

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND

At present, short message service or SMS has become one of the most useful basic device applications of mobile phones. Text messaging has exceedingly gained consumer usage for mobile phone users around the world. SMS provides benefits to marketers and advertisers by influencing and transforming the people's way of communication and gaining profit from SMS users. This is the reason why many companies, enterprises and organizations have been using SMS as one of their marketing tools. SMS was invented in 1992 when an engineer from Vodafone, UK sent the first SMS "Merry Christmas" from his Personal Computer, PC, to a colleague's handset. This spread through the mass market 7 years later and forever changed the world wireless technology (Einstein, 2005).

Studies on SMS have been done mostly in Europe because SMS is widely used and popular there. The three largest mobile and SMS markets in Europe are Germany with 59.2 million users, Italy with 53.5 million users and the UK with 50 million users. In Europe, more than 15 billion SMS are sent every month (Brand Strategy, 2004). According to Haig (2002), products, services and content subscription were bought by 50 million wireless users via their mobile phones and 65 percent of mobile phone subscribers also have agreed to accept SMS service such as marketing alerts and offered promotions. Binay (2001) stated that the worldwide mobile phone advertisements spending had increased from 13 million US dollars in 2000 to 16.4 billion US dollars in 2006. Asia Pacific spending was forecasted to be 4.7 billion US dollars while North America was expected to spend 4.5 billion US dollars in 2006.

AIS, DTAC, True Move and Hutch are the four biggest mobile network operators in Thailand. They are extensively providing a variety of SMS services targeted at specific customer groups such as corporate executives, small business owners and teenagers. In 2006, AIS customers used the SMS service at a rate of 100-

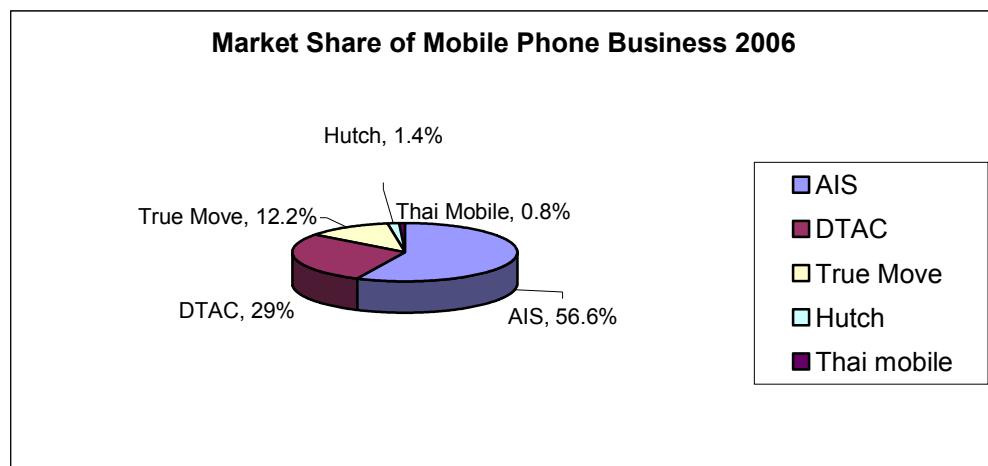
120 million messages per month, 80% of which is from person to person and 20% in business and marketing while SMS services of DTAC generated 25% and is expected to provide 300-400 million baht in total revenue by the end of 2007 (Trfinn, 2006). There are various types of profits, which network operators have gained from the SMS service. Consequently, SMS services competitions between two major network operators, AIS and DTAC, have become higher. AIS offers various SMS services and promotions-- MobileLIFE plaza, which is classified as funLIFE, LIFEstyle, sportLIFE, bizLIFE, LIFEinfo and LIFEconnect. For example, if customers want to get discount from the network alliances, they need to send an SMS to the service center to ask for either the code of product items or join the games. For other services, they have to pay a monthly charge to receive SMS joke of the day, soap opera articles, and stars gossip news (Mobilelife, 2007). DTAC provides SMS services in the entertainment, communication, sports, lifestyles, information, and business services categories. For instance, DTAC offers Noo-Hin cartoon dialogue and SMS services for small and medium enterprises (Dtac, 2007). The third service operator is True Move, which provides a variety of activities such as true Music, true Movie, true Sport, astronomy, cartoons, and news for their mobile users (Truemove, 2007). Hutch is another service operator that provides SMS advertising in terms of lifestyles and travel purposes such as recommended restaurants, new fashion trends, discounts, and fortune telling. Consumers need to send an SMS to apply for special SMS services, and they would be required to pay an extra-charge each month for receiving the extra services (Hutch, 2007).

There is more fierce competition among mobile network operators in Thailand. These days, there are two major network leaders which share the market, AIS and DTAC. AIS dominated the highest market share with 14 million subscribers in 2006 at 56.6% market share. DTAC was second with seven million subscribers equaling 29% of the total market share. The other two minor networks were True Move and Hutch. True Move had three million subscribers, and Hutch, the latest company to enter the Thailand mobile network operator, had 0.40% of total market shares (Settapon Malisuwan, Kulthon Kasemsan, Ussanee Malisuwan, & Dulyarak Phuangthong, 2006).

Thailand Mobile Market Share Year 2006

Operator	Subscribers (Million)	Percentage (%)
AIS	14	56.6
DTAC	7	29.0
True Move	3	12.2
Hutch	0.4	1.4
Thai Mobile	0.2	0.8
Total	24.6	100

Note. Million subscribers. From: A Preliminary Research Model of Thai Mobile Market Structure, by Settapong Malisuwan, Kulthon Kasemsan, Ussanee Malisuwan, & Dulyarak Phuangthong, 2006.



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1.2 STATEMENT OF THE PROBLEM

SMS is a personal channel which can reach customers wherever they are because consumers carry their mobile devices with them wherever they go. SMS concept is mostly used to create interactivities for their programs, and it is used as sales promotion devices in the entertainment market such as new movies and music release. On the other side of the coin, SMS advertisements can be annoying to receivers if the advertisements are sent without receivers' permission or topics are not in the receivers' scope of interest. As mobile phone users like to treat SMS as a personal communicative device, some consumers agree to receive only their personal SMS or SMS which match with their interest, and ignore or delete uninteresting SMS that flood their mobile phones. Moreover, the brands image is discreditable by

consumers because their SMS advertisements may be regarded as a cause of annoyance. Among consumer groups which are not interested in mobile phone functions, SMS could mean nothing to them because they use mobile phones for dialing and receiving calls only. Thus, this study endeavors to answer the following research questions:

Main questions

1. What are the attitudes of mobile users towards the roles of SMS advertisement on consumers' purchasing decisions?
2. To what degree do message factors influence mobile users' attention and response to SMS advertisement?
3. To what degree do media factors influence mobile users' attention and respond to SMS advertisement?
4. Is there any influence of message frequency on mobile users' attention and response to SMS advertisement?

1.3 OBJECTIVES OF THE STUDY

The purpose of this study is to:

1. Find out mobile users' attitude towards the roles of SMS advertisement on consumers' purchasing decisions;
2. Study the message factors that have an influence on consumer attention and consumer response;
3. Investigate the media factors that have an influence on consumer attention and consumer response; and
4. Identify whether or not the message frequency has an influence on consumer attention and consumer response.

1.4 VARIABLES AND DEFINITIONS OF TERMS

Definitions of the terms of this study are the following:

Conceptual Definition

Roles of the SMS Advertisement The SMS Advertisement that affects one's purchasing behavior

Consumer The person who buys a kind of product

Purchasing decision Decision that the person makes in order to buy products

Operational Definition

Short message is a text message that is sent to or received from a mobile phone to another mobile phone. Each message can contain up to 160 characters. SMS is beneficial in keeping the messages even though the mobile phone is out of service or it is in use. The process of sending SMS is very easy and fast. A sender just types a message via the text messaging program, specifies a receiver's number, and sends it to the destination. Then, the receiver will receive the SMS immediately via their mobile phone (Dunne, 2001). In the past, media did not provide any easy channels for businesses to reach consumers whereas advertising today via SMS is a new choice and opportunity which can reach consumers easier and faster. A supportive constituent that the advertising via SMS is successful is that most people today own mobile phones. The distinguished abilities of SMS are fast and easy non-verbal communication, and privacy between SMS senders and receivers.

Roles of the SMS Advertisement

The SMS Advertisement that

- Make the receiver interested in the products
- Encourage the receiver to buy the products
- Arouse the receiver to buy the product faster and much more than that person has ever bought
- Alert the receiver to participate in the product promotion and/or other product activities

Consumer The person who owns a mobile phone and has ever received SMS Advertisement

Purchasing decision Decision that the person makes in order to buy products and which is influenced by an SMS advertisement

Indicator

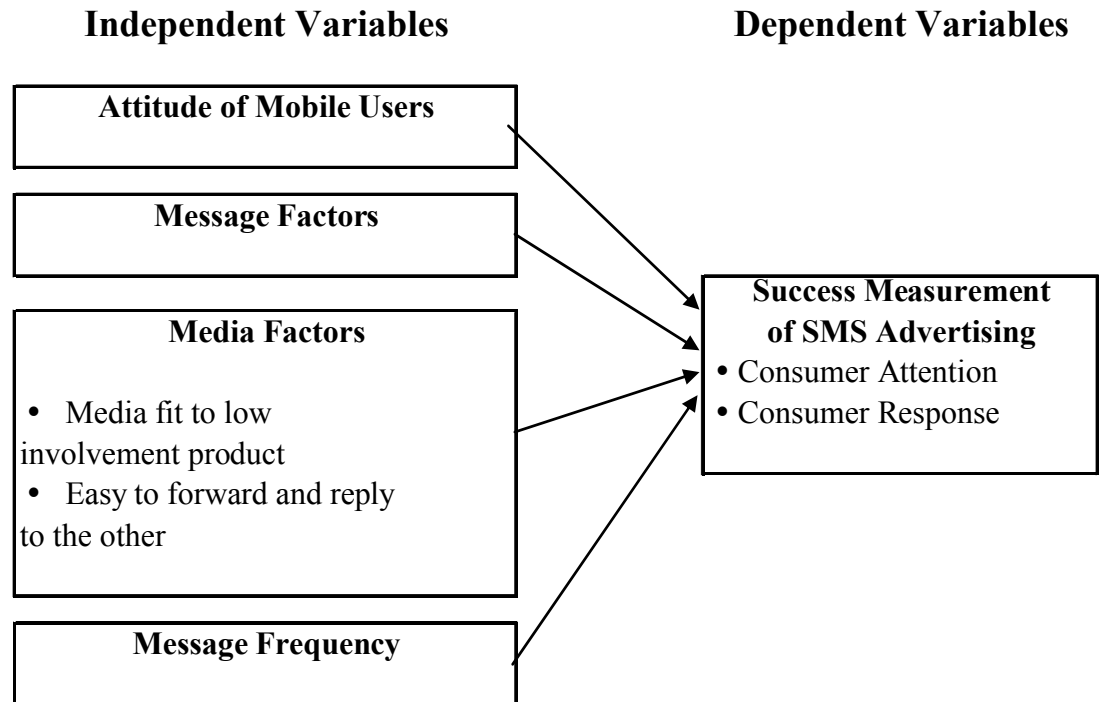
Roles of SMS Advertisement The Likert Scale that measures the consumer attitude towards SMS by indicating their degree from strongly disagree to strongly agree

Consumer The person who is aged between 18-32 years old

Purchasing decision The Likert Scale that measures the consumer attention and response for buying products which has an effect from SMS advertisement by indicating their degree from certainly not buy to definitely buy

Variables and Definitions of Terms:

Conceptual Framework



Source: This conceptual framework was modified from the research of Dickinger, Haghirian, Murphy, and Scharl (2004). *An Investigation and Conceptual Model of SMS Marketing* (p.5), by A. Dickinger, P. Haghirian, J. Murphy, and A. Scharl, 2004. Retrieved July 25, 2007.

♦ Independent Variables

Benefits and costs indicate advertising value that consumers experience from the advertising stimulus. The advertising stimulus comprises the advertising message and the medium, which have an impact on roles of the SMS advertisement on consumers' purchasing decision.

Independent Variables Definition:

Conceptual Definition

Attitude of Mobile Users: Refers to the attitude of mobile users toward accepting advertising messages. Consumer's permission and willingness to accept the advertisement messages are required before the advertisers send any messages to any consumer. (Dickinger, Haghirian, Murphy, & Scharl, 2004).

Message Factors: The characteristics of sending the message that comprises an effective message. The messages are characterized as joke, entertainment, information and credit (Dickinger, Haghirian, Murphy, & Scharl, 2004).

Media Factors: The prosperous characteristics of SMS media, which are necessary (Dickinger, Haghirian, Murphy, & Scharl, 2004). These achievement characteristics are compensated of media fit to low involvement products and effortless functions of responding and forwarding messages to another persons.

Product fit to low involvement products: SMS media is positioned for frequently purchased products or low involvement products rather than infrequently purchased high-value products (Barwise & Strong, 2002).

Ease to reply and forward message to a third person: Advertising via SMS enables consumers to be engaged in discussions and transactions with the advertiser (Tahtinen & Salo, 2003). Therefore, it refers to the easy function of SMS media which can urge consumers to handle the message on the spot and forward interesting messages to their friends and families (Dickinger, Haghirian, Murphy, & Scharl, 2004).

Message Frequency: The appropriate amount of message sending to target audiences (Krugman, 1994)

Dependent Variables Definition:

Conceptual Definition

Consumer Attention: A consumer's cognitive ability should be focused on a specific stimulus (Assael, 1981). Attention is the first objective of any advertisement (Arens, 1999).

Consumer Response: Hutton and Mulhern (2002) claimed that one of the most important ways to make advertising effective is to influence consumers' psychological states or consumer response with respect to a brand. This study specified the consumer response as intention to buy. SMS advertising has parts in buyers' self-instruction to purchase the product brand, real purchase, the outcome of intention in behavioral part, and repurchasing intention; that is, the intention to

repurchase the same product or other products since the buyers receive information from advertising via SMS.

Operational Independent Variables Definition

Concept	Conceptual Definition	Operational Definition
Attitude of Mobile Users	Attitude of mobile users before the marketers and advertisers send promotional or advertising message to their mobile phone.	<ul style="list-style-type: none"> • Permission to receive SMS. • Consumer's attention towards advertisement after receiving SMS. • The ability to control the amount of SMS sending. • Ability to terminate service.
Message Factors	The characteristics of advertising contents, those exchanged from advertisers to consumers.	<ul style="list-style-type: none"> • Entertainment. • Information about monetary incentives. • Message and source credibility.
Media Factors	Media fit to low involvement product.	<ul style="list-style-type: none"> • Proper information provided by SMS media. • The likelihood of low product involvement advertising to convince consumers to act.
	Easy to reply and forward messages to a third person.	<ul style="list-style-type: none"> • The ease of SMS functions permits consumers to reply easily. • The likelihood of consumers to forward received advertising message to friends and families due to the easiness of sending SMS.
Message Frequency	The suitable amount of advertisement sent to consumers via SMS.	<ul style="list-style-type: none"> • The sending amount that consumers can accept without any annoyance.

Operational Dependent Variables Definition

Concept	Conceptual Definition	Operational Definition
Success Measures of SMS advertising	Consumer Attention	<ul style="list-style-type: none"> • The ability of advertisement via SMS to grasp consumers' attention.
	Consumer Response	<ul style="list-style-type: none"> • Intention to buy the product. • Actual purchase. • Repurchase intention.

1.5 SCOPE OF THE STUDY

This research is conducted in order to learn mobile users' attitudes toward roles of SMS advertisement on consumers purchasing decision at Siam Square area by finding out the feedback of consumers' attention and responses on various types of SMS and also the influence SMS has on consumers' purchasing decisions.

The period of this study will begin in November 2007 and will last until the end of February 2008. The sample of this study will be 200 participants-- Thai mobile phone users between 18 and 32 years of age who visit the Siam Square area, and who have ever received SMS advertising and are also willing to participate in this study.

Therefore, the cross-sectional design will be employed for this research. The samples will be selected by some visible characteristics, such as a holding mobile phone in their hands. Then a self-administered questionnaire, instrument of the study, will be distributed. After gathering all necessary data, the Statistical Package for Social Sciences Program (SPSS) version 12.0 will be used to analyze the data for frequency distribution, mean scores, and percentages.

1.6 SIGNIFICANCE OF THE STUDY

As most people own mobile phones and it is recognized as the fifth necessity for living, SMS which is one of the most useful basic functions of mobile phone, is a way of sending short messages to and from mobile phones. And today SMS has gained excessive consumer usage around the world and has been used as a marketing tool. Presently, SMS is a widespread marketing tool. Most TV programs, radio programs and other media have used SMS as one way of promoting and gaining profits. People today have used SMS for various factors: private communication, social contact, business interaction and joining or participating in entertaining media for voting or getting prizes. Any other benefits of this study are also as follows:

- The results of this study can primarily be beneficial to marketers, advertisers, and content providers who cannot ignore any success components in implementing SMS advertising.

- Marketers, advertisers, and content providers can use this obtained information as a guideline for effectively and efficiently improving SMS advertisement to meet consumer's needs.

1.7 ORGANIZATION OF THE STUDY

The study of mobile users' attitudes toward roles of SMS advertisement on consumers' purchasing decisions is divided into 5 chapters. Chapter One includes the background of roles of the SMS advertisement and statement of the problem, which led to the objectives, the scope of the study, the definition of terms, and the significance of the study, respectively. Chapter Two is designed to review the related literature concerning mobile users' attitude and the key indicators contributing to the attitude. Chapter Three provides a descriptive picture of procedures concerning subjects, materials, procedures, and data analysis. Chapter Four presents the findings of the study. Chapter Five includes a summary of the study, its findings, discussions, conclusions, and recommendations for further study.

In the appendix, the researcher has included the questionnaire which was used for data collection from the sample group.