Mobile Marketing: The Influence of Trust and Privacy Concerns on Consumers’ Purchase Intention

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Abstract
The rapid proliferation of mobile phones along with the consumers’ acceptance and usage has created new mobile marketing opportunities to business industry. These new technologies and communication devices emerged as new ways of conducting business known as mobile marketing. Mobile marketing allows consumers to access products and services conveniently. It has become new information and an important channel on how consumers gather, and exchange information that has created a huge potential marketing opportunities for business organizations. This development also offered marketers opportunity to promote their services and attract customers’ anytime and anywhere irrespective of distance. The adoption and effective usage have been hindered by issues that bothered on consumers’ trust and privacy concerns. The study found that consumer privacy risk positively influences mobile electronic marketing negatively. The study also found that consumers’ trust and privacy risk will reduce the perception of risks on intention to use mobile marketing as mobile tools. It was further noted that lack of trust was found to be the major hindering factor on mobile marketing applications. To enhance consumers’ trust and privacy concerns about the use of mobile marketing devices, this study suggests that personalization of services will strengthen mobile marketing among consumers’. The paper is structured into three parts: introduction, literature, a conclusion which entails marketing implications and further suggestion.

Keywords: mobile marketing, promotion, customer trust, consumer privacy concerns, consumers, mobile electronic marketing

1. Introduction
Business firms strive to reach their target audience through available marketing channels such as television, newspapers, electronic media like Facebook, and Twitter; mobile communication media like smartphones, tablets, and iPhones. The traditional media are one-way communications; hence, electronic-commerce media tend to take predominance among consumers, they are personal and handy (Waity & Dass, 2014; Hsieh, 2014). One of these electronic-commerce media is mobile marketing. Mobile marketing is a medium that allows business organizations to interact with their customers in a personalized manner. These include mobile web, mobile applications like smartphones, mobile advertising and short message service and multimedia message services.

Keen competition in the global market has stressed the importance of mobile marketing among business organizations (Vivek, Beatty, & Morgan, 2012). The use of these mobile marketing among business organizations requires consumers’ permission to access the individual profiles with the business organizations. The uses of these consumers’ profiles by business organizations have raised issues that bothered on consumers’ permission, trust and privacy risk that served as impeding factors to the use of mobile marketing applications on the market (Teo & Liu, 2007).

Mobile marketing, therefore, defined as two-way or multi-way communications and promotion of an offer between a business firm and its customers using a mobile medium, device or technology (Shankar & Balasubramanian, 2009). The importance of mobile marketing in mobile commerce has been emphasized as platform for building customer engagement with a brand through text messages, mobile advertising, and permission-based marketing, the delivery of mobile content, user-generated content, and mobile commerce
Mobile marketing, hence, allows consumers to access business organization marketing activities personally and conveniently irrespective of time and distance.

The use of these technological applications by business organizations has enhanced relationship marketing but served as a threat to consumer purchase intentions that bothered on the individual invasion of privacy and intrusiveness (Muk, 2007). Past researchers revealed that despite importance of understanding consumer preferences, there has been little prior research on consumers attitudes towards mobile marketing communications in the smartphone era, and that marketers are still struggling to harness its potentials simply because of privacy and trust related issues (Watson, McCarthy, & Rowley, 2013; Persaud & Azhar, 2012; Mort & Drennan, 2012; Muk, 2007). Business organizations, globally, make attempts to get better value for their marketing investments in a rapidly changing marketing environment. Use of these mobile applications by business organizations to enhance customer-business relationship has been impeded by consumers’ privacy concerns and trust (Leppaniemi et al., 2008). Karjaluoto, Lehto, Leppaniemi, & Jayawardhena (2009), for example, observed that mobile marketing is still in its early stages, and mobile marketing practices likely to go through fundamental changes as the technological applications continues to evolve.

Persaud & Azhar (2012) further stress that research in mobile marketing is in its early stages, however, the literature is growing. In response to these research gaps and future investigation, this study, therefore, aims to reveal past empirical evidence to examine the influence of customer trust and privacy concerns as they affect consumers’ purchase decision with regards to mobile marketing.

2. Aim

This study, therefore, aims to reveal past literature to examine the influence of consumers’ trust and privacy concerns about mobile marketing activities that bother on individual purchase decisions. Consumers’ being the larger part of the global market influence the use of mobile marketing, an influencing factor for the success of a mobile marketing applications.

3. Significance of the Study

The advanced in information communication technologies like mobile internet systems and smartphones has enabled consumers to access market information in a personalized manner to strengthen purchase intentions. The use of these technological mobile applications by the consumers has enabled them to verify claims of business organizations. This also has facilitated customer-business engagements to enhance business organization objectives.

4. Method

This is an exploratory study of consumers purchase intention on the use of mobile marketing applications with a focus on customer trust and privacy concerns. It is a review of past studies on consumers’ views and opinions as applied to relationship marketing strategy. This study, therefore, focused on past studies on the use and impact of mobile marketing services as they affect consumer privacy concerns and customer trust in relationship marketing.

5. Literature Review

The study reviewed past studies on mobile marketing in relation to trust and privacy concerns as they influence consumers’ purchase intentions.

5.1 Mobile Marketing

Widespread and adoption of mobile phones provided a huge marketing opportunity for marketing organizations to reach their customers and prospective customers anytime and anywhere (Roach, 2009; Barutcu, 2007). These tools are being used by prospective consumers to enhance their private and social lives, while marketers considered them as marketing channels to strengthened business customer relationships (Piccinini, Gregory, & Kolbe, 2015; Kumar, 2014; Hennig-Thurau, Malthouse, Friege, Gensler, Lobschat, Rangaswamy, & Skiera, 2005). As these mobile applications have been proposed to be used by business organizations as mobile marketing channels, the question that this study address is that- Are consumers willing to accept them as mobile channels? This question is adequately addressed through a review of past literature as they relate to mobile marketing with regards to consumers privacy and trust.

The advancements in smartphones, therefore, provided marketers ample opportunity to develop a wider range of pull-based services, which employed a larger set of marketing techniques (Almunawar, Anshari, Susanto, & Chen, 2015; Selvi, 2014; Geron, 2009). Barnes & Scornacca (2004) contended that the majority of mobile
marketing services are based on short message service (SMS) which is based on simple push-based practices. Based on these practices by business organizations, Persaud & Azhar (2012) noted that future research is needed to gain clearer insights into how consumers will react to this type of marketing strategy technique considering the capabilities of modern smartphones with global positioning systems.

Grant & O’Donohoe (2007) revealed that five key factors influence consumers to use mobile phones. These are convenient entertainment, social simulation, escapism, experiential learning, and purchase information and advice. The researchers found that consumers resistance to mobile marketing is influenced by the lack of trust, fear of intrusion, and annoyance. The study conducted by Jayawardhena et al. (2009) also found that institutional trust is the most influential variable in mobile marketing but argued that personal trust and control were more prominent with men than women. Karjuluoto et al. (2007) further revealed that credibility, context, and subject norms had a substantial influence on consumers’ acceptance of mobile marketing which put the onus on business practitioners to critically re-examine these impeding factors to mobile marketing.

Persaud et al. (2012) in their study innovative mobile marketing via smartphones found that perceived value, shopping style, permission-based, and brand trust are significantly considered as predictors of consumers intentions to use mobile marketing. However, consumers’ have different views on the purchase and use of mobile devices. For instance, consumers are of the views that acquiring smartphones is not tied to participating in mobile marketing, although few individual consumers may be motivated due to mobile coupons and mobile discounts (Almunawar et al., 2015). Consumers, however, considered their smartphones as personal devices for entertainment, status symbol and social networking (Sarwar & Soomro, 2013; King, 2012; Conti, Jennett, Maestre, & Sasse, 2012). The implication of these findings is that consumers are much worried about permission-based, and brand trust. They are further concerns about privacy and control related issues over when and how they will participate in mobile marketing to enhance marketing of services by business organizations, an area that is critical to the success of mobile marketing activities.

Watson, McCarthy, & Rowley (2013) in their study consumer attitudes towards mobile marketing in smartphone era argued that even though mobile marketing can be used to strengthened customer relationship, it usage has been limited due to evidence based researches. This, therefore, means that the concern of consumers on privacy and trust are important aspects of mobile marketing that should be critically examined both by the industry practitioners and academics. This, therefore, calls for further investigation, the aim and the fundamental basis of this study.

5.2 Customers Trust

Scholars have argued that trust is a pre-condition for the success of a mobile commerce (Jayawardhena, Kuckertz, Karjuluoto, & Kautonen, 2009). This is because consumers hesitant to make a purchase unless they trust the seller or a company’s brand. Consumers trust may be more pronounce with e-marketing where parties involved may not necessarily meet physically for transaction exchange. Trust, therefore, defined as the willingness to make one vulnerable to actions taken by the trusted party based on the feelings of confidence or assurance (Gefen, 2002). Trust is an important element in relationship exchange, where a party relies on the other party to fulfill his promise. Trust in relationship marketing is, therefore, serves as impetuses in transactions that take place between the buyers and sellers. Chen, Yan, & Gordon (2015) found that high trust and commitment on the part of the consumers influence the larger amount of buyers purchase decisions which leads to higher firm’s profitability. In addition, Aydin & Ozer (2005) found that trust lessens uncertainty in an environment where buyers have less information about firms and its products. They further found that trust has a significant influence on customer loyalty and satisfaction, the fundamental factors for the success of a business organization.

Kim, Ferrin, & Rao (2009) conducted a study on a trust based consumer decision-making model in electronic commerce revealed that a consumer’s trust, directly and indirectly, affects a consumer purchase intention. The researchers argued that a consumer’s trust has a strong positive effect on purchasing intention as well as a strong negative effect on a consumer’s perceived risk. This goes to stress that consumers are sensitive to their feelings and beliefs, therefore, beliefs must match with a company’s products and services. The revolution in communication technology has therefore not only makes the global markets more competitive but stress the importance of trust on service consumption by the consumers (Jha, Punia, & Rao, 2014). The study conducted by Lin & Wang (2006) emphasized that trust appeared in their study to be an essential factor that enhances customer satisfaction and loyalty.

It is, therefore, imperative for business organizations to critically look into trust as this related to mobile marketing and electronic marketing platforms that reduce physical interaction with the company’s representatives. Customer value creation may be important, but customers trust is imperative for the success of
mobile marketing. Chen, Yan, Fan, & Gordon (2015) found that trust moderates the relationship between perceived risk and overall satisfaction. Overall satisfaction with a company’s products by the target markets, therefore, guarantee a firm stability and also encourages further recommendations on word-of-mouth by the loyal customers.

The use of mobile marketing technologies like smartphones should not only facilitate communication but should match the lifestyle of the users. The behavior of the consumers in relation to the use of the technology becomes imperative for electronic marketing. The use of mobile technologies to enhance mobile marketing activities like enhancing purchase decision, therefore, raised the issue that bothered on customer trust. Anthony, Henderson, & Kotz (2007), for example, argued that people prefer to disclose their identity while they are at home than when they are away from home. The import of this assertion is that modern business managers should look into the protection of customers’ identities as an enabler for purchase intentions, the basic ingredient for strengthening trust in relationship marketing particularly with the use of mobile marketing applications.

The rapid developments in mobile commerce technologies, therefore, have raised high hope for mobile marketing, but consumers’ lack of trust has been found to be a major encumbering influencing factor for its wide acceptance (Jurbert & Van Belle, 2013). Consumers’ trust, therefore, becomes an imperative factor in mobile marketing particularly in situations where consumers have little information about a company and its services. Consumer perception, therefore, about trust and risk information influenced the adoption of mobile marketing. This is because the individual consumer’s personal risk propensity has a positive significant correlation with risk penetration of mobile marketing devices (Hu & Liu, 2013). Consumers, for instance, with strong risk propensity will undoubtedly have less trust in a company’s products that is questionable by others customers on the market. Product risk, technical risk, and environment risk, therefore, influences customer trust and impede privacy concerns that affect consumers’ adoption behavior of a technology (Humprey, 2010).

An electronic word of mouth occurs more often when consumers’ had pleasant experiences with a company and its services than when they had unpleasant experiences (Jeong & Jang, 2011). The perceived customer value of a mobile marketing technology will affect consumers’ adoption and continue usage. The study conducted by Vasileidis (2014) on security concerns and trust in the adoption of mobile commerce also revealed that perception risk in terms of privacy, mobile payments, legislation, and product quality deter consumers from using mobile marketing devices. He further noted that customers are disappointed when their current location and mobile habits are revealed to others. However, he observed that determinant of trust will reduce the perception of risk on intention to use mobile marketing devices. It is, therefore, imperative to note that for mobile marketing devices to enhance consumers’ purchase intention; it should add value to consumers better than the traditional marketing relationship media. Consumers, therefore, becomes a powerful influential element in modern relationship marketing because of closed used of a company’s products. Gazley, Hent, & McLaren (2015) state that customization; permission and intrusiveness all have a direct effect on customer attitudes towards mobile marketing.

The need for personalization of individual purchase habits, therefore, becomes imperative in modern mobile marketing. Personalization means understanding different kinds of individual’s consumer preferences, needs, and lifestyles as well as concernsthat aim to enhance consumers’ purchase intentions. Hajli (2015), for example, found that consumers use the social commerce media to increase the level of trust and intention to buy a firm’s products. Personalization mobile marketing will not only encourage trust but also facilitate interaction and strengthen customer business relationship based on individual customer’s needs. Cao, Dang, & Ngugen (2016) found that perceived trust is the strongest predictor of intention to use mobile device services.

5.3 Consumer Privacy Concerns

Companies and consumers are adopting new ways to communication and interaction due to transition in information communication technologies. The competitiveness in the global market has stressed the importance of consumer privacy concerns because target markets are better informed and educated about a company’s products on the markets, and they also has tools at their disposal to verify the claims by business organizations. The advancement in mobile communications, therefore, has created new marketing opportunities for marketers but raised the issue of consumer privacy concerns. The Pew Research Institute (2013), state that mobile activities will take 15 percent of the global online advertisements by 2016 because mobile search is the fastest growth segment in mobile advertising. Mobile marketing, hence, has captured the attention of practitioners and researchers because of its potential impact on business and the industry (Chong et al., 2012).

The study conducted by Van Dyke, Midha, & Nemati (2007) on the effect of consumer privacy empowerment on trust and privacy concerns in e-commerce found that privacy concerns have a major negative effect on trust; and
that consumers will be less interested in e-commerce when they perceived a threat to their personal privacy. This assertion was similar to the findings of the study conducted by Teo & Liu (2007) on consumer trust, that consumer trust mitigates the perceived risk associated with the mobile marketing purchase. Hence, the concerned of modern business practitioners should focus on consumers trust and privacy as a booster to enhance mobile marketing that will facilitate consumers’ purchase intentions. Murkherjee & Nath (2007) found that privacy is one of the most significant influencing factors on consumer’s trust, a fundamental capstone for mobile marketing activities in the 21st century. For instance, a high level of trust among consumers will relatively develop a low level of perceived risk associated with mobile marketing activities.

Keith & Lowry (2013) in their study information disclosure on mobile devices revealed that an increase in perceived privacy risk from the new mobile applications will decrease an individual’s intention to disclose personal information that will increase usage of the devices, and strength relationship marketing. Perceived benefits and risks are evidence of enhancing privacy setting an impeding factor to mobile marketing activities. Perceived benefits therefore influence consumers’ use of mobile marketing (Chanh & Heo, 2014).

Individual involvement with the mobile devices will reduce a consumer privacy concerns and facilitate trust. High involvement with the mobile phone on a daily basis was found to have anegative relationship with the privacy concerns regarding disclosure of information (Kim, 2016). This could be influenced by the familiarity with privacy settings like Facebook. Mobile marketing, therefore, will enhance the involvement of the target markets to meet their needs because consumers are regarded as kings; they set the pace for the companies to follow. An individual involvement will not only facilitate consumers’ privacy concerns but also guarantee customer perceived value, a motivational factor to the adoption of a technological acceptance.

Previous experience with the use of mobile marketing tools will also enhance consumers purchase decisions. Previous experience of a consumer in the form of involvement with a company’s products served as a critical factor to alter motivation on privacy concerns and customer trust. Customer trust and privacy consumers, a twin factor impeding the effective use of mobile marketing in this 21st century. Business organizations that use mobile marketing as a marketing communication media and strategies should evaluate the consumers’ perception of the use of these technologies to enhance an individual’s purchase intention.

6. Conclusion and Implications

Mobile marketing requires messages that centered especially on users’ needs. This is because a consumer habit and needs influence the use of mobile marketing applications. Mobile marketing is unlocking opportunities for marketers on a daily basis as more users acquire mobile devices. Mobile marketing allows marketers to reach a larger audience in a way that is real-time and personal. Sensis’s May 2015 report that 70 percent of the population owns a mobile phone, 55 percent own a tablet, and 75 percent own a laptop, huge marketing opportunities for business industry. This has, therefore, influence shopping activities and strengthens relationship marketing. People use their mobile devices to consume more contents than ever, marketers, must, therefore, devise a strategy that their services should form part of this content consumption.

Consumers’ attitudes towards mobile marketing showed a negative attitude, mainly they, considered their mobile devices as personal communication and prefer to be able to exercise control over their engagement with business organizations (Lee, Park, & Jun 2014; Selvi, 2014; PRC, 2013; Almunawar et al., 2012). To enhance its acceptance and usage, business organizations should adopt permission-based marketing, trust-building, and device-entertainment strategies. This is because changes in consumers purchase behaviors are largely due to technological evolution that enables them to verify claims of organizations. The limitation of this study is that it is not an empirically based investigation; therefore, these findings may be validated using either quantitative or quality research-based method.

References


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