

# Location Based Marketing: A Promising Marketing in Sri Lanka

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Received: June 23, 2015      Accepted: July 14, 2015      Online Published: September 29, 2015

doi:10.5539/ijms.v7n5p88      URL: <http://dx.doi.org/10.5539/ijms.v7n5p88>

*This research is sponsored by the “National Natural Science Foundation of China under Grant 71272125” and “Fundamental Scientific and Research of Chinese Central Universities under Grant 2014QN207”.*

## Abstract

In the modern world, many organizations are turning into ground-breaking digital media technologies in order to develop their marketing communication channels, extend effectiveness, and reorganize extra mobile marketing strengths in to the marketing world. In order to achieve powerful competition; some large organizations are investing immensely in the development of mobile marketing. Most of marketer’s dreams were come true by entering many researches and developments into mobile marketing in order to generate an enhanced digital infrastructure. Location based marketing is one of the rapid and critical transformer in the mobile marketing. Location based marketing technology is being developed rapidly every day, opening new incredible opportunities. It supports a company to send their marketing communication messages more successfully to attractive and proper audience, eliminate all redundant “sound” in the communication procedure, cut costs, and more prominently engage its audience in a transferable outcome. In this article, customer recognition, familiarity of LBM, customer trust, customer privacy, customer preference, information accuracy, cooperation have considered as the key factors affecting building location based marketing system in Sri Lanka. These key factors can be helpful for marketers, entrepreneurs to develop their location based marketing model for the better off.

**Keywords:** customer recognition, familiarity of LBM, customer trust, customer privacy, customer preference, information accuracy, cooperation

## 1. Introduction

Location-based marketing provides enormous avenues for direct marketers. According to customer’s necessities it grants ample of options to decide on, LBM enables service which can attain consumers at the bordering selling points (PR Newswire, 2013). As mobile marketing, spreading all around the world, location based marketing produces significant levels of assistance for marketers to chase their market without hesitation. Mobile marketing involves with different kinds of ads that emerge on smart phones, tablets, or other mobile devices. Mobile marketing ad format, customization, and styles can be deferred, as many social media platforms, websites, and mobile applications offer its individual distinctiveness and customized advertising options. Modern Technology assists in mobile communications to acquire advanced platforms for brand-consumer connections. This indicates that the modern technology has improved B-C much smoothly than before (Sultan et al., 2009). In particular, the consideration is highly focused on mobile marketing in China, where, according to its Ministry of Industry and Information Technology, the number of mobile subscriptions has reached 1.29 billion in February 2015 (National Bureau of Statistics of China, 2015). Businesses began in commencing commercial location-based services which are to utilize the prospective of positioning capabilities. For some, it can be referred as an information or entertainment service, which is available with mobile devices through the mobile network and uses geographical location information provided by the mobile devices (Wang & Yi, 2008). At the same time, location-based services provide information about products and services that is specific to a given location (Rainer & Cegielski, 2012).

Hence, location-based service is a form of mobile services, which are services provided through a wireless internet-enabled device. Location based marketing is vital topic when it is considered in the mobile marketing field. Mobile marketing has unusual techniques for marketer to grab human being into specific marketing

segments. But the success of LBM depends on various factors related to customers, marketing strategy of the company and various other factors related to service providers.

## 2. Methodology

Location based marketing articles are speckled across diverse journals in numerous disciplines such as management, marketing, mobile marketing, information systems and etc. Most of the articles and papers were selected and searched to provide a comprehensive bibliography of the academic literature on location base marketing; ABI/INFORM, EBSCOhost, Emerald, LEEE Xplore, science direct. The literature search was limited to peer - reviewed journals and based on key words customer recognition, familiarity of LBM, customer trust, customer privacy, customer preference information, accuracy, and cooperation. The full text of each article was reviewed to eliminate those that were not actually related to location based marketing. Many theoretical frameworks have reviewed to build the interconnection with LMB and its benefits to the Sri Lankan market. According to the literature review, the following factors can be affecting of LMB to Sri Lanka, customer recognition, familiarity of LBM, customer trust, customer privacy, customer preference information, accuracy, and cooperation. Defining each factor and how it interferes for a condition like in Sri Lanka was made according to literature reviews. It has provided many key points for the entrepreneurs in Sri Lanka to full field customers' needs and wants in a new way. The most potential factors and suggestions were highlighted in this article for future benefits of the LMB market in Sri Lanka.

## 3. Factors Affecting on Building a LBM in Sri Lanka

### 3.1 Customer Recognition, Familiarity LBM

It is universal that each customer is dissimilar than others. According to customer's different behavior, their shopping style, buying behavior is completely different than the rest. It's the physiological fact that consumers' buying pattern can be differing not only by human behavior, but also by the time and the environment. Early days, consumers intend to look for goods and services by consuming their energy and time. It took a long time for them to find their own needs and wants. As the result of customer marketing concept, marketing has started with the needs of the customer and ends with his satisfaction. When everything revolves around the customer then the study of consumer behavior becomes a necessity in the modern marketing (Khan, 2007). Modern era found that the condition is reasonably miscellaneous than before. Due to contemporary technology, innumerable marketers are using apps to accomplish clients faster and effortlessly. The Location based marketing structure allows loads of marketers to reveal again and again for enhanced options of mobile marketing industry. Location based marketing is one of the trendy feature in East Asia countries like China, Japan, Korea. It is essential that the customers in Sri Lanka can accept LBM; the smart phone is needed to use LBM services. However, there are things to be clarified about Smartphone usage in Sri Lankan context. Do many Sri Lankan have smart phones or not? Does Sri Lanka Telecommunication industry facilitate this modern technology? As LBM is an innovative marketing strategy for Sri Lankan society, it's significant for marketers offer sufficient information of LBM to general public. Enhancing the familiarity of location based marketing service system is vital for marketers get in touch with consumers effortlessly. As an example, Chinese marketers have reached extremely significant level of location based marketing industry throughout these years. It provides many companies such as Alipay, Wechat wallet, QQ wallet as the payment method service provider. Withdrawing traditional payment styles Alipay and other E wallets have been working as a vending machine for most of the years in China (Tang & Shi-Ming, 2010).

The conventional business form is moving-away in China, as new influential ones are over heading every industry. Weiru Chen explained about the "platform business model", which connects customers directly to businesses, illumination that it now generates the majority of revenue among the world's 100 leading companies and in China. It represents the country's fastest emerging companies like e-commerce giants Alibaba, Tencent and Dianping (Guan et al., 2011). Many companies such as Meituan, Tuangou are running as top level location based companies in China for its products and services. It is not only popular and familiar among young crowd, but also elder people are using them to get a better price for buying products and services (Yang & Qian, 2012). Many Sri Lankan marketers are about to face a huge task to endorse this service in the country to get the maximum out of it. At the same time, it's important to build infrastructure facilities with better telecommunication and GPS system in Sri Lanka to make location based service industry more viable. The current situation of Sri Lankan in location based marketing point of view, is not prominent like other countries in the world. It's a fact that hard to extract literature in Sri Lanka for location based marketing methods. As it's a new model for Sri Lankan marketers to develop it, because of huge benefits it provides such as cost cutting, no agents, less consuming time, more popularity and familiarity. As recognition level of LBM is low as it mentioned

above marketers have to do loads of homework. There are plenty of applications for each and every organization, but there are no any application has established for location based marketing model in Sri Lanka.

As far as LBM concerns, it can be rather spited into a big or small market segments. It's an industry under mobile marketing. Generally it covers the selected market segment in location wise via mobile applications. Some companies use it as a selling technique of their goods and services. At the same time some companies are using it for promotional campaigns. It detects when the person with an installed app in smart phone reaches the specific location and provides significant and sufficient information about the products and the services available in that particular area. This type of technology needs GPS/ GPRS/ WIFI or any networking facility system to retrieve information. As it mentioned above, Sri Lankan technology environment has to allow LBM to penetrate into their market by adjusting some certain technical preparations.

### *3.2 Customer Trust*

Customer trust has been an important variable in the mobile marketing industry. As LBM is a part of mobile marketing, customer trust will affect the effectiveness of LBM equally. Customers are more often to get the accurate data from the internet. As an example, Google provides many solutions for a problem at once. Location based marketing also can provide plenty of options for a customer to choose. In that case, if the data retrieve by the mobile device is incorrect, the customers will perceive it negatively. Hence, gaining trustworthiness of customers is a really an important factor.

According to Siau & Shen (2003) trust is a key factor to build up a profitable customer relationship. Several studies in the electronic commerce and mobile commerce context have shown that the major reason of the majority of the customers reject to provide personal information to a website is the lack of trust in the site. According to McKnight et al. (2002), as it is mentioned above, the trust factor is an imperative factor to apply to take down riskiness of a company. The procedure of mounting customer trust is time-consuming and ongoing. , The life cycle of the customer trust development starts with building the preliminary trust, which is crucial in order to continue to develop the continuous trust. Customer trust affects the growth of consumer commitment to the Service provider because of the positive experiences had been experienced (Albany, 2013). If the service provider gives a negative image to the customer, the customer trust towards the company can be lost easily. It's an important aspect to make a long-term trust on location based services among customers to get the maximum benefits in the marketing process of goods and services. Sri Lankan marketers can involve with the superior trust worthy strategies and worldwide recognized software companies to reach customers effectively without breaking their trustworthiness. As it is in the early stage in Sri Lanka, marketers may have to deposit additional energy and assets on trust factor on LBM in Sri Lanka. At the same time it's imperative to preserve the stability of trustworthiness of customers and provide better service for them. As an example, in China Meituan company is having its own software for their and third parties products and services. It does provide sufficient description about the products and services after enhanced analysis. Due to provision full description about the items used in the application; it drives numerous positive impacts on the customers to trust their products and services. The researchers anticipate the Location-based Services (LBS) market in China to grow. One of the key factors contributing to this market growth is the increasing adoption of mobile broadband (ThaeMin, 2005).

The LBS market in China has also witnessed the growing use of mobile LBS. However, according to Sri Lankan context smart phone usage is comparatively lower than china. From Sri Lankan prospective, the increasing the usage of LBM activities can bring many positive or negative impacts on customers trustworthiness in Sri Lanka. As ThaeMinLee (2005) explained, the key to location-based marketing is to focus on trustworthiness of the customer (Xu & Shi, 2009). In any situation developing the trust of customer is the best way for any industry to be top ranking in years after it started. If the customer trust the location based services which provide by the certain company, it will make a huge impact and image on the customer. The brand image will help location based marketers to grab many projects. Trust can build the mutual relationship with customers and location based marketing.

### *3.3 Privacy Concerns*

One of the main factors in LBS is privacy of customers. Many researchers have investigated on LBS privacy factor significantly. In that case cost is a key point when its concern about privacy of customers in LBS. As LBM is an invisible market in the mobile marketing industry; most of the companies are keen to build up significant privacy using various systematical tools and technical tools. Defined privacy generally as the ethical precise of individuals to be left unaided, free from observation or intervention from other individuals or organization, including the state, Laudon & Traver (2001) indicated that privacy requires security. Perusco & Michael (2007) have indicated that there is a relationship between the privacy and its influence on location based marketing. In

Sri Lankan mobile marketing context, LBM is a new trend and convincing one. It requires certain security methods to maintain the privacy. As Sri Lankan mobile marketers have to do many strategies along with a LBM system to maintain the privacy system. As an example, many Chinese location based service companies have cooperated with some anti-virus, e-banking server secure servers to protect the customers privacy when consume products and services which provide by LBM system. In the contemporary marketing world, there are many situations that the customer's privacy lost, due to hacking. To maintain better privacy level of customers, setting up a vital security base is really essential.

### *3.4 Customer's Preference*

Consumers' preference is such a valuable factor when consider about marketing in any aspects. Frank et al. (2005) have expressed it has become a general risky situation for the LBM marketers to check consumers' acceptance and intensity of use. Marketers' marketing strategies highly tested customers' choice and preference. It's true that customers are controlling the potential market in LBM in case many marketers have to set down supplementary endeavors on adjusting their marketing strategies according to a spacious segment. Inventive service companies are set up to distinguish and supercharge profits by acknowledging that diverse groups of customers fluctuate widely in their performance, requirements, and responses to marketing (Zeithaml et al., 2001). Uttered of creating various choices is one of the superlative ways to catch the attention of new clients in LBM (Al-ajarma, 2002). Dissimilar price levels with special categories can be an enhanced approach to enlarge customer's preference. Maintaining the existing customers can be very crucial to generate new clients into segments. The comments and feedback method are given enough encouragement to LBS companies to promote many services to customers to assure their stability.

### *3.5 Information Accuracy*

Information plays a key role in providing location-based services to the general public via application or software. The process of information generates good trust on consumers in LBM. The steady enhance in consumer prospect and what they anticipate from the certain companies or products, in order to persuade their requirements, the application and the companies should have a better information management. Inaccurate information will cause the destruction of the trust of consumers. Alexandra (2005) mentioned, having an accurate information process with the associate companies can be helpful for marketers to make a proper and accurate decision so easily. At the same time it will make marketers use to make the pricing strategies for products and services of location based marketing. As location based services are especially updated. It is important to upgrade information according to necessities of consumers and suppliers. Not only consumer's perspective, but also seller's perspective, LBM is liable to provide accurate information for both parties under regulations and terms. As most of the location-based service applications are providing pictures and details of a certain product or services, the consumers are expecting the same scenario as what they see in the description. In case of that, many LBM marketers are having legal bonds with companies that providing products or services. Providing fake or invalid information can easily cause consumers to take legal actions on LBM application companies where it involves with the transaction.

### *3.6 Cooperation of Parties Concerned*

As far as Location based services are concerned, to reach customers at smoothly and efficiently, the cooperation between LBM providers and Sri Lankan mobile networks are extremely important. Analysis of active internet subscribers in Sri Lanka has been increasing year by year since 2000. It shows an intend of mobile internet and mobile application usage are increasing rapidly. To provide a better service and win the largest market share of the telecommunication industry, many mobile network companies are investing numerous resources in it. The adaptability of location based service applications can be a key point of LBM system. For that many marketers around the world are cooperating with most of telecommunication companies to provide fast and better internet speed on LB applications. To provide a better service and reach the customer quickly, LBM has to cooperate with mobile network companies. Moreover the risk factor of payment type will be one special key factor in LBM in Sri Lanka. According to Lim (2005) there are three main payment methods that are used nowadays. Lim has talked about the payment methods and its security, they are bank card based, credit card based, and telecommunication company billing based respectively. Rather than that, new technology has found many ways for payments by mobile devices. It has made the customers' life so easy by just touching the payment tab in the smart phone. Some of them are WeChat wallet, QQ wallet and PayPal. (Hassinen et al., 2007) proposed that safe mobile payment transactions can be implemented using existing national public key infrastructure, which is independent of financial institutions, mobile network operators and mobile payment application service providers but can be used by all of them. As above explained having a secure payment toolkit is very important

when it is considered about establishing LMB system in Sri Lanka. Sri Lankan mobile payment usage is comparatively lower than other Asian countries such as China and Japan. But it has more opportunities to develop by itself slowly when LMB hit Sri Lanka. Mobile payment is forwarding many benefits such as, mobile devices are restricted in terms of processing and storage capacities, it is applicable to decrease the computational cost required by the cryptographic operations (Martinez et al., 2008). As Martinez-Pelaez whispered mobile payment protocols are well important and most of side support industries will come to the party as it needs cooperation.

#### 4. Conclusion

The main prospective of LBM are to provide value and foster innovation to benefit the economy and consumers efficiently and effectively. It is one of the transformers to connect the people and the business at any given time and at any given place. As it is more technical wise, most of the people may not have an idea about it yet. Location-based marketing is here to stay and will provide companies with another avenue to reach out their customers in a new, economical and faster way. Companies that can grip it will be more responsive than their competitors. Location-based mobile marketing carries about the divergence of online marketing and the physical shopping experience. Location based application will support those companies to provide better information about customers and vice versa. Companies which, disposed to use above mentioned factors will assist their marketers to formulate the better off sales revenue or profits by scattering markets into non-visible. As it mentioned earlier, Sri Lanka can be a booming location based marketing industry, which can touch most of the customers by using the mobile application for LBM as its landscape is small. Meanwhile by building a competitive environment can be exceptionally supportive for marketers to decide about the location based services and its benefits step by step. Although it hasn't reached the appropriate level of technology, introducing location based marketing and services will definitely facilitate many companies and marketers to promote their goods and services productively.

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