Short Message Service (SMS) as an Advertising Medium

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INTRODUCTION

The proliferation of the Internet-enabled mobile device has extended into many parts of the world. Collectively, the mobile-network operators paid more than $100 billion for licenses to operate “third-generation” (3G) networks, which were among “the largest bet in business history on the introduction of a new technology” (Economist, 2005). This drastic move has been most illustrated by the use of short message service (SMS) and multimedia messaging service (MMS) by mobile users. For example, a recent survey indicates that SMS in the Asia-Pacific region will increase to up to 75% of mobile subscribers in 2006 (IDC Asia/Pacific, 2003). As a result, marketers and agencies are increasingly interested in taking advantage of this growth, by incorporating SMS advertising as part of an integrated marketing communications (IMC) strategy. However, there has been little academic research on mobile advertising, perhaps because its growth is still in an early stage and the technological infrastructure varies across markets. The study has two objectives: (1) to identify the factors influencing MNCs’ managerial intention to adopt SMS advertising, and (2) to test a statistical relationship between these factors and managerial intention to use SMS advertising. To this end, we conducted telephone interviews of senior executives of MNCs operating in European markets.

CONCEPTUAL FRAMEWORK AND HYPOTHESES

Branding Technique

In an environment where building the brand is a fundamental goal for many managers, the need to build brand equity is likely to be at the center of many marketing decisions. Firms using SMS-based campaigns can attract consumer attention and produce consumer responses to a much greater degree than via other direct marketing channels, because SMS has been claimed to be an effective tool in building and testing customer loyalty by developing demographic databases (Mylonopoulos & Doukidis, 2003). From an industry perspective, McDonald’s conducted a text-messaging campaign in conjunction with a popular TV song contest in the UK, offering concert tickets and backstage passes, while entry in the Coca-Cola Grand Sweepstakes Competition was offered to U.S. college students who sent a text message to a number printed on a Diet Coke can (Dano, 2002).

Facilitating Conditions

Lu, Yu, Liu, and Yao (2003) suggest that facilitating conditions are one of the most important determinants, along with the ease of using wireless Internet. In this light, the integration of competing standards and fragmented systems across countries, cross-network support for SMS, and higher connection speeds are all necessary conditions for a wider transmission of mobile advertising. In addition, the availability of Web-enabled mobile handsets with 2.5G or 3G functionality would significantly affect the adoption of MMS-based (multimedia message services) campaigns. In this light, a wider selection of handsets must be available, to enable consumers to choose their preferred combination of necessary functions and diverse features.

Location-Based Services

The satellite-based global positioning system (GPS) offers the ability to tailor services and promotional offers to individual consumers’ needs, by locating their position (Sadeh, 2002). Mobile handset makers and content providers are increasingly attracted by the commercial feasibility of applying GPS to their service. For example, on an extended menu of i-mode, “i-area” includes a diverse range of location-based services: weather news, restaurant guide, local hotel information, zoomable maps with an address finder function, and traffic updates and estimation of travel times. This facility would give MNCs strategic leverage in mobile marketing, because individuals’ behavior and receptiveness to advertising is likely to be influenced by their location and time, and marketers can thus induce impulse buying by providing the right information for the right place (Barnes, 2002).

Connection Costs

Another important factor is the concept of connection costs. For example, to send or receive one megabyte of data on 2.5G i-mode costs 32 euros (0.3 yen) per packet. At a rate
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