et al., 2005). The main characteristics of mobile marketing strategies are personalization,

localization, uniqueness, ubiquity and interactivity (Bauer et al., 2005). It also has high retention rate, high reach, high response rate and low cost (Pearse, 2005). Mobile Marketing Association (MMA) defined mobile marketing as "the use of wireless media as an integrated content delivery and direct response vehicle within a cross media or standalone marketing communications program". Whereas, Wireless Advertising Association (WAA) defines mobile marketing as releasing advertising messages to mobile phones or PDAs through the wireless network (Xu, 2007). It has been suggested that in the mobile marketing network, firms can get customers engaged through a call-to-action which is not possible via other media channels and make customers respond via text messaging, multimedia messaging, picture messaging, Bluetooth alerts, or voice channels on their mobile (Carter, 2008).

Marketers reduced their spending on traditional media: 61 % on TV, radio and magazines, 52% on direct mail, 11% on e-mail, but increasing spending on social media (Trends E-Magazine, 2009). It was predicted that online search, e-mail, social media, Web display ads, and mobile marketing combined will represent 21 percent of marketing budgets, or about \$55 billion, by 2014. Starting in the '90s, Web 1.0 broke down geographic and psychological barriers to selling products and services. With the Internet, any business could more easily reach global markets and quickly create the impression of an established, credible business. Now, Web 2.0 is creating communities online that allow buyers to connect with others and follow experts on whatever their interests might be. These

connections allow buyers to effortlessly learn about new solutions that they might want to purchase. They don't need to weed through the information overload themselves; they benefit from others who do so. Because Web 2.0 has changed the way people buy, it requires a change in the way businesses sell (Trends E-Magazine, 2009). Jong and Sangmi (2007) found that mobility, convenience and multimedia service were positively related to attitudes toward mobile advertising, which in turn lead to favourable behavioral intentions. Godin (1999) pointed out that consumers who subscribed to a particular company were usually interested in that company's services and products, and hence, when consumers received SMS advertising messages, they were more likely to pay more attention and read the message compared to consumers who receive messages from companies which they are not subscribed with. Leek and Christodoulides (2009) discussed about Bluetooth technology present in mobile, which is a location-based advertising technology (Bruner and Kumar, 2007). It can be used to enable location-specific targeting that allows advertisers to target their audience based on specific venues (for example, in a supermarket) and deliver relevant and real time promotions. The downside of Bluetooth, however, is that—unlike SMS and MMS—it only can operate within a limited range. But some other negative aspects are there related to mobile marketing. Whitaker (2001) reported that many consumers considered mobile phones as a very private and personal item and were more reluctant to share information with unknown companies. Heun (2005) found only 12% of consumers were

willing to receive any forms of wireless advertisements, even if they could control what to receive. There are many factors that affect mobile marketing. Consumer trust, privacy issue (Al-alak & Alnawas, 2010), knowledge, interest in technology etc. affect his acceptance of mobile marketing. Recently the rapid development of technology leads to acceptance of mobile by consumers and this made companies to make mobile as a growing and contemporary medium for marketing.

### **SEGMENTATION OF CONSUMERS ACCEPTING MOBILE MARKETING**

For the purpose of this study Dharmapuri District consumers were classified into three different segments, namely knowingly nonuser, the real acceptor and the uninterested. The knowingly nonuser segment have technological knowledge about mobile, but privacy issue and non-innovativeness keep them away from accepting mobile marketing. The real acceptors have less technological knowledge and interest in mobile and they are the real consumer segment accepting mobile marketing. The uninterested segment does not have any interest or knowledge about mobile marketing and are not at all interested in it.

### **DEMOGRAPHIC CRITERIA**

The variable Age has been used by many marketing researchers to segment the market (Jain & Kaur, 2006; D'Souza et al., 2007). Technology was mostly accepted by youngsters faster than older generations. But Skog (2002) reported that teenagers are not homogeneous audiences for mobile phones as their usage patterns and attitudes varied widely depending on their social background, technological literacy and urban/rural

lifestyles. Sultan and Rohm (2008) discussed about the study where nearly 70 % of U.S. and 94% of Pakistani respondents use mobile phone or do other activities in mobile. Gender is another variable that can be used to segment the market. Male and female are differently affected by technology and the acceptance rate might be different. Individuals with higher Education level will have more interest in technology and hence, accept mobile marketing faster. Income is generally believed to be positively correlated with accepting new technology. Because people with higher income will easily bear the marginal increase in cost, while purchasing high technology products, like mobile (Straughan & Roberts, 1999).

### **TECHNOLOGICAL CRITERIA**

Technological interest may be defined as an attitude to try and use new technological products. This attitude is influenced by direct personal experience, past reaction and trust (Al-alak & Alnawas, 2010). It is also affected by experience of other individuals and communication by media. Sultan and Rohm (2008) pointed out that usage characteristics affect consumer acceptance of mobile marketing. Since consumers get utility, content, enjoyment and experience from mobile (by browsing, chatting, and developing social network), these aspects affects the youth. Since mobile is a personal device, responding to SMS as using sending, receiving or deleting made consumer to interact with the message (Zang & Mao, 2008). If consumers agree to receive SMS messages from advertisers, they tend to react positively to them (Barwise & Strong, 2002). Consumers' attitudes toward products, brands and

advertising are linked to behavioral intent, and people with positive attitudes toward mobile services have greater intent to use them. Knowledge about mobile phone also affects purchase of mobile and acceptance of mobile marketing.

Cell phone is an integral part of many customers i.e. more than just a communications device. The extent of people's personal attachments to their phones could be a factor in their willingness to engage in mobile marketing activities. Consumer innovativeness (the degree to which they are open to new experiences, information and technology) also affects the acceptance of mobile marketing (Bauer et al., 2005). Youngsters use mobile phone as their social symbol and social pressure play a major role to accept the new technological product (Nysveen et al., 2005).

Privacy concern of consumers negatively affects the acceptance of mobile marketing (Sultan & Rohm, 2008). McKnight et al. (2002) found in their study about Ecommerce that trust was an important factor which had a significant influence on consumers' intention to make online transactions. Therefore, it is expected that in mobile marketing, where the perceived risk and uncertainty is high, trust will influence consumers' intention to participate in permission based advertising programs. So many times companies obtain consumers' permission through opt-in programs to increase their acceptance of mobile advertising (Barwise & Strong, 2002).

## **RESERCH METHODOLOGY**

The literature revealed the fact that the consumers have different concerns and emotional attachments towards the mobile marketing,

different technological knowledge and different behaviours. As pointed out in the beginning, this paper is an attempt to identify different segments of consumers accepting mobile marketing.

An attempt is made to answer the following research issues:

- Is it possible to identify, a consumer segment based on acceptance of mobile marketing?
- In what way How different are these segments from each other?

The data used in this study were collected through a survey of Dharmapuri District consumers. The model of data collection was a survey method. The final sample was composed of 132 individuals.

After collection, the data were statistically analysed and interpreted using the statistical software SPSS 16.0 (Statistical Package for Social Sciences). The data obtained were submitted to a Multivariate Statistical Analysis, which included factor analysis and cluster analysis. After this, characteristics of different segments are found.

## **RESULTS**

As the number of variables used in this research is quite extensive, an exploratory factor analysis was used to simplify the interpretation of the variables. Each of the factors was depicted by means of several items used in the questionnaire. Factor analysis used principal component analysis method and eigen value of greater than 1.0 as the criteria to select factors. The variables were grouped into seven factors and together they account for 77.75% of the total variance. To check the internal validity, the reliability analysis was performed using cronbach's alpha coefficient. For the seven factors the levels of alphas were more

than 0.6 and it showed internal consistency in the research (Nunnally, 1987). Cronbach's alpha was again calculated for new group of factors and it was 0.921. The factors found are described below:

1. Mobile usage Characteristics (F1): The first factor reflects consumers' usage characteristics or the reason why he uses mobile phone. It affects the mobile marketing acceptance.

2. Technological knowledge (F2): The amount of knowledge consumer has about the mobile and its technology affect usage of mobile and its acceptance.

3. Consumer innovativeness (F3): The third factor is related to readiness of the consumer to accept new technology like mobile marketing.

4. Privacy issue/Trust (F4): The variables present in this factor represent a combination of issue related to privacy and trust of consumer. This may negatively affect the mobile marketing acceptance.

5. Economic factor (F5): The price a person pays to accept the new and contemporary technology plays a major role in mobile marketing acceptance.

6. Social influence (F6): Social groups to which consumer belong, friends, family affect the mobile marketing acceptance of a consumer and made him to accept/reject the new marketing media i.e. mobile.

7. Attitude to mobile marketing (F7): The factor represent consumers liking, desirability and interest in accepting the mobile marketing. The results obtained from factor analysis and reliability coefficients are shown in Table 1. The seven factors were then used as inputs in later analysis (cluster). Hierarchical clustering was

used to analyse the data. Agglomerative method is used in analysis, as it gradually build the clusters i.e. clusters formed by adding to existing cluster. Between group linkage and squared Euclidean distance is used to find number of clusters. Each variable is standardized using Z-scores to eliminate effect of scale difference.

## **DISCUSSION**

The clusters are named and differentiated based on their characteristics. They are:

### **SEGMENT-1: THE KNOWINGLY NONUSER (36%)**

This segment mainly consists of both young and old consumers with high education level (graduation, post-graduation). They are working professionals, businessmen, and students. They have technological knowledge related to mobile, but price sensitive and have privacy issue. They are sceptical about mobile marketing and do not trust such mobile marketing schemes. They only use mobile for calling or messaging purpose and do not as a media device. They are less innovative and privacy plays a major role in their life. Apart from students, the working professionals and servicemen have moderate (Rs 10-20,000/month) to high income level (Rs 40,000 and above), but do not want to spent on purchase mobiles with hi-tech features. So they are aware of technology and mobile marketing, but are not using it.

### **SEGMENT-2: THE REAL ACCEPTER (37%)**

This segment composed of relatively younger consumers and very few middle-aged consumers. They have relatively higher education level than segment 1 and working in more qualified jobs (specialists in own field, middle and senior manager) and earn relatively higher. Only students

belonging to this category have no income. This segment has higher technological interest and innovativeness. They want to try new products and services and are able and interested to spend for it. They know multiple use of mobile and go for it. Social group and peers influence affect them more, especially the younger customers. They have positive attitude to mobile marketing and family members also play major role to teach them many functions of mobile. So they are the real accepters of mobile marketing.

### **SEGMENT-3: THE UNINTERESTED (27%)**

This segment includes individuals of higher age group (41 years and more) with marginal to higher educational level. This segment does not have much interest and attitude for mobile marketing. They are not only sceptical about privacy issue but the whole new technology of today. They act as per their own interest and do not have much technological know-how. Their knowledge about the mobile marketing is low to moderate level. These are the consumers who were not at all interested in mobile marketing.

### **LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH**

The study is only based on 132 consumers of Dharmapuri District. This segmentation can be conducted by taking more consumers from various parts of Dharmapuri District. Since the study has taken place in one district, it limits the generalization of the finding. In future a cross-cultural study can be done to know the segments related to mobile marketing in other parts of the world. The study has taken only two criteria for segmenting the market: demographic and

technological. More criteria can be taken into consideration, like psychological, behavioural etc. broaden the research. So the limitations of this study gave a lot of scope for working further and new areas of research can be explored.

### **CONCLUSION AND MANAGERIAL IMPLICATIONS**

The results of this study show who are the consumers using the mobile marketing and accept it and how certain variables differentiate one segment from other. In spite of the fact that Dharmapuri District is a developing district, it has a lot of consumers accepting the mobile marketing. Since many consumers accept mobile marketing in India, it showed a technological acceptance by the mass. Advertisers can plan their ad budget accordingly and can focus on mobile advertising. Since the segments differ significantly, firms can target a particular segment differently than other. "The real accepters" like mobile marketing, so the current strategy should be followed by firms to retain them and they should be given some incentives if possible. Companies can attract "The knowingly nonuser" segment by permission based marketing (Barwise & Strong, 2002). If the consumer will permit/opt-in, firm will send SMS, MMS about present offerings etc. As far as "The uninterested" segment is concerned, firms should let them go. Because, it is really difficult to change the stubborn minds of consumers belonging this segment. So firms should act accordingly to target right customer in right place and in right way to gain more profit.

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