

The influence of mobile Internet on advertising to consumers in the short-term insurance industry

by

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ABSTRACT

Marketing and advertisement activities are transforming as new digital media streams emerge. It is believed that the first major digital transition took place when broadcast media such as television and cinema, also called first screen, to the PC Internet, referred to as the second screen, entered the media industry. The last couple of years saw an expanding transition into the third screen, which is the mobile handset, commonly known as cellphones in South Africa.

The rapid explosion of mobile phones and other mobile devices has created a new marketing channel. The use of Short Messaging Service, Multimedia Message Service, Graphic WAP Banners, and Video Clips to communicate with customers through their mobile devices / cellphones has gained popularity, making the mobile phone the ultimate medium for one-to-one or one-to-many marketing. And the more mobile handsets penetrate the mass market, the greater are the opportunities for advertising experiences.

This exploratory study investigates the impact / effectiveness of mobile advertising to consumers in the short-term insurance industry. The study briefly focuses on whether marketers are reaping the benefits of using this medium to communicate and market their products and services to the identified target market.

The findings indicate that mobile advertising has an impact on consumers in the short-term insurance industry. It was also envisaged that where mobile advertising seems to have no effect, the root of the problem lies in the mass marketing approach. Customers are looking for full customisation of mobile marketing messages, based on their individual requirements, tastes, preferences, location, time, and it should also add value to consumers. For maximum impact, it is also recommended that marketers should build measurements, targeting and optimisation into their campaign processes.

KEY TERMS:

Mobile advertising; Mobile Internet; Wireless Application Protocol (WAP); WEB / WAP Portal; Browsing; Effectiveness; Short Message Service (SMS); Multimedia Message Service (MMS); Targeting; Segmentation; Cellphones; mobile phones; mobile handsets; mobile devices.

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LIST OF ABBREVIATIONS

3G	Third Generation
4G	Forth Generation
CRM	Customer Relationship Management
GPS	Global Positioning System
HSDPA	High Speed Download Packet Access
ICT	Information and Communication Technologies
IVR	Interactive Voice Response
LBS	Location Based Services
MMS	Multimedia Message Service
MP3	MPEG-1 Layer III (Audio Stream Sound file)
PC	Personal Computer
PDA	Personal Digital Assistant
POS	Point Of Sale
ROI	Return On Investment
SMS	Short Message Service
TV	Television
UI	User Interface
UK	United Kingdom
US	United States
WAP	Wireless Application Protocol
WASPA	Wireless Application Service Providers' Association
WWW	World Wide Web

CHAPTER 1

INTRODUCTION AND LAYOUT OF STUDY

1.1 INTRODUCTION

The increasing reliance of the modern consumers and workforce on access to information has resulted in the widespread use of email, Intranets, and many other digital services, allowing people access to private and company data over networks using different devices. This increase in mobility has been a significant worldwide trend over the last decade. Yaniv (2008:86) believes that the mobile environment provides the most dynamic, effective and personal medium for marketing. The mobile phone, the one item that everyone keeps at hand in and out of the house, creates a receptive and convenient tool for receiving mobile advertising. Xinze (2008:32) believes that today, the mobile phone serves as a window into the world, a source for news, views and entertainment. In the marketing world, mobile phones are threatening to build on and perhaps even usurp the extraordinary sales success of that other great communication medium of modern times – The Internet.

Mobile operators such as Vodafone who launched mobile Internet refers to it as *“the Internet, in your pocket...Your favourite websites, on your mobile”* (Vodafone, 2008). According to Tripathi and Siddiqui (2008:47), mobile Internet applications enable consumers to access a variety of services: Web information searches, short message services (SMS), multimedia message services (MMS), banking, payment, gaming, e-mailing, chat, weather forecasts, and GPS (global positioning service), to mention but a few. *“The Internet has played the role of bridging such information gaps between consumers and the availability of marketplace offerings”* (Banerjee et al., 2008:68).

With increased mobility being a core, mobile Internet is one of the evolutions that the telecommunication industry has introduced, which will continue to play a crucial role globally. While Xinze (2008:32) is of the opinion that industry experts believe that the most successful players in the digital marketing era will be those that best connect the power of the Internet with the flexibility of mobile telephony, Friedrich et al. (2009) are

also of the opinion that the mobile channel offers an exciting opportunity for marketers – one that most have yet to fully embrace.

Some mobile Internet solution, such as mobile banners served to customers when browsing the Wireless Application Protocol (WAP) portal, goes hand in hand with mobile marketing or advertising. “*Mobile marketing has recently started to emerge as a new addition to the portfolio of marketing communication tools*” (Ktoridou *et al.*, 2008:34). It can be argued that enhanced direct communication and information delivery, enabled by mobile technologies, can facilitate the work of marketers and businessmen. Nylund (2008:39) believes that technology has changed the way brands and consumers communicate. As businesses look for ways to maximise their dollars and still connect with consumers, interactive and mobile advertising are becoming more popular and turning out some very positive results for advertisers.

Meanwhile, Romeo Kumalo, Vodacom South Africa’s commercial executive director, estimates that mobile media ad-spend in South Africa could reach R1.5 billion by 2011 (Suliman, 2008:48), while from a global perspective, “according to Informa, the financial impact of mobile marketing content is expected to top \$12 billion by 2013, and more companies are discovering the benefits of mobile advertising” (Yaniv, 2008:86). Digital media potentially improve the possibilities to reach consumers by allowing personalisation of the content and context of the message. By combining customers’ user profile and the context situation, advertising companies can provide the target customers exactly the advertisement information they desire.

As such, mobile advertising is closely related to online or Internet advertising, though its reach is far greater owing to different types or forms that comes in. Currently, most mobile advertising is targeted at mobile phones estimably to a global total of 3 billion as of 2007, and was expected to reach 4 billion in 2008. Notably, computers, including desktops and laptops, are currently estimated at 800 million globally (Anon., 2009).

1.2 BACKGROUND TO THE STUDY

The introduction of cellphone communications caught the attention of the media industry and advertisers as well as cellphone manufacturers and telecom operators. The media environment has certainly fragmented. Mobile media has begun to draw more significant attention from media giants and advertising industry since the mid-2000s, based on a view that mobile media was to change the way advertisements were made, and that mobile devices can form a new media sector. Digital marketing is becoming more pervasive and is often able to engage consumers in a way that traditional media cannot, although revenues are still a small fraction of the advertising industry as a whole. For example, social networking sites such as MXit, Rate 'n Date, My Space and Facebook account for a large share of consumers' time; hours that may have previously been spent watching television.

Mobile marketing is becoming more popular, and advertising can effectively lower the cost of providing content in the same way that it has done in the past for television and the press. For some consumer types, new media such as social networking sites and mobile advertising may be the only effective way to reach them. According to PQ Media, US expenditure on alternative media reached \$73.4 billion in 2007, a rise of 22% over the previous year (Banerjee *et al.*, 2008), and is also forecasted to rise to account for over 26% of marketing budgets by 2009. As such, there are more options open to consumers and, as a result, more options available for advertisers. Traditional media have to compete in this new environment.

Types of mobile advertising has changed rapidly, and mobile technology has come up with a strong push for identifying newer and unheard-of mobile multimedia, with the result that subsequent media migration will greatly stimulate a consumer behavioural shift and establish a paradigm shift in mobile advertising. A major media migration is on, as desktop Internet evolves into mobile Internet. Banerjee *et al.* (2008) are of the view that technological capabilities have enhanced companies' ability to target potential customers with location tracking technology such as GPS-enabled mobile phones.

However, it should be kept in mind that the rapid change in the technology used by mobile advertisers can also have adverse effect to the number of consumers being reached by the mobile advertisements, due to technical limitations of their mobile devices. Because of that, campaigns that aim to achieve wide response or are targeting lower income groups might be better off relying on older, more widespread mobile advertising technologies, such as SMS. Countries such as Japan, New Zealand, Germany, and the UK, which have cost-effective and interoperable wireless structures, a high penetration of mobile phones, and a relatively low cost for SMS, have experienced remarkable success with the SMS application (Barnes & Scomavacca, 2004:131). However, according to Banerjee *et al.*, (2008), there are concerns that while such advertising might be more contextual and relevant, it may also breach the privacy of consumers, and therefore affect the effectiveness of such advertising.

Locally, on the 11th October 2007, Vodacom announced that it will be selling text advertisements on its free callback service and banner advertisements on its mobile WAP Portals, Vodacom4me and Vodafone live!, as part of its strategy to move into the multimedia and broadcasting arena. By doing so, Vodacom entered the media space in line with its strategy to diversify into a multimedia company, and estimate mobile media ad-spend in South Africa could reach R1.5 billion by 2011 (Suliman, 2008:48). With the launch of this service, Vodacom sells the text advertisements on its *Please Call Me* service – its free call-back service claimed to generate up to 20 million messages a day reaching both the lower and higher end of the market. Banner advertisements are sold on Vodacom4me and Vodafone live! WAP portals. The two portals reportedly draw over 3 million users per month, serving WAP banner advertisements which offer consumers an optional click-through to a mobile website, allowing them to decide if they want to engage further with the brand. However, the power of mobile advertising throughout the world is complemented by WAP enabled cellphones which allow Internet access (Vodacom, 2008).

According to a research done by World Wide Worx, the number of South Africans with access to the Internet was expected to grow by just over 3% in 2007, despite massive growth in broadband connectivity. The study shows that a total of 3.85-million people in South Africa – a mere 8% of the population, or 1 in 12 people – will have access to the Internet by the end of 2007. Despite the dramatic rise of broadband usage, this was

viewed to be the slowest growth South Africa has ever seen in overall user numbers since the arrival of the Internet in the country. The study also revealed that there will be more than 800,000 broadband subscriber accounts active in South Africa at the end of 2007. However, these represent only 650,000 unique users (Goldstuck, 2007).

The number of South Africans who use their cellphones to access the Internet now exceeds the number of those who rely on traditional desktop means of connecting to the World Wide Web. South Africa has close to 9.5 million mobile Internet users compared to the estimated 5 million desktop users. Research from an international cellphone browser company, Opera Software, indicates that there has been a significant increase in the number of mobile Internet users in South Africa since the beginning of 2008, with user growth increasing by 92.6% between January and September 2008. In Opera Software's October edition of the State of the Mobile Web report, South Africa ranks 6th in the global Top 10 for mobile Internet usage, ahead of both the US (7th) and the UK (9th). Egypt (8th) is the only other African country to appear in the Top 10 (SA Good News, 2008).

However, BMI-TechKnowledge has announced the publication of its report entitled *SA Consumer Handset Model and Cellular Activities Report*, which reveals that the number of unique cellular users is expected to increase from approximately 35 million in 2008 to just less than 42 million by 2013. Consumers are predominantly using prepaid payment mechanisms, especially amongst lower income users, and this is unlikely to change significantly in the near future. Nevertheless, mobile Internet browsing and mobile e-mail access are expected to increase rapidly, with the report forecasting over 15 million users accessing the Internet directly or indirectly on their handsets by 2013 (BMI-TechKnowledge, 2008).

As such, the appeal of the fixed Internet is built from rational and functional benefits: getting things done quickly and easily. Even pleasure from exploration / browsing is justified as productive, while the nature of the mobile service means that this rational focus will even be stronger with the mobile Internet. Smaller screen and lower quality sound versus the PC sound reduce emotional engagement in websites. Also, keyboard usage and absence of a mouse makes responding more cumbersome. The core consumer desire is access to the complete Internet - all the information on it even in a

basic or slightly modified form. Therefore, consumers are prepared to compromise on user experience for the reassurance that they can access any site on the Internet. Being able to access the entire Internet creates the confidence that they can achieve anything that they want when away from their PC.

1.3 PROBLEM STATEMENT

With both mobile advertising and mobile Internet being new services in the South African market, it is still not clear whether customers are getting exposed to advertising initiatives as expected by mobile advertising service providers, and if advertisers are getting value for the money they spend in developing and posting mobile advertising banners. According to Thomas (2007), the advertising industry, as a whole, has the poorest quality-assurance systems and turns out the most inconsistent product (their advertisements and commercials) of any industry in the world. This might seem like an overly harsh assessment, but it is based on his company, *Decision Analyst*, testing thousands of advertisements over several decades. In their experience, only about half of all commercials actually work: have any positive effects on consumers' purchasing behaviour or brand choice. This leads to a need for research on understanding the value of cellphones as a modern mass advertising medium serving advertisements targeted at mobile customers.

By studying the above problem, one will be able to understand the value of cellphones as a modern advertising medium as opposed to traditional cellphone functionalities such as voice communication and other services for high-end cellphones such as mobile Internet access, travel information, current news and weather, travel maps and location information, multiple player games, cellphone auction bidding, and other relevant social and chatting services. Importantly, the study will help advertisers understand the amount of customers who are exposed to modern mobile advertising methods such as flash, static and dynamic click through banners delivered to their cellphones when they visit the mobile Internet, as well as the traditional SMS and MMS. This will help service providers and advertising agencies in understanding whether it is a good investment to

advertise their brands on mobile phones or if it is still safer to go through the traditional advertising media such as press, television, and billboards.

1.4 RESEARCH OBJECTIVES

The primary objective of this study was to establish if mobile advertising has any influence on consumers in the short-term insurance industry. Being a new advertising medium in South Africa, this study attempted to determine its effectiveness in selling a product or service, and the possibility that this medium can persuade customers to change their behaviour and or attitudes towards a particular brand.

1.5 RESEARCH DESIGN

The research design followed a two phase approach. Phase 1 focused on the literature review, and phase 2 consisted of the empirical study as indicated below.

1.5.1 Phase 1: Literature review

The main objective of this section was to create a theoretical base for the compilation of the survey questionnaire. In this phase, relevant books, journals, the Internet and other resources relating to the topic were consulted as key sources of information.

1.5.2 Phase 2: Empirical study

The empirical study phase consisted of the research design, study population and data sample, questionnaire pilot test, questionnaire distribution, data collection, and data capturing and the statistical analysis used.

1.6 LIMITATIONS OF THE STUDY

This research cannot be generalised due to the following reasons:

- The sample was drawn from many short-term insurance companies, most of which are not advertising their services on mobile media.
- The sample was small, chosen from a single province, and cannot give a true reflection of the total South African short-term insurance industry.
- Based on the sample selected, an element of bias cannot be fully prevented.

1.7 SIGNIFICANCE OF THE STUDY

Mobile phones have changed the way marketing managers communicate their brands and their marketing initiatives to their consumers. According to Xinze (2008:33), mobile phones have become perhaps the most powerful symbol of individuality in the modern world. From appearance to colour, from ringtone to MMS, everything about a mobile phone speaks to the character and tastes of its user. This new marketing medium also allows marketing to be tailored to individual tastes, allowing sellers to promote their image by targeting only those consumers that have signalled interest, for example, mobile subscribers can opt in to receive marketing information from specific brands or businesses. Also, it is claimed that mobile phone operators have a much better understanding of their customers' consumption patterns than traditional media owners, as they can even identify the hobbies, behaviour, and character traits of subscribers by using available intelligent tools.

In South Africa and abroad, businesses are looking at ways to maximise company performance, and the mobile avenue has become one of the key mediums that marketers are focusing on. However, the impact of this new medium is still not well known. There are still issues around measuring its effectiveness, with some marketers still battling to measure its reach and frequency. Also, other problems like customer

privacy, understanding the target market, communication relevancy, and regulatory affairs take the centre stage. This study investigated at the impact of this medium on consumers, and has chosen the short-term insurance industry. The study also addressed some of the disadvantages that this medium has for marketers, while its positive influences were also outlined.

1.8 STUDY ASSUMPTIONS

The assumption made in this study is that although it is a new medium with challenges in directly measuring its effectiveness, mobile advertising has a positive impact on consumers in general. Also, marketers and service providers who have used this new medium already view it as a cost effective and broader way of communicating and selling their products and services to customers.

1.9 LAYOUT OF THE STUDY

The following is a breakdown of chapters for this study:

- Chapter 1: Provides the introduction to the mobile Internet and mobile advertising in South Africa and globally. The problem statement follows and describes the research objective, limitations and significance of the study.
- Chapter 2: The literature review in chapter 2 focuses on the introduction of mobile Internet and mobile advertising, the different types of mobile advertising formats, and the mobile advertising creative design. This chapter also investigates the advantages of mobile advertising to marketers and service providers, the key challenges faced by marketers and service providers in mobile advertising, and the effectiveness of this medium and its future in the market.

- Chapter 3: This chapter discusses the research methodology that was used. The chapter also presents, analyses, and interprets the research results and findings of this study.
- Chapter 4: This final chapter presents the conclusions and recommendations of this study. A suggestion of further areas of research is also proposed.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

As markets become more individualised, the creation of specialised consumers will occur. A new trend entails designing, creating and manufacturing products, marketing strategies and advertising campaigns to benefit very specific geographic, demographic or psychographic segments of the consumer market (Nylund, 2009:70). As such, the ultimate smart-ad tool would enable a marketer to “hit” an individual with a low-cost, interactive message anytime, anyplace – a platform for a campaign that could identify and follow prospects throughout the world, as if they were continuously online. Forward-thinking marketers even have a name for this dream medium: the mobile phone, commonly known as a cellphone in the South African context.

“Mobile is becoming the connective tissue that unites traditional media with digital marketing, making static advertisements both interactive and measurable” (Feldman, 2008:2). Through the direct-response capabilities inherent in mobile technology, publishers can benefit from the transformation of print, radio, television and out-of-home advertising.

Braiterman and Becker (2008) view the mobile phone as the most ubiquitous communication channel on the planet far surpassing fixed line telephones and Internet connection, which makes mobile advertising one of the most exciting new frontiers in advertising in the world. This view is also supported by Ktoridou *et al.* (2008), who believe that mobility and reachability eliminate barriers of geographical position and time. As the Internet is reinvented on mobile devices – smaller, more personal and personalised, ubiquitously accessible – established forms of interactive advertising will also evolve as it migrates from PCs to mobile devices.

Tripathi and Mittal (2007) define mobile advertising as a form of advertising that targets users of handheld wireless devices such as mobile phones and PDAs, either via a synchronised download or wirelessly over the air, with the advertisers’ aim being to

reach the target customers anywhere anytime. Laszlo (2009:29), concurs that mobile “interactive” advertising is advertising or marketing messages delivered to portable devices, either via a synchronised download or wirelessly over the air. From a broader perspective but still sharing the same underlying perspective, Ktoridou *et al.* (2008) formulated a definition of mobile “commerce” as any e-commerce or e-business conducted via a wireless environment, especially the Internet using mobile devices and primarily wireless networks. This concept enables enterprises and commerce applications for customers, partners, and employees at any time and place.

Although these broad definitions potentially include advertisements delivered to laptops, media players, and other classes of portable device, in practice, the most interesting and potentially revolutionary part of the mobile advertising market lies in delivering messages to non-PC devices – primarily mobile phones. The above broad definitions share some similarities in terms and concepts used, which include handheld or portable devices, the wireless and over the air environment, and reaching customers anytime anywhere.

In order to promote the selling of its products and services, short-term insurance companies in South Africa have found a new medium in which they direct some of the activities required to communicate with their customers through mobile devices. “Combining the customer’s user profile and context situation, advertisers can provide the target customers exactly the advertisement information they desire, rather than just “spam” them with irrelevant advertisements” (Tripathi & Mittal, 2007).

Mobile Internet and advertising are, in some ways, similar to the PC-based Internet. These similarities expedite advertisers' ability to take advantage of the mobile medium. Leveraging accepted web advertising best practices facilitate building a successful mobile advertising business. At the same time, the user experience, interactivity, and expectations of consumers on the mobile web differ from their PC counterparts, and simply transplanting PC optimised advertising onto mobile devices is unlikely to yield optimal results. Laszlo (2009:30) indicated that, while a broad spectrum of uses motivate consumers to access the PC based Internet, consumers today typically use mobile interactivity for one of two main reasons:

- *To save time*, by finding strategic information “on the fly” and then returning to what they were doing. This use can be compared to a quick information snack where, by comparison, the PC-based internet represents the main course. Looking up an address or map or doing mobile banking, are examples of a time-saving application, as are checks of traffic or travel information.
- *To fill time*, by engaging with entertaining or informative mobile applications to fill unexpected slow moments in the day. This use case, too, is likely to be short and interrupted unexpectedly; however, a user in this mode is open to – and indeed hoping for – amusing distractions. Mobile games, chat services and media fit in this category.

Considering the above main reasons, Laszlo (2009:30) states that these distinct user mindsets characterise the unique benefits offered by mobile interactivity as compared to more traditional usage such as a phone call. Also, marketers planning mobile campaigns will need to consider the ramifications of reaching a user in timesaving versus time-filling mode: even if it is the same individual, the messages and offers that resonate may differ. The mobile world presents numerous opportunities for marketers to reach consumers. Mobile features such as SMS, MMS, wallpaper and mobile video downloads, as well as WAP banners all provide important opportunities for marketing and / or advertising messages.

2.2 MOBILE ADVERTISING CHANNELS AND CREATIVE FORMAT

Advertisers seeking to reach a wide cross-section of the mobile population must develop creatives in a variety of sizes and formats. When creating a mobile campaign it is important to remember that there are multiple channels for reaching mobile customers. Designing creatives for only one device type or class would be simpler and speed time-to-market, but would also necessarily limit the addressable audience for the campaign.

According to Laszlo (2009:31), mobile display creative takes a variety of channels:

- *Text*: the earliest mobile advertising messages were largely text-based. Even today, text remains a common creative format on both the mobile web and in other applications like SMS and MMS.
- *Graphical banners*: images conveying a marketing message can be animated or static, and interactive (clickable) or not.
- *Video*: There is little doubt that consumption of mobile video, and therefore opportunities to deliver mobile video advertising, will grow in the United States in the next five years, despite slow rates of handset-based video adoption to date, and competition from specialised portable video playback devices like iPhones, BlackBerry, HTC, as well as some high-end Samsung, Sony Erickson, and Nokia devices.

Mobile display advertising generally takes two major forms: display advertisements delivered on the device itself (within a cellphone itself via SMS or MMS, on the WAP portal as banners, or some other phone-based application), or display advertisements in other media that feature a mobile call-to-action (typically sending a keyword via SMS to a short-code).

According to Laszlo (2009:31), on-device display advertisements take forms that have immediate analogs on the PC-based Internet and include formats such as text advertisements (either static or clickable), graphical banners (either static or clickable), graphical banners with associated text links, video pre-roll, and traditional TV commercials at standard mobile lengths.

In regard to “outside of mobile video” advertisements, these formats are generally clickable or otherwise interactive, as with advertisements on the PC-based Internet. The results of a “click,” however, can range beyond just taking the viewer to a landing page, and include initiating a text message or call, depending on the capabilities of the device being used. On-device display advertisements can serve the same spectrum of functions as display advertisements on PCs, ranging from pure brand building to pure direct response (Laszlo 2009:31).

In addition to delivering display advertising on the device itself, mobile advertising is uniquely able to activate traditional offline advertising (such as outdoor, live event, and television), or even PC-based advertisements, with an interactive, measurable call-to-action via SMS, MMS, and or wireless application protocol (WAP) push.

According to comScore M:Metrics, as of November, 2007, almost nine million people reported responding to an advertisement in a traditional medium (such as print or outdoor) by sending a text message, and over one million actually responded or purchased based on that interaction. Advertisers tapping into mobile advertising for offline display media view the mobile phone as a “mobile mouse” allowing consumers to self-select and activate traditional media and drive a new interactive channel. Examples of this "offline interactive" capability include mobile coupons to help drive to point-of-sale (POS), mobile PINs to help drive to web, mobile ticketing to help drive to an event, mobile option to onward-going customer, and relationship management (CRM) (Laszlo, 2009:32).

Integrating mobile marketing into other campaigns – as opposed to treating it as a stand-alone platform – can prove highly effective for traditional advertisers. Tapping into the communication that is possible with users on their mobile phone, can establish deeply personal relationships between brands and consumers. The mobile phone is the one device consumers are likely to always have with them, giving it a unique ability to knit together messages delivered via other media.

2.3 MOBILE ADVERTISING GOALS AND CUSTOMERS TARGETING

The more that consumers across the globe look to their mobile devices for information, entertainment, and communication beyond just phone calls, the greater the opportunities to deliver compelling mobile advertising to those consumers as well. As with any other platform or medium, a successful mobile campaign requires a solid media plan, well defined campaign goals, as well as an effective creative targeted to the right audience at the right time.

2.3.1 MOBILE CAMPAIGN GOALS

Given the fairly high level of engagement and click-through rates, direct response campaigns tend to be dominant. Laszlo (2009:35) indicated that well defined goals for mobile campaigns can include any of the following:

- Driving click-through to an informational page
- Driving calls to a call centre
- Collecting phone numbers
- Delivering coupons
- Fielding product interest or information request surveys
- Collecting email addresses
- Offering a store locator
- Selling product or service
- Service or product launch

Mobile is a strong medium for branding as well, and matching campaign goals against the variety of creative and placement options make for complex combinations that marketers and agencies must navigate.

2.3.2 CUSTOMER TARGETING

Targeting capabilities on mobile devices potentially are better than anything on any other medium. Today, however, they remain at a relatively early stage of development. Advertisers should take advantage of today's capabilities while looking ahead to even better ones tomorrow.

Unless marketers work directly with mobile operators, demographic targeting is currently challenging. However, any mobile advertising server can target based on handset, which can serve as a proxy for demographics in some cases. It is also possible to target by carrier, and advertising servers are also starting to offer targeting

by geography. Bruner and Gluck (2006) believes that geo-targeting is a widely practiced form of online targeting. It obviously makes sense to geo-target for companies whose products or services are available only in regional or local markets. The challenge faced by many international companies serving advertisements that are not geographically targeted is mainly distribution, which might include regulations, language and other localisation issues.

Some publishers are beginning to incorporate user profile on customer registration, improving targeting capabilities. Another interesting aspect that helps marketers when targeting customers is personalisation, which enables preparation of information to specific customers' needs (Ktoridou *et al.*, 2008:41). However, the value of personalisation on a small device gives users a strong incentive to register, while technical limitations (the time it takes to type in a user name and password, the lack of support for shortcuts such as cookies on most mobile devices today) may impede users' ability to register for the near term.

Summarising the above, Friedrich *et al.* (2009:54) are of the opinion that marketers can build an interactive relationship with their customers. This is made possible by identifying customers over and above their demographic information, which will include their behaviour on their WAP portal using advanced intelligent tools that show where each customer enters the portal, where they go to in the portal, and where they exit the portal. Other targeting information that marketers can obtain include customers' social and communication patterns.

Sharing Friedrich's opinion is Yaniv (2008:88), who believes that mobile operators possess a very strong knowledge about subscribers' mobile usage habits, their preferences, browsing history, and mobile device type. Through this information, marketers are able to target their customers by tapping into their current desires and needs, making mobile advertising more effective.

2.4 ADVANTAGES OF MOBILE ADVERTISING

Mobile campaigns typically see strong consumer response and click-through rates, with significant business opportunities awaiting those pioneers who launch early mobile marketing endeavours. Friedrich *et al.* (2009:54) believe that of all the opportunities for marketing made available by new media, the mobile platform perhaps holds the most potential. The use of mobile devices represents an unprecedented and unparalleled shift in how consumers use media.

Both Laszlo (2009:39) attributed the strong click-through rates and business opportunities to the novelty effect of an interested early adopter user base, and the fact that the platform is still in its early days. The platform is new and exciting, consumers are increasingly making use of mobile interactivity, and strong growth in adoption will continue for the next several years. At the same time, advertisers on mobile devices must be cognizant of the newness of the platform, which presents a number of opportunities and advantages.

The following are some of the main advantages envisaged for this study:

2.4.1 Broad subscriber base

According to Li *et al.* (2002: 39), governments control the number of mobile operators in many countries, by offering limited licenses. As a result, operators are able to acquire a huge subscriber base that can serve as a powerful marketing platform for businesses operation in other sectors - at a price. Laszlo (2009:39) believes that in relation to a broad customer base, strong response rates are also driven by a relative absence of clutter on mobile screens; relatively few advertisements presented make the ones that are more likely to attract attention.

In South Africa, Vodacom is a good example, with more than half the registered population of South Africa as its subscribers, while MTN carry the highest numbers of subscribers in Africa.

2.4.2 Precision marketing through segmentation

As indicated under targeting above, mobile marketers have a much better understanding of their customers' consumption patterns than traditional media owners. They can even identify the personal hobbies and character traits of subscribers through their use of content-rich data services. Although there are limits on how subscriber data can be bundled and sold, precise customer segmentation and niche market identification are powerful selling points for mobile phone operators (Li *et al.*, 2002:40).

Friedrich *et al.* (2009:55) believe that mobile channels allow game-changing marketing plans that address individual customer needs and interests. And, by doing so, they also maximise net reach impact. Since a mobile device is exclusively available to the primary users - not just in fixed locations, but wherever they go -, this makes mobile market segmentation easy.

2.4.3 Convenience marketing

“Mobile phone marketing has unparalleled advantages over traditional marketing media in terms of time and place, allowing advertisers to use location-based advertising (LBS) to hit their target audience right at the spot of the first sales opportunity” (Li, 2008). Onsite advertising can also be combined with information on the customer's personal interests and consumption preferences to create a truly precise real-time marketing tool. Bruner and Kumar (2007:10) believe that because it is specific to the location of the user and the service provider or product, LBS advertising essentially refers to the marketer-controlled information customised to the location where users access advertising media.

Yaniv (2008:87) agrees with Li, Bruner and Kumar, citing that personalised advertisements inserted to different channels can also be triggered by customer location. Also, the mobile ad platform can receive location based triggers when a customer enters a location registered for a specific campaign. Of the same view is Friedrich *et al.* (2009:56), who believe that mobile channels, with 24/7 access to a

unique consumer, can build interactive relationships by identifying customers not only in terms of personal identity, but also in terms of commercial behaviour, geographic location, and social and communication patterns.

However, Ktoridou *et al.* (2008:38) indicated that location-based advertising on mobile devices will basically be a pull service. This means that the service is only used if a customer is interested to receive advertising information or looks for specific information. As such, it is imperative to define the level of permission a customer or device has granted to the marketer / cellphone operator to receive advertising messages from them.

2.4.4 Interactive marketing

Like the Internet, mobile phones can facilitate a truly interactive encounter between a marketer and potential consumers through voice, SMS, MMS, IVR, WAP and other digital marketing techniques (Li, 2008). However, Yaniv (2008:88), believes that interactive response capabilities enable advertisers to take advantage of the spontaneous impulse instinct – a click to respond capability is much more likely to be acted upon by a consumer than a message that must be remembered, retrieved, and acted upon later.

The value of an interactive response capability is frequently examined and affirmed. On its mobile advertisements, Vodafone reports click-through rates of 1% to 20%, with an average of 2% to 3% when mobile advertising was not very popular (Vodafone, 2008), while Blyk UK reports response rates of up to 30% (Anon., 2008). When compared, click-through rates of online advertisements on the PC Internet are often less than 0.5% (Gibbs, 2008), while click-through rates for mobile Internet are estimated to be 5 to 10 times higher than those for other forms of online advertising (Clark, 2008:58).

2.4.5 Personalised marketing

According to Li (2008), mobile phones have become perhaps the most powerful symbol of individuality in the modern world. Mobile phones also allow marketing activities to be

tailored to individual tastes, allowing sellers to promote their image by targeting only those consumers that have signalled interest. However, Yaniv (2008:90), believes that mobile operators possess a very strong knowledge about subscribers that can be used to target advertisements with an unprecedented degree of precision, which includes demographic and geographic information, as well as mobile usage habits and preferences, browsing history, and mobile device type. Through this information, marketers can be able to target market segments and individuals by tapping into their current desires and needs, making mobile advertising more effective.

Of the same opinion is Laszlo (2009:39) who believes that mobile interactivity is more than simply the PC-based Internet on smaller screens. Beyond TVs or even PCs, mobile handsets are highly personal devices, and mobile media will be highly personal as well. Delivering relevant, desired, valuable information on mobile devices has the potential to move consumer relationships with brands to a new and very deep level.

2.4.6 Technology evolution

The development of mobile technology, especially in the 3G era, has meant mobile phones have become an electronic multimedia device rather than simply a communications tool (Li *et al.*, 2002: 43). Combining various elements, such as mobile TV, games, music and the Internet, a mobile phone is the ideal canvas on which marketers can target consumers with innovative marketing approaches, meaning the end of the drab sales pitch. This will require integrators and traditional ad agencies to explore new creative ideas and combine multiple marketing tools. In this sense, mobile phone marketing does not need to be positioned as a replacement for traditional marketing media, but rather as a new window to build on and augment existing campaigns.

A feature-rich generation of attractive mobile devices like the iPhone, BlackBerry, and HTC has arrived, and the devices now commonly include GPS navigation, MP3 players, cameras, and various other multimedia features. High-speed connectivity, including broadband and 3G HSDPA, is widely available to the vast majority of people in developed markets, while data usage-based tariffs are replaced by attractive flat rates and subscription services (Friedrich *et al.*, 2009:59).

2.4.7 Multiple channels

According to Yaniv (2008:89), traditional methods of advertising have a single way to reach the public – a printed newspaper through advertisements on the printed page, while a radio station has one primary way to advertise, via broadcast audio file. Mobile advertising is fundamentally different due to the multiplicity of ways it can be used to reach users, which falls into four basic groups: *web browsing* (banners, interstitial pages, headers, footers, and search results), *audio or video streaming / download* (pre-roll, mid-roll, post-roll, split screen, and overlay), *messaging* (voice, SMS, and MMS), and *voice calls* (ring-back tones, visual voicemail, and customer services).

2.4.8 Real-time triggering

Another advantage of mobile advertising is its ability to enable event triggered advertisements. Yaniv (2008:89) indicates that the mobile ad service can use routine alerts as triggers for sending targeted advertisements to consumers through various touchpoints, including billing triggers, voice application triggers, and location service triggers.

2.4.8 Cutting costs

Lastly, the cost of delivering advertising via mobile phone, be it through SMS, MMS, streaming media or any other technique, is significantly lower than via traditional formats such as TV and print. In addition, mobile advertising has a much greater chance of reaching the eyeballs of its target audience than advertising through traditional media (Li, 2008). Sharing the same view is Feldman (2008:3), who believe that mobile advertising is cost effective, and that it is a tiny fraction of most above and below the line advertisements, which is even a very small portion of the marketing budgets.

2.5 MOBILE ADVERTISING KEY CHALLENGES

Balanced against the opportunities, advertisers must also take into account key challenges that mobile advertising face today. “Early efforts at using mobile phones in advertising have often been poorly thought out and executed, and the resulting pitches have had a disturbing similarity to spam” (Li, 2008). Bombarded with bad SMS advertisements, subscribers have been more likely to complain than consume.

According to Thomas (2007), unlike most of the business world which is governed by numerous feedback loops, the advertising industry receives little objective, reliable feedback on its advertising. This is because few advertisements and commercials are ever tested among consumers, leading to one really understanding if the advertising is any good, especially in mobile advertising.

For this study, the undermentioned key challenges were identified:

2.5.1 Consumer Privacy

According to Tripathi and Mittal (2007), a consumer expects messages to be personal and of high interest and this makes the disappointment greater when they get undesired messages. Mobile advertising may even step over the line of discretion and invade consumers' privacy because of the personal nature of the mobile device. Pedersen (1997) describes privacy as a boundary control process where the individual controls who he or she will establish contact with, how much and what nature the interaction will be. As a result, perceptions of usefulness would vary between public and private locations (Bruner & Kumar, 2007:11).

Meanwhile, Li *et al.* (2002) discuss how negative reactions like irritation arise through intrusion advertising. The channel influences consumer responsiveness to marketing communication by being perceived as either disturbing or acceptable (Abemethy, 1991:223). Partyka (2009:12) shares the same sentiment, she believes that privacy remains a sensitive issue that will bite those that cross the line. If the consumer

considers marketing communication via a channel as disturbing, it may negatively affect the attention to and perception of the message.

One of the main challenges for mobile advertising companies is to understand and respect the personal nature of the usage of mobile phones (Barnes & Scornavacca, 2004:128; Jelassi & Enders, 2004:14). As such, the challenge for marketers is how to determine what is relevant for their customers and target them without infringing their privacy. Suliman (2008:48) believes that with the booming of mobile advertisements, the power is truly in the hands of the consumer. Unlike traditional advertising that 'pushes' the message to the consumer, mobile advertising 'pulls' – in other words, the consumer 'pulls' the advertising they are interested in.

2.5.2 The market

The two key market challenges that early advertisers face relate to the supply side of the business and the need to proceed prudently where targeting and the use of consumer data is concerned.

Fundamentally, supply constraints result from today's combination of a relatively finite universe of mobile media, and a still-small audience for much of that content. Time will help ameliorate both of those constraints, but it is incumbent that all players in the value chain both support and encourage carriers in their efforts to increase the popularity of mobile data (Laszlo (2009:40). The industry can best accelerate its growth by driving new user demand for mobile content, rather than just filling existing demand from current mobile data users.

According to Laszlo (2009:40), the second key market challenge relates to the need to balance the high targeting potential of mobile against consumers' comfort level with such targeting. Advertisers and publishers alike should be respectful of consumer privacy and should continue to support industry efforts around self-regulation, such as the IAB's guidelines on privacy, released in February 2008. This extends beyond mobile display to other kinds of mobile advertising as well; consumers will repay marketers who

respect their sense of privacy with regard to messaging on these highly personal devices.

Targeting faces a challenge of scaling as well; although operators can provide demographic data, such information is not standardised across networks, nor is it available to advertisers buying outside of operators' networks.

2.5.3 Technical challenges

One set of technical challenges facing mobile pioneers relate to fragmentation of various sorts. The mobile audience is fragmented across multiple platforms, with multiple sellers, multiple carrier networks, multiple devices, and multiple business models, all of which hinder consistency of execution. In such a highly fragmented landscape, identification of a user, user session, browser, or device can pose a significant problem, hindering the ability to deliver the right advertisement to the right user at the right time. Fortunately, solutions are emerging (Laszlo, 2009: 39).

Mobile advertising platforms that can handle the heavy lifting are becoming better established, and working with them or with publishers directly can help abstract from the complexities of the platform and reduce challenges.

According to Laszlo (2009: 39), a second set of key technical challenges in the mobile world revolve around measurement. For example, the state of mobile platforms makes it difficult to:

- Measure unique users against lots of polluting traffic (bots, spyders, and others.)
- Track international traffic versus local traffic
- Measure advertising impressions in intermittently connected content like games or downloaded audio.

As such, vendors are developing solutions that will supply the data advertisers and agencies required to judge campaign success. Understanding available metrics from

clients or potentially third parties is a key piece of homework advertisers should do when researching mobile opportunities.

2.5.4 Creative staff

Creative directors should keep in mind the user experience on devices with small screens and typically limited user interfaces. According to Laszlo (2009: 35), even designers with significant web experience are likely to lack two kinds of expertise needed to craft successful mobile sites:

- *User interface (UI)*: Building landing pages requires a focus on the capabilities and usage patterns of mobile devices.
- *Device recognition*: Adjusting a base design and quality assurance testing across the wide array of devices on the market poses an ever-changing challenge.

As such, advertising creative needs to be made for mobile; simply repurposing display creative from the web (or video creative from TV) makes for a poor user experience on mobile devices. This applies not just to the creative itself, but also to landing pages or mini and mobisites (the pages reached by clicking on advertisements).

2.5.5 Relevancy

According to Yaniv (2009:90), the user's interest and needs are quite crucial when targeting customers. Relevancy helps in achieving a positive user experience that wins acceptance, engages the user, and results in high click-through rates. The engines, mechanisms, and algorithms devoted to overcoming this challenge must embrace all delivery channels so that all users get advertisements of high interest at appropriate times.

“Context is an important factor when determining the effectiveness of an ad” (De Pelsmacker *et al.*, 2002:49). Kenny and Marshall (2000:119) and Yuan and Tsao

(2003:399) agree that the mobile advertising relevance can be influenced by the contextualisation of advertising messages. Of the same opinion is Barnes (2002:399), who focuses on the interactive nature of mobile advertising and the ability to use contextual information for targeting the messages to individual receivers through personalised messages.

2.5.6 Spam

As in consumer privacy above, mobile phones are more personal than PC, and the user is sensitive about receiving unwanted advertisements. Therefore, advertisers should be careful and adhere to clear policies regarding the distribution of these advertisements. In South Africa, these policies are governed by the Wireless Application Service Providers' Association (WASPA). Key points to consider include the number of advertisements that can be sent to a subscriber over a given time period, the types of advertisements, the timing of advertisements, and giving subscribers an option to opt out of the service, while maintaining high sensitivity to user attitudes and perception (Yaniv, 2009:91).

2.5.7 Managing reach and frequency

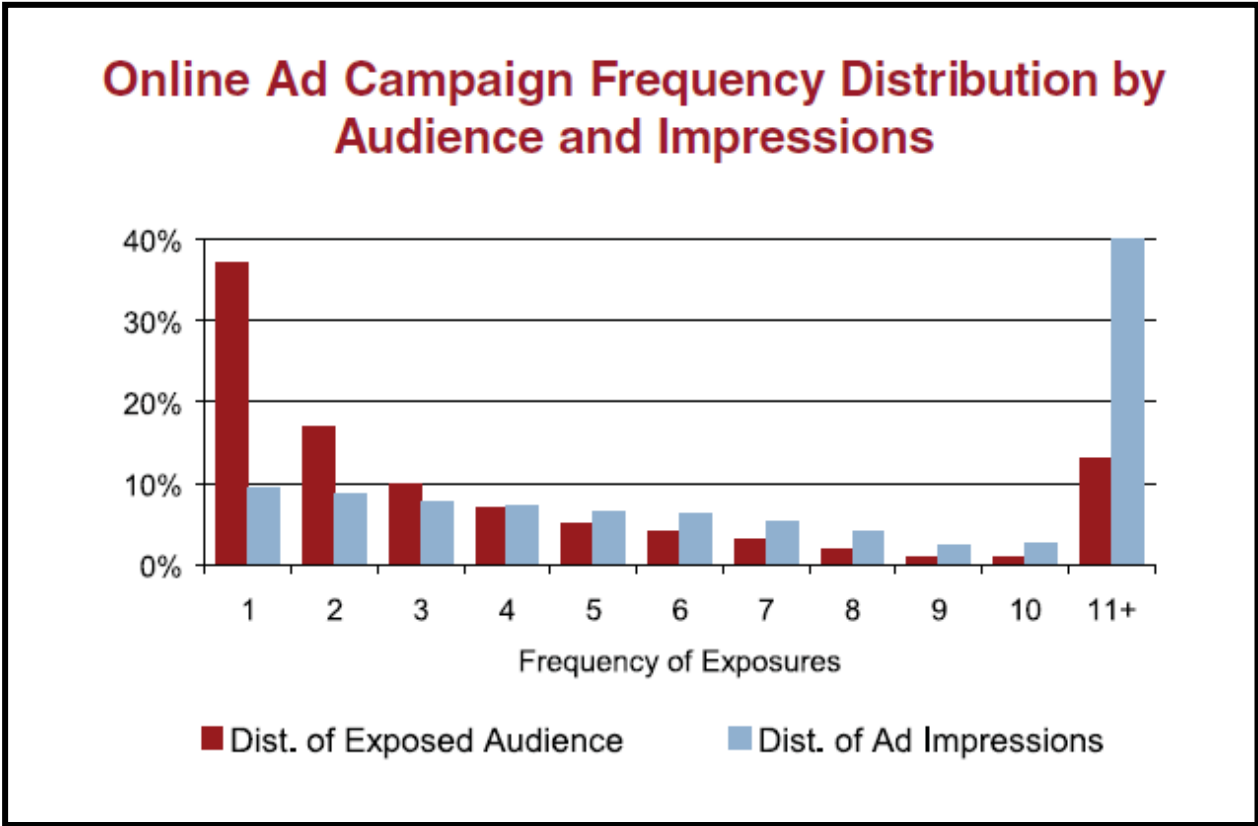
Whether a campaign's objectives are more geared towards brand development or direct response, in almost all cases it is in the advertiser's best interest to maximise the number of people who see the campaign ("reach") at an optimal number of exposures to the ad per person ("frequency").

According to Bruner and Gluck (2006), reach and frequency have a proportional relationship. Each ad impression in a campaign is shown either to someone who has not yet seen the campaign, thereby expanding its reach, or to someone who has, increasing the campaign's average frequency. The "optimal frequency" is ambiguous since little research exists on the subject, and results will vary according to the product, campaign objectives and other factors. However, conventional wisdom is that the optimal frequency for most campaigns is around 4 - 7 ad exposures, and, much beyond

that, results hit a point of diminishing returns for both brand and direct response objectives.

Figure 2.1 (from Bruner and Gluck, 2006) illustrates the reach and frequency challenge. It indicates a campaign where 37% of the audience sees only one exposure of the ad, 17% sees it twice, 10% sees it thrice, and the distribution gradually diminishes so that only 1% sees the ad 10 times. But then something remarkable happens: 13% of the exposed audience sees the ad 11 or more times. Assuming that the last “high frequency” set – 13% of the total exposed audience – have seen the ad an average of 12 times per person, works out to 40% of the total impressions of the campaign being consumed by this small segment. By the time someone has seen an online ad 11 times, the odds that further exposure will improve his opinion of the brand, or likelihood to click on the ad, are low. In other words, 40% of the impressions in this campaign represent money largely wasted.

Figure 2.1: Typical distribution of frequency



Source: Bruner and Gluck (2006)

As such, the challenge for marketers is to reach effectively that third of the audience generating only 6% of all pages, while avoiding having heavy users who consume ad impressions at disproportionately high frequencies.

2.5.8 Legal issues

Many countries have introduced regulatory legislation that limit the kinds and amounts of unsolicited advertisements that can be sent to customers, and impose strict penalties on service providers and marketers that violate these regulations. According to Yaniv (2009:87), one essential element of legal compliance is having users to opt in and out to advertising services, although marketers still have to ensure that the content and advertisements they send is relevant to consumers and also offers value.

A good example of the opt-in service is the AdMe service offered by Vodacom South Africa, launched in 2008, which is an opt-in permission based push advertising service. Users who join the service agree to receive advertising messages daily, during the week, and they are also asked to fill in a questionnaire about their lifestyle and tastes. In return, customers receive discount vouchers, special offers, and free give-aways (Vodacom, 2008).

2.6 THE EFFECTIVENESS OF MOBILE ADVERTISING

When analysing marketing communication from the consumers' perspective, the issue of media effectiveness is always challenging (Tripathi & Mittal, 2007). With the increased number of media, this has led to a harder competition, with each media trying to catch maximum consumers' attention. According to Feldmam (2008), effective mobile marketing allows advertisers to establish direct, interactive and ongoing relationships with targeted consumers. Also, he perceived this medium to be easy to implement and measure.

Clark (2008:58) says that as the world's most popular electronic device, mobile is a natural advertising platform, it is always connected and always with the user, while Bruner (2006) is of the opinion that the most successful online advertisers adhere to a disciplined process. They set clear campaign objectives. They build measurement, targeting and optimisation into the campaign process. Also, they carefully assess the final results to identify what practices could improve the advertiser's next campaign.

Tripathi and Siddiqui (2008:49) are of the opinion that attention and time are increasingly becoming scarce resources for consumers in the information age. It has been argued that the information age empowers consumers and creates immediate 24-hour access, which changes consumers' behaviour (Seybold, 2001). Many consumers have attitudes, aspirations, and purchasing patterns that are different compared to what companies have been used to. Today's consumers are claimed to be independent, individualistic, involved, and informed (Lewis and Bridger, 2000), which makes it harder than ever to conduct interruption-based communication.

According to Yaniv (2008:88), it is clear that mobile advertising is by no means intended to entirely replace other modes of advertising. Its proper role is as an integral element in a comprehensive, promotional approach that is complementary to more traditional advertising mediums. However, a key issue is the responsiveness of the consumer to marketing communication, which depicts the consumer's willingness to receive and respond to marketing communication (Laszlo, 2009: 41). As such, any channel should be evaluated according to consumer responsiveness in order to understand communication effects and effectiveness.

According to a report by a lifestyle research company, Tuned In (McEleny, 2008:12), 65% of young consumers find mobile messaging from brands too intrusive. The study of 1,000 16-to-30 year olds found that 44% believe brands should never use mobile as part of their communications mix. The company's MD, Douglas Dunn, said respondents were often disappointed when they received marketing messages as they hoped it was a message from a friend. However, the findings are in contrast to Blyk, the ad-funded mobile service, which offers 16-to-24 year olds free calls and text messages in return for receiving ad messages. Shaun Gregory, UK CEO of Blyk, said that while mobile messaging can be seen as intrusive, if executed correctly it can deliver a significant

response from the demographic. What is important is that when profiled and receiving relevant messages, users do not view the messages as advertisements. If the ad is relevant, then sending it to young people's mobiles can be effective, because they can be targeted when they are out and about.

In another article, Clark (2008:58) looked at the trouble with mobile advertising. He cited that it is ironic that one of the obstacles that marketers has is the lack of information available to advertisers. He indicated that the UK mobile industry body, the GSMA, has been running a trial with UK operators to tackle this issue – they were trying to figure out metrics to measure the effectiveness of mobile advertisements and were also supposed to come up with a "proof of concept" by 2008 year end. By the time of that article, there was no sign of that. Pushkar Sane, a general manager at the marketing firm Starcom Mediavest, was quoted in the same article by Clark (2008:58), citing a few obstacles of mobile advertising at the Mobile Asia Congress in November 2008. He indicated that mobile advertisements are sold in silos, unconnected from other advertising, and that operators can measure eyeballs and clicks but not user intentions - how likely they are to buy, read or download content. Sane also argues that operators will have to choose between making money from advertisements – where they market their services for free - or increase revenue from value-added services. His view is that they cannot have both, an opinion that Clark believes that mobile operators will surely dispute.

However, in a study by Tripathi and Siddiqui (2008:56) on the effectiveness of mobile advertising in India, the authors infer that the relationship that they have sought to examine between mobile advertising efforts and consumers' responsiveness in terms of impact on the purchase decision does exist. However, mobile marketing efforts do not have a substantial impact on the purchase decision of the consumer. The study further indicates that the crux of the problem lies not in relaying mobile advertising messages to mobile users, but in the mass marketing approach being adopted by advertising companies. According to the two authors, mobile users have apparently developed an aversion to the mobile marketing messages, to which they are being subjected. Also, the study revealed distinct preferences expressed by customers regarding the desirable content of such messages. They argue that customers are looking for customization of mobile marketing messages as per their individual requirements, tastes, and preferences.

Sharing the same notion is Partyka (2009:12), who believes that location-specific advertisements or advertisements that are personalised to a person's interest are the most acceptable and often viewed as useful, and that location information enables more targeted, less intrusive, and genuinely useful information to be sent to a user. De Pelsmacker *et al.* (2002:50) believe that physical spaces and locations shape consumer actions and reactions, and constitute an important element of context, while Dholakia and Dholakia (2004:1391) are of the opinion that locations are known to make people play different roles and thus make them receptive to different types of information. "Advertisers need to reach consumers where they are, and consumers are tied to their mobile phones. Mobile is no longer experimental. Test-and-learn efforts have been replaced by campaigns with ROI – producing results" (Feldman, 2008:3).

In a Forrester Research Inc. Report, "U.S. Mobile Marketing: Easier Done Than Said," primary author Peter Kim wrote that 83% of marketers believe that mobile marketing will grow in effectiveness over the next three years. But, although marketers see the channel's growth potential, a technical acronym "soup" and low levels of current adoption among many mobile-marketing formats await early entrants (Liddle, 2008, 24). Kim is targeting the small but influential base of consumers who have already experienced mobile advertisements.

However, there is growing interest on mobile advertising from other non-sceptical media giants. In December 2008, Yahoo is believed to have spent £250,000 in a pan-European mobile marketing push to drive traffic to its mobile home page. Charles Sword, head of mobile advertising for Yahoo Europe, said the aim was to encourage repeat visits and improve stickiness. Sword believes that marketing via mobile is the most effective way to achieve their goals. Most importantly, Sword indicated that Yahoo was looking at driving an engaged audience, and also to make sure that people understand the benefits of their mobile site and that when they visit their needs are satisfied, which was done through communicating practical benefits such as staying connected, up to date, personalisation and discovery. In line with the campaign, brands were approached to roll out integrated editorial campaigns such as blogs and sponsored content, which we saw with Vodacom in South Africa when it launched its mobile advertising division. Sword believes that by then, advertisers did not have the

opportunity to exploit content and bring value to customers, and the solution to that will be to enhance the experience by offering useful or exclusive branded content (Farber, 2009:3).

2.7 THE FUTURE

According to Laszlo (2009:40), the greatest certainty about the world of mobile media is that new business models and technology innovations will continue to change the landscape. Some things about the evolution of the market over the next five years are virtually certain and should encourage marketers and agencies to proceed with mobile initiatives: mobile media are not going away, and opportunities to tap into mobile devices for communicating with prospects and customers will only increase. Mobile phone marketing is where Internet advertising was in 1996, and now it has really taken off. "There are already more mobile phones in use worldwide than televisions and computers put together" (Nylund, 2009:71).

Laszlo (2009:41) indicated the following evolutionary steps marketers may expect to see in the near future include:

- *Faster data connections:* As "3G" data networks gain ubiquity in the United States and carriers begin mulling a "4G" future, a major current hurdle to data usage will go away. Already, 3G users are bigger consumers of mobile data than consumers on slower mobile data connections.
- *Improved devices:* Higher resolutions will compensate for conveniently small screens, and battery life will continue to improve. Faster processors will improve performance over and above network speed improvements. User interfaces will continue to become more flexible.
- *Improved embedded software:* Handset makers will also begin including better software embedded in devices that will make their capabilities more user-friendly and useful, helping further drive adoption.

- *More content, more discoverability:* In tandem with the continued increase in available content on mobile devices, expect to see enhanced discoverability, driven particularly by improvements in mobile search. This increases the availability of mobile content and also ensures that mobile consumers can find the content they want.
- *Advertising standards:* Greater standardization of mobile advertising formats and campaign measurements will reduce advertiser and agency costs.
- *Better targeting capabilities:* The evolution of the mobile advertising market will help ensure that better targeting capabilities are offered to advertisers.
- *Discounted or advertising-subsidised services:* Carriers will likely begin offering applications and perhaps even voice minutes at a reduced rate due to being advertising supportive.
- *Flat-rate data services:* All-you-can-eat usage plans were vital to driving the first explosion of PC-based Internet adoption; as mobile operators in the United States move from per-minute or per-bit pricing to flat rates, look for strong increases in data use per customer – and consequently greater willingness to respond to marketing messages.
- *Better location capabilities:* Improving access to and use of location data remains a key unfulfilled promise of mobile media. As the comfort level with location-based services slowly increases, it paves the way for further enhancements in mobile media's ability to relate and be relevant to a consumer's surroundings.

In the South African context, Suliman (2008:48) indicated that, like all digital options, media planners have to move away from the idea that new media is a campaign add-on. If executed effectively, this new media can be at the core of a campaign. Suliman made the following future predictions:

- *Advertising as entertainment* – great advertisements, whether humorous, thought-provoking or striking will be forwarded at the touch of the send button.
- *Permission marketing is crucial* – mobile has much to offer marketers – it is ubiquitous, personal, immediate and involving. For the same reasons, marketers should be especially careful about interrupting or affecting the quality of each consumer's mobile experience.
- *Expect cell phone advertisements to boom* – here the power is truly in the hands of the consumer, traditional advertising 'pushes' the message to the consumer while mobile advertising 'pulls'– the consumer 'pulls' the advertising they are interested in.
- *Email services will also grow* – an SMS message costs cents and sending the same message to 1000 people multiples this costs quite considerably. In the case of e-mail, one message on a GPRS network costs about 1 cent and does not cost more if the message has a thousand recipients.
- *Digital fatigue* – its inevitable that people will reject being always contactable.
- *A free lunch? Possibly* – Eric Schmidt the CEO of Google has gone on record saying that ultimately mobile carriers will make services free in return for being able to target them with advertising.

Some of the predictions made by Suliman in 2008 are already prevalent in the cellphone industry. Marketers in this industry are able to send a text message (SMS) advert within seconds, and for privacy purpose, it is mandatory for all mobile advertisements to have an opt-out short code that customers can use to avoid future messages, which talks to Suliman's view of digital fatigue.

2.8 SUMMARY

Chapter 2 reviewed the available literature for this study. The most important focus of this chapter was on the different mobile advertising channels, the most generic goals that mobile marketers use for targeting customers, as well as the advantages and challenges faced by mobile marketers.

This chapter also analysed the effectiveness of mobile advertising, which indicates that mobile advertising has an impact on consumers across all industries, and that its effectiveness will continue to grow in the next years. Mobile advertising's impact is believed to be geared by the medium's ability to build proper targeting and optimisation into the campaign process, and the ability of marketers to build interactive relationships by identifying in terms of their personal identity, commercial behaviour, geographic location, and social and communication patterns.

As such, knowledge gained from studying the literature in Chapter 2 was used to design the questionnaire, and also in the interpretation of data provided by respondents in Chapter 3.

CHAPTER 3

EMPIRICAL STUDY

3.1 INTRODUCTION

In Chapter 1, background information was provided on the role played by mobile devices within the field of advertising. Chapter 2 focused on a literature review with specific reference to advantages and challenges faced by mobile advertisers, and also exploring the effectiveness of mobile advertising. The information gathered from the literature review assisted in the compilation of the questionnaire that was used to measure the effectiveness of mobile advertising in the short-term insurance industry.

In this chapter, the method of investigation will be discussed, describing the scientific procedures followed according to the research design proposed for this study. A questionnaire that tested the effectiveness of mobile advertising was completed by different organisations within the short term insurance sector. The study is exploratory, and will provide insight into and a comprehension of the issue under investigation. This study used qualitative research gathered from a self-administered electronic questionnaire that was distributed to the units of analysis.

Finally, the results of the questionnaire were analysed statistically in order to evaluate the general details of each respondent and the feasibility of propositions, as well as to answer research questions identified in the literature review.

3.2 RESEARCH OBJECTIVE

With mobile advertising being a new medium in South Africa, this study attempted to determine its effectiveness in selling a product or service, and the possibility that this medium can persuade customers to change their behaviour and or attitudes towards a particular brand due to an advertisement that was received through their mobile device.

As such, the objective of this study was to establish if mobile advertising has any influence on consumers in the short-term insurance industry.

3.3 LITERATURE REVIEW

The main objective of this section was to create a theoretical base for the compilation of the survey questionnaire. In this phase, relevant books, journals, the Internet and other resources relating to the topic were consulted as key sources of information pertaining to the following subjects:

- Introduction on mobile advertising as a new medium
- Mobile advertising channels and creative formats
- Basic goals for mobile advertising campaigns
- Customer targeting
- The advantages of mobile advertising
- The key challenges faced by mobile marketers and cellphone operators
- The effectiveness of mobile advertising
- The future of mobile industry

3.4 EMPIRICAL STUDY

The empirical study phase consists of the research design, study population and data sample, questionnaire pilot test, questionnaire distribution, data collection and data

capturing as well as the statistical analysis that was used. All these are discussed in detail below.

3.4.1 Research design

Welman and Kruger (1999:46) define the research design as: "...the plan according to which we obtain research participants (subjects) and collect information from them. In it we describe what we are going to do with the participants with a view to reaching conclusions about the research problem."

Because of its ability to provide complex textual descriptions of how people experience a given research issue, this study will follow a qualitative research methodology. This will help in understanding the research sample's behaviours, beliefs, opinions, and emotions about mobile advertising. Qualitative methods are also effective in identifying intangible factors, such as social norms, socioeconomic status, gender roles, and also ethnicity, which are imperative for this study.

As such, the main task in using a questionnaire was to understand short-term insurance companies' views of mobile advertising, and how effective this new medium can be to customers.

3.4.2 Study population and sample

Wegner (2003:4) defines a population as the collection of all the observations of a random variable under study and about which one attempts to draw conclusions in practice. A population must be defined in very specific terms to include only those sampling units with characteristics that are relevant to the problem. Since not every member of the population is observable or measurable for reasons mainly of cost, time and possibly unit destruction, a subset of the population on which observations are made or measurements taken are referred to as a sample. Sampling is the deliberate selection of a number of individuals who will provide the researcher with the necessary data from which conclusions can be drawn (Jankowicz, 2000:192).

As indicated, the sample frame has unknown characteristics and it is difficult to establish the degree to which the sample will represent the population as a whole. To overcome this limitation, the researcher used non-probability judgement sampling. The selected sample frame represents the population who met the general parameters of the study's objectives. Welman and Kruger (1999:47) indicate that non-probability sampling offers several methods for identifying participants. Of all the different methods available, judgement sampling was chosen because of its ability to select the best sampling units to be included in the sample.

Being a type of purposive sampling, judgement sampling occurs when a researcher selects a sample to conform to some criteria previously defined by him / her (Cooper & Schindler, 1998). In this regard, all short-term insurance companies selected for the study conformed to the criterion chosen for the selection (being size of business, geographic area, and business sector). The use of judgement sampling however does not imply that the sample will not comply with the reliability and validity requirements. This approach is considered to be appropriate for this exploratory study.

For this study, the sample was chosen from existing short-term insurance companies that have advertised their products and services through mobile devices within the past twelve months. The self-administered structured questionnaire was distributed directly to these companies, while demographic characteristics were considered. As such, the sample will be chosen from companies within the Gauteng province.

3.4.3 Data Collection

According to Baker (2003:243), structured questionnaires are the principal means used for collecting data by means of a survey designated population or sample. This study uses a self-administered electronic structured questionnaire as the main source of data collection. The questionnaire combined open-ended, close-ended, multiple choice and 5-point Likert scale questions designed in accordance with the research objective with the intention of extracting the most relevant information.

The close-ended questions used in this study offered the participant a selection of possible alternative responses allowing the researcher to gather qualitative data. The open-ended questions were described as free response questions in which the participants expressed their views openly (Oppenheim, 1992:112). The following important broad aspects were taken into consideration when designing the questionnaire (Hill et al., 1999):

- The respondent has the knowledge to answer the questions being posed.
- The wording is easily understood with no jargon used.
- The questions are free from ambiguity with no more than one question asked at a time, and
- The questions do not elicit a biased response.

In general, while designing the questionnaire the researcher took into account aspects such as complexity, length, layout and wording. Baker (2003:344) suggests that effective communication depends on the design and phrasing of the questions. After designing the questionnaire, a pilot test was needed in order to find whether the questionnaire was appropriate to collect data required and ready for distribution and application or not.

3.4.4 Questionnaire pilot test

The draft questionnaire was given to different parties for approval before the pilot test took place. The different parties included the study supervisor, colleagues in the ICT sector, study group members, and independent professionals. This was done to validate the content of this questionnaire. Most people gave either verbal or written feedback, and corrections were made as suggested. According to Baker (2003:345), the purpose of pilot-testing lies in checking factors, such as variation, meaning, task difficulty, respondent attention, flow, order of questions and timing. As such, the suggestions from the draft questionnaire were incorporated into the pilot questionnaire.

Subsequently, the pilot questionnaire was emailed to 25 people who formed part of the sample for pilot testing. The response rate was satisfactory, as within two weeks feedback on the distributed pilot questionnaires were received back for consideration. Respondents found most questions to be understandable and easy to complete, although some indicated time availability and the length of the questionnaire as a concern. However, as a significant aspect, the majority of respondents showed interest in the questionnaire and the research in general.

3.4.5 Questionnaire distribution

After the pilot-testing process, each respondent who formed part of the sample was contacted telephonically to ensure that they are aware that a questionnaire will be sent to them, and also to ensure that they return their feedback on time. All questionnaires were distributed to the rest of the sample via email.

The electronic questionnaire has several advantages, including:

- The cost of distribution was greatly reduced using email as a medium for distribution.
- Confidentiality of the participants was maintained by both the researcher and the organisations that chose to distribute the questionnaire themselves.
- The electronic structure of the questionnaire was made as simple as possible in order to extract as much information as possible, and also making it easy for respondents to supply feedback.

The questionnaire was distributed to 25 respondents in the short-term insurance industry. Of the 25 questionnaires distributed, a total of 20 were returned, giving a response rate of 80%.

3.5 DATA CAPTURING AND ANALYSIS

As indicated above, data were collected by means of the questionnaire via email. The returned questionnaires were analysed to identify and reduce any errors. In addition, incomplete questionnaires and gaps in the collected questionnaires were also discovered at this stage. The vast majority of questionnaires was of an acceptable standard. Of the 20 questionnaires received, 5 questionnaires were rejected due to inconsistencies and impractical responses.

The received data were captured and analysed using Microsoft Excel. Each question from the questionnaire was captured in order to process the data and continue with the analysis, and the data extracted from the sample were linked back to the population. The data were compressed into meaning descriptions, conceptualised into a picture of what it represents and then translated into meaningful feedback that assisted with the final conclusions and recommendations. In order to be able to derive significant conclusions from the collected data, exploratory research analysis was performed.

3.6 RELIABILITY AND VALIDITY

This study gathered data from respondents for the purposes of understanding, or predicting, aspects of the impression of the chosen population regarding the mobile environment. The study sample was professionals within the short-term insurance industry, and opinion of experts (academics) in the literature review regarding the construct and items were obtained in order to ensure the face and content validity of the questionnaire. The pilot test questionnaire was distributed to the study supervisor, colleagues in the ICT sector, study group members, and independent professionals before the actual pilot, and they all expressed their satisfaction, with minor changes that were suggested and done.

All sections of the questionnaire were based on the literature review done in Chapter 2, thereby enhancing the content and construct validity and reliability of the items. Seeing that the questions in the questionnaire were based on the literature review, and the

sample was chosen from within the identified industry, while data analysis and presentation were done using simple frequency tables and graphs, the researcher did not deem it necessary to statistically prove the reliability and validity of the questions nor the findings.

3.7 RESEARCH RESULTS AND FINDINGS

3.7.1 Introduction

This section will present results from the data collected from the primary research conducted using the questionnaire in Appendix B as described and detailed in this chapter. The section will also translate the results into meaningful information to assist with the analysis, conclusions and recommendations that will be presented in Chapter 4.

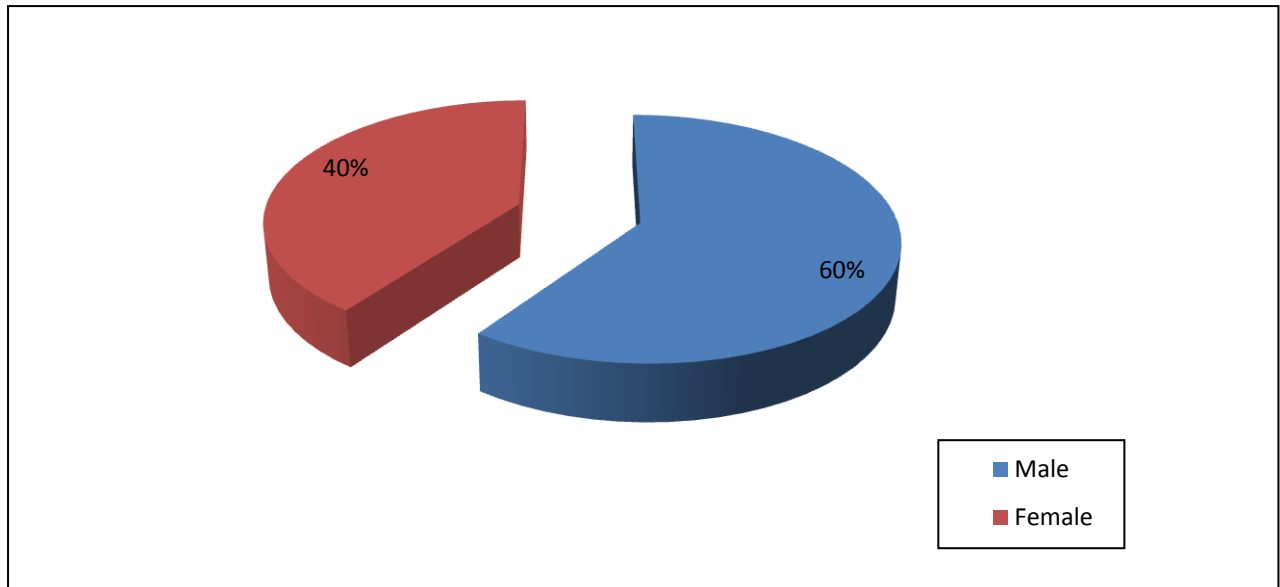
According to Strauss and Corbin (1998:182), some researchers believe that qualitative data should not be analysed and that it should merely be presented. The information provided in the study is qualitative in nature and a detailed analysis will therefore not be required. Given the nature of the study, data analysis is limited to descriptive statistics in the form of frequency counts and percentages.

3.7.2 Section A

Section A consisted of six (6) demographic specific questionnaires marked “a” to “f”, which were aimed at giving the researcher an understanding of the type of sample from which data were collected. Respondents were requested to answer the question by making a cross (X) or a mark (√) in the appropriate option. The findings were as follows:

The pie chart in figure 3.1 shows that 40% of the sample were females and 60% were males. This can be attributed by an opinion that most management jobs are dominated by males than females.

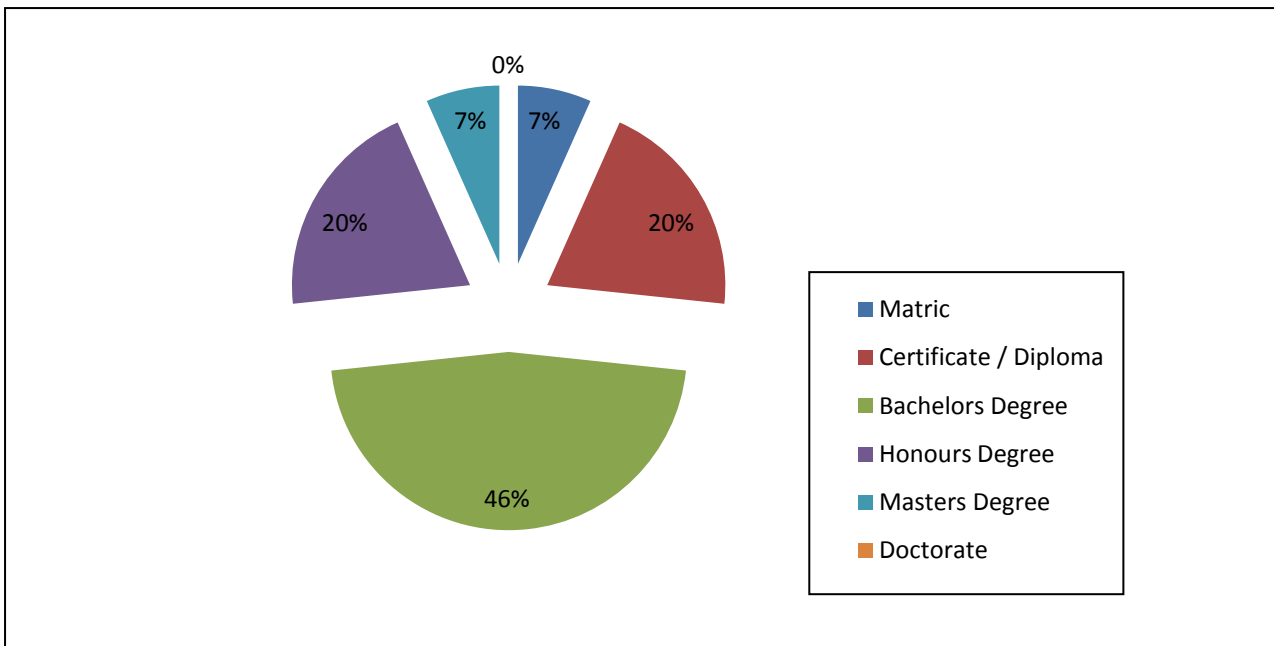
Figure 3.1: Gender distribution



The second and third questions under section A asked respondents if they were in the short-term insurance industry, and if they are in the advertising or marketing department respectively. In both questions, all respondents were in the short-term insurance industry, and they worked in the advertising or marketing departments. This was due to the fact that all respondents were carefully chosen to ensure that there is no unnecessary delay in the research.

The fourth question under this section was aimed at understanding respondents' highest formal education level. The majority of respondents (46%) have at least an undergraduate bachelors degree, while 40% of respondents have an honours degree or a college certificate / diploma. The remaining 14% have either matric or a university masters degree, while there was no respondent with a doctorate. Refer to Figure 3.2 for more details.

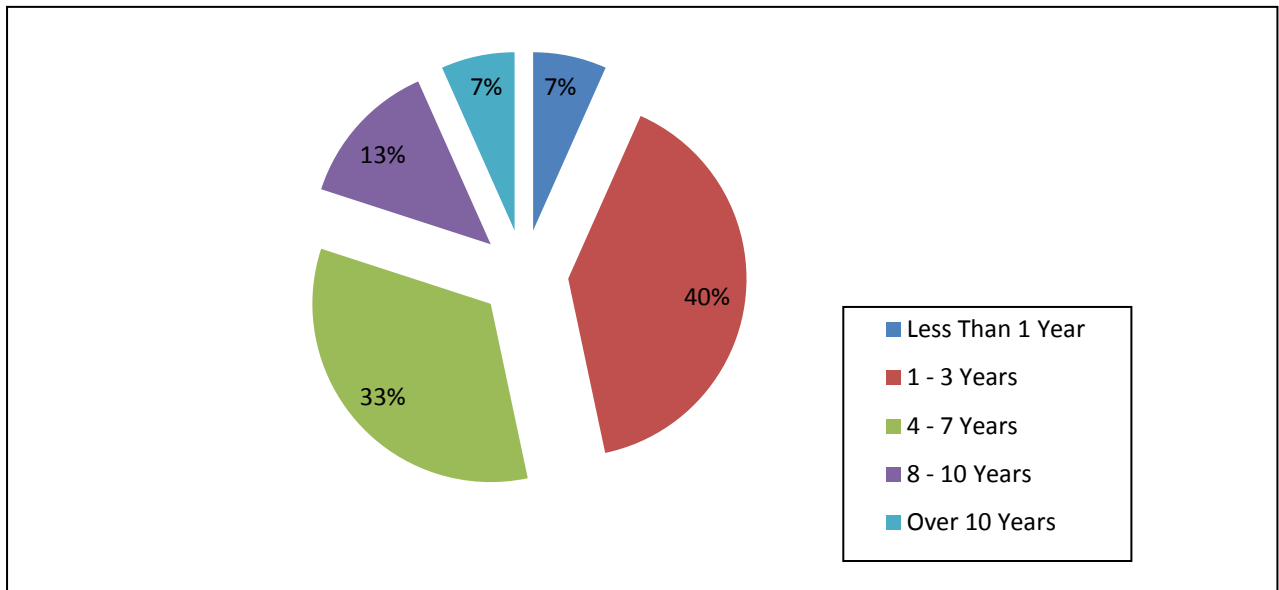
Figure 2.2: Highest formal qualification



The fifth question asked respondents about their employment level. Of the 15 respondents, 47% were general employees, who were categorised under individuals performing as general workers, though marketing and advertising related, to junior professionals or supervisors positions. The remaining 53% are in management positions, which, in this context, include individuals from entry to professional or senior management positions. It is also important to note that on this question there was no respondent who falls under a directorate position, which was described as individuals in directorate, management executive, and more senior levels.

The sixth and last question under Section A asked respondents about their overall length of service in the marketing or advertising environment. The finding was that majority of respondents (40%) have experience of one to three years, and 33% have between four and seven years in the advertising or marketing industry. There were only 7% of each with either less than a year of employment, or more than ten years, and it was also noted that these respondents are the ones with a matric certificate and a masters degree respectively.

Figure 3.3: Length of service



It is important to note under this section that the sample chosen was appropriate for this study, and they also have relevant and sufficient experience in the industry under investigation, such that they provided meaningful responses to the study. It is also important to note that almost all respondents have a marketing qualification, which also helped them in answering the questionnaire provided since they were familiar with the language and terminologies used in this study.

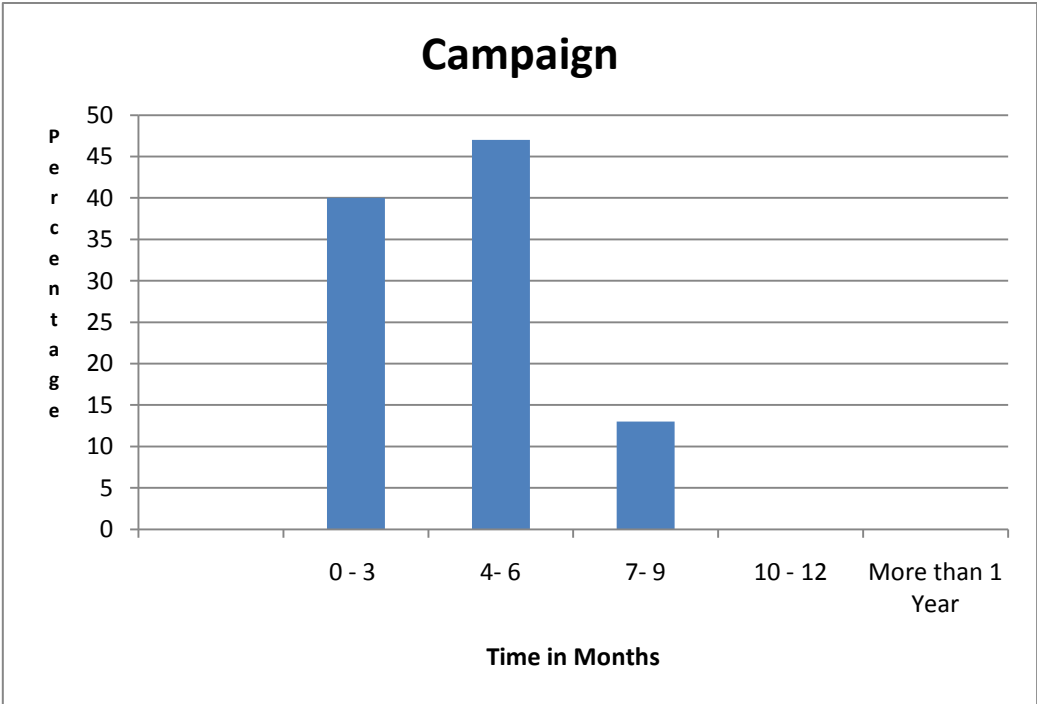
3.7.3 Section B

Section B had five generic questions or statements that sought to understand respondents' basic company information regarding their mobile campaigns. Respondents were requested to choose the most appropriate statement regarding their experience in the mobile environment, and they had to indicate their choice by either making a cross (X) or a mark (√) next to the most appropriate statement.

The first statement under Section B requested respondents to indicate when the last time their company ran a mobile campaign. A total of 40% of respondents indicated that the last time their companies had run a mobile campaign, was less than three months

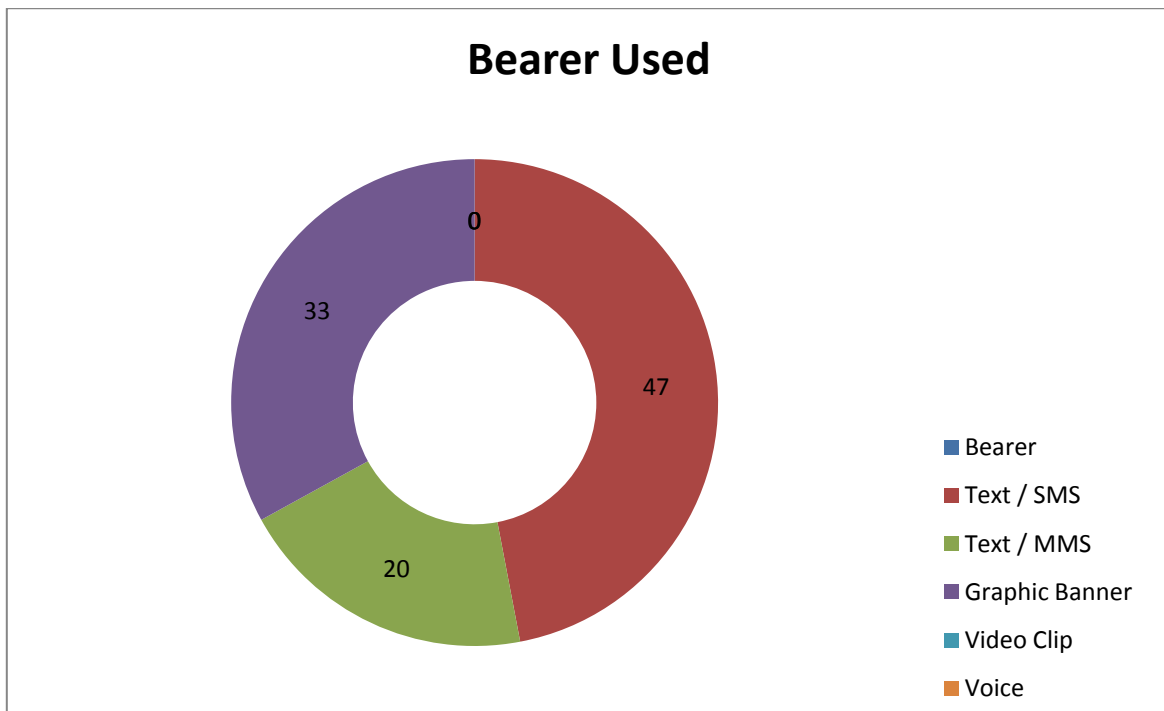
ago, while majority of respondents (47%) indicated that their company had run its last mobile campaign between four and six months ago. It was interesting to see that none of the respondents had run their last mobile campaign more than ten months ago, which confirms that the study is based on current information. Figure 3.4 below refers.

Figure 3.4: Last time for mobile campaign



The second statement under Section B requested respondents to indicate the bearer or channel used for their last mobile campaign. As indicated in Figure 3.5 below, the finding for this statement shows that the majority of marketers are using Text (SMS) messages, with a rate of 47% of respondents. This is followed by graphical banners which are added on WAP pages at 33%, and the last bearer used by markers is Text (MMS), which is a combination of SMS and graphics at 20%. It was also noted that the reason why the majority of marketers prefer SMS than MMS was because they want to reach more customers – some customers do not have correct settings for MMS, while others are using legacy handsets that do not support MMS.

Figure 3.5: Mobile campaign bearer



Although commonly used, a study by Tripathi and Siddiqui (2008, 57) indicates that corporate policies must consider legalities such as conditions for sending SMS messages. The study argues that, according to marketing experts, advertisers should have permission and convince consumers to 'opt-in' before sending advertisements since sending unsolicited messages hurt the mobile advertising industry. This is also common in South Africa, where mobile advertisers are forced to give consumers a message on how to opt-out from receiving future advertisements from a specific marketer.

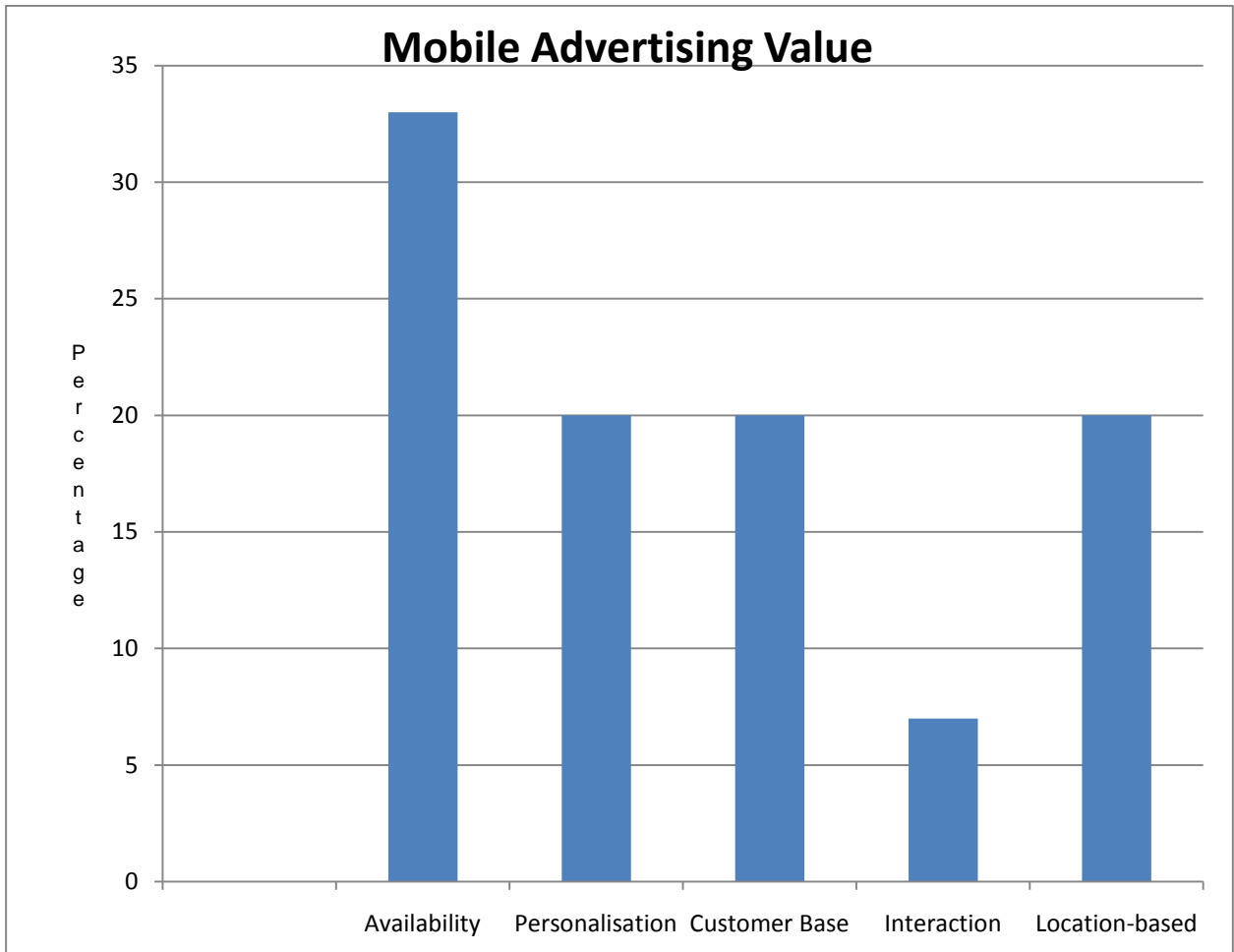
The third statement under this section asked respondents to indicate their main objective for running campaigns targeted at mobile users. Findings in the table below, Table 3.1, indicates that 40% of respondents use mobile campaigns to sell their products and services, followed by 27% who use mobile campaigns to communicate with their customers about their products and services. Other objectives indicated by respondents to be of interest are driving calls to their call centre (20%), and collecting customer information (13%). None of the respondents indicated that they use a mobile campaign to conduct customer surveys, which makes sense because in most cases, most marketers prefer to use call centre agents, which gives them an opportunity to ask open ended questions and to get customers' opinions about the subject matter.

Table 3.1: Campaign objective

OBJECTIVE FOR MOBILE CAMPAIGN	
Objective	Percentage
Sell a product or service	40%
Collect customer information	13%
Communicate service or product launch	27%
Conduct customer survey	0%
Drive calls to our call centre	20%

The fourth statement asked respondents to advise what they value the most when targeting consumers on their mobile phones. Options were given to respondents to choose options based on the advantages of mobile advertising as indicated in the literature review done for this study. In response to this, 33% of respondents indicated that they prefer mobile advertising due to availability – they can reach their targeted customers anytime, anywhere. A total of 20% of respondents either indicated personalisation, customer base, or location base as their value for mobile targeting, while only 7% indicated interaction as valuable.

Figure 3.6: Mobile advertising value



Although most marketers value availability as crucial when targeting mobile consumers, this might lead to what Suliman (2008:48) regard as digital fatigue. He commented that it is inevitable that people will reject being always contactable, which have been seen with most consumers opting-out of some mobile marketing initiatives.

The fifth and last statement under Section B requested respondents to indicate what their biggest challenge is when advertising their services or products using a mobile medium. Just like the above, options were given based on challenges indicated in the literature review. While creative design seems to be less of a challenge to all respondents with only 6% choosing it, 54% indicated customer privacy and measuring reach and frequency as their biggest concern, while understanding market and relevancy and regulation was slightly below that with a combined 40%.

Table 3.2: Mobile advertising challenges

MOBILE ADVERTISING CHALLENGES	
Challenges	Percentage
Customer privacy	27%
Measuring reach and frequency	27%
Understanding market and relevancy	20%
Creative design	6%
Regulation	20%

The issue of customer privacy on this study confirms what Suliman (2008) said, “Permission marketing is crucial. Mobile has much to offer marketers – it is ubiquitous, personal, immediate and involving. For the same reasons, marketers should be especially careful about interrupting or affecting the quality of each consumer’s mobile experience”. Measuring reach and frequency requires advanced business tools that most traditional marketers do not have.

In conclusion, all respondents have run a mobile campaign in the last nine months, and the most preferred channel or bearers for mobile campaigns are SMS, graphical banners, and MMS. Although some companies run mobile campaigns through voice, it is always not a preferred method because sometimes it is an inconvenient for some customers – calling them at a wrong time when they are in meetings or busy at work / school. With bearers such as MMS, SMS, and banners, customers normally look at them at their convenient time, and they can view the same message continuously.

3.7.4 Section C

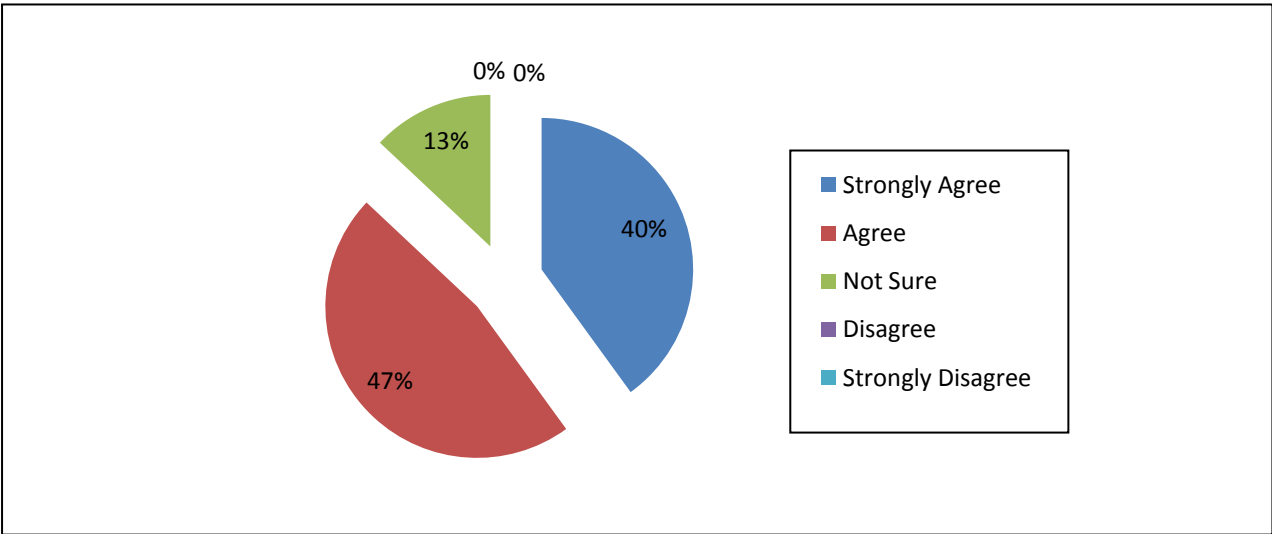
Section C also had five statements based on respondents’ experience of the mobile environment. Respondents were requested to answer the questions by indicating whether they strongly agree, agree, are not sure, disagree, or strongly disagree with the

given statements. Respondents were also requested to choose one option and indicate their choice by either making a cross (X) or a mark (√) next to the most appropriate statement.

The first statement under Section C was, “The mobile environment provides the most dynamic, effective and personal medium for marketing”. A total of 33% of the respondents indicated that they strongly agree, while 53% indicated that they agree. Only 7% indicated that they were not sure, and the other 7% indicated that they disagree.

The second question asked respondents if the mobile phone creates a receptive and convenient tool for customers to receive mobile advertising. At least 87% of respondents agreed with the statement, while the remaining 13% were not sure. Refer to Figure 3.7 for more details.

Figure 3.7: Mobile phone as a convenient tool for customers



Respondents’ answers to the first two statements agree with a study done by Yaniv (2008:86), who believe that the mobile environment provides the most dynamic, effective and personal medium for marketing, and that the mobile phone creates a receptive and convenient medium to communicate with customers. Yaniv is of the opinion that this is made possible by the medium stating five of the most outstanding

mobile advantages: multiple touchpoints, targeting, incentives, interactive capabilities and real-time triggers.

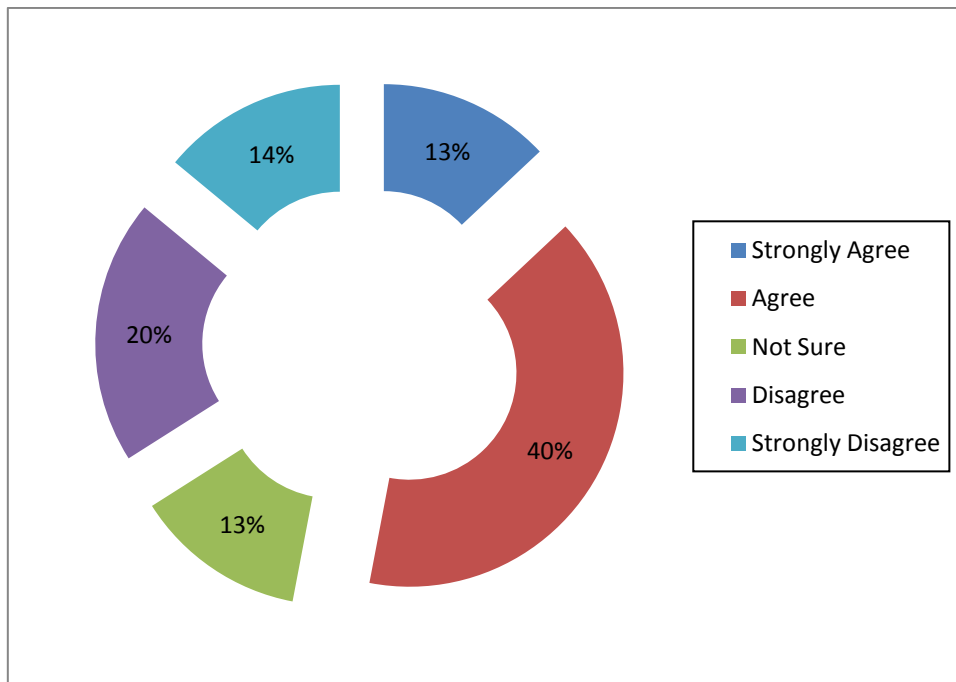
The third statement stated that mobility and reachability definitely eliminate barriers of geographical position and time – the marketer can reach the target customer anytime anywhere. The majority (93%) of respondents indicated that they agreed / strongly agreed with the statement, while only 7% disagreed.

The fourth statement under Section 3 says that mobile marketers have a much better understanding of their customers' consumption patterns than traditional media owners. To this statement, 27% indicated that they strongly agreed, and while 47% agreed with the statement. Only 7% indicated they are not sure, and the same percentage of respondents said they strongly disagreed. A total of 13% disagreed.

The above finding agrees with a statement taken from an article by Xinze (2008:32), and it confirms her opinion that mobile phone operators have a much better understanding of their customers' consumption patterns than traditional media owners, and that they can even identify the personal hobbies and character traits of subscribers through their use of content-rich data services.

The last statement under this section indicated that with 24/7 access to unique consumers, the mobile channel can build interactive relationships by identifying customers not only in terms of personal identity, but also in terms of commercial behaviour, geographic location, and social and communication patterns. Although 53% percent of respondents either strongly agreed or agreed with the statement, the rest of them were not sure, disagreed, or strongly disagreed. For more details please refer to Figure 3.8 below.

Figure 3.8: Interactive relationships



Generally, most respondents seem to be positive about most statements given under Section C, which indicate respondents' positive attitude towards mobile advertising. However, the last question about the mobile channel building an interactive relationship by identifying customers did not really sound positive, but more on this will be discussed in Chapter 4.

3.7.5 Section D

Section D consisted of ten statements based on respondents' experiences of the mobile environment and its effectiveness. Respondents were requested to reply to the statements by indicating whether they strongly agree, agree, were not sure, disagree, or strongly disagree with the given statements, just like the previous section. Respondents were also requested to choose one option and indicate their choice by either making a cross (X) or a mark (✓) next to the most appropriate statement. A question whereby they were asked to specify the market, and also their general view of the mobile advertising or marketing industry, were also asked in this section.

The first statement said the mobile campaign is easy to implement. Of the total respondents, 27% indicated that they strongly agreed with the statement, while 40% indicated that they agree. Another 27% indicated that they disagreed, while 7% indicated that they strongly disagree. In brief, this indicates that 67% agreed with the statement that mobile campaigns are easy to implement. Please refer to Table 3.3 for summary.

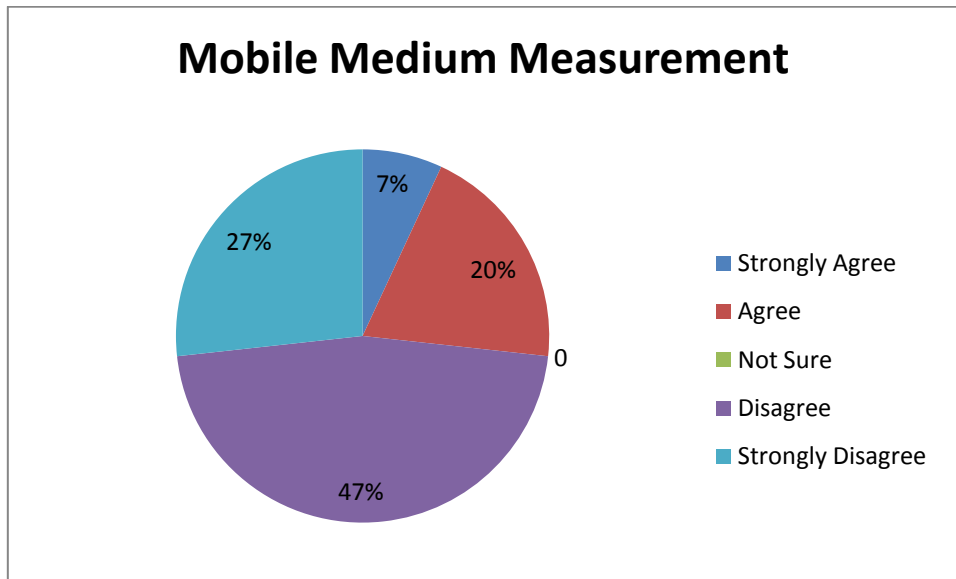
Table 3.3: Mobile Campaign Implementation

MOBILE ADVERTISING IMPLEMENTATION	
Strongly Agree	27%
Agree	40%
Not Sure	0%
Disagree	27%
Strongly Disagree	7%

The above findings are contrary to a study done by Ktoridou *et al.* (2008) in the Cyprus market. They are of the opinion that even though these new technologies (mobile medium) offer new opportunities for companies and consumers, their full deployment in some markets may be problematic due to technological, cultural and implementation challenges. However, it was learned that during the time of their study, Cyprus was in the process of introducing 3G mobile technology in the country, and at the same time the market was in its early stage of introducing mobile advertising, which was not the case in South Africa when this study was conducted.

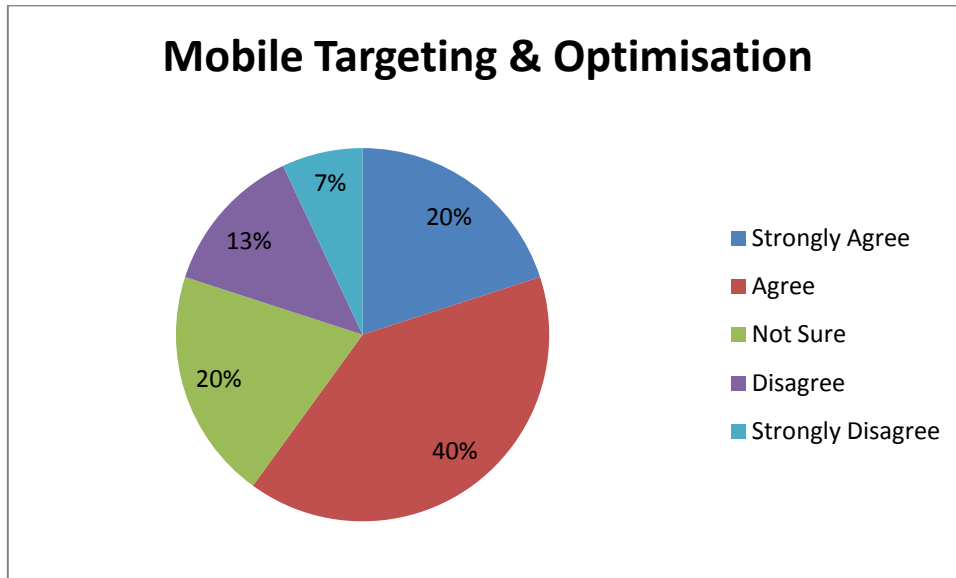
The second statement claimed that the mobile medium is easy to measure: marketers can carefully assess the final results to identify what practices could improve their next campaign. To this statement, only 27% of respondents either strongly agreed or agreed that the mobile medium is easy to measure. The remaining 63% either disagreed or strongly disagreed with the statement, indicating that majority of service providers still find it difficult to measure this medium. The graph on Figure 3.9 below refers.

Figure 3.9: Mobile medium measurement



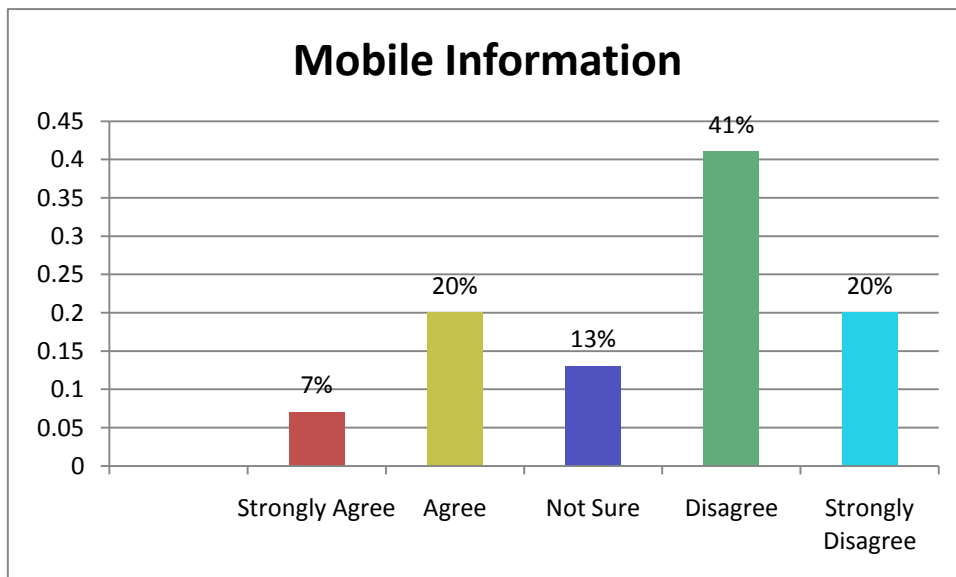
The third statement claimed that, with the mobile medium, it is easy for marketers or advertisers to build proper targeting and optimisation into the campaign process. This statement was closely related to the first statement under this section which claimed that mobile campaigns are easy to implement. There seems to be a slight consistency between how respondents replied to the two questions. To this third statement, 60% either agreed or strongly agreed with the statement, 20% were not sure, while 21% of respondents either disagreed or strongly disagreed with the statement. Figure 3.10 below indicates all the responses given.

Figure 3.10: Mobile targeting and optimisation process



The fourth statement indicated that the mobile medium has enough information available that enables marketers or advertisers to understand consumers' attitudes, aspirations, and purchasing patterns. Only 27% of respondents agreed / strongly agreed with the statement, with the remaining 63% indicating that they are not sure, disagreed, or strongly disagreed with the statement. Refer to Figure 3.11 below for more information.

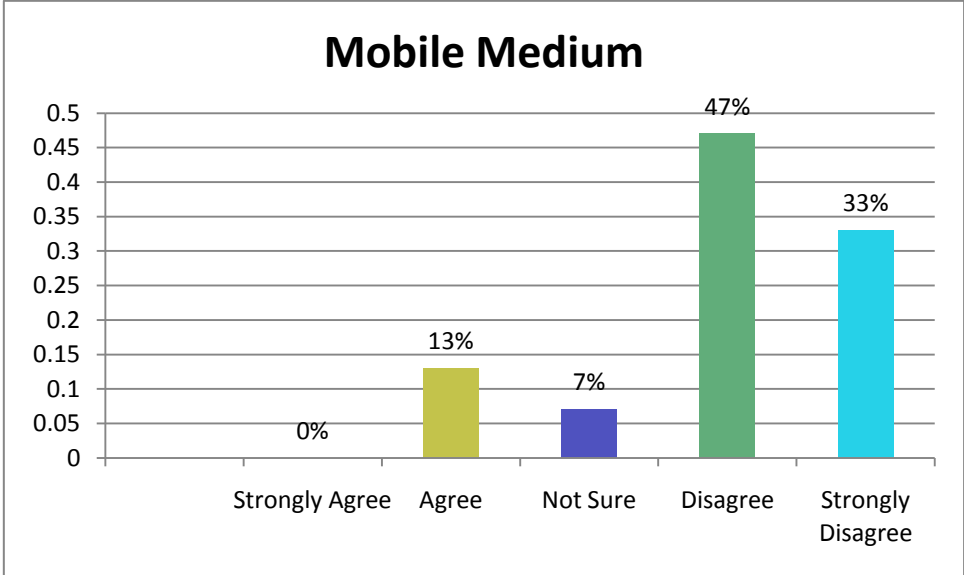
Figure 3.11: Mobile advertising information



The above response confirms a study by Yaniv (2008:87), who believes that even though the mobile medium has several advantages that marketers and advertisers can take advantage of, it is clear that mobile advertising is by no means intended to entirely replace other modes of advertising.

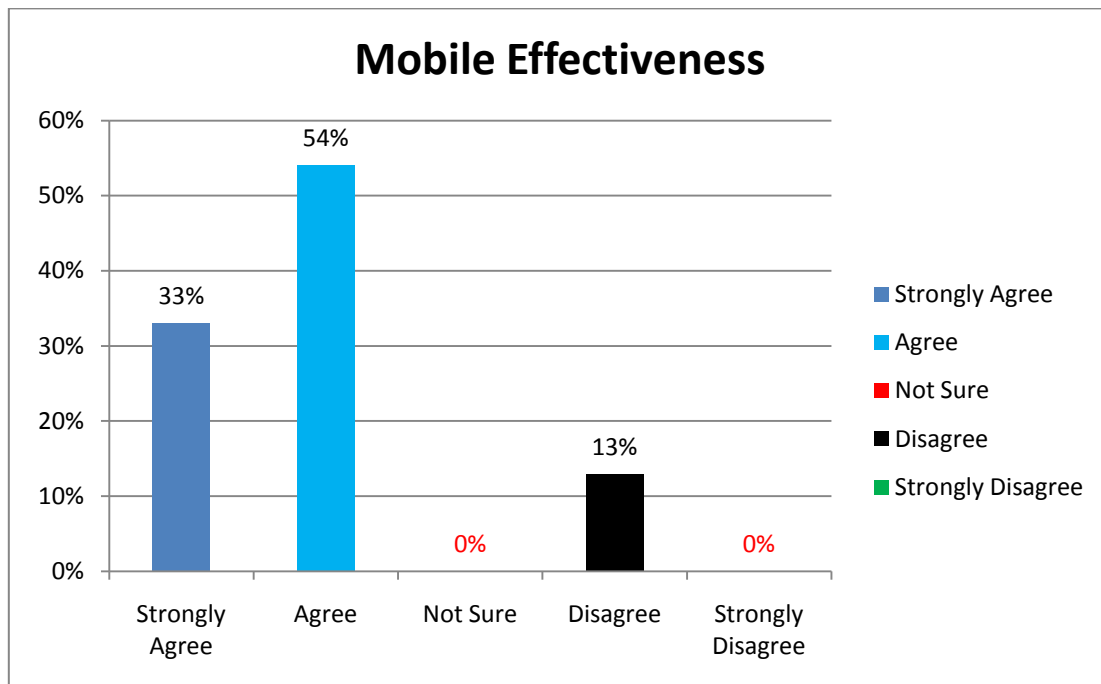
The fifth statement indicated that mobile advertising will eventually replace other traditional modes of advertising such as billboards and press. Only 20% of respondents agreed with this statement, while 80% of respondents disagreed or strongly disagreed with this statement. Refer to Figure 3.12 below for more information.

Figure 3.12: Mobile medium and traditional advertising



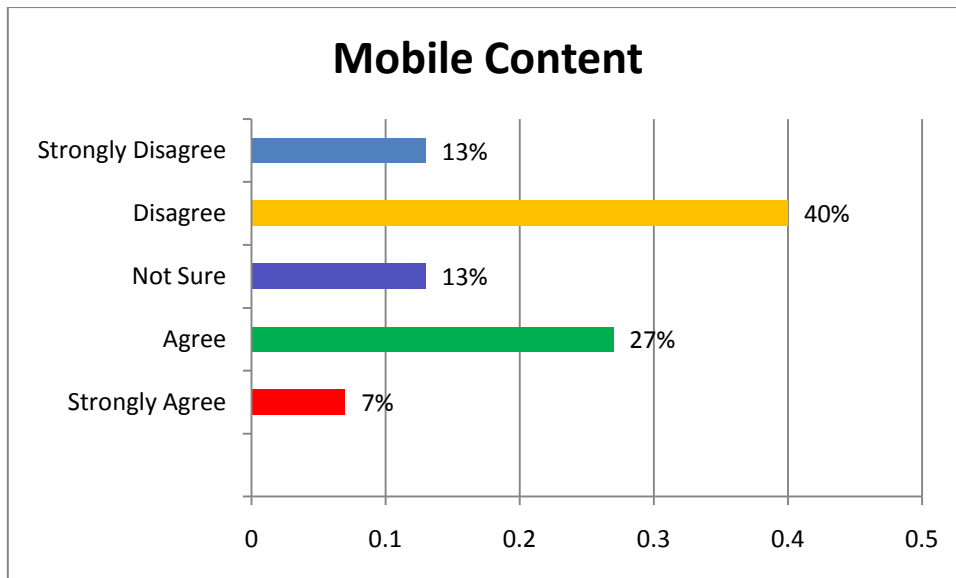
Statement 6 stated that mobile advertising is quite effective in launching a new product or service, improving product sale, as well as communication product or service information to prospective and existing customers. The majority of respondents, which is 87% of respondents agreed or strongly agreed with the statement, while only 13% disagreed. Refer to Figure 3.13 for more details.

Figure 3.13: Mobile advertising effectiveness



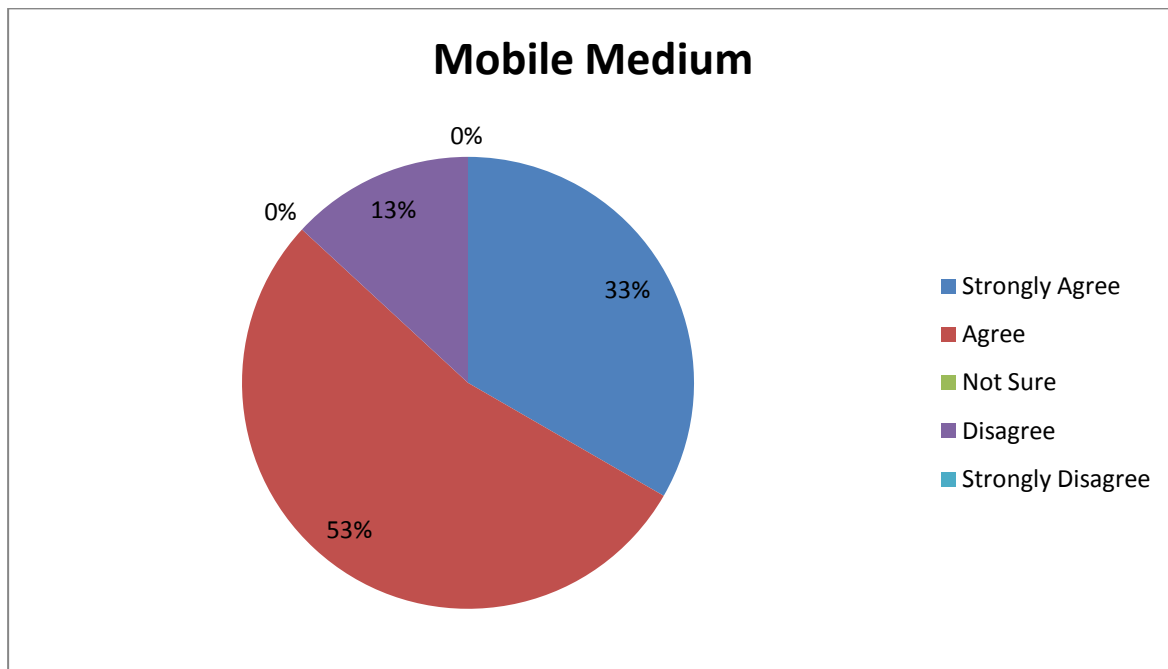
The seventh statement claimed that customers are more interested in digital contents such as wallpapers, ringtones, mobile games, music, and mobile TV than products and services that marketers or advertisers are trying to expose them to. This statement refers more to customers who visit WAP portals such as *Vodafone live!* and *MTN Loaded* whereby they are exposed to WAP banners. Of the total respondents, only 33% agreed with this statement, while 67% were not sure, disagreed, or strongly disagreed with the statement.

Figure 3.14: Mobile advertising and digital content



The 8th statement under Section D stated that the mobile medium can only function as an integral element in a comprehensive, promotional approach that is complementary to more traditional advertising media such as TV, outdoor or billboard, radio, and press. In other words, the mobile medium is effective when used with other traditional media. About 87% of respondents believe that a mobile campaign functions effectively as part of other promotion initiatives along with other media, while only 13% did not agree with the statement. Figure 3.15 summarises the rest of the findings regarding this statement.

Figure 3.15: Mobile medium and other media



The above response also confirms a study by Yaniv (2008:87) who is of the opinion that with its advantages, mobile advertising will not entirely replace other modes of advertising, and its proper role is an integral element in a comprehensive, promotional approach that is complementary to more traditional advertising mediums.

The ninth statement indicated that mobile advertising is only effective to a specific market segment, and also requested respondents to specify the market segment if they agree with the statement. Of the total respondents, 67% agreed or strongly agreed with the statement, while 33% either disagreed or strongly disagreed with the statement. Most people who agreed with the statement indicated that the mobile medium is effective for targeting the youth market, while others indicate that it is effective when communicating to middle-aged group, which is between the ages of 25-40 years old. Table 3.4 below summarises this statement's finding.

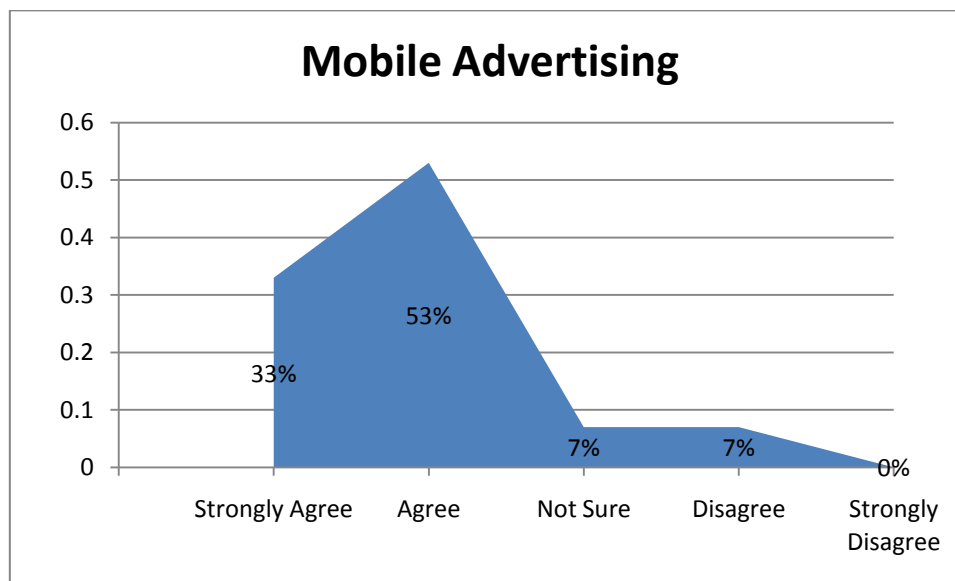
Table 3.4: Effectiveness of mobile advertising and market segment

MOBILE ADVERTISING EFFECTIVE TO SPECIFIC MARKET			
Response		Percentage	Market Segments
Strongly Agree	40%		
Agree	27%	Youth / University Students	57%
Not Sure	0%	Middle-Aged / LSM 6 – 12 market	43%
Disagree	27%		
Strongly Disagree	7%		

This response indicates the mistake that some marketers make of mass targeting. Nylund (2009:70) is of the opinion that in a marketplace where consumers have become specialised and more individualistic, marketers should explore micromarketing. She views this as somewhat a new trend in the U.S. This consists of designing, creating and manufacturing products, marketing strategies and advertising campaigns to benefit very specific geographic, demographic or psychographic segments of the consumer market. The trend was created by the diversity of consumers and the difficulty in creating a single product that appeals to all diverse groups in the population.

The last statement under section D claimed that mobile marketing or advertising efforts have a substantial impact on the purchase decision of consumers – it can persuade a consumer to have an interest in a product or service. To this statement, 86% of respondents indicated that they agreed or strongly agreed with the statement, while only 14% indicated that they are not sure or they disagreed.

Figure 3.16: Mobile advertising and persuasion



The above finding confirms an article by Xinze (2008:32), who is of the opinion that as the Internet has been the most potent agent of change in how businesses communicate with their customers in recent years, the combination of the Internet with mobile communications is now providing global marketing managers with unprecedented opportunities to influence consumers.

The eleventh and last statement requested respondents to indicate their general view of mobile marketing or advertising. Only nine out of the fifteen respondents gave their comment on this section, and the following are some of the comments that were shared by most respondents:

- Our experience shows that measuring advertising effectiveness is not easy. Sometimes, the results of measuring are just better guesses by marketers, and this is based on the product or service performance during the period, which does not necessarily give a true reflection of that advertising initiative.
- The impact that mobile devices have on consumers does not happen independently of other factors. Other considerations include the advertisement copy (exact wording), the format, audience (is the advertisement well aimed at

the people who use our products?) – all of these affect the final success of the campaign. Therefore, it is necessary to judge the effectiveness in context.

- Contrary to traditional media, mobile campaigns are usually very easily traceable and can be measured well. However, it is better to combine different response criteria such as a call centre number and a short code that customers can respond to by easily sending an SMS.
- Most marketers simply judge the impact of mobile advertising by how many people have access to the medium, how many customers has the medium reached (viewers, readers, listeners) and comparing how much did it cost to reach a thousand people. The real impact should be measured based on the campaign objective. Marketers should determine whether the objectives were reached or not, rather than just focusing on how many customers received the campaign and how many responded.
- Monitoring the effect of your on-line advertising can be easy and cheap when you use quality tools. Our company has good experience with Google Analytics which is a free website analysis tool. When implemented with proper set ups in your online campaigns, companies can get information they need and can easily decide which advertisement they should drop and which ones bring them good return on their investments. So, if it is done properly, mobile advertising can be very effective.
- Our company finds mobile advertising to be very effective. Part of the reason for the positive impact that cellphones bring may be a result of the newness of the medium. People may be intrigued and pay more attention to the advertising on their mobile phone since it is presented on a smaller screen and is located in a less cluttered environment compared to the Internet, press, television, radio, and outdoors (billboards).
- There is nothing really special about mobile advertising. Its impact on advertising will still need a proper analysis, along with proper measurements. Also, more research and campaign analysis is needed to help marketers to understand what will work best on mobile devices.

- Our experiences with mobile advertising demonstrate that mobile is an increasingly powerful medium for communicating advertising messages and also engaging with today's consumer.

CHAPTER 4

CONCLUSIONS AND RECOMMENDATIONS

4.1 INTRODUCTION

Chapter 1 provided background information on the role of mobile devices within the marketing or advertising industry. In Chapter 2, a literature review was presented, with specific reference to advantages and challenges faced by mobile advertisers, and also exploring the effectiveness of mobile advertising. The information gathered from the literature review assisted in the compilation of the questionnaire that was used to measure the impact of mobile advertising within the short-term insurance industry.

Based on data analysis and interpretations done in Chapter 3, this chapter provides recommendations that mobile marketers can follow when using mobile as a medium to communicate and market to their consumers. Also, the chapter provides conclusions based on the whole study.

4.2 STUDY RECOMMENDATIONS

A full understanding and evaluating the effectiveness of mobile media continues to be a challenge. Also, measurable insights into mobile media effectiveness are becoming more important every day. While the early learnings and benchmarks that are currently available in South Africa and abroad are a great start, marketers need to continue testing and measuring campaign impact so that the already available information from different sources with regard to the mobile medium can expand into a valuable benchmarking resource going forward.

By merely looking at the amount of sales generated on inquiries received during and post advertising campaign will not give a true reflection of the medium's impact. Phillips

(2007) indicated that the most suitable criteria for evaluating the effectiveness of advertising, depends on a number of variables, such as the advertising goals, the type of media used, the cost of evaluation, the value that the business or advertising agency places on evaluation measures, the level of precision and reliability required, who the evaluation is for and the budget.

As such, it is difficult to accurately measure the impact of the mobile devices to consumers across all industries because it is affected by such things as the amount and type of prior advertising, consumer brand awareness, and the availability of cost effective evaluation measures. Other areas to consider for mobile marketing / advertising are where the advertising is placed within WAP banners and the communication or message. Aspects such as service or product prices, as well as the ability of the target audience to take action on the message plays a role in the effectiveness of the advertisement.

The recommendations based on this study are as follows:

- The most successful mobile online advertisers adhere to a disciplined process: They set clear campaign objectives. They build measurement, targeting and optimization into the campaign process. They carefully assess the final results to identify what practices could improve the advertiser's next campaign.
- Although the study indicates customer availability as key when targeting mobile consumers, it is imperative for marketers or advertisers to create a well defined, sound marketing / advertising strategy for the brand, then cascade it to the service or product they want to advertise based on facts, not wishful thinking and self-delusion. In doing that, marketers should set precise communication objectives for advertising, based on what exactly they want to convey and accomplish.
- The study indicates that it is crucial for marketers to ensure that their creative cater for the mobile device users by taking into account the user interface and the ability to recognise the mobile device of the user. Simply repurposing display

clustered creative from other advertising media has a poor user experience on mobile devices.

- There is an increasing trend, locally and globally, of consumers willing to trade off and receive mobile advertising to gain something, especially free or much discounted mobile content, data bundles, or free minutes to make voice calls. Successful mobile marketers will have to meet the challenge offered by consumers by engaging with them in a way that adds value to the mobile user experience.
- Many marketers view mobile advertising as cost effective and they, however, do not invest sufficiently in experimentation and research to identify the tactics that work best. As indicated, by merely using the click-through rate to measure the success of a campaign is not good enough. Marketers should invest in proper campaign measures and also look at the overall brand effectiveness.
- Despite the marketing potential that this medium is perceived to have, mobile advertising is still in a developing state. However, this study shows that SMS is the most widely used messaging vehicle for mobile marketing overall. This is due to the slow rate that advanced cellphones take to reach the South African mass market. Another emerging marketing channel within mobile handsets is the mobile Internet, where marketers can insert graphical banners on WAP portal. Graphical banners are followed by MMS. However, this might change with most mobile operators focusing more on offering, giving more value to customers by subsidising medium to high end mobile devices, increased distribution channel, and appealing cellphone bundles to ensure an optimum competitive advantage.
- This study indicated that the mobile environment provides the most dynamic, effective, and personal medium for marketing. However, mobile advertising will have more a positive impact and provide the target customers with the exact advertisement information they desire, thereby increasing the advertisement's effectiveness, when they consider the user profile and contextual situation when targeting customers.

- Similar to the above is the customisation concept, on which this study indicates customer privacy as one of the biggest challenges that mobile advertisers face. Mobile channels are perceived to be more personal than traditional media, which creates high expectations for the relevance of advertisements received. Consumers expect messages to be personal and of high interest, and this makes the disappointment greater when they get undesired messages. As such, it is important for marketers to respond to individual customers or a particular market segment by customising its products, services, and messages in accordance with customer preferences. This improves the impact that mobile campaigns have on consumers, and overcome the privacy infringement issue.
- For the past years, mobile operators all over the world have introduced location-based services in their service portfolio. The ability to target consumers based on their position have a significant effect on the way that companies advertise through the mobile medium, while having significant impact of the mobile medium to consumers.
- Marketers should also carefully select and target a specific market segment when using mobile advertising. This study indicated that most marketers believe that mobile advertising has more impact on the youth as well as the middle aged market.
- The above clearly indicates marketers should not make a mistake of replacing their traditional advertising methods with the mobile medium. The mobile medium should be used as an integral element in a comprehensive, promotional approach that is complementary to traditional advertising media.
- Lastly, with the recommendations given above, this lead to the elaboration of the recommendation that further research should be undertaken that focuses on the effectiveness of mobile advertising, with a special attention on how marketers and advertisers can genuinely measure its impact to consumers. The study should have South African consumers as its sample.

In short, mobile advertising is much like advertising in any other medium. It is about finding the right places to connect with the right audience to deliver the right message.

However, for the mobile medium to have an impact, it is imperative for marketers / advertisers to personalise messages in line with consumers' location, preferences, time, and also consider adding value to their consumers. To ensure maximum impact of this medium, marketers should build measurement, targeting and optimisation into their campaign process.

4.3 CONCLUSION

Just like other advertising media, mobile advertising has the power to persuade, the power to influence the mind and shape destiny. It has the power to change markets and improve profit margins. This includes short-term power (conveying new information, building awareness, enhancing credibility), as well as long-term power (conveying brand image, attaching emotional values to the brand, and also building a positive reputation).

However, a full understanding and evaluating the impact of mobile medium continues to be a challenge. The research and insights into mobile media effectiveness are becoming more important every day. While the early learning and benchmarks that are currently available in South Africa and abroad are a great start, marketers need to continue testing and measuring campaign impact so that the already available information in this medium can expand into a valuable benchmarking resource going forward.

To summarise the major findings of the study, one can infer that the impact of mobile advertising to consumers in the short-term insurance industry does exist. Also, mobile marketing efforts have a substantial impact on selling new products or services, communicate a service or product launch, drive calls to the call centre , as well consumer brand decision. The study further indicates that where mobile advertising seems to be non-effective, the root of the problem lies in the mass marketing approach adopted by some marketers or advertisers. Due to this problem, some mobile users have apparently developed a repugnance to the mobile marketing messages they are subjected to. Consequently, customers are looking for full customisation of mobile

marketing messages, which should be dependent on their individual requirements, tastes and preferences.

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APPENDIX A: LETTER TO REpondENTS

Dear respondent,

Thank you for making the time to complete this questionnaire, your help is highly appreciated.

This questionnaire is in support of the mini dissertation through North-West University. The research investigates the impact of mobile advertising to consumers in short-term insurance industry in South Africa. In short, the research looks at the different channels used by marketers to reach mobile consumers, the advantages and challenges of mobile advertising, as well as the future of mobile advertising. Importantly, the study aims to understand whether efforts done by mobile marketers to reach, communicate, and sell their products and services to consumers via their mobile devices / cellphones are valuable or not.

The attached questionnaire is not a test and, as such, the questions presented do not have a definite answer, but therefore, based on your own personal perception, attitudes and authentic experience. The questions are aimed at understanding your experience of mobile advertising in general, irrespective of the mobile operator that you might be using.

However, you are assured that your response will be treated as highly confidential, and that participation in this study is on the basis of anonymity. As such, you are encouraged to use this opportunity to respond honestly and without fear of prejudice. Please participate as sincerely and as co-operatively as possible, and this will be invaluable in the analysis, recommendations, and conclusion of this study.

Kind regards,



Davhana SA: Researcher

APPENDIX B

Research Questionnaire

The impact of mobile advertising to consumers in short-term insurance industry.

1 SECTION A

Section A consists of six (6) demographic specific questions. Please answer each question by making a cross (X) or a mark (√) in the appropriate option in the box below.

a) What is your gender?

Male	
Female	

b) Are you in the short-term insurance industry?

Yes	
No	

c) Are you in the advertising / marketing department?

Yes	
No	

d) What is your highest formal education qualification?

Matric / Grade 12 or less	
Certificate / Diploma	
Bachelors Degree	
Honours Degree	
Masters Degree	
Doctorate	

e) What is your employment level?

Employee: (includes individuals in general worker to junior professional / supervisory)	
Management: (includes individuals from entry level to professional / senior management).	
Executive Management: (includes individuals in directorate, management executive, and senior levels)	

f) What is your overall length of service in the marketing / advertising environment?

Less than 1 year	
1 – 3 years	
4 – 7 years	
8 – 10 years	
Over 10 years	

2 SECTION B

Section B consists of five (5) questions / statements. Please choose your most appropriate statement regarding your experience on the mobile environment. You should only choose one statement per question, and indicate your choice with a cross (X) or a mark (√).

2.1 The last time our company runs a mobile campaign was...

0 – 3 months ago	
4 – 6 months ago	
7 – 9 months ago	
10 – 12 months ago	
More than 1 year ago	

2.2 Our last mobile campaign used the following bearer / channel

Text / SMS	
Text / MMS	
Graphical banner	
Video clip	
Voice	

2.3 The main objective of campaigns that we always target mobile users is to....

Sell a product or service	
Collect customer information	
Communicate service or product launch	
Conduct customer survey	
Drive calls to our call centre	

2.4 What do you value most when targeting consumers on their mobile phones?

Availability	
Personalisation	
Customer base	
Interaction	
Location-based	

2.5 What seems to be your biggest challenge when advertising your service / products using a mobile medium?

Customer privacy	
Measuring reach and frequency	
Understanding market and relevancy	
Creative design	
Regulation	

3 SECTION C

Section C consists of five (5) statements based on your experience of the mobile environment. Please answer this question by indicating whether you strongly agree, agree, not sure, disagree, or strongly disagree to the statement. You should please choose one option and indicate your choice with a cross (X) or a mark (√).

3.1 The mobile environment provides the most dynamic, effective and personal medium for marketing.

Strongly Agree	
Agree	
Not sure	
Disagree	
Strongly Disagree	

3.2 The mobile phone creates a receptive and convenient tool for customers to receive mobile advertising

Strongly Agree	
Agree	
Not sure	
Disagree	
Strongly Disagree	

3.3 Mobility and reachability definitely eliminate barriers of geographical position and time – the marketer can reach the target customer anytime anywhere.

Strongly Agree	
Agree	
Not sure	
Disagree	
Strongly Disagree	

3.4 Mobile marketers have a much better understanding of their customers' consumption patterns than traditional media owners.

Strongly Agree	
Agree	
Not sure	
Disagree	
Strongly Disagree	

3.5 With 24/7 access to unique consumers, mobile channel can build interactive relationships by identifying customers not only in terms of personal identity, but also in terms of commercial behaviour, geographic location, and social and communication patterns.

Strongly Agree	
Agree	
Not sure	
Disagree	
Strongly Disagree	

4 SECTION D

Section D consists of ten (10) statements based on your experience of the mobile environment and its effectiveness. Please answer this question by indicating whether you strongly agree, agree, not sure, disagree, or strongly disagree to the statement, and you might also be requested to justify your option by writing one statement / word. You should please choose one option and indicate your choice with a cross (X) or a mark (√).

4.1 The mobile campaign is easy to implement.

Strongly Agree	
Agree	
Not sure	
Disagree	
Strongly Disagree	

4.2 The mobile medium is easy to measure: marketers can carefully assess the final results to identify what practices could improve their next campaign.

Strongly Agree	
Agree	
Not sure	
Disagree	
Strongly Disagree	

4.3 With a mobile medium, it is easy for marketers / advertisers to build proper targeting and optimisation into the campaign process.

Strongly Agree	
Agree	
Not sure	
Disagree	
Strongly Disagree	

4.4 Mobile medium has enough information available that enable marketers / advertisers to understand consumers' attitudes, aspirations, and purchasing patterns.

Strongly Agree	
Agree	
Not sure	
Disagree	
Strongly Disagree	

4.5 Mobile advertising will eventually replace other traditional modes of advertising such as billboards and press.

Strongly Agree	
Agree	
Not sure	
Disagree	
Strongly Disagree	

4.6 Mobile advertising is quite effective in launching a new product or service, improving product sales, as well as communicating product / service information to prospective and existing customers.

Strongly Agree	
Agree	
Not sure	
Disagree	
Strongly Disagree	

4.7 Customers are more interested on digital contents (wallpapers, ringtones, mobile games, music, and mobile TV) than products and service that marketers / advertisers trying to expose them to.

Strongly Agree	
Agree	
Not sure	
Disagree	
Strongly Disagree	

4.8 The mobile medium can only function as an integral element in a comprehensive, promotional approach that is complementary to more traditional advertising media such as TV, outdoor / billboards, radio and press

Strongly Agree	
Agree	
Not sure	
Disagree	
Strongly Disagree	

4.9 Mobile advertising is only effective to a specific market segment.

Strongly Agree	
Agree	
Not sure	
Disagree	
Strongly Disagree	

Please specify the market:

4.10 Mobile marketing / advertising efforts have a substantial impact on the purchase decision of a consumer – it can persuade a consumer to have an interest in a product or service.

Strongly Agree	
Agree	
Not sure	
Disagree	
Strongly Disagree	

4.11 In general, what is your view of mobile marketing / advertising:

THANK YOU FOR YOUR TIME!