

**AN INVESTIGATION INTO YOUNG CONSUMERS' MOTIVES AND
PERCEPTIONS TOWARDS SMS ADVERTISING**

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ABSTRACT

The purpose of this study is to examine young consumers' motives for using SMS, their SMS usage frequency, and their attitudes towards SMS advertising. Factor analysis on the motives to use SMS messaging revealed seven factors, namely convenience, social involvement, enjoyment, escape, personal communication, economical reasons, and public expression. The findings show that convenience and economical reasons influence SMS usage frequency. Social involvement influences attitudes towards SMS advertising. Managerial implications and limitations are presented.

KEYWORDS: Young consumers, Australia, mobile advertising, SMS

INTRODUCTION

In recent years, mobile commerce is seen to grow at a tremendous pace. Although adoption rates of mobile commerce or mobile phones is relatively low in Australia (Dholakia and Dholakia, 2004) as compared to many other countries in Europe and many parts of Asia, it is still considered to be a fast growing market (The Age, 2002). One such fast emerging aspect of mobile commerce is the use of SMS advertising, which is a mode of wireless advertising that is transmitted to mobile phones (Bamba and Barnes, 2007). SMS, otherwise also known as text messaging is a “store –and-forward communication system for the mobile phone” (Bamba and Barnes, 2007, p.815) and is widely used around the world (Leung, 2007).

The use of SMS as a communication tool is most prevalent in the young consumer segment, and is widely used as a communication tool between friends, family, and other peers (Maneesoonthorn and Fortin, 2004; Carroll et al., 2007; Leung, 2007). DeBaillon and Rockwell (2005) found that mobile phones have replaced landline telephones for daily use for these young consumers. Mobile phones are necessities in youth lifestyles, not only as a form of fashion statement but a portal to keep a ‘presence’ and connection to peer networks (Grant and O’Donohoe, 2007; Carroll et al., 2007). There are also an increasing popularity of reality TV voting programs, radio programs and other contest that utilizes SMS responses (Grant and O’Donohoe, 2007; Leung, 2007; Bughin, 2004). It is also discovered that SMS use is particularly attractive to young consumers falling within the age group of 15 – 24 (Barnes, 2002). Furthermore, Jupiter Research found that 18 – 34 year olds are more interested in participating in sweepstakes, game shows, and TV promotions than adults over 35 years old (Rodgers, 2003). It is projected by Informa Telecoms and Media that the international mobile advertising industry will be worth USD 12.09 billion by 2013 (Jacques, 2008). With the increase usage of mobile technology in Australia, it is believed that SMS is the new advertising medium.

Prior studies have been conducted to examine consumer attitudes towards SMS advertising, however it is still limited (Vrechopoulous et al., 2003). Research in this area have investigated a number of aspects of SMS advertising, such as acceptance (Carroll et

al., 2007; Rettie and Brum, 2001), uses and gratifications (Leung, 2007; Leung and Wei, 2000), interpersonal influences (Muk, 2007), demographic effects (Okazaki, 2007; Barnes, 2002). However, little has been done to investigate the relationship between motives to use SMS technology and the relationship with attitudes towards SMS as an advertising or promotional tool. Furthermore, studies have also focused on America, other European countries, and China (such as Muk, 2007; Leung, 2007; Yan et al., 2006), but Australia is yet to be understood as a major mobile commerce player. Although, this medium is suggested to be a potentially effective and profitable channel to advertise targeted messages (Leung, 2007), the Australian youth market's reception towards this medium is still under researched (Grant and O'Donohoe, 2007).

RELEVANT LITERATURE AND HYPOTHESES DEVELOPMENT

For marketers, SMS advertising pose several advantages such as, cost effectiveness, ubiquity, immediacy, intrusiveness, and targeted (Rettie and Brum, 2001). However, it is found that 79% of online consumers find that receiving mobile ads through their mobile phones irritating and intrusive (Muk, 2007; Grant and O'Donohoe, 2007; Klassen and Cuneo, 2007; Xu, 2006/2007). Conversely, studies have also found that mobile advertising campaigns generate a higher response rate as compared to direct mail and internet banner ads, thus its potential cannot be undermined (Jelassi and Enders, 2004). Barnes (2002) also found that SMS advertising is better able to attract the younger consumer market, whereas other media have found it a challenge to do so.

Motivations for using wireless or SMS technology is derived from the uses and gratification theory. This theory purports that the consumer is actively involved in the decision to determine their media use and is motivated by the need to fulfill certain needs (Peters, Amato and Hollenbeck, 2007; O'Donohoe, 1994). Furthermore, these consumers select the media contents that they wish to be exposed to (Katz, 1959). Based on the studies conducted by Katz et al. (1973), the use of mass media is goal oriented, and the consumer seeks to link the need gratification with their choice of media. The consumer's use of the media also competes with other sources of need satisfaction, and gratifications from media use usually encompass diversion, entertainment, escapism, and information

(McQuail et al., 1972). The consumer also seeks to satisfy the need to express personal identity and to build relationships through the use of media (McQuail et al., 1972; Katz et al., 1973; Weiss, 1971). Furthermore, social influences as well and psychological states of consumers also impacts on the decision. As media use is considered a natural composition of the environment, its use is therefore a part of the consumer's social action and routine. As such, consumers would interpret SMS messages by incorporating it into a part of their daily routine (O'Donohoe, 1994). The utilitarian dimension of uses and gratification theory can be applied to examine the consumers' motives for using SMS text messaging (Leung, 2007)

Based on prior studies, there are evidence that consumers utilize SMS on the basis of its convenience, usefulness and ease of use (Grant and O'Donohoe, 2007; Peters et al., 2007; Bagozzi et al., 1992). Furthermore, SMS is infused with the 'fun' factor (Grant and O'Donohoe, 2007), which makes it especially attractive to young consumers. However, the nature of SMS technology is dissimilar to other media, as it is ubiquitous, text based, and personal in nature. Leung's (2007) study revealed six factors, namely entertainment, affection, fashion, escape, convenient and low cost, and coordination. With SMS use gaining a bigger share of our daily media use; this study aims to extend on prior studies to examine the motives of SMS use. As such, the motives for using SMS messaging would also influence the number of SMS a consumer send (Maneesoonthorn and Fortin, 2006). Based on the above discussion, the following research questions are formulated:

RQ1: What are the motives for using SMS?

RQ2: How do SMS motives influence SMS usage frequency?

Attitudes towards SMS advertising

Attitudes are conventionally regarded as an indicator of the effectiveness of advertising (Jun and Lee, 2007). According to Allen, Machleit and Kleine (1992), attitudes is defined as the affect or the general sentiment of dislike or like of a particular action or behaviour. According to Fishbein and Ajzen (1975), an attitude towards an object is defined as an individual's internal evaluation based on his or her beliefs. Consumer attitudes towards SMS advertising can be determined by the values that they attribute to SMS advertising

(Ducoffe, 1995). Jun and Lee (2007), suggested that when consumers are provided with benefits such as entertainment and information, they will perceive advertising in a more favourable light. In addition, SMS advertising has been suggested to be attention grabbing, an information provider, interesting, and interactive (Maneesoonthorn and Fortin, 2004; Lee, Tsai and Jih, 2006).

SMS advertising has been stated to be a more effective medium to generate consumer response. However, it has been found that young consumers hold increasingly negative attitudes towards advertising (Zanot, 1984; Tsang, Ho and Liang, 2004), therefore, it is crucial to examine if negative attitudes towards SMS advertising/ promotions would discourage the frequency of SMS usage (Jun and Lee, 2007). Hence, the following hypotheses are formulated:

H₁: There is a positive relationship between motives for using SMS and attitudes towards SMS advertising/promotions.

H₂: There is a positive relationship between SMS usage and attitudes towards SMS advertising/promotions.

METHODOLOGY

Data was collected using a convenience sampling method in a large university in Western Australia. A self administered questionnaire was distributed in a lecture setting that captures the young adults demographic. The survey instrument comprised of four sections. Section A consists of a screening question to determine if the respondent has used SMS before, followed by a question on the respondent's weekly SMS usage. Section B consists of an adapted scale from various sources that examines consumer attitudes towards SMS advertising (Carroll et al., 2007; Lee, Tsai and Jih, 2006). Section C comprised of scale items adapted from Leung (2007) that investigates the motives for using SMS. Both Section B and C are measured on a seven point Likert scale with 1 = "strongly disagree, and 7 = "strongly agree". Section D consists of questions that capture the respondent's demographic information.

211 useable responses were collected and used for analysis. 53.6% of the respondents were males and the majority of the students (89.6%) fall between the age group of 18 – 24. 73.5% of the respondents are high SMS users (who send more than 9 messages week) and 26.5% are low SMS users (who send less than 9 messages per week).

RESULTS

An exploratory factor analysis was conducted using Varimax rotation on the 30-item uses and gratification scale. Seven factors emerged from the analysis namely, “convenience”, “social involvement”, “enjoyment”, “escape”, “personal communication”, “economical reasons”, and “public expression”. These seven factors explain 63.38% of the total variance and records a KMO of 0.849. All factor recorded a Cronbach’s alpha of 0.6 and above, which is deemed reliable (Flynn et al., 1994).

Regression analysis was conducted on motives for using SMS towards SMS usage per week. The results showed that convenience has a significant positive relationship towards SMS usage per week (Sig =.001, β =.282) and explain 13.9% of the variance. This suggests that the higher the perceived convenience for the consumer, the greater the number of SMS sent within a week.

In addition, a regression analysis was conducted on motives of using SMS towards high and low SMS users, it is found that convenience has a significant positive influence on user levels (Sig. = .000, β =.302). However, economical reasons is found to have a significant negative influence towards user levels (Sig. =.044, β =-.143). Both factors account for 11.8% of the variance.

Regression analysis was conducted on motives for using SMS on attitudes towards SMS advertising. Social involvement was found to have a significant positive influence on attitudes towards SMS advertising/promotions (Sig. = .000, β = .323, Adj R^2 = .091). However, the other factors do not have a relationship with attitudes towards SMS advertising/promotions, hence H_1 is partially supported.

Regression analysis was conducted between SMS usage frequency and attitudes towards SMS advertising/promotions. The results showed that there is no relationship between the frequency of SMS usage and consumers' attitudes towards SMS advertising/promotions (Sig. = .909, $\beta = -.008$, Adj $R^2 = -.005$). Hence, H_2 is rejected.

DISCUSSION AND MANAGERIAL IMPLICATIONS

SMS advertising presents important future implications for marketers and is projected to be a booming advertising medium (Carroll et al., 2007; Muk, 2007). In summary, the findings of this study have identified seven factors that influence SMS usage. However, only convenience positively influences SMS usage frequency, whereas economical reasons negatively influence SMS usage frequency, and only social involvement influences consumers' attitudes towards SMS advertising/promotions. There is no significant relationship between SMS usage frequency and consumers' attitudes towards SMS advertising/promotions.

Based on these findings, convenience is paramount in influencing SMS usage frequency of the Australian young consumers. This finding is reinforced by prior studies (such as Leung, 2007) that the benefits of SMS usage are because it is quick, easy to use, and for other utilitarian reasons. In addition, reasons that are more social, such as keeping in touch with friends and keeping up with everybody constitute a part of convenience. Thus, reinforcing prior studies that found SMS to be a means to keep aligned with young consumers' social network (such as Carroll et al., 2007). As such, well crafted and relevant advertising messages could well be forwarded and circulated within the social network (Grant and O'Donohoe, 2007). Marketing strategies such as referrals and promotional vouchers and coupons that are relevant to their interest can be used to reach this market.

Interestingly, economical reasons negatively influence SMS usage frequency for high SMS users. This can be explained by the fact that heavy users are not concerned about the economical benefits such as cost control and that phone calls are more expensive. As they are heavy users, the amount of cost that their SMS habit would incur would be relatively substantial. Furthermore, the cost to send an SMS (AUD 0.15 above) in Australia is more expensive than many other countries in Asia and Europe. Most mobile plan rates make it cheaper to call rather than to SMS (i.e. free calls to users of the same service provider). Hence, this could be a reason as to why SMS advertising and SMS technology adoption is much slower in Australia than other nations.

Social involvement is found to be the factor that influences consumer's attitudes towards advertising. Previous studies have found that a large portion of response to SMS advertising campaigns are complemented with other media, such as aligned with contests that are advertised on TV. In Australia, most of the SMS advertising campaigns are commonly used for voting for favourite personality on a reality show (e.g. Big Brother, So You Think You Can Dance), or to respond to promotions broadcasted on radio. This finding suggests that motivations to participate in contests, voting on reality shows and to donate to charities are accepted and consumers have a positive acceptance towards such promotions. As such, SMS advertising can be considered a communication tool that has to be implemented together with another complementary media (Trappey III and Woodside, 2005).

It is found that SMS usage frequency does not influence attitudes towards SMS advertising. This could be well due to the fact that consumers utilize SMS for the sake of communication, and probably do not consider it as an advertising channel as yet. It can be argued that because the market in Australia is relatively new, marketers would need to be careful in understanding what young consumers would benefit from SMS ads.

However, this study is not without limitations. Firstly, this study only examined young consumers in Western Australia, posing limited generalizability to other cultures and demographic segments. Cross cultural studies within the Australian consumer sample can

also be looked into, since Australia has a diverse and multi-cultural community. Social and personality influences can be introduced to examine if such factors influence the motives of using SMS as well as attitudes towards SMS advertising. Although the attitudes towards SMS advertising were examined, future studies can delve into what form of SMS advertising messages are relevant and attractive for young consumers in order to influence attitudes. The emerging popularity of MMS (Multimedia Messaging Service) can also be studied as another avenue to communicate with consumers.

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