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Case Study

Scope and Impact of SMS Advertising in India: The Case of Bundelkhand Region

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Abstract

With the advent of smart phones, everyone today is talking about Internet on mobiles, 3G speeds and so on. However, even today SMS, a traditional short message service on mobile, is pretty much the most frequently used feature after calling or even more than calling. Even professionals use it for myriad of reasons, including checking bank balances, mobile bills, and status of trains/flights etc. Recent TRAI data shows that Indians are using SMS as an extension of their lives more and more every year, an average Indian sends 29 SMS per month (Telecom Regulatory Authority of India, 2011)**.** Just multiplying that with the number of ever growing Mobile subscribers in India gives an idea of the amount of SMS traffic India generates. In India there are over 850 million mobile subscribes and the number is rapidly increasing day by day. SMS marketing is one of the most popular forms of mobile marketing. The present research investigates consumers' attitudes towards mobile advertising, and constructs a research frame work in order to extract relevant factors affecting consumers' attitude towards SMS based advertisements and users' actual behavior. The results of the research revealed that the attitude of the consumers towards SMS advertising is reflected in terms of privacy, irritation (anger), prior permission, time of sending, local language, operating knowledge and consumer preferences. The research was conducted with a sample size suitable for study about the changing attitude and behavior of mobile users or consumers.

Keywords: *Information Technology, Mobile marketing, Mobile advertising, SMS, Consumer attitudes.*

1. Introduction

Advertising via mobile devices or mobile advertising is defined as the usage of interactive wireless media (such as cellular phones and pagers, cordless telephones, personal digital assistants, two-way radios, baby crib monitors, wireless networking systems, GPS-based locators and maps) to transmit advertising messages to customers in form of time and location sensitive, personalized information with the overall goal to promote goods and services.

Information technology affects everything from daily life to business in the 21st century. In business environment, it shapes not only commerce but also the way in which companies implement their marketing strategies. Offering new marketing channels to interact with customers is crucial to increasing sales for a company. Thus, the successful application of information technology to connect marketing applications is highly prominent. One of the advances in information technology is wireless mobile communication technology that makes the "anytime-to-anyplace" communication possible. This technology allows increased mobility and extended services even to remote areas.

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Due to wireless communication system, mobile phone users are able to access their e-mails, search, order and buy products and services from everywhere without computers. Besides the Internet and personal computers, the mobile phone is the key to marketers because it is extremely popular and offers people the opportunity of mobility. Through the introduction of data services, Short Message Services (SMS), Multimedia Message Service (MMS), Mobile Internet, 3G services and so on. The mobile phone is rapidly becoming a viable commercial marketing channel. Even though companies are investing heavily in mobile commerce and mobile marketing, the nature and implications of this channel have yet to be fully understood and studies need to be performed to gain an insight into how to utilize it in the best possible manner. Nowadays, mobile marketing adoption and acceptance is on the rise, but marketers would have little ability to consistently generate profits without a clear understanding of the elements driving consumer acceptance.

Mobile advertising is a fresh way of marketing, and it is turning step by step from basic SMS messaging to a more interactive and intelligent communication channel, such as MMS and Java based applications. Mobile technology is developping constantly, which attracts both advertisers and customers. Thus, mobile advertising will become more common in the near future.

Statement of the Problem

Mobile penetration in India is the second largest in the world. In recent times rural peoples are also recognizing the importance of mobile phones and they are also getting SMS from advertisers. Thus the prospect of mobile marketing in India is growing.

Currently, the subscribers have increased from 840.28 million in May 2011 to 851.70 at the end of June 2012 in India. The global mobile advertising market is facing severe challenges and problems in the current economic scenario because of changing customer attitudes towards mobile advertising. As the success or failure of advertising is based on the attitude of customers the changing attitude of Indian consumers with respect to the new advertising methods, the problems faced by the marketers to gain customer attention and lack of studies on new modes of advertising also validate the present study. Therefore, the key objective of this research is to identify general attitude of consumers towards SMS advertising as well as to evaluate factors affecting the attitude of customers towards SMS advertising.

Eye-Opening SMS Marketing Statistics (Telecom Regulatory Authority of India, 2011):

- More people are using mobile devices than toothbrushes
- 6.9 billion SMS were sent in 2011 across the globe
- That figure is projected to rise to 8 trillion in 2012
- 83% of U.S. adults are mobile phone owners
- A third of them prefer text message over a phone call
- Every second urban Indian acknowledges receiving a marketing SMS
- 37% of Indians receive ringtones, wallpapers or game SMS from businesses
- 95% of Text Messages are Read within 4 Minutes
- Only 6% of marketing emails are responded to
- SMS campaigns on the other hand have a response rate of 45%

2. Research Methodology

This study consists of a sample of 1000 customers of mobile users in the Bundelkhand Region which comprises Jhansi, Lalitpur, Jalaun, Hamirpur, Mahoba, Banda and Chitrakut District of Uttar Pradesh and Chhatarpur, Tikamgarh district of Madhya Pradesh during the period from April, 2011 to August 2012. The primary data were collected by field survey method using a structured questionnaire and secondary data were collected from various data bases for example, Internet, Business articles, business periodicals and so on. Apart from this data, the leading journals and magazines relating to mobile advertising sector were also referred to for this study.

Data Collection

A non-probability sampling method has been adopted for data collection in this study. The respondents are purposively selected on the basis of ownership of mobile phones. Further selection criteria is based on usage of mobiles phones, reception of SMS advertisements and interest in giving response to questionnaires. In these study areas, the total number of respondents is 1000, which include various types of consumers like, professionals, employees, unemployed, house-wives, retired persons, businessmen, farmers and students in rural and urban areas of Bundelkhand region. A structured questionnaire on five point Likert scale from strongly disagree (1) to strongly agree (5) was implemented to collected primary research data.

Data Analysis

Demographic profile of the Respondents

Table 1 reveals that 77.5% of the respondents are males and 22.5% of the respondents are females. It is concluded that majority of respondents are males. It further reveals that 12.2% of the respondents belong to the age group of 15-25 years, 47.8% of the respondents belong to age group of 26 to 35 years, 22.7% of the respondents are in between 36 to 45 years, 10% of the respondents belong to age group of 46 to 60 years, 7.3% of the respondents belong to above 60 years. It is concluded that majority of the consumers who responded to the questionnaire are in the age group of 26 to 35 and 36 to 45 years. This is due to more acceptability of SMS advertising in the age group of 26 to 45 years. It also shows that 28.7% of the respondents are educated up to SSC, 21.3% of the respondents are intermediate certificate holders, 20.5% of the respondents are graduates, 19.5 % of the respondents are post graduates and 2.7 % of the respondents hold Doctorates.

The table shows that 8.7% of the respondents are professionals, 31.3% of the respondents

are employed, 6.3% of the respondents are unemployed, 17.6% of the respondents are businessmen, 22.4% of the respondents are students, 5.7 % of the respondents are housewives, 3.7% of the respondents are retired people and 4.3 % of the respondents belongs are agriculturists. It is inferred that majority of the respondents are students and employed, 22.9 % of the respondents are married and 47.1% of the respondents are unmarried where majority are students. Out of the remaining 13.1 % of the respondents are widows, 12.6% of the respondents are widowers and 4.3 are divorced. It also reveals that 39.7% of the respondents' monthly income is up to '10,000, 20.3% respondents' income ranges from '10,001 to 20,000, 13.4% of the respondents' income ranges from '20,001 to 30,000, 4.2% of the respondents' income ranges from '30,001 to 40,000, 1.3% of the respondent's income ranges from '40,001 to 50,000 and 1.1% of respondents belong to the income group of '50,001 and above. 20% of the respondents do not earn any income, majority of this group are students, unemployed and house-wives.

3. Results and Discussions

The results from Table 2 reveal that: 20.7% of the respondents strongly agreed to receiving SMS advertisements on their mobiles; 43.6% of the respondents agreed to the statement; around 20% of the respondents were undecided; 10.1% of the respondents disagreed to receiving SMS advertise-ments and 5.7% strongly disagreed to receiving SMS advertisements. Furthermore, around 50 % believed that SMS ads are misleading, 22.7% of the respondents were neutral and 27.3% of the respondents did not agree to the statement. It also reveals that around 60% of the respondents thought that SMS ads focus basically on premium products, while 22.2% were neutral and about 18% did not agree to the statement.

It addition it shows that 42.1% of the respondents always read the SMS, 31.2% read occasionally around 18.7% read rarely, 2.3% often read SMS advertisements and 5.7% of the respondents never read SMS advertisements.

Table1

Demographic profile of the respondents

	Frequency	%		Frequency	%
Gender			**Occupation**		
Male	775	77.5	Professional	87	8.7
Female	225	22.5	Employee	313	31.3
Total	1000	100	Businessmen	176	17.6
Age			Student	224	22.4
15-25	122	12.2	Housewife	57	5.7
26-35	478	47.8	Agriculture	43	4.3
36-45	227	22.7	Retired	37	3.7
46-60	100	10.0	Unemployed	63	6.3
Above 60	73	7.3	Total	1000	100
Total	1000	100			
Education			**Monthly Income**		
10^{th}	287	28.7	Less than 10000	397	39.7
12^{th}	213	21.3	10001-20000	203	20.3
Graduation	205	20.5	20001-30000	134	13.4
Post-Graduation	195	19.5	30001-40000	42	4.2
Doctorate	27	2.7	40001-50000	13	1.3
Less than 10^{th}	73	7.3	50001 and above	11	1.1
Total	1000	100	No Income	200	20
			Total	1000	100
Marital Status					
Married	229	22.9			
Unmarried	471	47.1			
Widow	131	13.1			
Widower	126	12.6			
Divorcee	43	4.3			
Total	1000	100			

It further reveals that around 21% of the respondents get angry when they receive SMS ads, 37.6% were neutral while around 42% of the respondents did not get angry.

It also states that 55.3% of the respondents stored the SMS in their mobile phones for further reference, 20.5% were while around 24% of the respondents did not store it in their mobile phones.

In case of storing the SMS, it is found that few were storing it for the purpose of future reference while others were storing it due to lack of time to read and/or the time they received it was not convenient. It is further noticed that some of the consumers were storing the messages but they were not at all reading the SMS ads.

Table2

Factors influencing consumers attitude

Factors	**Scale***					**MMV****	**Rank**
	1	**2**	**3**	**4**	**5**		
You like to receive SMS ads	57	101	199	436	207	242.33	
You read your SMS ads	23	187	57	312	421	261.4	
You get angry when you receive SMS ads	213	205	376	109	97	178.13	14
Offers on SMS ads are often misleading in nature	100	173	227	179	321	229.87	9
You feel SMS ads basically focus on premium products	72	106	222	321	279	241.93	3
Contents in the SMS ads are sometimes ambiguous	180	108	312	226	174	207.06	12
You believe that information on SMS ad is simple	387	223	110	190	90	158.2	15
You feel SMS ads in local language are convenient	106	140	154	276	324	238.13	4
Limited characters is one of the problems in SMS ad	202	61	113	337	287	229.73	10
You feel SMS ad intrudes the privacy of an individual	92	206	122	302	278	231.2	7
You fear that spam might occur	103	85	412	124	276	225.67	11
Number of SMS ads should be restricted in a day	90	113	297	208	292	233.27	5
Lack of knowledge to operate mobile is one of the problem in accepting SMS ads	110	90	110	214	476	257.07	1
You believe prior permission of the mobile users is necessary for sending the SMS ads	53	80	259	267	341	250.87	2
Storage space and memory of your mobile is occupied by SMS ads	114	128	205	264	289	232.4	6
SMS ads of your nearby stores will influence your acceptability in SMS ad	105	172	379	221	127	207	13
SMS ad is useful if consumer preferences are taken into consideration	95	180	203	217	305	230.47	8

Note: * 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

** Weighted Mean Value

It presents that 16.9% of the respondents strongly agreed that the SMS ads gave useful and relevant information, 37.2% somewhat agreed and 29.2% neither disagreed nor agreed. Around 12.2% of the respondents somewhat disagreed and 4.5% strongly disagreed with the statement.

It further adds that 60 % of the respondents said that SMS ads were more convenient in their respective local language, 15.4% were neutral, whereas, around 24.6% of the respondents disagreed to receiving SMS ads in their local language.

The results also exhibits that 27.8% of the respondents strongly agreed that SMS ads intrude the privacy of an individual, 30.2% agreed, 12.2% were neutral, 20.6% of the respondents somewhat disagreed and 9.2% strongly disagreed with the statement.

47.6% of the respondents strongly agreed that lack of knowledge to operate mobile phones is one of the problems in responding to SMS ads, 21.4% agreed with the statement, 11% of the respondents were neutral, 9% of the respondents disagreed and 11% strongly disagreed with the statement.

It is clear that 34.1% of the respondents strongly believed that prior permission of the mobile user is necessary for sending SMS ads, 26.7% agreed, 25.9% were 8% of the respondents disagreed, while 5.3% strongly disagreed with the statement.

Around 30.5% of the respondents strongly agreed that SMS ads are useful if consumer preferences are taken into consideration before sending the ads, 21.7% of the respondents agreed to the statement, 20.3% were neutral, 18% of the respondents somewhat disagreed and 9.5% strongly disagreed with the statement.

Factors Affecting Attitude towards SMS Advertising

Table 2 shows the order of factors influencing the consumers' attitude towards SMS advertising. In order of importance, it states that prior to sending SMS ads, marketers should organize some type of seminar or training for the consumers because lack of knowledge to operate mobile is one of the problems in accepting SMS ads. Prior permission of the mobile users is necessary for sending the SMS ads and this factor is second in the ranking. Third in order is that SMS ads basically focus on premium products. Fourth is that SMS ads in local language are convenient, while restrictions towards the number of ads in a day stood fifth. SMS ads occupying storage space and memory of mobile phones, is given sixth rank.

Privacy got seventh rank in influencing attitude of consumers towards SMS ads. Taking consumer preferences into consideration in order to make ads more useful was ranked eighth. Number nine was that offers on SMS ads are often misleading in nature. Limited characters as one of the problems in SMS ads, was given tenth position. Consumers fear about unsolicited messages was given eleventh rank. The ambiguity of messages was the twelfth factor influencing the attitude of consumers towards SMS ads. SMS ads of nearby stores influencing acceptability of SMS ad ranked thirteenth. On fourteenth position was the fact that consumers of Bundelkhand region were very friendly and they did not mind getting SMS ads. Number fifteen was that the information on ads was simple.

4. Conclusion

It can be interpreted from the analysis of the results that majority of the respondents are in favor of receiving SMS ads if their preferences are taken into consideration before sending the ads. Those who disagree, have a negative attitude toward SMS ads. The results indicate that a small number of mobile users get angry while getting SMS ads due to inconvenience at times when they are busy, especially during working hours. Thus, the advertisers need to consider the time convenience of the customers while sending the SMS ads. The survey indicated that a large number of customers feel that SMS advertisements are disturbing their privacy. Their attitude was favorable if advertisements were sent with permission. This implies that permission based advertising may become a major mechanism in the field of mobile phone advertising in the future. Customers feared spam, so marketers need to ensure that they send only relevant information to targeted consumers and they need to further ensure that consumer preferences are taken into consideration before sending SMS advertisements.

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Further Readings

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