Consumers Attitude towards Location-Based Advertising: An Exploratory Study

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Abstract – A location-based service application is a recent innovative mobile application to travel industry. Various applications of this innovative mobile location-based service are used by the consumers for accessing point-of-interests within a location. This has, therefore, facilitated consumers traveling within a location. This facilitation in the travel industry has not only improved traveling within a location but also improved human interaction and living because traveling is a part of human activities. The use of these innovative mobile location-based applications also has enormous benefits for a business industry which include facilitating customer business relationships. It also helps to strengthened marketing strategies in the 21st century, where competitions among businesses for customers are eminent due to various alternatives and channels available to the consumers on goods and services on the market. However, the adoption and use of these applications by the consumers’ raised concerns on permission-based information to divulge. A critical concern, among consumers, that its usage violates individual’s consumer secrets which should not be made public. More so, they also observed that it usage does not add economic benefits to the end users because its threats superseded the anticipated benefits. This study, therefore, examined location-based advertising, a new and innovative location-based mobile marketing strategy available to businesses. The study conducted an interview using a focus group. It found that consumers attitude towards location-based advertising still an issue due to permission-based authority. The implications for the study and future research avenue were discussed. The paper is structured into an introduction, literature, discussion, and conclusion.

Keywords - Consumers’ attitude; Location-based service applications; Location-based advertising; Rewards; Travelling

1. INTRODUCTION

Advancements in information and communication technologies such as the internet, email, global positioning systems, and mobile devices have led to the emergence and growth of varieties of service’s applications (Li & Chen, 2010[39]; Chen, Ross & Huang, 2008)[10]. One of these applications that have drawn the attention of consumers and researchers in recent times is the location-based services (LBS), (Zhang, 2011[82]; Dhar & Varshney, 2011[13]; Xu & Gupta, 2009)[76]. LBS can be described as information systems that use real-time global positioning systems or the internet and wireless communications data to provide spatial and temporal information processing capability to end-users (Dhar & Varshney, 2011[13]; Junglas & Watson, 2008)[27]. It is defined as applications that depend on a user’s location to provide services in various categories including navigation, tracking, healthcare, and billing (Farid, Nordin & Ismail, 2013)[14]. It is also referred to as marketer-controlled information customized for receipts geographical positions and received on mobile devices, thereby meeting customers’ need at the right time and place (Field, 2005)[15]. Bobby (2010) described it as location-based service applications are regarded as a sub-category of the behavioural tracking which quickly and cheaply tell advertisers more about a customer’s preferences, habits, and patterns. Their unique characteristic for personalization of services has made it further to be described as a ‘killer application’ for mobile business (Junglas & Watson, 2008)[27]. Location-based service applications, therefore, present new marketing strategies for businesses to use to interact with the target customers (Tussydiah, 2012[69]; Gidofalvi, Larsen & Peterson, 2008[19]; Gillin, 2007[20]; Mayzin, 2006[44]; Sultan & Rohn, 2005[66]; Unni & Harmon, 2003)[70]. Location-based services have, therefore, been used in several places and devices such as online social networks, Radio frequency identification devices, and Mobile telecommunication devices (Pedrana, 2014[48]; Simon & Karen, 2013[63]; Vicente, Freni, Bettini & Jensen, 2011[72]; Li & Chen, 2010)[39]. The acceptance of location-based services by consumers in recent times has enhanced location-based services and location-based industry (Mao & Zhang, 2013; Yun, Han & Lee, 2013). Studies have illustrated significant importance for using location-based devices and services (Scellato, Noulas & Mascolo, 2011; Petrova & Wang, 2011[51]; Zheng, Ma & Ma, 2011[83]; Wan, 2009[73]; Barnes, 2003). Zheng, Ma and Ma (2011) for example, argued that they provide a...
platform for common minded individuals to interact and share social activities like participating in games such as mountain hiking and swimming. Furthermore, Barnes (2003) contended that they have potentials for enhancing utility, safety, and mobility of individuals. More so, Dhar and Varshney (2008) posited that it’s beneficial to business organizations include location-based advertising, personalized advertisements irrespective of time and distance. Moreover, Yun, Han and Lee (2013) argued that they can be used as social networking tools for monitoring and tracking of individuals along a particular route, important information on customers which would enhance business-customer relationships.

1.1 Types of Location-Based Service Applications
Location-based advertising can be classified into two based on literature as (a) Push and (b) pull. Firstly, the push location-based advertising is described as advertisers working with the network providers to send adverts to customers determined by the device’s position (Godin, 1999)[21]. It is unsolicited messages received by customers from the network providers via a company. Lastly, pull location-based advertising occurs when consumers request some information or use some service on a one-time basis and in the process they are exposed to commercial messages (MMA, 2005a). It is a solicited message by the consumers from a company. Furthermore, there are various types of location-based service applications. For the purpose of this study, few are explained. Firstly, Foursquare, it is a location-based service application that used ‘game’ as a platform to awards points to players based on how often they go out, the numbers of places visited, and the number of friends they meet along the way. It is referred to as a location-based ‘deals’ tool. It enhances consumers’ purchase decision. Secondly, Google Plus, it is a location-based service application that enhanced direction and lets users see the location of their friends on a map. It also enables users to modify privacy settings so that they can control how their location is shared and with whom. Thirdly, Gypsii, a location-based network that allows users to upload photos, videos, and other information and data about what they are up to, and where they can be reached. Fourthly, Plazes focuses on location-based communities which require individuals to fill in a calendar with activities they are scheduling which is mapped to the location where they will take place. Lastly, Facebook Places a new application for mobile phones that enables Facebook users to alert their friends to their current location. It enables people to provide a real-time update of where they are and what they are doing as well as when they are on the move. For instance, when Facebook users check-in into a location like a restaurant, an update will automatically be sent to the friends’ news feeds. Such a user can also ‘tag’ friends who are in the same location by way of a photo or status update.

In whatever types of the location-based service applications, an individual consumer chooses to use, the benefits of these applications among others include the following. Firstly, the location-based service applications compared to the traditional advertisements like newspapers and flyers are cost-effective. Second, it offers local awareness advertisements which are more precise when targeting specific markets along with greater reach. For instance, business organizations provide their physical address and geographic radius as a platform for their products advertisements. Facebook, for example, with the huge audience around the globe using Facebook Places will enable users to find who are nearby or who recently came within that radius, a new marketing strategy which is personalized and localized. Third, it allows individual users to discover business organization’s products and services whenever they visit a certain area. Fourth, it boosts new business activities and builds brand loyalty. Lastly, it drives offline sales to increase brand loyalty and impulse purchases.

In spite of the apparent benefits of location-based service applications in the market, users’ acceptance and usage have been with mixed feelings (Dhar & Varshney, 2011[13]; Junglas & Watson, 2008)[27]. As a result, scholars have attempted to study consumers’ attitudes towards location-based advertising (Li, Huang, Chang & Theng, 2013[42]; Xu, Oh & Teo, 2009)[77]. The study conducted by Chang and Theng (2013) found that potential customer attitudes towards location-based services were negatively affected by irritation, which includes inappropriate information loading and timing. Furthermore, potential customers behavior intentions to use location-based services were strongly influenced by consumers’ trust, a critical enabling factor for the successful use of the mobile location-based applications. Moreover, Tsang, Ho, and Liang (2004)[68] contended that consumers generally have negative attitudes toward mobile advertising unless mobile advertisements are permission-based. This finding was supported by Unni and Harmon (2003)[70] on perceived effectiveness of push vs. pull mobile location-based advertising who argued that the location-based service was relatively more effective when there is an express request from the users than when users are alerted to its messages and services. Converse; Xu, Oh and Teo (2009)[77] argued that multimedia location-based service messages would lead to more favorable attitude, increase the intention to use the location applications which would have significant effects on purchase intentions. This study, therefore, aims to investigate consumers’ attitude towards a location-based advertising.

1.2 Objective
The aim of this study, therefore, is to seek consumers’ views about the location-based advertising as a marketing promotion medium to enhance business service delivery system and customer-business relationship.
1.3 Problem Statement
The study conducted by Chang and Theng (2013) found that potential customer attitudes towards location-based services were negatively affected by irritation, which includes inappropriate information loading and timing. In line with their suggestions for further studies, this study focused on consumers’ attitude towards location-based advertising: an exploratory study which centred on focus group interview about consumers opinions and responses on the use of the mobile location-based advertising.

1.4 Method
Location-based advertising is a relatively new phenomenon; the researchers conducted an interview using a focus group of six participants. Two participants were drawn from West Minster University, two from University of Technology Malaysia, all post-graduate students and two businessmen who were familiar with the use of location-based service applications all in Malaysia. The excerpts of the interview are discussed respectively.

2. LITERATURE REVIEW
Attitude is an important concept in marketing research (Kotler and Armstrong, 2001)[32]. It is the attitude of consumers’ towards a product that underlies purchase behaviour. Fishbein (1975)[16] defined attitude as a learned predisposition an individual would respond to an object as a precondition of satisfying the intention of the object. An attitude is a person’s enduring favourable or unfavourable evaluation, emotional feeling, and action tendencies toward some object or idea (Kotler & Keller, 2007). Attitudes put people into a frame of mind such as liking or disliking an object. Because of its importance in consumers’ purchase intentions, Kotler and Keller (2007) warned that attitudes economize energy and thought which may be difficult to change. So it is expected that marketers should design their products and services in line with consumers’ attitudes.

Scholars have made a concerted effort in studying consumers’ attitudes on advertising generally (Xu, et al., 2009; Tsang, et al., 2004)[68]. The emergence of the internet and mobile services, however, has presented researchers with a new dimension of consumers’ attitudes to advertising (Lin, Zhou & Chen, 2014)[41]. This emergence of the internet as a new platform for communication and advertising has enhanced a substantial amount of research that focuses on the internet. This has also encouraged researchers on attitude towards advertising in the web-based environment and mobile devices (Pescher, Reichhart & Spann, 2014)[50]; Kai & Timon, 2012[29]; Leppaniemi & Karjalusto, 2005[38]; Tsang, et al., 2004). The development of service activities based on mobile commerce is initiated by the mobile network which has created new forms of customer-marketers’ relationship in the marketing field (Kotler, et al., 2007; Barwise & Strong, 2002)[7]. This new relationship needs to be strengthened through understanding the target market expectations and demands. This is the essence of this study to strengthen customer-business relationship, the key to successful marketing strategies in the 21st century.

3. LOCATION-BASED ADVERTISING
The emergence of the internet system and mobile devices has created another direct-marketing channel for marketing organizations especially service oriented business like airlines and hotels to interact with their customers. This new channel for communication and advertising encourages greater interaction and individualization Humphreys (2010)[24]. Businesses nowadays can send individualize advertisements to their customers via smartphones known as short message services. This new channel for communication and advertising has become increasingly customer-initiated and customer-controlled, therefore, marketers and their representatives must work exclusively with customers’ expectations for it successful usage (Carroll, Barness, Scornavacca & Fletcher, 2007)[9]. Studies on consumers’ attitudes towards advertising found that consumers’ have negative attitudes towards advertisements (Zanot, 1984)[81]. For instance, Tsang, et al. (2004) studied consumers’ attitudes toward mobile advertising who found that consumers’ attitude towards advertisement is generally negative. However, studies on internet-based advertising show that it generates positive consumers’ attitudes (Schlosser, Shavitt & Kanfer, 1999)[59]. The studies conducted by Xu, et al. (2009) revealed that multimedia location-based advertising messages lead to more favourable attitude, a platform to increase the intention to use location-based service application which would a significance effect on a consumer purchase intention. Furthermore, the scholars argued that the underlying argument in this regards is not the attitude of the consumers towards location-based services, but rather perceived values of the location-based mobile advertisements. Recent studies, for instance, have argued that perceived advertising value has a significant impact on consumer’s attitudes (Wang & Sun, 2010)[74]. Shankar and Bulasubrahian (2009)[61] also contended that assurance and generosity were found to be positive drivers for attitude toward advertising. Attitude and perceived values, critical factors for the successful adoption and usage of the mobile-location-based advertising by the consumers should be critically examined by the marketers in particular and the advertisers in general.

3.1 Interview: Insights from Focus Group
Discussion
This section provides excerpts of the focus group interview held with students and businessmen who are familiar and have used a location-based service mobile application which is categorized into travelling, rewards, and attitude towards location-based advertising respectively.
3.2 Travelling
The shared ideas emerged from the discussions confirmed that participants recognized the change in their travelling pattern and behaviours towards location-based services were responsible for the use of applications (See excerpt 1.). The participants revealed that the use of location-based service applications has facilitated visitation to new places which were relevant to their daily activities, such as Tourism Parks, Restaurants, and Shopping malls, thereby enable them to meet and make new friends.

Excerpt 1.
“Using the application, I found oneself relaxed to locate new places of interest”.
“It reduces the stress of one being stranded in a location where one has little knowledge of the environment”.
“I enjoyed using it all the time, especially during working days to avert traffic”.

3.3 Rewards
It was identified from the discussions that participants used location-based service applications as a form of reward-seeking intention. Emphasize were on the monetary rewards from the merchants and commendations as a form of loyalty patronage. These rewards, therefore, as a motivating driving force for using the applications. They made a comparison to traditional transportations, where loyalty is not emphasized, see excerpt 2.

Excerpt 2.
“Using ‘My Teksi’, I received a bonus for patronizing the company from time to time”.
“I usually received free taxi (My Teksi) as a reward for good patronage”.

3.4 Attitude towards Location-Based Advertising
The focus-group discussion was centred on participants’ willingness to use and receive advertisements via mobile location-based service applications. The participants agreed that it is okay, meaning that they were satisfied with the mobile tools which are contrary to studies of Chong, et al. (2013) and Tsong, et al. (2007) who found that consumers’ attitude towards mobile advertisements is generally negative. The participants, however, noted that there should be an express approval that is permission-based information from the users to avoid legal litigations (Unni, et al., 2007). Two of the participants noted that this kind of advertisements is optional; you can opt for it and at the same time declined if you are longer interested (See excerpt 3). The participants agreed that current smartphones and iPhone in the market provide these options.

Excerpt 3.
“I used it whenever I feels like; … any advertising messages via the application do not disturb me”.
“Is good; I received information about some events around my location”.
“Is good to be informed about events that may be important but not aware off; …”
It was further noted that the service is personalized based on individual participation. This, therefore, provides a platform to segment a particular market based on users’ location which is in line with geographical segmentation approach.

4. LOCATION-BASED ADVERTISING ISSUES
The participants raised some salient issues which bothered on the hindering factors against mobile location-based service applications adoption and usage by the consumers. These issues include:

4.1 Trust
Participants were worried about their personal data being given to location-based service agencies which they felt may be disclosed to third-party without their consents. The location-based service network providers might use the personal data to enhance their businesses and objectives before the customers concerned may be contacted. They further opined that revealing one location may not be ideal all the time because of the security threats the applications likely individuals to.

4.2 Ethical
The participants were of the views on the use and acceptance of the mobile location-based applications the consumers’, the government should be the custodian of the business operational activities rather than allow private agencies to be in total control of the operations. Their argument is based on the fact that would enhance control and safeguard personal data of the individuals. This concern was paramount to the consumers; therefore, effectively use of the mobile-based applications on the market would depend on the ability of the businesses to know when, how, and with whom to share information about their customers.

5. CONCLUSION AND IMPLICATIONS
This paper examined the new mobile location-based innovative marketing applications, knows as the location-based advertising from the consumers’ perspective. The study found that consumers appreciated using the location-based service applications for traveling activities, because it enhances convenience, and easy of location, especially to unknown places. However, they frowned disclosing their personal data to unknown agencies, and organizations which might which be used without permission. Therefore, marketing organizations which intend to use the mobile location-based application as a promotion medium must exclusively understand consumers’ plights and perceptions toward location-based advertisements.

This study is limited by focusing only focus group interview. Therefore, future research may look into a combination of the survey with interview method for a wider audience and sample size.

6. REFERENCES


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