

**A SURVEY ON SMS MOBILE MARKETING: ANTECEDENTS TO  
PERMISSION ON YOUNG CONSUMERS**

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## **ABSTRAK**

### **KAJIAN TERHADAP PEMASARAN PERKHIDMATAN MESEJ RINGKAS: FAKTOR MENDAPAT KEIZINAN DARIPADA PENGGUNA MUDA**

**Oleh**

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Perkembangan promosi dan pengiklanan melalui Perkhidmatan Mesej Ringkas (SMS) dan Multimedia Perkhidmatan Pesanan (MMS) telah mencapai tahap kemajuan yang pesat. Cara ini dapat berinteraktiviti, kos efisien dan keupayaan untuk mencapai pengguna yang ramai pada masa dan tempat yang sesuai. Manakala, objektif kajian ini adalah untuk menguji kepentingan hubungan antara empat faktor iaitu pengalaman terhadap pemasaran Perkhidmatan Mesej Ringkas, kepercayaan peribadi, jangkaan kawalan, kebolehpercayaan institusi dan interaksi jantina terhadap persediaan pengguna muda untuk memberi kebenaran dalam penerimaan iklan 'SMS'. Sejumlah 212 soal selidik telah diterima daripada pelajar-pelajar politeknik dan universiti yang berumur di antara 17 hingga 23 tahun. Hasil kajian ini merumuskan kebolehpercayaan institusi dan pengalaman terhadap pemasaran Perkhidmatan Mesej Ringkas adalah faktor yang mempengaruhi pengguna di mana perbezaan jantina tidak mempunyai sebarang impak terhadap pemilihan pengguna. Sebagai kesimpulannya, tumpuan yang lebih berat hendaklah diberikan terhadap pembinaan imej organisasi yang kukuh dan positif untuk mendapat kepercayaan pengguna terhadap organisasi mereka yang secara tidak langsungnya memberikan pengalaman dan imej yang baik terhadap pemasaran Perkhidmatan Mesej Ringkas.

## **ABSTRACT**

### **A SURVEY ON SMS MOBILE MARKETING: ANTECEDENTS TO PERMISSION ON YOUNG CONSUMERS**

**By**

**Teo Huey Lian**

The growth of marketing promotions and advertisements made through mobile phone in the form of the SMS (Short Messages Service) and MMS (Multimedia Message Service) had accelerated in a very fast pace. Hence, mobile marketing provides huge benefits and opportunities due to its high rate of personalization approach, interactivity, and cost efficient and the ability to reach out to large target audiences at the appropriate time and place. The objective of this study is to examine the significance relationship between the four antecedent factors of mobile marketing experience, personal trust, perceived control, institutional trust and interaction gender that affects young consumers' willingness to give permission in receiving SMS advertisements. The 212 respondents are students from polytechnic and university aged between 17 to 23 years old were participated in these questionnaires. The main findings of the study, institutional trust and mobile marketing experience are the factors that influence permission. Interestingly, gender difference has no impact on consumers' choices. The factors of personal trust and perceived control were found have no direct impact to permission. As conclusion, companies need to focus more in building a strong and positive image to gain consumer's trust in their organization, which will subsequently create the positive perception of having experience and good image about mobile marketing.

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# CHAPTER 1

## INTRODUCTION

### 1.1 Background

The growth of distributed networking, mobile telecommunication and mobile computing are created largely by commercial opportunities. This growth of the market opportunity for marketing promotion and advertisement, especially the growing use accelerated mobile phone of the SMS (Short Messages Service) and MMS (Multimedia Message Service) as the mode is preferred in mobile marketing (Dickinger, Haghirian, Murphy & Scharl, 2004).

Mobile phones are a part of our growing needs in this age of globalization. Use of SMS is on the rise each year which suggest more marketers to find out means and ways to expand their advertising and marketing plan through the both SMS and MMS. From this way they can create more effective SMS advertisement marketing to get more solution in their marketing needs. From messaging, they can ensure that messages are being sent in a personalized form as well as save time and money. In marketer's perspective, mobile marketing have a lot of benefits which includes a high rate of personalization approach, interactivity, and cost efficient while reaching large target audiences at the right time and in the right place (Anekar & D'Incau, 2002; Facchetti, Rangone, Renga & Savoldelli, 2005).

Nowadays, SMS marketing produces powerful and effective tools because it can deliver the message effectively and immediately to the selected recipients. The

interaction can be one-way or two-way communication depending on the needs and purpose of the advertising. There are many benefits in using this method and one of the main objectives is to build a good relationship through this low cost direct marketing. From this way, the messages are directly being delivered to their target recipients of which will directly reduce the barriers between the sender and receiver to the bare minimum.

Normally, SMS Marketing channel multiple activities such as special offers, latest news updates, event notice, customer service, product or service alerts, a special offer, voting, information bulletins and current events. All these activities are utilizing SMS Marketing approaches directly to their recipient, where marketer's not only build relationships with their customers but also serves as the ideal way for them to choose low cost direct marketing option.

This study could lead to an avenue of more understanding to consumers' willingness to give permission in receiving the SMS advertisement. The model is to identify the factors within Malaysian young consumers and genders to determine whether sending SMS advertisements without the consumers' willingness is a violation of privacy (Barnes & Scornavacca, 2003), for the better understanding they can avoid as sensitive issue for marketers, managers and the advertising companies and able to provide better services and increase their competitiveness with specific needs and requirements.

### **1.1.1 The Malaysian Scenario**

In Malaysia, the population is about 20 million with a strong background in agricultural sector. It had developed modern urban infrastructures and supports wide range of the electronics manufacturing. Malaysia develops digital wireless voice services and opened fixed line for mobile markets few years before the early 2000. Following by the SMS traffic operator agreements to interconnect SMS services subscribers to one, operators can send messages to those subscribing to another (Lee & Kendall, 2002).

From statistic shows that a total of 21 billion SMS had been sent out and 4000 SMS are being sent per minute in the year of 2005, with an average of 345 sent out SMS per citizen per year. It is indeed fair to determine that SMS is already a part of our life. According to June 2006 statistic, in the world there are more than 2 million mobile users. The average registered for new mobile per minute is 1 thousand (Multimedia Prospect, 2007). In Malaysia, every mobile user is a valued customer of marketing sectors. Statistically Malaysia has 18 millions mobile users. With that, marketers will choose the SMS marketing as their ideal marketing plan tools.

Mobile users are frequently receiving SMS advertisement from their mobile service company. In Malaysia there are few main communication companies such as Maxis, Digi, Celcom, U-Mobile, and Tune Talk. The normal advertisement that are being received by mobile users composes, special offers, latest news updates, event notice, customer service, product or service alerts, a special offer, voting, information bulletins and current events.

Unfortunately, mobile users receive advertisements too frequently through SMS and will ignore the importance of the SMS that they had received. Especially, the SMS about promotion offer that they had been sent. Although marketers can directly access their customer's database, they will still face problem to achieve their objective due to recipient not responding to their SMS. They fail to attract and convince their target market.

## **1.2 Problem Statement**

This study is to identify the consumers' willingness to give permission to accept SMS advertisement. Therefore, better understanding on the factors that consumers can give permission and willing to receive the SMS advertisement. Whereby it can to provide the empirical data that can support the study of this objective (Bamba & Barnes, 2007).

In United Kingdom (UK) survey of SMS advertising shows that consumers are willing to receive some SMS campaigns per week, but in this situation they to fear of spamming happen. So, they prefer to give permission to the trustable organization only (Enpocket, 2002). As mobile phone users, they will receive the SMS advertisement commonly without their permission and acknowledgement of the source of the SMS advertisement. This has become a new trend in marketing where marketers use SMS marketing to advertise their new promotion or other latest updates news through this SMS to their customers. Users of mobile phone receive SMS such as promotion, discount coupon and others without their permission.

Normally, for those who send the SMS without having eligible permission from the user could give a negative perception towards the said SMS. Especially, when the sender from an organization that unfamiliar to recipients. The contents of the SMS also might not be suitable to every mobile user. They also find out that consumer have fear perception to register on SMS-based information services, because of the privacy concerns (Dickinger, Scharl & Murphy, 2005). This study can be used to find out the factors to overcome SMS advertisement problem while identifying the reasons to get permission and participation from consumers in SMS mobile marketing.

### **1.3 Research Objective**

The objectives of this paper are as stated below:

- 1.3.1 To identify young consumers mobile marketing experience influent in permission to receive SMS advertisement.
- 1.3.2 To investigate young consumers' personal trust influent in permission to receive SMS advertisement.
- 1.3.3 To examine perceived control influent young consumers in permission to received SMS advertisement.
- 1.3.4 To investigate institutional trust influent young consumers in permission to received SMS advertisement.

## **1.4 Research Questions**

Marketers need to clarify the factors that could influence young consumers in giving permission to receive their SMS advertisement. So that they can identify the consumers group who are suitable for SMS advertisement targets. They also can make sure they can get feedback from every SMS they had sent out to the recipients.

The factors are included in this study as the question below:

- i. Will young consumer's mobile marketing experience affect in giving permission to receive SMS advertisement?
- ii. Will young consumer's personal trust influence in participating and giving permission to receive SMS advertisement?
- iii. Will perceived control influence young consumers in permission to received SMS advertisement?
- iv. Will institutional trust affect young consumers in permission to receive SMS advertisement?

## **1.5 Definition of Key Terms**

**Permission** - the initiation of two way mobile communications between the customers and the mobile marketer. Permission is known as the dynamic edge produced by combination of one's personal preference (Barnes & Scornavaacca, 2004).

**Personal trust** - personal interaction with the trustee or via information about the trustee's past behaviour received from personally known sources (Yamagishi & Yamagishi, 1994; Sztompka, 1999; Kautonen & Kohtamaki, 2006).

**Institutional trust** - the wider trust that the consumer has on the institutional environment, including legal, cultural and political institutions, civil societal organizations such as clubs and associations, and media (Zucker, 1986; North, 1990; Raiser, 1999; Sztompka, 1999).

**Mobile marketing experience** - experience influence the consumer decision-making process is well accepted in marketing literature (Jayawardhena, 2004).

**Perceived control** - perceived behavioural control (PBC) refer to peoples perceptions of their ability to perform at a given behaviour. Perceived behavioural control was added in the theory of reasoned action in attempt to deal with situation in which "people lack complete volitional control over the behaviour of interest" (Ajzen, 2002).

**Young consumer** - a group from. polytechnic and university or those ages around 17 until 23 years old (Wang, 2006).

**Gender** - is used to refer to biological gender (Jayawardhena, Kuckertz, Karjaluoto & Kautonen, 2008).

**Mobile marketing** - as function of wireless media like cellular phones, PDAs and also know as an integrated contents delivery with direct reaction medium within a cross-media marketing communication program (Mobile Marketing Association, 2006).

## **1.6 Significance of the Study**

The significance of this study could contribute in two major parts that are theoretically and practically.

In theory aspect, this study provides a basis of the understanding of the antecedents of permission based on mobile marketing. Moreover, this study will contribute for future research focusing into the mobile user behaviour. It would be quite useful to reproduce this study with a more representative sample of mobile users in another country. It helps to establish whether the findings could be stimulated in other markets. It will be constant approaches for researchers to carry out findings about the mobile market to improve from time to time. Thus, this research is about helping them to study mobile consumer behaviour and factors that will influence consumers' permission to the companies in sending the SMS advertisement to the consumers. The result of the studies would help in identifying strong factors that influence them in giving permission to receive the SMS advertisement. At the same time, marketers could utilize this study as a reference for their future researches and consign in preparing their marketing plan as one of their tools when using SMS marketing to promote their services or product. They can make a smarter choice in selecting their marketing tools. Thus, the study would contribute to the growth of the SMS marketing in this country and marketers can based on the theory of this study to meet the future needs of consumers.

Practical aspect of this research provides benefits and contribution in SMS marketing and marketers. They can define their target groups based on the result of study by using SMS marketing as their promotion tool. Marketers are choosing the

right tools for right target market. Thus, decreasing their risk when applying their promotion and advertise their product or services in future. Moreover, marketers can fulfil consumer's needs as they are willing to give permission to receive SMS advertisement. The advertisement that they send to recipients will be suitable to the criteria that consumers' requested for.

As a conclusion, through those outcomes mobile marketers know which factors that they need to focus more to make sure they built strong and positive media presence and images thereby influencing consumers to give permission to mobile-based marketing advertisement (Jayawardhena, Kuckertz, Karjaluoto & Kautonen, 2008). They can clarify the most factors affecting the outcome and help marketer to focus on the factor to persuade the target market. The SMS advertisement must fulfil all factors that can convince the consumers to participate and respond to their advertisement in future plan. Then they can achieve their objective to SMS advertisement.

## **1.7 Scope of the Study**

This study is trying to identify factors influencing young consumer's willingness in giving permission to receive SMS advertisement. The factors effecting in permission to receive SMS advertisement includes their experience in mobile marketing, personal trust, perceived control, and institutional trust. The scope of this study focuses on young consumers in Malaysia, and the young consumers group are from, polytechnic and university that ranges around 17 until 23 years old (Wang, 2006). The respondents are base from polytechnics and universities in Malaysia.

## **1.8 Organization of Chapters**

The purpose of this study is to identify the factors that will influence young consumers' willingness participates and permission to SMS advertisement. Besides that, this study also will focus on the gender whether male or female will give more affect in the factors that influence young consumer to respond to the SMS advertisement. Chapter 2 is literature review on journals and articles about the SMS advertisement, permission and consumer willingness to participate to the advertisement. Chapter 3 details explanation to the research methodology used in this study, then the process of sampling and the instrument to be used in this analysis. Chapter 4 presents the outputs of the statistical analysis from Program Statistical Package for the Social Sciences SPSS and the findings of the analysis will be resulted from the study. Finally Chapter 5 is a discussion and conclusion of the findings and provides good suggestions for coming future research.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

Generally, the main purpose of literature review is to search, read, and explore all literature materials published which touches on this topic, field, and on any of its trends and gaps. Thus by having a literature review, researchers are also can avoid duplicating research, and identifying variables that will influence the problem, identify capable procedures and instruments, limiting the problems, establishing a theoretical framework for the topic, defining key terms, definitions and terms, and identifying studies and defining the current research topic. This literature review also includes the descriptive about permission, mobile marketing experience, personal trust, perceived control and institutional trust.

#### **2.2 Definition of Permission**

Permission can be defined in many ways and many perceptive. They exist in several studies about permission in SMS advertising, permission in personal data, and permission in participating of advertisement. Permission is the important factor in SMS mobile marketing, because it is two-way communication between consumers and marketers. Several researches do their research for this permission in SMS advertising in foreign country. This knowledge is useful in contributing to mobile

marketing and knowing which factors that will affects consumer willingness to give permission to receive the SMS advertising. In other words, permission can be defined in SMS advertising as consumers' agreeing to receive SMS advertising.

According to Krishnamurthy (2001), there are few factors which will affect consumer willingness to give permission to receive SMS advertisement whereby the message relevance like message fit and attractiveness advertisement like offer incentive as monetary benefit. Besides that, permission also can be explained as the "dynamic boundary produced by the combination of one's personal preferences" (Barnes & Scornavacca, 2004).

In many countries, mobile marketing is issue to control by law, which demands prior permission from the customer before a mobile marketing message can be sent (Barnes & Scornavacca, 2004; Barwise & Strong, 2002; Leppaniemi & Karjaluoto, 2005). Whereby in this SMS advertisement it involves consumers personal data, permission are needed from consumers to make sure they can use the personal data which is given.

According to Jayawardhena et al. (2008), in order to obtain the personal data and the customer's permission in using it, a certain degree of trust is required between both parties. One of the theories behind permission marketing is presumably, whereby a customer who has given permission to receive promotions is better, more loyal and profitable customer (MacPherson, 2001).

Nevertheless, permission is also an important factor affecting consumer attitude towards the SMS advertisement. Permission based marketing means the consumers allow marketers to inform them concerning its products (Kavasslis,

Spyropoulou, Drossos, Mitrokostas, Gikas & Hatzistamatiou, 2003). Since the mobile phone is a highly personal communications tool of the consumers, permission is important for mobile advertising. At the same time, users will lose privacy of mobile phone when associated with mobile marketing. Rather than maximizing benefits, people will try to minimize their risk (Bauer, Barnes, Reichardt & Neumann, 2005).

## **2.3 Antecedents**

### **2.3.1 Mobile Marketing Experience**

Generally as mobile users, one will have the experience in activities in mobile marketing when they involve mobile marketing as a part of the experience to consumers. Experience is not limited to the particular context of mobile marketing, but also deemed to accumulate in a more particular general sense. For example, experience would be reflection of cumulative experiences with the company's products and services or encounters with the company including its personnel (Kautonen, Karjaluoto, Jayawardhena & Kuckertz, 2007). Normally consumer receives the SMS advertisement, information, coupon and discount voucher. In this case, many consumers are obliged to wonder where the mobile marketers obtain their personal information to actually send them the advertisements. From the previous studies conducted, mobile marketing experience is one of the factors that affect consumer's willingness to agree permission in receiving SMS advertising.

According to Bauer et al. (2005); Sztompka (1999), experience shapes the customer's perception of the company including its perceived trustworthiness. The perception can also be affected by social influence. This is based on experience that friends, family members, classmates or other connections in the customer's social network have with the company, which they pass on to the customer in form of recommendations and narratives.

According to Jayawardhena (2004), this experience is undoubtedly influencing consumers in the decision-making process. Thus, experience plays an important role when it comes to permission giving in receiving SMS advertising. Consumers experience also influences them in purchasing and consumption (Foxall, 2003).

According Foxall (2002), consumer who never bought or used mobile marketing products or services are more risky than those who have bought before or used before. If the person uses mobile products and services regularly, they might ready to give permission.

### **2.3.2 Personal Trust**

Personal trust comprises of two components, the first component is about customer's relationship with the company who uses mobile marketing, and this relationship affect consumer experiences with the company's product or services (Kautonen & Kohtamaki, 2006; Sztompka, 1999; Yasmagishi & Yamagishi, 1994).