

## Chapter 5.7

# An Empirical Examination of Customer Perceptions of Mobile Advertising

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### **ABSTRACT**

A two-stage approach is employed in order to examine the influencing factors of consumer behaviors in the context of mobile advertising. The first stage of the study evaluates the correlation relationship of consumer motives for receiving mobile advertising and their attitudes toward mobile advertising. It also investigates the relationship between consumer intentions for receiving advertisements on their cellular phones and their subsequent actions once the mobile advertising was received. A negative sentiment was revealed by cellular phone users toward mobile advertising, a signal that current practices of mobile advertising are ineffective and require a careful reevalua-

tion on the part of mobile commerce firms. The second stage of the research validates a Fishbein and Ajzen's Theory of Reasoned Action model. It is found that positive actions on the received advertisements are significantly influenced by strong intentions; strong intentions are influenced significantly by favorable attitudes, and favorable attitudes are influenced significantly by strong motives. Implications for e-commerce application developers and marketers are discussed.

### **INTRODUCTION**

The convergence of the Internet and wireless communications has led to the development of

an emerging market for mobile e-commerce, or m-commerce. As the business impact of e-commerce has been witnessed in almost every facet of the business arena, the advancement of wireless Internet access capabilities is adding to the convenience and flexibility of the online shopping process. This growing trend of m-commerce has been confirmed by numerous industry research reports. For example, Malhotra and Segars (2005) reported that the global market for mobile commerce is predicted to reach \$20 billion in 2006. Web-enabled wireless devices allow users to search, communicate, and purchase products from anywhere at any time. These convenient features are contributing to e-commerce's growth in the knowledge economy, as attention and time are becoming scarce resources for consumers (Hague, 2004).

As wireless technologies and standards for security, bandwidth, and interoperability continue to advance, the impact of online shopping via wireless communication devices is becoming a crucial issue for marketers as they are striving to design their organizations' marketing and other strategic initiatives. This new development also is posing a new challenge for information system personnel, as they often are called upon to implement enabling system capabilities to support innovative business initiatives. Different from wired communication networks, wireless networks are relatively more limited in processing power, transmission bandwidth, user interface (e.g., screen size) and security protection. Advancements in all these areas, however, have been made in order to improve the technical capabilities of wireless communication as a viable vehicle for serious business innovation. Further, information system personnel need to be guided by an integrated framework that addresses the relationships among technology, user, and application domain. However, most existing literatures on m-commerce are anecdotal reports that center on industrial development. Systematic empirical investigation into various aspects of m-commerce

development is relatively limited. Clarke (2001) points out this problem, saying, "Despite tremendous interest in the melioration of m-commerce, there is little, if any, research that examines how to develop a comprehensive consumer-oriented mobile e-commerce strategy" (p. 134).

This study is a response to this calling. Our concern is with business practices and theory development in mobile commerce. The objective is to obtain a theory-based understanding of an important aspect of mobile commerce: mobile advertising. Basing our study on a well-established theory facilitates a systematic inquiry of a newly emergent phenomenon such as mobile advertising. Such an inquiry not only provides better understanding of mobile advertising, but it also generates additional new evidence for further validation of the theory.

The use of wireless communication services is becoming a global phenomenon. Cellular phones increasingly are becoming an essential vehicle for business and personal communications, as well. Mobile phone users are being targeted by companies that seek to incorporate Internet-enabled operations into their advertising approaches. These companies must develop their business strategy based on an in-depth understanding of the distinct characteristics of their customers.

Guided by the Theory of Reasoned Action proposed by Fishbein and Ajzen (1975), the study examined the consumer motives (beliefs), attitudes, intentions, and actions associated with e-commerce advertising through Web-enabled cellular phone services. A two-staged, empirical study was conducted in order to investigate consumer perceptions of and reactions to mobile advertising via cellular phones. The purpose of the first stage is to develop a theoretical framework by analyzing the survey data using factor analysis and canonical correlation analysis. This framework then was validated in the second stage using structured equation modeling.

In the next section, we present contrasting views over the future of e-commerce, unique

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