

## UNDERSTANDING THE IMPACT OF MARKETING THROUGH MOBILE PHONE IN MUMBAI

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### ABSTRACT

There is an extensive spread in the use of mobile phone with a phenomenal increase in the number of consumers who use the device. This change has diverted the marketing methods from traditional to a new concept as this new marketing method has a strong impact on the decision making of the consumers. This research inspects the factors that have an impact on decision making of the consumers involving various factors which are - usage of the device, purchases made using mobile phone, sharing of coupons, assistance of the device for shopping, response to the advertisement on phone and the features of mobile marketing. A questionnaire was designed to collect the data and understand the impact of marketing through mobile phone. The findings were studied which indicated a moderate impact of mobile marketing on the consumers

**KEYWORDS:** SMS, MMA, Mobile Marketing, Advertising, Purchase Decision, Customer, Marketing Communication, Demographic Variable, Questionnaire, Survey, Mobile Phones, Ads, Sales

### INTRODUCTION

New channels of marketing are created in today's world which includes SMS, MMS and emails. The possibility to reach the customers using digital media has considerably increased. Personalization of the content of the message will have a greater impact on the reach and recall of the message. Along with the advantages, there is a downside to all the new channels created. Companies using SMS expressed fear for invasion of consumer privacy (80%) and negative consumer reaction (60%) as disadvantages of the media which was published in Forrester Report. (Forrester Report 2001, p. 3). Are there an obstacle for the marketer to use mobile media to its potential is a very crucial question.

The Mobile Marketing Association (MMA) announced a significant revision to the definition of Mobile Marketing. The new definition is: Mobile Marketing is a set of practices that enables organizations to communicate and engage with their audience in an interactive and relevant manner through and with any mobile device or network. The crux of the new definition lies in two parts of its taxonomy:

The "set of practices" includes "activities, institutions, processes, industry players, standards, advertising and media, direct response, promotions, relationship management, CRM, customer services, loyalty, social marketing, and all the many faces and facets of marketing."

To "engage" means to "start relationships, acquire, generate activity, stimulate social interaction with organization and community members, [and] be present at time of consumers expressed need." Furthermore, engagement can be

initiated by the consumer (“Pull” in form of a click or response) or by the marketer (“Push”).

The main advantage of mobile advertising is that it can reach the target customers anywhere anytime. In order to promote the selling of products or services, all the activities required to communicate with the customers are transferred through mobile devices. The device on which these value-added services are pushed onto or downloaded to, operate in an environment that imposes constraints. The most popular mobile application, referred to as text messaging or Short Message Service (SMS). Studies on this new advertising medium indicate that mobile advertising campaigns can generate responses that are as high as 40%, compared with a 3% response rate through direct mail and 1% with internet banner ads (Jelassi & Enders 2004). The increased number of media has led to a harder competition for consumers’ attention.

## LITERATURE REVIEW

A study done by Heinonen & Strandvik (2003) showed that mobile channels are perceived to be more personal than traditional and e mail channels. This creates high expectations for the relevance of marketing communication messages.

Li et al (2002) discusses how negative reactions like irritation arise through intrusion advertising.

The channel influences consumer responsiveness to marketing communication by being perceived as either disturbing or acceptable (Abernethy 1991).

In a new edition of the model the Advertising Research Foundation (ARF) included new digital media and created eight hierarchical levels of media performance; vehicle distribution, vehicle exposure, advertising exposure, advertising attentiveness, advertising communication, advertising persuasion, advertising response and sales response (Informed 2001). In this model our responsiveness framework links to advertising attentiveness, communication and persuasion.

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. Permission is, however, not necessarily a guarantee that the consumer pays attention; it is only a door opener and gives an indication of the consumer’s potential interest areas.

Krishnamurthy (2001) also proposes a conceptual framework for managing online advertising using the permission marketing approach. Permission marketing requires the consumer to participate in the programme by giving the permission and the information for continuing the relationship.

One of the main challenges and opportunities for mobile advertising companies is to understand and respect the personal nature of the usage of mobile phones (Barwise & Strong 2002; Heinonen & Strandvik 2003; Barnes & Scornavacca 2004; Jelassi & Enders 2004)..

The key is to use interactive wireless media to provide customers with time- and location- sensitive, personalized information that promotes goods, services and ideas, thereby generating value for all stakeholders (Dickinger et al. 2004).

The mobile advertising relevance can be influenced by the contextualization (Kenny and Marshall, 2000; Yuan & Tsao 2003) of advertising messages. Barwise & Strong (2002) take up the flexibility, and time-based nature but also the fact that the small screens restrict the length of the message.

Barnes (2002) stresses the interactive nature of mobile advertising and the ability to use contextual information to target the messages to individual receivers, in other words to personalize the message.

Location-aware advertising messages are creating five to ten times higher click-through rates compared to traditional internet advertising messages (Ververidis & Polyzos 2002).

## OBJECTIVES OF THE STUDY

The primary objective of this research study is to gain an insight into the perception of mobile users, towards marketing through mobile phone and their utility value in terms of impact on the purchase decision. Hence there is an attempt to explore consumers' responsiveness to mobile marketing, taking into cognizance the impact of demographic factors. From the marketer's perspective it is crucial to know the utility of mobile advertising, as far as having an impact on purchase decision of a customer is concerned.

From an academic perspective the issue of responsiveness to a media is interesting in itself. The media in use influences the effect of the marketing communication in addition to the marketing message. Finally an attempt has also been made to broadly conceptualize some features enhancing the acceptability, utility of mobile marketing and advertising.

## RESEARCH METHODOLOGY

A survey was designed keeping in mind the previous studies done. A questionnaire was sent to 150 respondents wherein 120 questionnaires were complete in all aspects. An attempt was made to collect the data keeping in mind the demographic variable like age and gender. The sampling was done in various localities starting from Churchgate to Borivali.

## SCOPE OF THE STUDY

The study is conducted in Mumbai from Churchgate to Borivali where the study was conducted on 150 respondents who use a smart phone device. The age-wise distribution of sample respondents is presented below

Distribution of respondents by Age

**Table 1**

Age Group (In Years)	No. of Respondents
25 - 35	64
36 - 45	19
46 - 55	11
56 -65	6

The distribution of the respondents belonging to each gender is presented below:

Distribution of respondents by gender

**Table 2**

Gender	No of Respondents
Male	69
Female	51

## Findings

- Survey Question: How often do you use your phone each day?

**Table 3**

Less Than 10	11 To 20	21 To 30	31 To 40	More Than 41
14	20	19	24	43

Result: More than 55 % of the people used their phones more than 40 times in a day.

- Survey Question: In the last 6 months, how many purchases have you made from your mobile device?

**Table 4**

None	1 To 3	4 To 6	7 To 9	10 Or More
97	17	5	1	0

Result: 19% of those surveyed have made at least one mobile purchase in the last 6 months.

- Survey Question: How often do you use your smart-phone to share offers like coupons, sales, ads with friends in a month?

**Table 5**

None	1 To 3	4 To 6	7 To 9	10 Or More
79	22	10	7	2

Result: 34 % of smart-phone users share offers with their friends.

- Survey Question: How do you use your mobile device to assist you for shopping?

**Table 6**

Don't Use	Comparison of Prices	Finding Coupons	Finding Alternate Stores	Reading Reviews
48	23	19	12	18

Result: 60 % of those surveyed say they use their mobile devices for shopping for various reasons.

- Survey Question: Have you knowingly clicked on a mobile ad in the last 3 months?

**Table 7**

Yes	No
59	61

Result: Half of the users surveyed actively interact with mobile ads.

- Survey Question: Do you feel that mobile phone marketing has assisted you in some way making a purchase?

**Table 8**

Yes	No	Not Sure
34	69	17

Result: 28 % of the users have a positive feeling about being assisted by mobile marketing

- Survey Question: Do you feel that the mobile phone marketing is time consuming to understand?

Table 9

Yes	No	Not Sure
87	23	10

Result: 73 % of the users felt that the marketing through mobile phone is consuming their time.

## CONCLUSIONS

Although the participation of mobile marketing is low among mobile phone users, but mobile consumers are becoming more educated about the features and functionality of their devices and are engaging more frequently in mobile marketing campaigns. The mobile phone is becoming an essential element in a consumer's everyday life. This increased dependency on the mobile phone is expected to lead to increased utilization, where the consumer is using their phone for more than 40 times in a day. Even though the usage is high the consumers are not very keen on buying things over the phone. Only 19 % of the consumers made a purchase in 6 months. There is a positive response when it comes to sharing a coupon through social media wherein 34 % of the consumers have shared the coupons they have received, this we have seen used by many companies by giving them additional discounts or bonuses if they refer the coupon or application with their friends. Also, more than 60 % consumers use their mobile phone for shopping purpose for checking coupons and comparing the prices of the product. The consumers are also interested in knowing the type, features and offers available through mobile marketing as almost 50 % of the consumers knowingly clicked on the advertisement. 28 % of the people feel that mobile marketing in some way is assisting their purchase decision. One obstacle found is that almost 3/4 of the users find it time consuming to understand the advertisement.

## RECOMMENDATION

Education on all fronts will be paramount to the growth in mobile marketing. The success of mobile marketing efforts will be maximized by educating consumers on the key benefits they will realize from participation. Accentuating how participation in mobile marketing will give adopters an inside track to information, savings, downloads, special offers, etc. is vital to generating interest and participation.

A study should be done based on the ads clicked by the consumers and also the coupons shared on social media.

The findings support the fact that more and more people are getting acquainted with mobile marketing. The number is steadily increasing and people are trying out a new form of marketing.

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