

CHAPTER II

LITERATURE REVIEW

2.1 Introduction

Workers of the marketing field are constantly seeking to utilize modern technologies in communication, buying, selling, promoting and other marketing activities in order to reach their specific marketing goals. Among these technologies are mobile phones, with their use in marketing and executing marketing activities being branded as mobile marketing. In recent years, mobile marketing has provided new opportunities for companies and workers in the field of marketing to communicate with the target audience in an effective manner, as it represents an interactive means for promotions and sales that establishes and promotes a positive attitude toward the company, its products and its services, in addition to sustaining a long-term relationship with the target market (Yousif, 2012).

2.2 Theoretical Background

2.2.1 Mobile Marketing

Cengiz and Tetik (2010) refers mobile marketing to marketing activities that deliver advertisements to mobile devices using a wireless network and mobile

advertising solutions to promote the sales of goods and services, or to build brand awareness (Yunos and Gao, 2002). Scharl et al (2005) define mobile marketing as using a wireless medium to provide consumers with time-sensitive and location-sensitive, personalized information that promotes products, services and ideas, thereby benefiting all stakeholders (cited from Yousif, 2012).

Mobile marketing differentiates itself advantageously from other marketing mediums like TV, radio and newspapers through its highly interactive nature and additionally from the Web because mobile marketing provides a continuous access to the consumer “anytime and anywhere” thereby making it one of the most dynamic, effective and personal mediums for marketing (Yaniv, 2008) Mobile marketing can incorporate various forms of mobile practices and technology such as mobile SMS, mobile, Internet, voice, mobile email or Bluetooth and concepts like mobile advertising, SMS marketing, mobile advergaming and location-based marketing (cited from Lamarre et al, 2012).

Mobile marketing could be implemented either by the push approach or the pull approach. Retailers usually send out their marketing information by working with a wireless service provider. For retailers who implement the push approach, they can decide how many messages are sent out and when they are sent. Retailers who implement the pull approach, on the other hand, send out their marketing information only when consumers request it. In other words, consumers who subscribe to marketing messages have control over when and how many messages they receive (Chung, 2011).

2.2.2 Mobile Coupon

Mobile coupon are a subset of mobile marketing, which possesses advantages such as ubiquity and location/situation sensitivity (Shankar et al., 2010). Because mobile coupon are location-sensitive, time-sensitive, and personalized, mobile coupon provide heightened convenience and value to consumers (cited from Im and Ha, 2012). Bacile and Goldsmith (2011) define mobile coupon as similar to the traditional coupon, but in a digital format, sent to a consumer's mobile phone, which can be exchanged for a financial discount (cited from Achadinha et al, 2014).

Accordin to Liu et al (2014) mobile coupon overcome the constraints such as need to sort out, print, and carry coupon when consumers want to redeem them. They enable consumers to search coupon ubiquitously and redeem coupon through paperless means. Mobile coupon can take various formats such as texts, pictures, videos, or barcodes. Also, consumers can download applications to receive coupon from a specific retailer or from a number of retailers in the local area. Although mobile coupon can provide great convenience and value, Jayawardhena et al (2009) suggested that perceived risk, or the amount of trust consumers have with the mobile service providers can prevent usage of mobile coupon (cited from Im and Ha, 2012).

2.2.3 Positive Attitudes Towards Mobile Coupon

Consumer attitude can be better explained by understanding the nature and characteristics of attitude. Generally, attitudes are composed of three components,

via, a knowledge or cognitive component, a feeling and affect component and a behavioural and conative component (Cronje et al., 2004, cited from Thangadurai, 2016). It was further emphasized that in terms of consumer learning, the attitude would express consumers' feeling of like or dislike about a product or service offering and the marketing mix.

Consumer attitude towards marketing messages varies according to the communication media used, message content and consumer factors. Advertising research has shown that the effects of advertising activities on consumers are determined by the influence of advert message on consumers' attitude, the advertising company and the media (MacKenzie and Lutz, 1989; Ducoffe's, 1995). Thus, there is a need to identify and assess factors which contribute negatively or positively to attitude formation of consumers towards mobile marketing messages (cited from Thangadurai, 2016).

The beliefs that consumers have about mobile coupon are stored cognitively. These cognitions help determine a consumer's initial attitude towards using mobile coupon. The perceived costs and benefits of using coupon are the utilitarian benefits that consumers see in using coupon. These are perceived values of coupon to the consumers and may serve as cognitive antecedents of attitudes towards mobile coupon. In the context of SMS coupon, perceived usefulness is the economic benefit that consumers receive from redeeming the coupon. As the value of the coupon increases, consumers' attitudes towards mobile coupon become more positive. (Raghubir, 2004) The time and effort involved in

collecting and redeeming print coupon hinder the usage. However, receiving and redeeming the mobile coupon are not entirely effortless. Consumers also sensitive to the negative impression of being cheap, which is associated with using coupon. (Ashworth et al, 2005) The negative social impression of using coupon can be changed if peers or friends judge the mobile coupon as worthwhile to get and useful. In this instance, consumers are more inclined to conform to their peers' opinions. Past research on print and electronic coupon usage suggests that attitudes and social influence significantly affect consumers' intentions to use them. (Shimp and Kavas, 1984; Kang et al, 2006, cited from Muk, 2011)

2.2.4 Economic Benefits

Mobile coupon are used as a sales promotion tool, intended to provide consumers with a discount, resulting in an economic benefit. Economic benefit can be viewed as a money-saving concept, which positively affects consumers' evaluation of the coupon (Raghubir, 2004., Dickinger and Kleijnen 2008). mobile coupon can be used as a tool to attract priceconscious consumers, who find pleasure in saving money and thereby appreciating the economic value of the coupon (Dickinger and Kleijnen, 2008).

Literature on coupon attractiveness and redemption rates (Mittal, 1994; Raghubir, 2004; Ramaswamy and Srinivasan, 1998) reveals the importance of coupon face value, i.e., the economic benefit consumers derive from the coupon. Generally speaking, as the value of the coupon increases, consumers' evaluations of the coupon become more positive (Raghubir, 2004). Mobile coupon are

particularly aimed at providing consumers economic benefits at the moment of redemption (cited from Dickinger and Kleijnen 2008).

Consumers perceive the economic benefit to be less valuable if the redemption is cumbersome and imposes significant mental effort and time involved in learning how to use mobile coupon. According to Pagani (2004) that the perceived benefits of such services are diminished by efforts that are required from the consumer's side (cited from Dickinger and Kleijnen 2008).

2.2.5 Convenience

Convenience reflects consumers' resources, such as time and effort savings, in shopping or non-shopping activities (Farquhar and Rowley, 2009). Previous studies suggested that convenience is a multi-dimensional construct. Based on economic utility theory, Brown (1990) proposed that convenience has five dimensions in service marketing: time, place, acquisition, use, and execution. Researchers redefined the concept of convenience to adapt to the mobile context. Yoon and Kim (2007) suggested that convenience of ubiquitous computing technology can be described by three dimensions: time, place, and execution. Thus, convenience is the degree of consumers' perceptions that they can use technology to finish their work at a convenient time, in a convenient place, and in a convenient way (cited from Liu et al, 2014).

Redemption effort refers to specific investments that need to be made by the consumer to obtain full use of the coupon (Kang et al., 2006). The greater the effort required to redeem a coupon, the less positive consumer evaluations of the

coupon will be (Ramaswamy and Srinivasan, 1998). While consumers do not need to collect coupon from different newspapers and magazines anymore, consumers might find that the redemption of the mobile coupon itself is not entirely effortless (cited from Dickinger and Kleijnen, 2008).

2.2.6 Perceived Control

Kang et al (2006) proposed that in such technology-mediated environments, consumers are concerned about the amount of control that can be exerted. Consequently, for mobile coupon, perceived control is recognized as a crucial factor in the decision making process (Kang et al., 2006). While with mobile coupon consumers worry about the specific skills and resources needed to redeem coupon via the Internet, they face different control issues with mobile coupon. These concerns are particularly fed by consumers' apprehension about spam via commercial SMS. Hence, perceived control is related to the general assessment of whether or not the entire process of receiving promotional SMS messages can be controlled by the consumer (Barwise and Strong, 2002). Consumers are concerned about the fact that their mobile phone number might become part of advertising distribution lists and that they will receive numerous unwanted, highly intrusive advertising messages on their private mobile phone. Researchs on mobile advertising conducted by Leppäniemi and Karjaluoto (2005) Scharl et al (2005) indicates that consumers concern out the mobile coupon's possible irrelevance and inappropriateness of messages, timeliness, interference with privacy and information overload, unsolicited messages, and generally, a fear

of spam. As a consequence, they feel a lack of privacy and that the sender acts intrusively and obtrusively. Thus, consumers lose their sense of control regarding mobile coupons on issues such as who sends them mobile coupons, how many they will receive, and when they will receive them (Scharl, Dickinger, and Murphy, 2005, cited from Dickinger and Kleijnen, 2008).

2.2.7 Social Influence

Social influence has been generally referred to as the conformity of going along with or agreeing with others or a visible majority (Jahoda, 1959). Burnkrant and Cousineau (1975) highlighted two forms of social influence: informational social influence and normative social influence. Both forms of social influence lead to conformity, which involves a change in attitudes, beliefs, and behaviors due to the real or imagined influence of others (Aronson et al, 2010; Hogg and Vaughan, 2005). However, the conformity effects resulting from the two forms of social influence are driven by different needs.

Informational social influence refers to one's tendency to conform to the opinions of others, based on information obtained as evidence in judgment (Kassarjian, 1971; Kelman, 1961). Information social influence has been studied under the bandwagon effect (and other related concepts such as herd behaviour and social proof), which is a social phenomenon that reflects one's tendency to follow the actions of others, even when one's private information suggests otherwise (Becker, 1991; Bikhchandani et al, 1998; Burnkrant And Cousineau,1975).

Normative social influence refers to one's tendency to comply with the expectations of a group or other individuals (Kassarjian, 1971; Kelman, 1961). Under such an influence, people modify their own judgments to emulate the actions of other group members or significant individuals in order to socially identify with them, even if this implies a letting go of personal justification (Akerlof and Kraton, 2000; Burnkrant And Cousineau, 1975). In other words, the conformity resulting from normative influence is driven by the need to be identified with reference groups and gain social rewards such as being liked and accepted by others (Burnkrant And Cousineau, 1975; kelman, 1961; Lascu, and Zinkhan, 1999; McKelvey, and Kerr, 1988, cited from Kuan et al, 2014).

2.2.8 Intention to Redeem Mobile Coupon

Getting consumers to redeem mobile coupon goes beyond merely developing the coupon. It is of utmost importance for businesses to understand what drives consumers to accept mobile coupon. According to a study by Dickinger and Kleijnen (2008), a consumer's intention to redeem a mobile coupon is influenced by a variety of dependent and independent variables, including economic benefit, redemption effort, attitude, fear of spamming, perceived control, past behaviour and social norms. Meanwhile Banerjee and Yancey (2010) proposed that discount size, discount format, message timing, and the product category play important role in coupon redemption rates.

2.3 Previous Study

2.3.1. Coupon going wireless: determinants of consumer intentions to redeem mobile coupon.

This study aims to investigate the consumers' intentions to redeem mobile coupon in Austria. By using economic benefit, redemption effort, attitude, fear of spamming, perceived control, past behavior and social norms as independent variables in addition with moderating role of value seekers to its relation with consumer intention to redeem mobile coupon. This study analysed the data from the related questionnaire that distributed through online survey by using Mplus with two-step approach which is cluster analysis then multiple group analysis. And as a result it is indicated that related independent variables influence the Austrian intention to redeem mobile coupon. The effort involved in redeeming mobile coupon strongly influences consumers' attitudes toward mobile coupon, and fear of mobile spam influences consumers' perceived control with regard to commercial SMS. Value seekers are more sensitive to the effort involved in redeeming mobile coupon and to mobile spam than are other consumers. While social norms and past use of coupon are not significant influencing consumer intention to redeem mobile coupon. The results suggest that firms should not overwhelm consumers with mobile coupon, consider the usability of mobile coupon in deciding the right offer, and educate their consumers about how to use the mobile coupon.

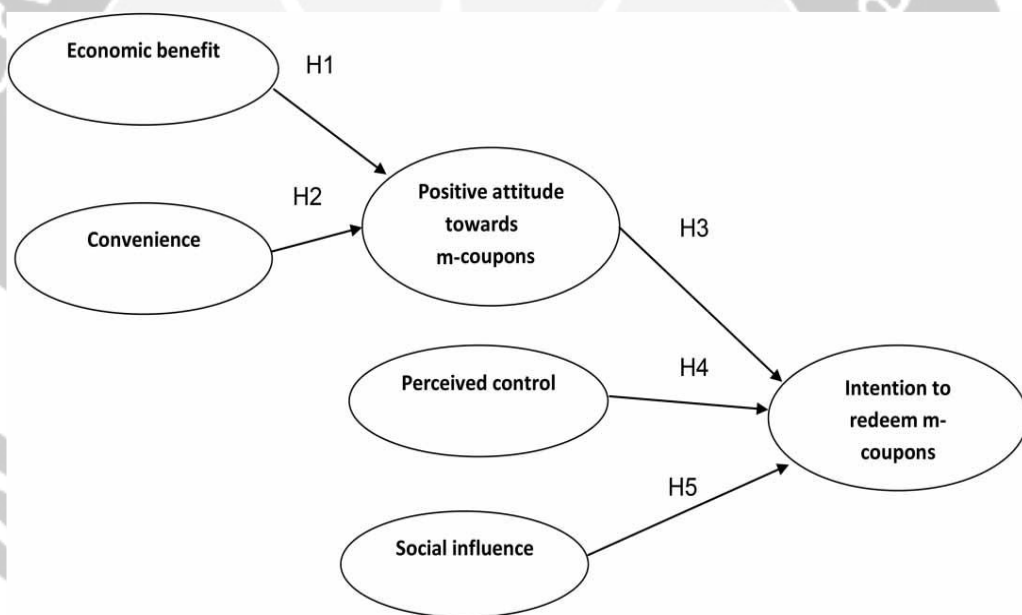
2.3.2. The drivers of consumers' intention to redeem a push mobile coupon.

The research aimed to explore the factors that contribute to consumers' intention to ultimately redeem mobile coupon. This research conducted in south Africa with marketing management course students at the University of the Free State's Bloemfontein as the population and it construct a hypothesised model that proposes economic benefit, convenience benefit, positive consumer attitude, perceived control and social influence as constructs that either directly or indirectly influence consumers' intention to redeem an mobile coupon. The data collected in this study processed with statistical package for social sciences (SPSS) and Partial least Squares (PLS) to conduct descriptive statistical tests, exploratory factor analysis (EFA) and reliability testing. In addition, structural equation modelling, specifically the PLS (SEM) approach was used as a model-testing tool. Which produce all the hypothesis are supported except the social influence which proved did not influencing the respondents' intention to redeem mobile coupon. The result revealed that a consumer's positive attitude is the main driving force behind mobile coupon redemption intentions. Results reflected that businesses should emphasise convenience and economic benefits in order to assist in the development of a positive attitude amongst potential mobile coupon users. Consumers value their privacy and are resistant towards push-based mobile coupon.

2.4 Conceptual Framework

The conceptual framework used in this study consist of six variables, which are economic benefit, convenience, positive attitude towards mobile coupon, perceived control, social influence, and intention to redeem mobile coupon. This research model explained the relation between those six variables.

Figure 2.1 Conceptual framework



Source: adapted from Achadinha et al., 2014

2.5 Hypothesis Development

Economic benefit in this study are defined as a consumer's perception of economic savings from using mobile coupon applications. Coupon face value, which reflects the extent of money savings, is a primary determinant factor of

consumers' redemption behaviors (Nickels and Wood, 1997). A high face value coupon is more likely to be redeemed because consumers save more money from it. Similarly, although mobile coupon applications aim at providing various coupon for consumers to reduce their consumption expenditures, the consumers may perceive low value of them and not redeem the coupon if the economic returns of these coupon are small (cited from Liu et al, 2014). Therefore the following hypothesis is being proposed:

H1: Economics benefit has a positive significant influence on consumers' positive attitude towards mobile coupon.

Convenience can be defined as the state of being able to proceed with something without difficulty (Soanes and Stevenson 2004). As emphasised by Shen et al. (2010), convenience has a powerful effect on a consumer's intention to adapt to a new system. The greater effort invested in redeeming an mobile coupon, the less positive consumer evaluation of the coupon will be. It is acknowledged that mobile coupon require less redemption efforts; hence, they are perceived to be convenient and consumers are therefore more likely to feel positive about using this new tool (Jayasingh and Eze, 2012, cited from Achadinha et al, 2014). Therefore the following hypothesis is being proposed:

H2: Convenience of the coupon has a positive significant influence on consumers' positive attitude towards mobile coupon.

An attitude is defined as an individual's internal evaluation of an entity, which can be either positive or negative (Phau and Teah 2009) and, as

investigated by Al-Gahtani and King (1999), consumers' attitudes affect the usage of such coupon and acceptance of information technology. It is proposed that economic benefit and convenience are factors that can positively affect consumers' attitude towards mobile coupon. Furthermore, according to the model put forward (Figure 2.1), attitude directly affects a consumer's intention to use mobile coupon. When consumers receive mobile coupon they evaluate these and, depending on the outcome of the evaluation, consumers then develop an intention to either redeem or reject the mobile coupon (Nikander, 2011, cited from Achadinha et al, 2014). Therefore the following hypothesis is being proposed:

H3: A positive attitude towards mobile coupon has a significant positive influence on consumers' intention of redeeming mobile coupon.

Consumers are cautious of mobile communication strategies, as mobile phones are very personal gadgets to which consumers are emotionally attached (Kolsaker and Drakatos 2009, Gao et al. 2010). Consumers therefore tend to develop negative feelings towards irrelevant, inappropriate messages and information overload (Cleff 2007, Gao et al. 2010). According to Barwise and Strong (2002), sending consumers unauthorised advertising messages has become a trend that many companies follow. Such unauthorised messages spam consumers' phones and result in consumers experiencing loss of control and, this in turn, deteriorates the value of mobile marketing (Park et al. 2008). Literature regarding mobile coupon indicates that consumers are concerned about the amount of control they have over this innovative couponing technology (Kang et

al. 2006). Consumers want to be in control over the number of advertising messages they receive. When consumers make a decision about an mobile coupon, perceived control is a critical factor that affects the decision-making process (Dickinger and Kleijnen 2008, Jayasingh and Eze 2010). Considering that mobile coupon are sent via SMS to consumers' mobile phones, a possibility of intrusion is introduced. Companies should give consumers options to opt in and out in terms of receiving mobile coupon, making consumers feel in control of their mobile phones (Park et al. 2008, Steinberg 2011, Wray and Plante 2011). When the consumer recognises that there is no control over the number of coupon received this will, in turn, negatively affect his or her intention to redeem mobile coupon (cited from Achadinha et al, 2014). Therefore the following hypothesis is being proposed:

H4: Perceived control over receiving mobile coupon has a significant positive influence on consumers' intention to redeem mobile coupon.

Lastly, a proposed factor that affects consumers' intention to redeem mobile coupon is social influence. Social influence is the extent to which consumers strive to obtain a favourable reaction from others by altering their thoughts, attitudes and behaviour (Lu and Lee 2012). Dickinger and Kleijnen (2008) argue that social influence does not have an effect on intention to use or to redeem mobile coupon, the reason for this being that mobile coupon are used in anonymity. In contrast, other studies have shown that social influence can impact users' intentions to make use of new information technology systems (Lu and Lee

2012). Within the mobile marketing context, Phau and Teah (2009), in their study of young consumers' SMS usage and mobile advertising perception, found that social involvement has an influence on young consumers' attitudes towards SMS advertising. Other research on mobile coupon proposes that if mobile coupon offer consumers social rewards, this will positively influence their intention to redeem an mobile coupon (Nikander, 2011, cited from Achadinha et al, 2014). Therefore the following hypothesis is being proposed::

H5: Social influence has a positive significant impact on consumers' intention to redeem mobile coupon.