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# Mobile Marketing Channel Online Consumer Behavior

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Mahmud Akhter Shareef • Yogesh K. Dwivedi  
Vinod Kumar

# Mobile Marketing Channel

Online Consumer Behavior

 Springer

Mahmud Akhter Shareef  
School of Business  
North South University  
Bashundhara, Bangladesh

Yogesh K. Dwivedi  
Swansea University  
Wales, UK

Vinod Kumar  
Carleton University  
Ottawa, ON, Canada

ISSN 2191-5482

SpringerBriefs in Business

ISBN 978-3-319-31285-9

DOI 10.1007/978-3-319-31287-3

ISSN 2191-5490 (electronic)

ISBN 978-3-319-31287-3 (eBook)

Library of Congress Control Number: 2016934852

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*To my loving parents*

***Mahmud Akhter Shareef***

*To Krishna Tiwari, Akshita Tiwari,  
and Shiva Tiwari*

***Yogesh K. Dwivedi***

*To my wife Professor Uma Kumar*

***Vinod Kumar***



# Foreword

The wide acceptance and reach of the Internet is allowing for emergence of new models of market and social exchange. In this book the authors specifically outline the challenges and opportunities associated with the emergence of online marketing channels. For example, authors showcase how external consumer's technological beliefs may overlap with their traditional market attitudes to create paradoxical behavioral challenges for marketers. However, the unique aspect of this book is that authors leverage past research, examples, and rationale arguments to outline how marketers can better understand and respond to these emerging online challenges. They provide specific guidance on the design of online marketing channels by taking into account many unique aspects of online environment such as "Online Service Output Demand (SOD)" and "Online Service Output Supplied (SOS)."

This book also makes an important contribution by highlighting the importance of short messaging service (SMS) and multimedia messaging service (MMS), which are now becoming a new commerce channel. SMS has also an important role to play in allowing consumers in emerging markets to become a part of the global economy. SMS service tends to be easy to use, easily accessible, and does not take much bandwidth. These characteristics make SMS a powerful tool for facilitating Bottom of the Pyramid Marketing and allowing billions of new consumers participate in the digital economy. This is one aspect of the digital revolution that may have the capacity to enhance the quality of life of more than a billion consumers in developing countries. Finally, readers will benefit greatly by understanding the unique aspects of consumer behavior, consumer segmentation, targeting, channel design, and message communication associated with mobile environments.



I see this book as a tool to empower both consumers and marketers in the art and science of Online Marketing. Consumers will be empowered by understanding how consumer preferences and behaviors are being shaped by digital media such as mobile interfaces, social media sites, and SMS. Marketers will benefit from this book by better understanding how to align their online marketing strategies to evolving online consumer preferences and thus create more meaningful, rich, interactive, and useful online consumer experiences.

St. Louis, MO, USA

Nitish Singh

## About the Author

**Nitish Singh** is an Associate Professor of International Business at the Boeing Institute of International Business, St. Louis University. He also holds several leadership positions including Program Leader for Certification in Global Digital Marketing & Localization, Co-organizer of Brand2Global Conference, President of IntegTree LLC: Ethics and Compliance Consulting, and is also a Scholar Member/Adjunct Professor at the Center for Sustainability, St. Louis University. Dr. Singh is the author of *Localization Strategies for Global e-Business* published by Cambridge University Press. He has also coauthored *The Culturally Customized Website* and *Proliferation of the Internet Economy*, and he has published more than 60 academic papers in several top journals. His primary research focuses on cross-cultural consumer marketing, global e-business, ethics, compliance, and sustainability. He holds a Ph.D. in Marketing and International Business from St. Louis University and an M.B.A. and M.A. from universities in India and the United Kingdom. His educational and research efforts have been supported by the US Department of Education, Qatar Foundation, CSU, Google, HP, IBM, Microsoft, Lionbridge, and other companies.

# Foreword

The world of business is rapidly changing. Advances in ICT constantly redefine the communication landscape in the marketplace which, in turn, creates opportunities and poses challenges to businesses. The “*change current*” demands business to be in synch and move on to new communication channels that become available and are in demand, or else face the consequences of going out of touch with their target markets. From a business perspective, new communication channels have to be carefully evaluated and integrated and supported if they are going to be effective. Evaluating alternative communication channels requires, however, good knowledge of what each of these channels is capable of contributing to businesses. This is, indeed, the subject matter of this very timely book on mobile channels by Professor Mahmud A. Shareef, Professor Yogesh K. Dwivedi, and Professor Vinod Kumar.

In the first chapter, the determinants of online consumer behavior have been identified and the functionality of different online and offline communication channels (pathways) has been assessed. Next, factors influencing consumer preference of communication channels along with the pillars of online channel strategy and the underlying fundamental conditions have been provided. Next, the authors have moved on to discuss mobile marketing channels in the second chapter. In Chap. 2 issues pertaining to the usage of online communication channels, their structure, and characteristics have been analyzed and discussed. Also, a corresponding analysis between consumer preferences and their likely response to online channels has been provided.

In Chap. 3, the role and importance of short messaging service (SMS) as a marketing communication channel is discussed. Starting with the trends of SMS, their properties and usage as a communication marketing channel are explained. In addition, SMS was compared to other online channels on relevant behavioral urge parameters. In Chap. 4, an evaluation of the ability of online communication channels to supply service output demand has been provided. Furthermore, different ways in which SMS channel can be used for marketing communications and its strength as a channel are assessed.

In the last two chapters the authors have attempted a taxonomy of consumers based on their demands on (a) privacy, (b) assortment and waiting time, (c) personalization and time location, and (d) frequency and connectivity and social presence. The resulting four distinct customer groups have been defined and what are the expectations of each group from the online (SMS) communication channel clearly stated. The book concludes with an account of the scope of multichannel structure.

The authors effectively integrate insights from cognate fields, such as online consumer behavior, relationship marketing, distribution and communication channels, technology adoption, and mass media selection theories, to inform us primarily of two things. First, of the need to focus our attention to online communication channels and second of the necessity to account for communication versatility that is available in online channels. Specifically, the book provides a road map of how target consumers should be understood not only in terms of product or service needs but also by specific preferences for online communication channels. With an ability of making complex concepts accessible, the readers (academics and practitioners) will find this book an effective and useful guide of why and how to match products to consumers, consumers to online communication channels, and online communication channels to both products and consumers.

Gulf University for Science  
and Technology (GUST)  
School of Management, Swansea University  
West Mishref, Kuwait  
Swansea, Wales, UK

Antonis C. Simintiras

## About the Author

**Antonis C. Simintiras** is currently Professor of Marketing and M.B.A. Director at Gulf University for Science and Technology (GUST), Kuwait, and Research Professor of Marketing at Swansea University, Wales, UK. Educated in Greece (B.Sc. Econ), USA (M.B.A. Marketing), and UK (Ph.D. Sales Management) and over the years held visiting professorial appointments at universities in various EU states, USA, and China. Professor Simintiras acts as consultant for various companies and public sector organizations and remains research active. Part of his research has appeared in JIBS, IMR, JBR, IMM, JSBM, P&M, EJM, GIQ, and JMM. In addition, he has contributed to several edited books and coauthored a book on Global Sales Management and a monograph on *Success and Failure of IS/IT Projects*.

# Preface

Online consumer behavior is extremely complex and is gradually becoming even more difficult to understand and anticipate due to the extensive availability and application of emerging technologies. Marketers assert that recent trends in online consumer behavior are enormously reshaped by the diffusion, adoption, application of, and attitudinal beliefs towards information and communication technology (ICT). The consumers' complex decision-making processes including problem recognition, information collection, alternative evaluation, purchase, usage, and disposition are closely controlled by ICT and, particularly, mobile technology and the product and information distribution channel. The computer, Internet, mobile technology such as mobile phones, smartphones, tablets, iPads, and social media like Facebook, YouTube, and Twitter are being included by businesses as effective marketing tools. In the twenty-first century, marketing managers are extremely concerned to develop their marketing strategies to capitalize on the ubiquitous benefits of these mobile channels. This book is engaged in addressing, analyzing, conceptualizing, and formulating this new trend of consumer behavior focusing on newly included mobile media with the traditional marketing channel.

Usage of a wireless device is growing and diffusing so quickly that present marketing managers find a great potential for this wireless channel to be the most effective media for maintaining a consumer relationship that provides the highest quality service. For promoting consumer communication, all leading private and public organizations now consider and are concerned about wireless marketing through different social networks such as Facebook, YouTube, and Twitter and the mobile phone by using the short messaging service (SMS). The SMS of mobile phones, which can be regarded as an effective mobile channel for marketers, can enhance and support consumer interaction from anywhere and at any time. Since consumers can receive seamless service and any required information effortlessly through a handheld device (such as mobile phones), SMS can influence consumer attention, exposure, perceptions, and behavioral attitudes towards advertising information.

According to a study by Xu (2007), SMS marketing for consumer communication and providing service output demand is growing at a rate of more than 39.8% worldwide. Worldwide leading private organizations and, more recently, the public

domain consider this marketing channel as the panacea for maintaining consumer relationship in marketing. Organizations such as Nike and McDonald, which are noted for maintaining excellent customer relationships, have captured the scope of promotional marketing by segmenting and targeting customers through SMS interactions with prospective consumers. SMS allows for personalized information tailored to customer requirements. These organizations offer continuing interactions with consumers through SMS-based, two-way communication, and they find this mobile channel-supported interactivity to be an effective and efficient strategy for relationship marketing.

Researchers identified that the key driving factor for the success of mobile channel fundamentally depends on the benefit of customized and target-oriented personal interaction. It can be facilitated by remote interaction through a virtual medium such as online or digital marketing. The ubiquitous characteristics of mobile-enabled media such as social networks, mobile phone, and Internet have the scope to reach consumers immediately from anywhere and can provide time and location-based service. Researchers through market investigation revealed that any mobile channel has an extensive opportunity to establish an effective consumer relationship by providing the desired service and fulfilling customer service demands. The mobile channel has offered an excellent scope to the marketers to initiate direct promotional marketing and develop consumer relationship.

Barwise and Farley (2005) explored the impact of mobile phone-based SMS marketing among consumers by looking at satisfaction and loyalty among them from five developed countries (the USA, UK, Japan, Germany, and France) and two prospective emerging online markets (China and Brazil). This study revealed that more than 19% of consumer product companies are using SMS as a tool for interactive marketing, consumer relationships, and customer service. Including the above study, many potential studies on the mobile channel show that the mobile channel structure through SMS is now considered to be one of the most effective channels of marketing. It is important that the SMS-based mobile channel as a radical tool of interactive marketing and seamless service marketing be explored and studied to discover any previously undiscovered scope, characteristics, and opportunities offered by this channel to capture and maximize the enormous unutilized benefits of using this efficient and popular marketing channel of twenty-first century direct marketing.

This book has addressed these potential concerns of marketing managers, researchers, and consumers. It has offered new theoretical paradigms regarding marketing strategies for the mobile marketing channel in conjunction with online consumer behavior. On the other hand, this book has provided a deep insight for practitioners about the application of different mobile channels as an effective tool for promotional marketing and consumer relationship building. The continued academic study of online consumer behavior and application of mobile marketing channel has potential merit in order to influence, facilitate, anticipate, and capitalize the benefits of market change. This book is positioned as an important advance in this process.

Bashundhara, Bangladesh  
Wales, UK  
Ottawa, ON, Canada

Mahmud Akhter Shareef  
Yogesh K. Dwivedi  
Vinod Kumar

# Abbreviations

B2C	Business-to-consumer
CDMA	Code division multiple access
DOI	Diffusion of innovation theory
GAM	e-Gov adoption model
GSM	Global system for mobile communications
HIP	High interactive profile
HIPB	High interactive profile—balanced
HIPP	High interactive profile—partner
ICT	Information and communication technology
ISO	International Organization for Standardization
ITU	International Telecommunication Union
LIP	Low interactive profile
LIPO	Low interactive profile—open
LIPS	Low interactive profile—self
MM	Motivational model
MMS	Multimedia messaging service
MPCU	Model of PC utilization
SCT	Social cognitive theory
SMS	Short messaging service
SOD	Service output demand
SOS	Service output supply
TAM	Technology adoption model
TDMA	Time division multiple access
TPB	Theory of planned behavior
UTAUT	Unified theory of acceptance and use of technology



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## Author Bios

**Mahmud Akhter Shareef** is a Professor of School of Business and Economics, North South University, Bangladesh. He was a visiting faculty in DeGroot School of Business, McMaster University, Canada. He has done his Ph.D. in Business Administration from Sprott School of Business, Carleton University, Canada. He received his graduate degree from both the Institute of Business Administration, University of Dhaka, Bangladesh, in Business Administration and Carleton University, Ottawa, Canada, in Civil Engineering. His research interest is focused on online consumer behaviour and virtual organizational reformation. He has published more than 60 papers addressing consumers' adoption behaviour and quality issues of e-commerce and e-government in different refereed conference proceedings and international journals. He was the recipient of more than ten academic awards including three Best Research Paper Awards in the UK and Canada. North South University, School of Business and Economics, Dhaka, Bangladesh

**Yogesh K. Dwivedi** is a Professor of Digital and Social Media and Director of Research in the School of Management at Swansea University, UK. He obtained his Ph.D. and M.Sc. in Information Systems from Brunel University, UK. He has coauthored several papers which have appeared in international refereed journals such as CACM, DATA BASE, EJIS, IJPR, ISJ, ISF, JCIS, JIT, JORS, TMR, and IMDS. He is Associate Editor of *European Journal of Marketing*, *European Journal of Information Systems* and *Government Information Quarterly*, Assistant Editor of JEIM and TGPPP, Senior Editor of JECR, and member of the editorial board/review board of several journals. Swansea University Bay Campus, School of Management, Swansea, Wales, UK

**Vinod Kumar** is a Professor of Technology and Operations Management of the Sprott School of Business (Director of School, 1995–2005), Carleton University. He received his graduate education from the University of California, Berkeley, and the University of Manitoba. Vinod is a well-known expert sought in the field of technology and operations management. He has published over 150 papers in refereed journals and proceedings. He has won several Best Paper Awards in prestigious

conferences, Scholarly Achievement Award of Carleton University for the academic years 1985–1986 and 1987–1988, and Research Achievement Award for the year 1993 and 2001. Vinod has given invited lectures to professional and academic organizations in Australia, Brazil, China, Iran, and India among others. Sprott School of Business, Carleton University, Ottawa, ON, Canada

# Chapter 1

## Online Consumer Behavior and Marketing

### 1.1 Introduction

Consumer behavior is primarily focused on consumer learning processes from internal phenomena—such as motivation, ritual phenomena, moods, personality, lifestyles, and attitudes—and from external factors—such as marketer endorsements and group behavior considering family, associative, and aspirational group influences. It also examines different demographic factors including social class, religion, household influences, and cultural attributes.

### 1.2 Consumer Behavior

A study of consumer behavior can be difficult because with time behavior can change very sharply. Further complications in understanding consumer decision-making processes in buying products and services come because of the multidimensional factors influencing consumer decisions for purchases. Consumer behavior study models attempt to explain consumer knowledge of selection, purchase, usage, and disposition of products, services, experiences, and ideas (Howard & Sheth, 1968; Loudon, 1988). For understanding consumer behavior, the traditional fundamental concerns of the marketers about the customers are:

- Why do consumers develop a preference to buy a product or service?
- Why do consumers not develop a preference to buy a product or service?
- What influences consumers to buy a product or service?
- When do they buy a product or service?
- How do they buy a product or service?
- How often do they buy a product or service?
- How much of that product or service do they buy?
- Where do they buy a product or service?

Actually, we want to learn the totality of consumer decision-making processes with respect to the acquisition, usage, and disposition of goods, services, time, and ideas. The utility theory affirms that consumers are optimistically motivated, due to intrinsic and extrinsic phenomena, toward the optimization of utility through their decision-making processes (Becker, 1962).

### ***1.2.1 Traditional View***

A pragmatic view of the study of consumer behavior presumably includes and integrates both intrinsic and extrinsic behavioral and attitudinal effects from the various perspectives including psychology, sociology, social anthropology, marketing, and economics. From the psychological point of view, we would like to know the cognitive, affective, and behavioral influences that cause consumers to select among the various alternatives that are available for purchase (e.g., brands, products, and distribution channel) (Haugtvedt, Petty, & Cacioppo, 1992; Zaitman & Wallendorf, 1983). We are also interested in potential differences in thinking, feeling, reasoning, accessing, and retrieving cognitive schemas (Mahoney, 1977). Another important factor is how consumers differ in their final decision-making in purchasing, using, and disposing of products and services (Barwise & Farley, 2005; Engel, Kollat, & Blackwell, 1973). We often scrutinize consumer social class, culture, family orientation, and procreation and study the effect these factors have on the decision-making process of purchasing products or services from the social point of view (Engel et al., 1973). We investigate the phenomena of consumer habits, personality, moods, and attitudinal differences from social anthropology to develop an appropriate theory of consumer behavior (Folkes, 1988; Meichenbaum, 1977). While purchasing, consumer behavior may be actively or passively influenced by market cues that can provide strong motivation toward certain products or against other alternatives (Howard & Sheth, 1968; Huit, 2004; Meichenbaum, 1977). At the same time, consumers often attempt to maximize the utility of their purchase from a cognitive or affective perspective. These behavioral parameters associated with consumer behavior can be hidden from marketing and economics (Rook, 1985).

### ***1.2.2 New Parameter in Consumer Behavior***

Consumer behavior, as buyer, user, or both, is extremely complex and is gradually becoming even more difficult to understand and measure due to the extensive availability and application of modern technology by both consumers and marketers (Jarad, 2014). The attribution theory (Folkes, 1988; Heider, 1958) streamlines consumer attitudinal beliefs, expressions, and motivations by predicting the effect of mood, personality, and consumer conclusions based on common sense and intellectual understanding (Folkes, 1988; Gardner, 1985; Haugtvedt, Petty, & Cacioppo, 1992; Zaitman &

Wallendorf, 1983). On the other hand, the behavioral learning theory (Meichenbaum, 1977; Rothschild & Gaidis, 1981) introduces a learning process externally augmented by a stimulus conveyed by the product itself and by marketers to conceptualize consumer behavior. A traditional consumer behavior study (Castells, 1996; Engel et al., 1973; Folkes, 1988; Gardner, 1985; Goggin, 2006; Kotler, 1994; Loudon, 1988; Rothschild & Gaidis, 1981) is involved in extracting the epistemological and ontological paradigms of three major areas: (1) analyzing inferences of consumer intrinsic behavior, which includes both cognitive schema and behavioral characteristics, (2) the stimulus from the overall position and design of a product and marketing of that product, including consumer comprehensive learning and the endorsement provided by the marketers, and (3) the effect of the external environment, which reflects external independent spontaneous settings and situational cognition. Consumer behavior is dependent on the integration of information from a stimulus (external learning), memory and the ability to interoperate information (cognitive learning) (Mahoney, 1977), and the emotional status (affective) including phenomena of habit (Rook, 1985).

However, marketers in the twenty-first century have acknowledged that recent trends in consumer behavior are motivated and greatly reshaped by the diffusion, adoption, application of, and attitudinal )beliefs toward information and communication technology (ICT) (Goggin, 2006; Jarad, 2014). The recent trend toward high paced and turbulent market products, even the rapidly changing attributes and features of mature market products, is making marketers place more emphasis on evaluating consumer characteristics, attitudinal changes, and preferences in congruence with technological change and its applications (Tanner & Raymond, 2011; van der Heijden, Verhagen, & Creemers, 2003). Therefore, in the present market scenario, consumer behavior cannot be comprehensively evaluated and directed without considering the fourth area associated with behavioral parameters: (4) Consumer technological beliefs, attitudes, exposure, attention, perception, and motivation.

### ***1.2.3 Technological Influences on Consumer Behavior***

The aforementioned four types of influences are intertwined and should be explored simultaneously to develop and model consumer behavior in the twenty-first century. The addition of the fourth paradigm to the study of consumer behavior, which draws attention to the marketers and academicians of the twenty-first century, is important. It is rooted in the assumption that the application of ICT in product or service distribution and selling channels as well as in consumer interactions and relationship marketing channels, like a promotion and advertisement channel, is drastically changing and reshaping consumer behavior (Sorce, Perotti, & Widrick, 2005). The consumer decision-making process in terms of information collection, comparison, selection, purchase, service output requirements, and usage, as well as post-purchase behavior is closely controlled by ICT and, particularly, mobile technology and the product and information distribution channel (Shareef, Dwivedi, & Kumar, 2016; Tanner & Raymond, 2011). The computer, Internet, mobile technology, and



handheld mobile devices such as mobile phones, smartphones, tablets, iPads, and social media like Facebook, YouTube, and Twitter are now included as effective marketing tools (Saravanakumar & Sugantha Lakshmi, 2012). Marketing managers are enthusiastic to develop their marketing strategies by focusing on the widespread benefits of these technologies (Jarad, 2014).

### ***1.2.4 Four Influences on Consumer Behavior***

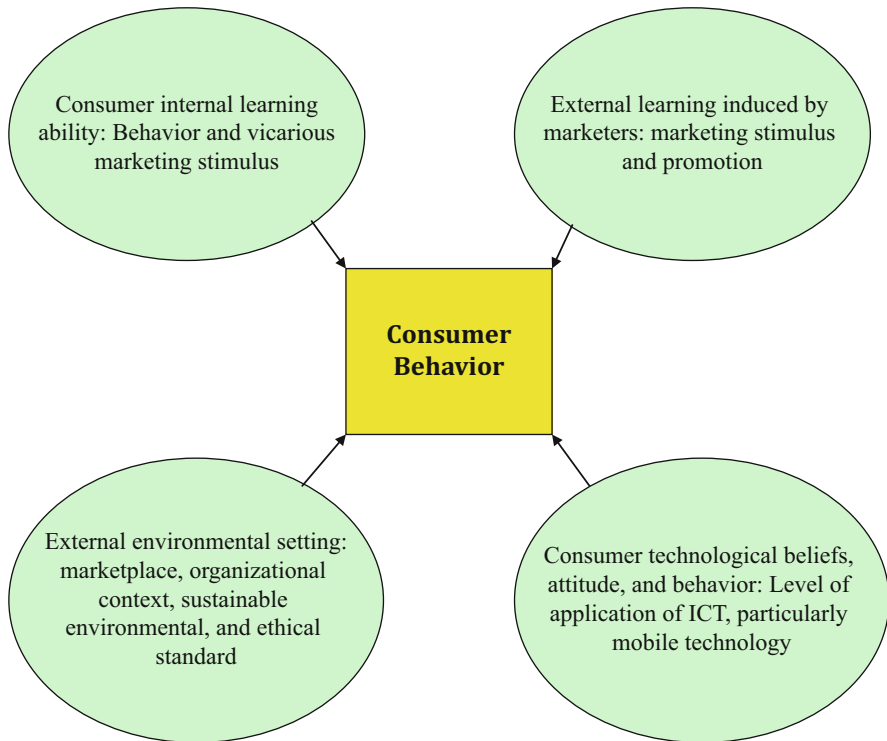
Reflecting consumer reshaped behaviors, the service output demand (SOD) of consumers from marketing channels and the service output supplied (SOS) from channel members also need to be redefined (Bagozzi, Gürhan-Canli, & Priester, 2002; Castells, 1996; Coughlan, Stern, & El-Ansary, 1996; Darley, Blankson, & Luethge, 2010; Engel et al., 1973; Folkes, 1988; Jarad, 2014; Konus, Verhoef, & Neslin, 2008; Leek & Christodoulides, 2009; Mari, 2013; Saravanakumar & Sugantha Lakshmi, 2012; Tanner & Raymond, 2011) by consistently focusing consumers on technological behavior and the enormous benefits of ICT, particularly mobile technology. Consequently, we can reposition the focal point of consumer behavior as:

- I. Consumer internal beliefs and attitudes arising from psychological, sociological, and socio-anthropological perspectives.
- II. External influences on consumers imparted by marketers and explained by the perspectives of marketing and economics.
- III. External environmental settings of the marketplace and associated parameters, like ethical issues, sustainable environmental issues, globalization issues, etc.
- IV. Consumer changes in perception, exposure, attention, beliefs, attitude, and behavior due to the integrative effect and belief of ICT, particularly mobile technology.

Therefore, shedding light on the aforementioned studies, consumer behavior is the study of the four areas reshaping consumer product or service selection, purchase, and use, as depicted in Fig. 1.1.

## **1.3 Online Consumer Behavior**

Many marketing researchers (Dwivedi et al., 2012; Jin et al., 2012; Razorfish, 2008; Reibstein, 2002; Shareef, Kumar, et al., 2014; Shareef, Dwivedi, et al., 2014) are engaged in studying traditional consumer behavior, technology adoption, and online consumer behavior. They also study the criteria of selection process of a distribution channel with two-way interactivity for seamless information flow for promotional marketing. From their research they have asserted that consumer online buying behavior is significantly different from in-store purchase behavior. Through a literature review of consumer recent trends in purchasing, Zhou, Dai, and Zhang (2007) identified that consumer attitudes and behavior are significantly different from off-line behavior.



**Fig. 1.1** Four influences on consumer behavior

Online consumer behavior is an extended perspective of consumer behavior where modern ICT, particularly mobile technology, plays a central determining role in forming consumer behavior (Coughlan et al., 1996; Darley et al., 2010). Online consumer behavior is specifically focused when consumers interact, select, and purchase products through online, especially through mobile technology (Bagozzi et al., 2002). It also includes mobile services such as the communication channel for product, service, and information which interlinks direct marketing and promotion through advertisement (Burke, 2002; Darley et al., 2010). In this case, an online channel structure can be an addition or uniquely positioned (Coughlan et al., 1996).

### ***1.3.1 Distinct Behavior for Online***

The inclusion of the fourth dimension in the evaluation and formation of consumer behavior has triggered a new currency of consumer analysis by proposing the term “online consumer behavior” (Bagozzi et al., 2002; Burke, 2002; Darley et al., 2010; Tanner & Raymond, 2011). Analyzing both the driving and inhibiting factors constituting online consumer behavior and differentiating them from traditional buying

behavior, Shareef, Archer, Fong, Rahman, and Mann (2013, p. 663) noted that “Understanding online buying behavior of consumers is very complex, since it is conducted in the virtual medium. There are several driving and inhibiting factors which dominantly influence buyers’ decision in purchasing through online medium.” In evaluating online consumer behavior, we must focus on certain implied properties of the virtual medium (Bagozzi et al., 2002; Banyte, Gudonavičienė, & Grubys, 2011; Dwivedi et al., 2012; Jarad, 2014; Jin et al., 2012; Konus et al., 2008; Leek & Christodoulides, 2009; Mari, 2013; Razorfish, 2008; Reibstein, 2002; Shareef, Kumar, et al., 2014; Shareef, Dwivedi, et al., 2014):

- Consumers apparently are not buying the product online; rather they are intending to buy an exclusive offer presented in the vendor website or mobile media.
- Consumers cannot use their five senses—vision, touch, smell, taste, hearing—to evaluate any online product during purchase and before receipt.
- Online information collection, comparison, and purchase are dependent on consumer ability, skill, knowledge, and experience of ICT, as controlled by the self-service technology.
- Consumer technological beliefs and attitudes toward technology, trustworthiness, and adoption behavior have a significant effect on online purchases.

### ***1.3.2 New Definition and Prioritized Properties***

Based on aforementioned literature review, we define online consumer behavior this way: It is the study of consumers, individually or in a group, in the total purchasing process: initiating the process, collecting information, making decisions through comparing, purchasing, receiving the product, using and evaluating the product for functional value, developing a post-usage attitude, and doing this process of obtaining the item entirely or partially online. This online information collection, comparison, purchase, and product receipt will have happened using different online media such as business-to-consumer (B2C) E-commerce, Mobile-commerce, Mobile phone, or any handheld mobile devices. It is important to focus on the following areas that are substantially or potentially different or have different levels of prioritization (Konus et al., 2008; Leek & Christodoulides, 2009; Mari, 2013):

- **Collecting information:** In this context, online consumer behavior is significantly different from traditional consumer behavior. At this time, consumers can (and actually do) collect information from many vendors for same or similar products and brands through online (Shareef et al., 2013).
- **Making a decision through comparing:** This phase of decision-making is different from pragmatic consumer behavior. The application of ICT is so profound and dominating in this phase that technological artifacts can streamline and reshape consumer behavior (Jarad, 2014; Saravanakumar & Sugantha Lakshmi, 2012; Tanner & Raymond, 2011).

- Product evaluation immediately after receipt and usage: Here the functional value of a product is very important in influencing consumer behavior (Ho & Cheng, 1999; Shareef, Kumar & Kumar, 2008). The emotional value, the actual price, and the expected quality and final performance experience are entirely conducted after purchase in the case of online purchasing; however, for physical brick-and-mortar purchasing much of this occurs during the purchase (Sweeney & Soutar, 2001). In an online product selection and purchase, consumers can only evaluate the actual functional value after receipt of the product. Therefore, in modeling online consumer behavior, post-usage attitude is a potential area for the marketers to understand.

### ***1.3.3 Key Issues for Online Consumer Behavior***

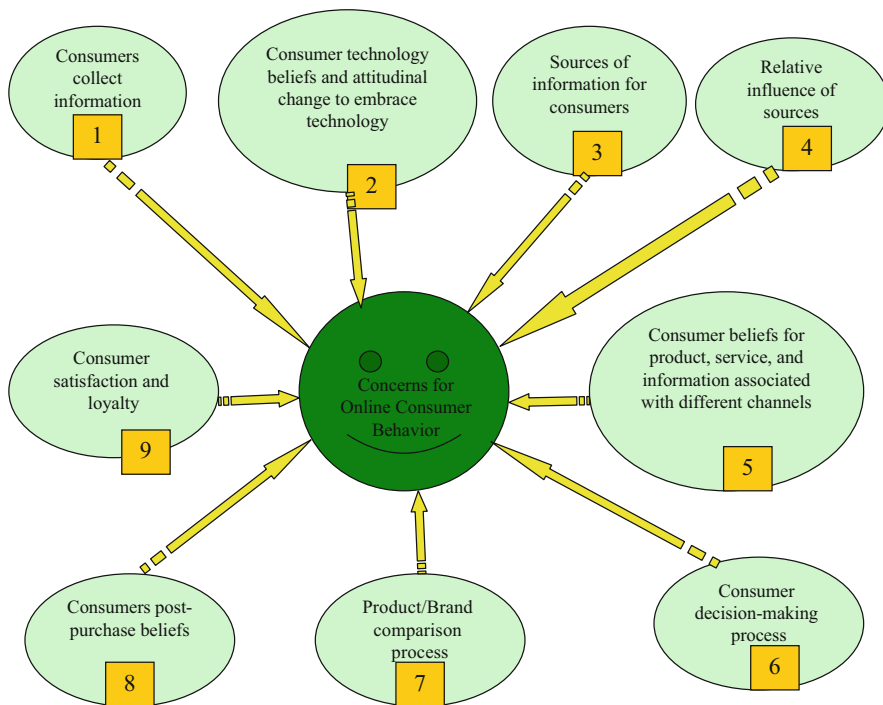
A consumer behavior model for purchasing, using, and disposing of products or services has been substantially revolutionized because of the presence and frequent application of the Internet and other ICT-related tools, functions, and attributes (Shareef, Dwivedi, et al., 2014; Shareef, Kumar, et al., 2014). Product and service optimization through technology use and the inclusion of ICT in product design, stimulus presentation, advertisements, attitudinal changes in beliefs of the ideal, and a shift in belief in attributes, and pricing and promotion is very dominant today. So much so that consumer behavior in the twenty-first century cannot be evaluated and conceptualized without analyzing consumer online behavior (Shareef, Dwivedi, & Rana, 2015). In addition, numerous applications of ICT and the inclusion of the Internet with traditional channels of distribution, like a physical store, all contribute toward offering online media as an effective and versatile distribution and communication channel for consumers (Zhou et al., 2007).

The central concerns of online consumer behavior for the marketers (Bagozzi et al., 2002; Darley et al., 2010; Engel et al., 1973; Folkes, 1988; Jarad, 2014; Konus et al., 2008; Leek & Christodoulides, 2009; Mari, 2013) are as follows:

- How consumers collect their product information. In this regard, very essential concerns of marketers (Saravanakumar & Sugantha Lakshmi, 2012; Tanner & Raymond, 2011) are now:
  - Usage and applications of ICT accentuating mobile technology in product design, product distribution, and promotional offers
  - Consumer dependency on ICT
- How consumers develop beliefs in technology. This overarching parameter related to online consumer behavior is deeply connected with how technology diffuses and how consumers embrace technology to align with their attitudinal changes in product information collection. Factors to be explored in this connection (Cheng, Blankson, Wang, & Chen, 2009; Danaher & Rossiter, 2011; Durkin, 2013; Shareef et al., Forthcoming) are:

- Level, degree, and frequency of application of ICT in product, service or information design, distribution, and offering
- Consumer beliefs toward ICT
- Consumer attitudinal change toward ICT over time
- Consumer competence in adoption and usage
- What are the possible sources of consumers for information collection: This is a fundamental and primary area for marketers concerned with the new marketing paradigm. Major concerns (Danaher & Rossiter, 2011; Darley et al., 2010; Durkin, 2013) are:
  - Traditional sources like television, billboards, family and reference groups, sales people, leaflets, banners, etc.
  - Internet
  - Email and chat websites
  - Mobile- or smartphone through short messaging service (SMS) and multimedia )messaging service (MMS
  - Social media like Facebook, YouTube, and Twitter
- What are the relative influences of newly developed and included sources: This is also a growing and fertile area for the marketers to completely capture the full benefits and scope of modern ICT with a special focus on mobile technology. Many researchers (Leek & Christodoulides, 2009) believe that new winning marketing strategies practically depend on the usage of mobile technology in the offering of product, service, information, and promotion considering consumer technological beliefs, attitudes, perceptions, skills, and behavior (Mari, 2013; Sassen, 2001). Potential issues to be explored (Burke, 2002; Leek & Christodoulides, 2009; Tanner & Raymond, 2011) in this context are:
  - Scope of technology usage and relative costing
  - Balance between SOD and SOS
  - Consumer preferences for different online sources like Computer-Internet, social media, mobile- or smartphone, SMS or MMS
  - Consumer compatibility with different sources of ICT
  - Leveraging of the effect of different ICT media
- How consumers form beliefs: This is especially concerned with the product, service, and information in terms of different channel structures that include communication channels, distribution channels, direct marketing, and promotional offers after widespread integration of ICT (Bagozzi et al., 2002; Leek & Christodoulides, 2009). In this context, potential parameters to provide information (Barwise & Farley, 2005; Bernstein, Song, & Zheng, 2008; Bloch & Marsha, 1983) are:
  - Cognitive, affective, and conative beliefs for ICT in association with product, service, and information and the type of communication and interactivity
  - Associated benefits, hindrances, scopes, and access cost of ICT with online channel

- How consumers make their decisions: This is the traditional learning knowledge of consumers (Shareef et al., 2013); however, scope and capacity are modified due to the application of technology from both sides—vendors or retailers and consumers. These include:
  - The effect of virtual medium
  - The conjoint effect of virtual communal relationship marketing
  - The effect of trustworthiness, reliability, security, customer care, customer value, and privacy
  - The effect of ICT on consumer decision-making through circumscribed rationality
- How consumers compare products or brands: This is also traditional learning. However, the application of technology and usage of ICT in distribution and promotional channel structures, and the consumerability in this usage make the process distinct (Engel et al., 1973; Folkes, 1988). Areas to concentrate (Bagozzi et al., 2002; Kotler, 1994; Tanner & Raymond, 2011) on are:
  - Consumer technology belief and interest, and vendor offers embedded with technology
  - Ability, availability, and access of consumers to different brands that are compatible with consumer preferences
  - Synergistic effect of product or brand and applicable technology
- What are consumer post-purchase beliefs: This is a vital area for marketers to address, examining and conceptualizing consumer mind-sets for online purchasing (Bagozzi et al., 2002; Kotler, 1994). This is a recent area which needs careful attention from marketers to conceptualize the comprehensive consumer online behavior. For online buying, since consumers can effectively and practically examine and evaluate the products or services after purchase when they receive it, post-purchase behavior after receipt is one of the key ingredients for marketers to learn (Engel et al., 1973; Folkes, 1988).
  - Functional value: This is consumer beliefs as per the promise of the retailers or vendors during purchase versus experience before usage but after receipt. This can help in forming an attitude that leads to recurring purchases (Kuhnle, Caemmerer, & Mulki, 2012; Shareef, Kumar, Kumar & Misra, 2008).
  - Functional value: This is consumer expectations during purchase without using any senses versus their experience after usage. This parameter assists customers to gain satisfaction which leads to loyalty (Shareef, Kumar, Kumar & Misra, 2008).
- How consumers become satisfied and loyal or reject a brand: This is a vital area to study online consumers to examine consumer learning processes, the attitudes that are developed, and their final behavior (Bagozzi et al., 2002; Darley et al., 2010; David, 2014; Gardan, Geangu, & Rosu, 2011; Jarad, 2014; Mari, 2013; Saravanakumar & Sugantha Lakshmi, 2012; Tanner & Raymond, 2011). Potential contextual factors associated with this phenomenon are:



**Fig. 1.2** Online consumer behavior: driving concerns

- Consumer changing demand and behavior due to the rapid change in technology
- Consumer learning curves for online purchase and interaction
- Usage of financial instrument, its security, and final invoice status
- Perception of value in terms of price

Finally, through the conceptualization of the aforementioned studies, we can summarize the key driving concerns for online consumer behavior in Fig. 1.2.

### 1.4 Consumer Preference and Marketing Strategy

Online consumer behavior includes the selection of online media for product purchase and the interaction with retailers through receiving promotional offers and commercials (Cheng et al., 2009). Several factors that have a vital role in consumer selection of an online channel structure are seller reputations, policies, and trustworthiness as well as the consumer perception of security and privacy (Mari, 2013; Shareef et al., 2013). Cross-cultural researchers (Cadogan, 2010; Luna & Gupta, 2001; Payan, Svensson, & Hair, 2010) have also recognized that consumers have great

differences in their decision-making processes toward online purchases as well as in their exposure to and perception of promotional offers. Researchers such as Darley et al. (2010), Shareef, Kumar and Kumar (2008), Shareef et al. (2013), through extensive consumer surveys, have definitively revealed that consumers buying online experience great concern, sensitivity, and vulnerability about the trustworthiness, reputation, site and operational security of online vendors. The online vendors organizational profile is especially important because in online purchasing consumers cannot use their five senses (vision, hearing, touch, taste, and smell) as is possible in buying through the tradition brick-and-mortar channel (Shareef, Kumar, Kumar & Misra, 2008).

Consumers usually spend a significant amount of time, even in purchasing low effort products, in selecting an online product and interacting through the virtual medium with a vendor (Cadogan, 2010; Luna & Gupta, 2001). First, consumers need to develop a positive attitude toward the vendor and then about the product; for online purchasing, their main concerns are the reputation of the seller and the channel structure through which the sale takes place (Payan et al., 2010). However, at the same time, an interesting issue for the online marketers is that the popularity of online sales is growing sharply (Barwise & Farley, 2005; Chang, 2013). This creates enormous opportunities to utilize this channel as the most effective means for developing a relationship with consumers through continuous interaction and direct marketing. In 2010, about 85 percent of North American consumers showed an interest in purchasing products through the online channel (Nielsen, 2010) and this trend is flourishing all over the world as mobile technology is spreading. In 2009, Trendstream studied the online consumer trend and revealed that a majority of the consumers now select online media as their first preference for buying products.

### ***1.4.1 Theoretical Aspects and Consumer Preference***

The online distribution channel, through B2C Electronic-commerce, Mobile-commerce and direct marketing through the mobile phone, has created an entirely new dynamic for consumers (Danaher & Rossiter, 2011). It brings substantial flexibility in terms of time, location, scope, interactivity and connectivity, and spatial conveyance to the collection of information about products, prices, and brands, and comparison of retail stores (Kim et al., 2008; Shareef, Kumar, et al., 2014; Shareef, Dwivedi, et al., 2014). The online channel can facilitate consumer shopping by providing access to seamless information (Dasgupta & Sahay, 2011). On the other hand, marketers can develop virtual community relationships through two-way interactive communication (Chiu, Chen, Tzeng, & Shyu, 2006). Consumers consider functional benefits, SODs, risk, reliability, and overall pleasure when they select an online marketing channel structure for product purchase, product distribution, information collection, and receiving commercials (Bagozzi et al., 2002; Darley et al., 2010).



### ***1.4.2 Functionality of Channel***

Theorizing online channel behavior includes consideration of the functionality of the channel to recognize the purpose of interactivity with consumers (Chiu et al., 2006; Danaher & Rossiter, 2011; Desiraju & Moorthy, 1997). Consumers can upload and interact with a specific channel to accomplish many purposes. The functionality of the channel structure generally explains the type of service offered reflecting the purpose and functions of the channel (Tanner & Raymond, 2011). A marketing channel for consumers can be composed of a series of interdependent members who take part in actively distributing and selling the products or services or communicating with consumers to provide promotional offers and develop a relationship (Saravanakumar & Sugantha Lakshmi, 2012). Essentially, a channel might be a physical retail store, a web site, a mail order catalogue, or direct communications by a letter, email, or text message (Bagozzi et al., 2002).

Based on functionality of channels and consumer online requirements to meet their specific demands, we can differentiate different online channel structures (Connolly, Olsen, & Moore, 1998; Coughlan et al., 1996) as follows:

#### 1. Distribution channel

- (a) Product or service selling through an indirect marketing channel
- (b) Product or service selling through a direct marketing channel

#### 2. Communication channel

- (a) Channel for promotional offer like commercials and benefits
- (b) Channel for information flow and interactivity for relationship building and customer service

From the point of distribution, we assume those channel structures through which product, service, and information are sold to the customers to be a commodity. Here information is sold solely to the customer as a service commodity, not as a SOD associated with any specific product or service. This distribution channel can be composed of several intermediaries or it can be directly from the vendor to the customer. In both cases, the end point is the customers who are purchasing products or services or interacting with the last channel member as the online retailer or vendor. Based on the existence of members in the interlinked channel structure, there can be two fundamental types of distribution online channels for selling products or services (Connolly et al., 1998; Coughlan et al., 1996).

In the case of product or service selling through an indirect marketing channel, the online retailer is the last active channel member to sell the product or service to the customers (Connolly et al., 1998; Coughlan et al., 1996). However, this channel, as a traditional physical distribution channel, is composed of several intermediaries. We are concerned here only about the end retail online store that is selling products or services directly to the customers.

Product or service selling through a direct marketing channel is another distribution channel that is adopting a direct marketing strategy using a direct channel, i.e.,

the channel composed of the vendor to the end customer (Danaher & Rossiter, 2011). In this context, the vendor is capitalizing on the opportunity of keeping the customer relationship through direct selling the product via any online media. In respect to the vendor, this online channel is an example of fundamentally forward vertical integration.

A communication channel is an outlet, preferably an online medium, which is structured through the widespread and substantial application of ICT and capitalizes on the unique scope of mobile technology to enable vendors and retailers to create relationship marketing (Danaher & Rossiter, 2011). Unlike a traditional marketing channel, through an online channel vendors and retailers can maintain a close, even one-to-one, relationship with customers through any social media: email, phone call, or mobile phone-based SMS or MMS (Shareef et al., Forthcoming).

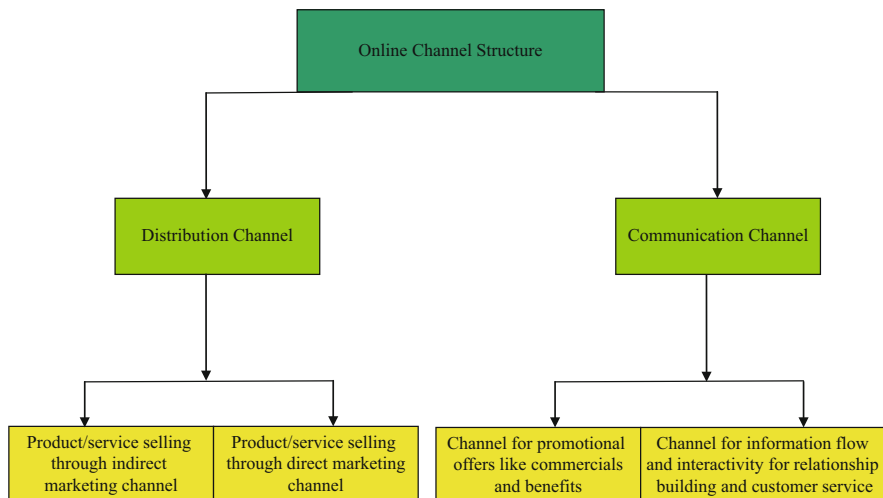
We can precisely define a communication channel as any online hub or medium through which marketers can maintain general promotional and relationship marketing by providing a one-way or two-way interaction and connectivity (Connolly et al., 1998). There are two basic types of communication channels reflecting functional differentiation (Connolly et al., 1998; Danaher & Rossiter, 2011).

Marketers, in their latest marketing strategy for product promotion, continuously maintain connectivity with consumers to convey their promotional messages like commercials and benefits to create positive attitudes among consumers by proposing a stimulus-consumer response (Engel et al., 1973; Shachaf & Hara, 2007; Vallerand, 1997). This is true online marketing strategy for product or service advertisements to deliver appropriate message through SMS or MMS (Turel, Serenko, & Bontis, 2007; Wouters & Wetzels, 2006; Zhang & Mao, 2008). This is the unique scope for mobile technology to convey demographic-location-time-specific personalized information to customers to persuade them to purchase.

The second communication channel is for information flow and interactivity (Connolly et al., 1998; Danaher & Rossiter, 2011). This channel is not a direct structure for selling products, services, and information. Here information is exchanged between customers and retailers or vendors in the aim of promoting virtual communal marketing. Through this virtual channel, conventional customer service can be provided (Danaher & Rossiter, 2011; Desiraju & Moorthy, 1997; Durkin, 2013). Mobile technology and social media have offered this substantial and multidimensional scope to the marketers to develop a new wave of relationship marketing through continuous exchange of information and by offering 24/7 connectivity. Based on aforementioned analysis, functional online channel can be depicted in Fig. 1.3.

### ***1.4.3 Theoretical Aspects***

Different media selection, psychological and behavioral theories (Bagozzi et al., 2002; Shachaf & Hara, 2007), and technological preference models (Rogers, 1995; Venkatesh, Morris, Davis, & Davis, 2003) have attempted to understand and theorize



**Fig. 1.3** Functional online channel

consumer channel structure preferences for the last few decades to offer generalized channel selection criteria from a subjective perspective; nevertheless, the effort could not be comprehensively explained by consumer models of media choice (Stauss, 2000; Taylor, Franke, & Maynard, 2000; Vallerand, 1997; Zaitman & Wallendorf, 1983). These models show partial investigation capacity and the scope and fragmented theorization of harmonious parameters from a market stimulus viewpoint (Venkatesh et al., 2003). However, consumer psychology and sociology, product attributes, the external environment, and technological integration made it more complex, even paradoxical, to formalize and present a consistent, uniform, and coaxial view of consumer preferences for an online channel structure (Bagozzi et al., 2002). In this connection, the central and generalized paradigm of consumer preference is echoed in the recommendation of Michael and Becker (1973), who assert, based on the market economics under consumer demand theory and the utility function approach, that consumer preference generally depends on the fact that consumers are engaged in maximizing the effort (this may be measured in utility, time, and money) they spend in selection of purchases considering the time constraint (Mari, 2013; Saravanakumar & Sugantha Lakshmi, 2012; Tanner & Raymond, 2011).

Different mass media selection theories (Daft & Lengel, 1986; Rice, D'Ambra, & More, 1998; Shachaf & Hara, 2007) investigated consumer selection criteria for accomplishing the desired task. The mass media selection theory (Shachaf & Hara, 2007) emphasizes four aspects of consumer online behavior. It is acknowledged that consumers prefer any online channel if it can accommodate them with more flexible information; however, this preference is not automatic, but rather dominated by their cognitive and affective attitudes. Media are also engaged in conveying certain vicarious learning to the consumers (Shachaf & Hara, 2007). An external environmental setting also causes and formalizes consumer behavior; therefore, media selection is

contingent on several issues related to external contextual phenomena (Shachaf & Hara, 2007). Technology behavior and belief also play a synergistic role in shaping selection preference for any certain media (Bagozzi et al., 2002). Fundamental efforts toward formalizing media selection theories are supplemented by the media richness theory (Daft & Lengel, 1986; Lengel & Daft, 1988), the task technology fit (Hollingshead, McGrath, & O'Connor, 1993), the social presence theory (Short et al., 1976), and the social influence theory (Schmitz & Fulk, 1991). These classical theories basically shed light on the consumer ability and interest in selecting a communication medium. The central conceptual paradigm of these media selection theories asserted that consumers might prefer any channel for accomplishing their desired task based on certain interactive, communicative, and personification properties of the channel (Shareef et al., Forthcoming). In this present case, the task is purchasing products or services from an online distribution channel, communicating with vendors or retailers, or receiving promotional offerings.

The mere exposure theory (Zajonc, 1968) addressed certain consumer behavior that primarily focused on social presence, connectivity, and personification where frequency of information exposure may finally govern and manage consumer online attraction behavior. From the subjective perspective, consumer selection preferences are pragmatically related to the ability of the channel to provide an instant and lively presence. Consumer preferences for a product are mainly characterized by extended problem-solving (Howard & Sheth, 1968; Nicosia, 1966: pp. 9–21) where cognitive thinking is emphasized. Using the brief and driving concepts of these marketing theories, we can affirm that the consumer decision-making process is highly dependent on situational cognition where consumers, through a continuous cognition process, compare alternatives and develop their final decision to accept the product or service (Bloch & Marsha, 1983). In this light, consumer recurring experiences of purchasing any product, interaction with any channel, and the interactivity of a channel can influence consumer selection preferences (Connolly et al., 1998). Consumer preferences are predominantly engrained by the social learning process where interactivity, social presence, and continuous connectivity play a central role (Stauss, 2000). Nicosia (1966), in a semantic effort to theorize consumer preferences for product choice from certain selected channels, suggested several parameters connected with both content and context; these are in harmony with other consumer behavioral approaches. According to this market behavioralist (Nicosia, 1966), consumer attitudinal preferences are largely the result of attributes of the product or service itself (in this case it may be the channel structure), external factors (environment, endorsement, market stimuli), consumers own behavioral attributes, organizational attributes, and the influence of the product attributes.

Several decades ago, author Jeremy Bentham's principles of legislation (1931) enlisted fifteen critical pleasuring factors which defined consumer general buying behavior: senses, riches, address, friendship, good reputation, power, piety, benevolence, malevolence, knowledge, memory, imagination, hope, association, and relief of pain. This identification is also reiterated by traditional market specialists such as Michael and Becker (1973) and online consumer behavioral studies (Kim & Benbasat, 2010; Kuhnle et al., 2012; Lieber & Syverson, 2011; Shareef, Kumar & Kumar, 2008; van der Heijden et al., 2003).

Rothschild's underlying concept (1981) suggested that in traditional buying behavior consumers may consider switching from one brand to another deal reinforced by stimulus. In this context, the present communication channel and a mobile distribution channel can create an attitude that may persuade consumers to buy online. Online consumers can compare numerous deals through different online websites and through mobile marketing find information very promptly from anywhere at any time (Gupta & Narain, 2012). Consequently, a technological convergence of consumer compatibility with the product design and product offering as well as the communication of the marketers with the consumers can actively or passively influence consumer behavior. This external behavior dominated by technological beliefs, in contrast with the traditional market attitude of consumers, presents paradoxical behavioral challenges for marketers (Dasgupta & Sahay, 2011; Lieber & Syverson, 2011; Mishra & Shekhar, 2013).

For consumer channel selection preferences, understanding the underlying concept of the theory of prospective gratification (LaRose, Mastro, & Eastin, 2001) and reception approaches (Cunningham & Finn, 1996), the gratifications of the purchase and communication channel can be persuasive with the reconceptualization of and alignment with outcome expectations. Consumers develop and apply their preferences in channel structure selection based on their outcome expectation from the online channel (Shareef et al., Forthcoming). This identification provides enough conceptual argument in favor of the increasing popularity of the mobile channel medium.

#### ***1.4.4 Subjective Paradigms of Consumer Preferences for Online***

From the above theoretical underpinnings, it can be inferred that consumer preferences for a purchase or distribution channel as well as a communication and promotional offering channel are fundamentally subjective and associated with many consumer characteristics including the overall performance of the respective channel. From the pragmatic view, we can delineate consumer preference for channel selection from the conjoint effect of consumer characteristics (both internally and externally developed with vicarious learning) and the characteristics of the channel working together in a synergistic ability to subjectively meet consumer expectations (Coughlan et al., 1996; Lieber & Syverson, 2011; Mishra & Shekhar, 2013).

Researchers (Bloch & Marsha, 1983; Coughlan et al., 1996; Darley et al., 2010; Engel et al., 1973; Folkes, 1988) exploring consumer buying behavioral patterns and selection of communication channels have postulated that consumer decision-making in purchasing, communicating with vendors, and receiving promotional offers from marketers is intertwined with a series of distinct but sequential stages. These comprehensively determine and dictate consumer preferences for one channel over competing options based on channel structure preferences. For different classes of products, consumers exhibit a significantly different buying pattern with

a limited or elaborative decision-making process which is synergistically coherent and harmonious with the channel structure (Bagozzi et al., 2002; Darley et al., 2010; Engel et al., 1973; Folkes, 1988; Jarad, 2014).

Any communication channel imparts a positive attitude among consumers based on its ability to simultaneously control and manage multiple phenomena (Connolly et al., 1998). For example, if it can convert false gestures to conserve the environment to real activities that do work to save the environment. Other desirable characteristics are the ability to provide more connectivity and interactivity with continuous customer care such as two-way communication and providing instant feedback, the ability to explore social presence and increase social connectivity, the ability to establish personal contingency, the ability to create personification, the ability to provide a personal presence, and the ability to convey a personal image (Shareef et al., 2015).

Therefore, shedding light on the underlying concepts of consumer behavior and channel selection theories, we can summarize the proclaimed preferences reflecting consumer subjective evaluations of any social system from both intrinsic and extrinsic motivational factors as well as contingency approaches (Bagozzi et al., 2002; Danaher & Rossiter, 2011; Darley et al., 2010; Desiraju & Moorthy, 1997; Durkin, 2013; Shachaf & Hara, 2007) as follows:

1. Richness of information and its updated link (Information Richness)
2. Degree of social presence like face-to-face appearance instead of email (Social Presence)
3. Degree of personalization and customization (Personalization)
4. Social status and image representation based on homogeneity within social groups presently embracing the channel and heterogeneity among other social groups who do not adhere to the channel (Social Status and Image)
5. Degree of live interactivity for social connectivity (Interactivity)
6. Technological environment and its fitness for the task (Technological Fitness)
7. Technological compatibility and beliefs and ability to capture technological change (Technological Compatibility)
8. Connectivity with time and location sensitivity of the channel (Connectivity)
9. Flexibility of communication (Communication Flexibility)
10. Expected outcome with final experience and gratification (Outcome Gratification)
11. Task context and organizational context (like profile) (Task and Organizational Context)
12. Consumer external learning conveyed by marketers (External Learning)
13. Consumer internal learning and situated cognition (Internal Learning)
14. Compatibility with the channel considering influence of reference group (Channel Compatibility)
15. External environment with various market setting (External Environment)

The subjective issues of channel preference depicted in the above summarization and derived from consumer behavior, media selection, social influence, and motivational theories are shown in the flowing diagram, Fig. 1.4, and discussed in more detail in Chap. 2.

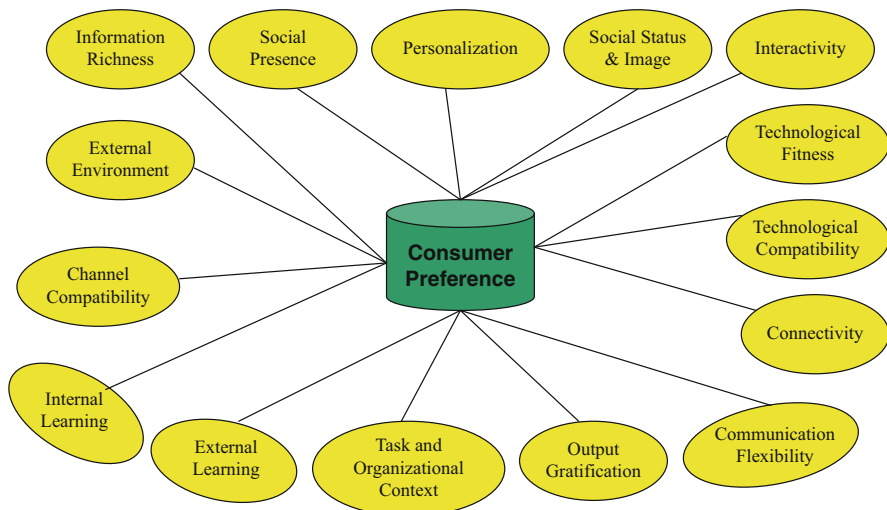


Fig. 1.4 Subjective paradigm of channel preference

### 1.4.5 Paradigms of Online Channel Strategy

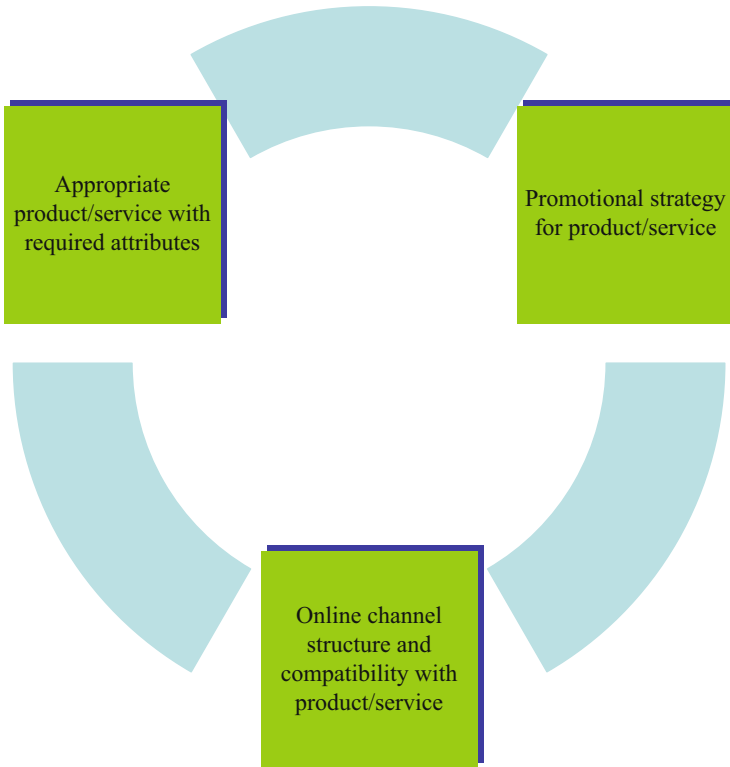
Channel strategy must accomplish heterogeneous issues and perspectives of online consumer behavior which essentially includes four influences on consumer behavior, shown in Fig. 1.1, by focusing on the concerns of online consumer behavior depicted in Fig. 1.2 and by reflecting on the subjective paradigm of channel preference summarized in Fig. 1.3. Based on the underlying parameters of online consumer behavior, the online channel strategy will be developed expanding three fundamental issues (Danaher & Rossiter, 2011; Desiraju & Moorthy, 1997; Durkin, 2013):

1. Designing appropriate products or services with the required attributes
2. Developing product or service promotional strategy (may be implemented in another channel like the communication channel)
3. Comparing different online channel structures and identifying their compatibility with the product or service and promotional strategy

Three explanatory variables (Bagozzi et al., 2002; Chang & Huo, 2011; Chang, 2013; Danaher & Rossiter, 2011; Darley et al., 2010; Desiraju & Moorthy, 1997; Durkin, 2013; Shachaf & Hara, 2007) to be explored for online channel strategy are shown in Fig. 1.5.

In this context, there are four fundamental conditions (Bagozzi et al., 2002; Chang, 2013; Chang & Huo, 2011; Danaher & Rossiter, 2011; Darley et al., 2010; Shareef et al., Forthcoming). These are:

1. Evaluating the possibility and scope of offering multichannel and coherent existence of both an online channel and an off-line channel.



**Fig. 1.5** Three fundamental issues for online channel strategy

2. Fulfilling target customer expectations for product and service output by designing the appropriate online channel with mandatory and supplementary properties.
3. Creating a cost-effective and efficient distribution and communication channel for customers and maximizing the profit margin by generating a sustainable competitive advantage.
4. Evaluating the existing multichannel structure and its design and relation to a new channel.

We have learned that the three fundamental aspects of consumer behavior—consumer internal beliefs and attitudes, external influences on consumers, and the external environmental settings of the marketplace and associated parameters—are essential to an understanding of consumer behavior. However, the four factors influencing consumer behavior have shown that we need to focus on changing consumer perceptions and changes in behavior due to consumer belief in ICT, particularly mobile technology. The widespread application of ICT, particularly mobile technology, has provided opportunities for marketers to launch an effective and efficient online channel marketing strategy that is a new addition to the market economy. The new opportunities that mobile ICT offer include a new dimension of relationship



marketing, managing a virtual communal market, designing communication channels, and proposing two-way interactivity. The ability to provide instant accessibility from anywhere at anytime, continuous connectivity, personalized and customized promotion, and targeting customers with time, location, and language sensitivity are additional benefits of mobile marketing (Chang, 2013). Seminal studies of the traditional marketing strategy (Engel et al., 1973; Folkes, 1988; Kotler, 1994) and online marketing strategy (Jarad, 2014; Konus et al., 2008; Leek & Christodoulides, 2009; Mari, 2013; Saravanakumar & Sugantha Lakshmi, 2012; Tanner & Raymond, 2011) that integrate consumer behavior with channel structure design acknowledged that the challenge for twenty-first century online marketers is to design the most appropriate and market winning communication channel.

Developing an appropriate online channel strategy is rooted in effectively capturing the concerns of online consumer behavior shown in Fig. 1.2. Due to the proliferation of mobile technology over the world, mobile phone-based SMS is becoming the focus of promotional marketing strategies. An empirical study in five developed countries—USA, UK, Japan, Germany, and France—and in two other countries advanced in mobile technology—China and Brazil—confirmed that 19% of the companies conducting marketing online are using SMS for direct marketing and promotional activities (Barwise & Farley, 2005). Xu (2007) asserted that the possibility of growing SMS marketing is more than expected growth all over the world and further predicted that the average annual growth will rise in the next 5 years (Chang & Huo, 2011). This unique opportunity positions online marketing and mobile communication to be the most attractive future channel structure.

Leading companies that maintain continuous marketing through relationships with a virtual community, such as Nike and McDonald's, are exploring to target customers through mobile communication channels, and have acknowledged that it is an effective interactive marketing channel (Chang, 2013). Therefore, the nine major concerns explained in Fig. 1.2 should be thoroughly considered to determine market benefits to be gained from launching an effective online channel. Parameters to be examined and incorporated into the design of an online channel strategy include consumer methods of information collection, their changing attitudes towards technology, and sources of information collection other than traditional methods. Other considerations are the available promotional media, the comparative influence of the sources (particularly sources related to mobile technology), their availability and accessibility, and consumer use of different channel structures. Other important factors are examining consumer decision-making processes in selecting mobile channels, consumer ability to compare the qualities of different advertised brands, and consumer involvement in continuous online interactivity. Marketer online strategy should include consumer post-purchase attitudes before and after using the product, comparing this to their expectations during the purchase, and, finally, consumer satisfaction levels and learning curve during the purchasing process. Marketers should also determine how much consumers were influenced by the online appearance of the product and the offer from vendors.

A winning marketing strategy must reflect the paradigms of consumer preference for online channels that is depicted in Fig. 1.3. Information richness, i.e.,

detail, appropriate, and updated, is a mandatory requirement for consumers to select any distribution channel as a retailer, whether it is a website through directing marketing or a communication channel for promotion, relationship marketing, and two-way interactivity. Due to the advent and usage of social media, consumers are strongly influenced and motivated by the presence of social groups, even for interactivity of commercials and purchasing (Assaad & Gomez, 2013). SMS and MMS particularly create the opportunity for personalization. This personification of commercials or communication has opened up a new avenue for marketers to segment the prospect market and target the appropriate group with customized information (Konus et al., 2008; Muthitacharoen, Gillenson, & Suwan, 2006).

Consumer interest in collecting information from any channel for purchase not only depends on congruency with their lifestyle but it is also closely affected by their perception of their own social status and whether the purchase will create homogeneity with the desired social groups (Barnes & Pressey, 2012). From some social media, people can get a capacity for continuous interactivity where they can also form beliefs through interactive prepurchase and post-purchase experiences; the degree of interactivity is a grave concern for many consumers (Bendoly, Blocher, Bretthauer, Krishnan, & Venkataramanan, 2005). Consequently, the technological environment created by the product and channel, its promotion, and whether it fits with the specific desires of the consumers are other important aspects. Critical issues for marketers to examine and evaluate while developing their online strategy for the target market are consumer technological compatibility and attitudinal beliefs toward the specific technology to be used (Sorce et al., 2005). For SMS, MMS, and social media, time and location are vulnerable issues for consumers. Although consumers want continuous connectivity, for some segments of customers flexibility of communication in terms of type, time, location, and wording are potential issues to be analyzed (Phau & Teah, 2009). Consumer expectations and their final experience are major sources of gratification in the use of these online channel media. Their channel preference is correlated to the type of task, involvement, effort, and organizational credentials of the channel; if needed, it can be upgraded by third-party endorsement like ISO (International Organization for Standardization) (Shareef, Kumar, Kumar & Misra, 2008). In addition to these new preferences of consumers, which are becoming more important because of the new online and mobile channels, traditional issues such as consumer external and internal learning capability and style, their compatibility with a channel, and the effect of the external environment should be analyzed as channel preferences in formalizing paradigms of online channel strategy (Bagozzi et al., 2002; Castells, 1996).

While initiating an online channel strategy and developing effective policies, a multichannel strategic decision is also a determining issue to be considered in establishing paradigms of winning strategy (Konus et al., 2008; Leek & Christodoulides, 2009; Mari, 2013). Evaluation of online versus off-line and the existence of a multichannel for distribution and communication could be paradoxical parameters to establish consistent and appropriate designs of a winning strategic paradigm.

## 1.5 Service Output Demand and Service Output Supplied

The fundamental concern in online channel design, similar to a traditional off-line channel, is the extent to which it meets customer demands as well as ensures maximum efficiency in the distribution structure (Connolly et al., 1998). The common problem in designing an optimal channel is the fragmented judgment about targeted customer demands and an inability to deliver service outputs in the most cost-effective manner (Banyte et al., 2011). Bucklin (1966), a distribution channel researcher, suggested that consumers prefer the channel that can minimize the searching cost. Here, the explanatory variable is searching cost, which captures consumer preferences in terms of four SODs: lot size, market decentralization, delivery time, and assortment (Bucklin, 1966). Many channel structure researchers (Banyte et al., 2011; Connolly et al., 1998) further amended these SODs by adding information flow, updated information that has interactivity and connectivity with other critical variables, availability of customer service for off-line channel, and assurance of prompt and reliable customer online service when required.

### 1.5.1 Issues for Online SOD

For the online channel, searching costs can be significantly minimized in terms of decentralization. Delivery or wait time is a service demand that may be a constraint for online purchases; however, variety is ensured in online purchase where retailers can easily offer assorted products with varied prices and customers can evaluate many varieties within a limited time (Tanner & Raymond, 2011). Availability of information, another SOD, can be effectively supplied on online channels. Customer service is an SOD that is frequently sought in off-line channels; in some online channels, depending on the type of channel, it can be effectively supplied to the customer. In addition to the traditional SOD, as explained by Bucklin (1966), the scope of personalization, social inference, and time-location based connectivity are some potential aspects for SOD, particularly from a communication channel. However, time- and location-based connectivity can be explained by decentralization or a spatial convenience parameter with redefined dimension and higher explanatory power.

The challenging issues for online SOD (Bagozzi et al., 2002; Chang, 2013; Chang & Huo, 2011; Danaher & Rossiter, 2011; Darley et al., 2010; Desiraju & Moorthy, 1997; Durkin, 2013; Shachaf & Hara, 2007) are:

- How consumer SOD can be varied from an off-line channel to an online channel.
- How consumer multichannel behavior can affect SOD from a newly added online channel.
- How to differentiate an SOD for distribution channel in association with a communication channel.

- How different SODs can be met in a virtual channel, particularly in a mobile channel.
- How online channels can hinder customer expectations of SOD.
- How technological beliefs can change customer SOD requirements.
- How reliable customer care can be ensured in the virtual medium, although it may only be sought for troubleshooting, problems, and disputes.

### ***1.5.2 Issues for Online SOS***

For online channels, SOS is a new area for the marketers to investigate and formulate SOS for different mobile channels; however, like the traditional channel structure, the central target for the marketers is still to maximize the efficiency of channel flow to meet customer demands at the minimum cost (Bagozzi et al., 2002; Connolly et al., 1998). Now, a new set of challenges arise for online channels when a vendor or retailer offers multichannels and simultaneously maintains two distinct channel functions such as distribution and communication. For a distribution channel, information is a prerequisite set of SOD that is directly embedded in the purchase of a product or service when consumers have already developed a positive attitude toward the product and are attentive to the product. The information flow for the communication channel is not a demand from service output; rather, it is a generic service that is established and maintained for the sake of managing customer relationships and maintaining virtual marketing (Darley et al., 2010). However, social influence and personalization are SODs required for both distribution and communication functional channels.

The challenging issues for online SOS (Bagozzi et al., 2002; Connolly et al., 1998; Shareef et al., Forthcoming) are:

- Adjustment of different SODs between distribution and communication channels
- A strategic alliance between off-line and online channels with a particular focus on different mobile online channels
- Synchronization of distinct features of social media with other online channels
- Adjustment and readjustment to the distinct orientation pattern of online channel members
- The type of resources, both technological allocation and reallocation, for mobile channel flows
- Cost effectiveness through minimizing the costs of channel flows by increasing performance efficiency of channel members or increasing performance of technology.

### ***1.5.3 Constraint for Zero-Based Channel***

A zero-based online channel can meet customer varied requirements and SODs in the most efficient manner so that the channel flow cost will be minimal (Bucklin, 1966). Therefore, in addition to the traditional SODs, an online

channel should also meet the general outcome expectation of mobile technology like the scope of personalization, social inference, and time- and location-based connectivity (incorporated in and redefined by traditional decentralized SOD) (Chang, 2013; Cheng et al., 2009). For creating a zero-based channel, there are restraints particular to the country, society, and product; some restraints are legal constraints, the status of physical and virtual infrastructure for online channel structure, and managerial restrictions on the company product itself (Banyte et al., 2011; Tanner & Raymond, 2011). Other important issues to be resolved that may be significant constraints relate to the channel structure, such as a lack of appropriate knowledge about the channel, and understanding customer online behavior (Bagozzi et al., 2002; Connolly et al., 1998; Coughlan et al., 1996).

# Chapter 2

## Mobile Marketing Channel

### 2.1 Introduction

In the last several decades, marketing channels—in terms of concept, purpose and usage, structure, formation, functionality, and interactivity—have achieved significant deviations and reformation from the traditional channel design (Jarad, 2014). The mobile marketing channel in the twenty-first century has experienced radical changes in the structure, function, and requirements from the conventional physical channel. Marketing managers are now confronting a new wave of challenges due to the widespread diffusion of mobile channels, which brings a new set of parameters for the success of the channel and initiates an entirely new set of robust and dynamic strategies (Banyte, Gudonaviciene, & Grubys, 2011).

### 2.2 Marketing Channels

Any types of products or services are traditionally supplied by the manufacturers to the end users. For this movement to marketing channels, in a similar fashion as the connecting bridge in a roadway, several interdependent organizations create an interlinked structure to ensure the delivery of the product with the required service to the right customer at the right time and right place (Connolly, Olsen, & Moore, 1998).

#### 2.2.1 *Traditional Concepts and Their Ramifications*

Conventionally, a marketing channel is a structure that is composed of several interconnected bridges (channel members) to deliver the product from the manufacturer to the end user or customer (Desiraju and Moorthy, 1997). A marketing

channel with certain generic flows, which are activities or functions that produce service outputs, is an organized network of agencies and institutions that are functionally interdependent. A marketing channel is entirely devoted to perform certain activities that ensure the product or service distribution to the right customer at the right time and place and in the most effective and efficient way (Moorthy, 1987). In this capacity, a marketing channel is traditionally termed as a distribution channel where product movement from the manufacturer to the end user is the prime objective. In this connection, for providing service output, there are eight generic channel flows (Coughlan, Stern, & El-Ansary, 1996). These are: physical possession, ownership, promotion, negotiation, financing, risking, ordering, and payment. Although, structurally, the new concept of the channel is also performing all the eight generic channel flows, the functionality and purpose of the marketing channel is changing robustly with the application of the Internet and mobile technology.

The traditional view and structure of the marketing channel was first amended and extended after the invention of the Internet and the proliferation of personal computer usage (Jarad, 2014). This alternative channel, pertinent to the virtual environment, is called an online channel. The characteristics, functionality, interactivity, distribution flow and association of different channel members, and the overall marketing strategy, for this unique channel have drastically changed the marketing channel concept and behavior (Banyte et al., 2011; Kim, 2012). The paradigm and management of the supply chain, which were redefined through managing supply networks, were also changed. Conventional channel management got a multidimensional momentum through the inclusion of the Internet and online (Dwivedi, Khoubati, Williams, & Lal, 2007). This changing structure introduces Electronic-commerce such as business-to-business Electronic-commerce (B2B Electronic-commerce) and business-to-consumer Electronic-commerce (B2C Electronic-commerce) (Shareef, Kumar and Kumar 2008).

Further revolutionary modifications and alterations were observed in channel proposition and management after the worldwide diffusion of mobile and smart phones that were even faster than personal computers (Grant and O'Donohoe, 2007). Ubiquitous features of mobile and smart phones enhance the suitability of mobile technology with more interactive marketing through short messaging service (SMS) and multimedia messaging service (MMS) which is now regarded heuristically a new commerce channel.

Extensive investigation, examination, and exploitation of different parameters of channel behavior and capacity of online and mobile technology as well as the synergy of the interfaces systematically introduce some other marketing channels such as the social networks of Facebook, Twitter, YouTube, and Bluetooth (Assaad & Gomez, 2013; Banyte et al., 2011; Bernstein, Song, & Zheng, 2008; David, 2014).

Mobile technology further extends its service through the inclusion of the Internet on mobile phones, which assures a new service pattern. New concepts and functionalities evolve when product or information is offered through mobile technology, which has gradually included a new interactive mode termed as Mobile-commerce (Shareef, Dwivedi, & Rana, 2015).

### 2.2.2 *New Paradigm of Marketing Channel*

After close examination of the marketing channel, to capitalize on all the benefits of this interlinked structure, marketers became gradually interested in using this structure for service and information distribution (Bagozzi, Gürhan-Canli, & Priester, 2002; Chang, 2013; Chang & Huo, 2011; Connolly et al., 1998; Danaher & Rossiter, 2011; Darley, Blankson, & Luethge, 2010; Desiraju & Moorthy, 1997; Durkin, 2013; Shachaf & Hara, 2007; Stauss, 2000). This information distribution opportunity with new channel design, which is driven by ICT and includes mobile interfaces, offers new scopes of customer relationship management through delivery of commercials to the customer. From the recent perspective of usage of marketing channel, a marketing channel is a structured, interconnected system through which products, services, or information flows from the supply stakeholders to the end users (Neslin & Shankar, 2009; Shareef et al., 2015).

Figure 1.3 in Chap. 1 explains that there are two broad categories of channel:

- Distribution channel
- Communication channel

These two functional types of channel are further classified into two groups each reflecting their composition and function (Bagozzi et al., 2002; Connolly et al., 1998; Coughlan et al., 1996; Darley et al., 2010). Considering the function, composition, and pattern of interactivity, the extended usage of marketing channel can be classified into five groups in terms of the subject moving through the channel:

- Product
- Service
- Information
- Opinion Leader and Reference
- Promotion

*Product.* A very conventional usage of physical and online channel is where products are gradually pushed to the customers from the manufactures. This is purely a distribution channel. Generally, in indirect marketing, between the customer and vendor several members, such as the wholesaler and distributor, could be involved in proper product distribution. Here the last channel member of the online channel is the online website, which functions as a retailer. For example, Wal-Mart as a retailer connected with different backward channels offers Sony products through physical stores as well as their online website (B2C Electronic-commerce). However, in direct marketing, vendors, such as Dell computer, Apple, and McDonald's, directly push their products through their own online outlet channel. In this channel, vendors are capitalizing the ubiquitous benefits of close contact with customers through the direct marketing relationship.

*Service.* Service flow is a distribution channel where pure service companies are selling service as a commodity or product-oriented companies are offering associated services as a channel flow to end users such as customers. Service companies



sell their services to the end customer, such as educational institutions, healthcare services, and postal-couriers, through an online channel by adopting a direct marketing strategy. Airline companies are using both direct and indirect marketing through their own online channel as well as agent or third-party channels.

*Information.* This is conventionally a distribution channel. Pragmatically, information associated with products and services is distributed to different channel members, including the last member, i.e., end users such as customers. This information is basically a generic part of channel flow regarded as a service. However, the twenty-first century paradigm of a marketing channel has incorporated a new lucrative channel into the conventional channel definition, which is known as a communication channel. Different public and private organizations all over the world are adopting this new channel to tap the enormous benefits of relationship marketing (Carroll, Barnes, Scornavacca, & Fletcher, 2007). This scope of relationship marketing has introduced a new avenue for initiating a marketing strategy for a virtual community through continuous interactivity and connectivity with personification and time-location sensitivity (Banyte et al., 2011). This relationship marketing can be conducted through email, mobile phone SMS, etc. So, functionally, there are two broad types of informational channel:

- Distribution channel as a channel flow associated with product
- Communication channel for relationship marketing

*Opinion Leader and Reference.* This is truly a new marketing channel only possible after the advent of online and mobile technology and the inclusion of this technology in customer relationship management. Different social networks, such as YouTube, Facebook, Twitter, online chatting websites, group emails, and Bluetooth, offer this ability to connect many social members in a common place of interactivity. Different vendors and retailers are enthusiastically capitalizing on and using this unique characteristic of social networks for marketing their product on a communication channel. In this context, this central hub of communication channel offers the possibilities of social interactivity for products and services, accumulates opinions, and represents socially accepted and acknowledged decisions. Consequently, the social network as a marketing channel acts as a channel with three broad functions:

1. Pure communication channel for product functional information and features, promotion, and subsequent modifications
2. Becoming an opinion leader by organizing standard and ideal directions of interactive opinions
3. Developing a reference group by accumulating and forming social influences from aspirational social members

*Promotion.* This is a communication channel for promotional activities of products, services, and information. From the functional point of view, a promotional online channel can provide two interlinked services. It can act purely as a place to convey commercial messages as a direct advertisement to the customers or through third parties such as affiliated marketing. It can also be conducted online through displaying banners, which are paid advertisements, on popular websites such as

Yahoo personal mail or regular Google websites. This is one of the recent trends of stimulating consumers through SMS, MMS, and other online advertisements. Many scholarly studies (Shareef, Dwivedi, & Kumar, 2016) including marketers have predicted that this online/mobile channel for displaying commercials can be the panacea for future promotional marketing. Promotional online marketing channels also convey marketing coupons and price benefits or discounts to customers particularly through mobile or smart phone SMS, which can be called customer relationship through benefit offering. This discount offering can be conducted directly by the vendors or retailers, by supply chain partners, or by affiliated marketing partners. An example is when Rogers mobile phone sends you a message that if you get another Rogers service with at least a 1-year contract, you can buy a Samsung mobile or smart phone at a 10% discount. The Norwegian multinational telecommunications company Telenor in a Bangladesh venture or the Grameen Phone (GP) as a service provider company and as a third-party affiliated marketing partner with many vendors have offered benefits like discounts through SMS. Some examples of their SMS to customers are:

Happy Friday! As a STAR talk to any GP number at 5 paisa/10 Sec rate on this Friday from 10 AM to 5:59 PM. To register dial \*999\*1#(free)

Details: [grameenphone.com](http://grameenphone.com)

Boishakhi Offer! 10% OFF on all Products at 10 outlets of KAY KRAFT (Except Deshi Dosh) till 31 July 2015. Visit [www.facebook.com/kaykraft.com.bd](http://www.facebook.com/kaykraft.com.bd)

Exclusive GP STAR Offer! 15% discount on all SONY/RANGS/CRT/LED/Internet/4K TV from SONY RANGS outlets (stock limited) across country. For detail, [www.rangs.org](http://www.rangs.org)

The promotional marketing channel as an initiative of both direct and indirect communication marketing can serve two functions:

1. Conveying pure commercials
2. Proposing benefit offerings like discounts

From the perspective of using a marketing channel based on literature review (Bagozzi et al., 2002; Chang, 2013; Chang & Huo, 2011; Connolly et al., 1998; Danaher & Rossiter, 2011; Darley et al., 2010; Desiraju & Moorthy, 1997; Durkin, 2013; Shachaf & Hara, 2007; Stauss, 2000), an online marketing channel is shown in the following diagram, Fig. 2.1.

Finally, we can develop a comprehensive concept of a new paradigm of online marketing channel:

An online marketing channel, for either distribution or communication, is a systematic and uniform network of agencies and institutions, referred to as a structure that is composed of different, interdependent organizations in the supply chain. Or it could be considered a unique member interconnected to form a structured pathway to ensure the movement of a product, service, or information; to convey an interactive message; or to pursue and form attitudes individually or socially from the vendor or retailer to the customers (perhaps through intermediaries) in an effective way. This definition is based on the assumption that the delivery

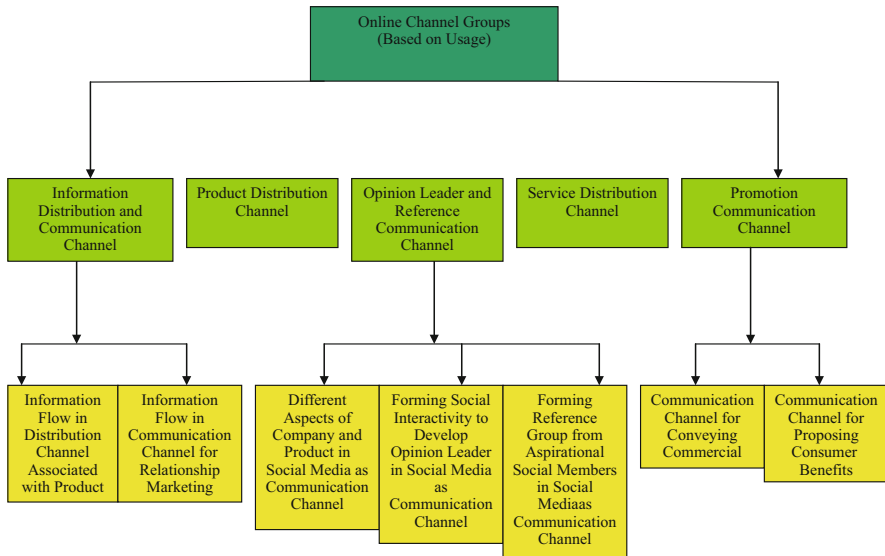


Fig. 2.1 Usage of online marketing channel

of products, services, information, an interactive proposition, or promotions should be conducted with the right customer at the right time and right location with desired service output.

### 2.3 Channel Structure and Online Channel Media

Due to the inclusion of many online and mobile channel members, including social networks, the definition, functionality, and traditional concept of channel structure have changed dramatically. Unlike traditional channel members, present channel members are very dynamic, and are extremely interactive socially (Chang, 2013). Therefore, unlike traditional physical channel members, an online channel is primarily chosen based on product media compatibility (Bernstein et al., 2008). Shedding light on the media selection theory, as described in Chap. 1, consumer preferences for media largely depend on their ability for social presence and social interactivity. Consequently, the channel structure is streamlined considering compatibility and consistency with the product, service, information type, and preference of consumers.

#### 2.3.1 Channel Structure

Marketing channel structure is a buzzword for distribution management, and it is often used as a virtual concept of interconnected organizations. For online marketing, a particular product, service, or independent information can be sold to

customers through multiple channels. Changes of channel members may be warranted, particularly for an online channel design that actually depends on changes in the method of buying and selling products and associated services that accompany product-based consumer preferences. Traditional channel structure is composed of many intermediaries other than the two extreme ends represented by the manufacturer and customers. However, online channel design is dynamic and socially interactive where customer connectivity is one of the prime concerns so that a different set of preferences than is depicted in Chap. 1, Fig. 1.4 would contribute to designing a winning strategy for channel structure.

From the economic approach (Banyte et al., 2011; Bernstein et al., 2008; Daft & Lengel, 1986), channel structure design is fundamentally related to the managerial decision of adopting channel members and aligning them with the method of product selling based on the requirements of efficiency and costing of the generic flows of the channel (Coughlan, Stern, and El-Ansary, 1996). From the sociological approach, channel structure design is more engaged in focusing the internal relation, orientation, and placement of channel members—such as power allocation and exercise, cooperation among the members, satisfaction in designing channel, performance in operating channel flows, and profit sharing (Coughlan, Stern, and El-Ansary, 1996). Finally, design also depends on competitive vulnerability and conflict management.

For online channel structure design, one prime concern is the synergy among the members as it can coexist with the off-line channel. Determining the appropriate type of intermediaries is a crucial issue for channel structure, irrespective of the type of channel whether it is off-line or online (Connolly et al., 1998; Coughlan et al., 1996; Darley et al., 2010). However, for an online channel that experiences the changing habits of consumers, the shortage of the product life cycle, and the 24/7 presence of consumers socially, the selection of intermediaries is so vulnerable that it requires in-depth judgment about the market segment. Another potential concern for channel structure is the decision of channel intensity (number of each category of intermediaries in the channel and the multi-tier levels of a channel structure). This decision is not as crucial for an online channel as it is for off-line because direct marketing is a frequent and important strategic phenomenon for an online channel (Bendoly, Blocher, Bretthauer, Krishnan, & Venkataramanan, 2005; Burke, 2002; Connolly et al., 1998; Coughlan et al., 1996; Jarad, 2014).

### ***2.3.2 Different Online Channel Media***

Traditional media, which have been selected for many years to display commercials as a communication channel, are functionally capable of providing one-way interaction. These media channels are typically television, newspapers and magazines, billboards, banners, leaflets, etc. These one-way interactive media, as communication channels, are traditionally used only for conveying commercial messages and, sometimes, delivering some coupons or discount benefits (Leppäniemi and Karjaluoto, 2005). Although consumer interactivity with these channels generally happens in an individual setting, these media also perform the functions of creating

opinion leaders with a limited scope and furthering the influence of the reference group (Shareef et al. Forthcoming). Many customers perceive more credibility in printing or electronic media for communication than anything online or mobile, in the light of social interaction and social presentation, and these traditional media because of their physical presence have very little scope to capitalize on any interaction benefits (Peters, Amato, & Hollenbeck, 2007).

As the invention and application of the Internet and successive mobile technology has been growing all around the world, marketers have been increasingly interested in deploying these media channel structures as the last bridge of a channel for distribution and communication. Focusing the new demand of consumers and their rapid behavioral changes, which were reflected in Figs. 1.1 and 1.2 in Chap. 1, marketers have determined that new era consumers have certain characteristics that are compatible with Internet and mobile technology for information and communication technology (ICT). Figure 1.4 of Chap. 1 shows that as a distribution or communication channel, consumers have an even stronger attraction to certain online or mobile media as emerging channels for some behavioral and attitudinal congruency such as lifestyle and professional activities. This has been supported by many seminal studies (Jarad, 2014; Phau and Teah, 2009; Tsang, Ho, & Liang, 2004; Xu, 2007). These activities are:

- Customize access and availability to information
- Continuous interactions
- Full-time connectivity
- Internet surfing over specialized information
- Develop integrated opinion socially
- Use of handheld portable devices to access
- Compatibility with other functional devices such as mobile phone or camera
- Can fulfill other social needs such as virtual social gathering and interactions
- Can be used during travel time
- Can be enjoyable and provide fun
- Finds dynamic and robust module of communication

The concerned online and mobile media generally included as distribution or communication channels in the regular marketing structure are broadly categorized into four groups (Bagozzi et al., 2002; Connolly et al., 1998; Danaher & Rossiter, 2011; Darley et al., 2010; Jarad, 2014; Phau and Teah, 2009):

1. *Internet* (Computer-based or Mobile Internet). Internet-based website like B2C Electronic-commerce, personal email, paid commercials attached to different online websites, banner display in high traffic sites (calculated as unique visitors), general online advertisement in Google, catalog-based online marketing, etc.
2. *Social networks*. Facebook, YouTube, Twitter, and Bluetooth can be used for commercials (display advertised in YouTube), sending information, and offering social interactions.
3. *Direct telemarketing*.
4. *Mobile phone-based information and message sending*. This is accomplished through SMS or MMS.

However, the nature, functionality, and scope of connectivity and social interactions differ significantly for these four media of online channels.

### ***2.3.3 Online Media as Marketing Channels***

The aforementioned media are now offering lucrative opportunities for manufacturers and retailers to include them as a marketing channel for different types of usage of marketing distribution and communication, as depicted in Fig. 2.1. These online and mobile-based channels can serve to provide distribution for products, services, and information and to offer communication for information, creating of opinion leaders and reference groups, and promotion of discounts, benefit propositions, or commercial displays.

*Internet* (Computer-based or Mobile Internet). This is the most common online channel and it has been used with the traditional off-line channel structure to capitalize on the dynamic marketing of online media (Shareef, Kumar and Kumar 2008). B2C Electronic-commerce is now regarded as a common channel for most leading manufacturers and retailers in the world. It is used as a direct marketing channel (by definition, indirect for respected manufacturers) by different physical store-based retailers like Wal-Mart, Sears, K-Mart, Automobile dealers, Airlines agents, etc. However, for B2C Electronic-commerce, direct marketing is one of the popular channels for winning marketing. Most of the world-leading manufacturers open their B2C Electronic-commerce website to sell products directly to the customer. Some examples are Dell, HP computers, Apple, Sony, and Samsung for their games and console; this is also true for songs, telecommunication products, etc. Other than some purely online-based B2C Electronic-commerce such as eBay and Amazon, most of the B2C Electronic-commerce website owners operate this online channel in addition to a physical, bricks-and-mortar channel, i.e., they maintain a multichannel strategy. Now world leading retailers and manufacturers acknowledge that without using an online channel they cannot implement a winning marketing strategy.

Catalog-based online marketing is now growing as a popular medium for a specific customer segment. It is a type of specialized direct marketing where a retailer positions products from many vendors or many items from the same vendor, through both a paper-based catalog and an online catalog (Jarad, 2014). Customers receive the catalogs by mail or go to the Internet for a product description and an image. Amazon and eBay are examples of companies successfully operating direct marketing through an online channel; Avon offers both a catalog and an online ordering capability. Some catalog marketers act as intermediaries between consumers and manufacturers by containing products from different manufacturers in their catalog.

For display of commercials, Internet sites such as Google and Yahoo search engines offer many paid commercials from many different manufacturers. Banner displays containing commercials are attached to some popular website such as yahoo mail. Google predicts that by 2015, display advertising will reach \$50 billion. Personal email is also an effective source of conveying personalized commercials

and promotional offers. Generally, in this group of media, email is the main tool for personal interaction and providing benefit/discount offerings. Marketing Sherpa is a popular marketing research company that has extensively researched the individual and group impact of different channels used for advertising. It has identified personal email as a strong channel for one-to-one persuasive power when integrated with social media channels where a foundation has already been laid for these products. Email, with its ability to convey personal information, appears to have a wide range of possibilities to provide stimulus for a consumer response. This channel is also personalized and inexpensive with full access to customers at all times. It has enough capacity to get attention and create a positive perception among customers about brand loyalty (Phau and Teah, 2009).

Unlike other online-based media, this channel has little capability to convey personal messages, other than through email. These online sales use a communication channel to display commercials and a website as a distribution channel to sell products. Although these channels reach a mass group, interaction is not possible and personal messages are not common, so there is little scope for personal promotional offers and social interaction (Bendoly et al., 2005). Consumer group behavior, the creation of opinion leaders, and the image of a reference group are not common phenomena on this channel. Nevertheless, this is the most common media used for marketing.

*Social networks.* Social media marketing operates as a marketing channel by circulating information designed to attract attention and encourage readers to develop a favorable perception and to share it across their social networks (Jarad, 2014). The hope among social media marketers is that their message and a positive response to it will spread among users and resonate among consumers of many groups because it appears to come from a trusted reference group with similar opinions.

Different social media are gradually constructing and diffusing social concepts congruent with some groups and differentiated from other groups (Jarad, 2014). This media includes Facebook, Twitter, YouTube, LinkedIn, Instagram, and Yelp and it is helping consumers to reform their beliefs, attitudes, and perception through dynamic interactions (Saravanakumar & Sugantha Lakshmi 2012). This social interaction and formation of beliefs has had a profound effect on consumer purchasing attitudes and twenty-first century marketing managers have realized the importance of including this medium as a marketing channel along with their traditional strategy. This type of media has brought new dimensions to the idea of digital freedom. People now have more reliance on social interactions, the influence of opinion leaders, the opinion of a reference group, and robust connectivity in the selection process. This behavioral reformation and change in the opinion development process of consumers necessitates a modification in corporate marketing strategy (Darley et al., 2010). The meteoric growth of community websites has created enormous opportunity for marketers as well as imposed severe challenges for the alignment of marketing strategy with this changed behavior and formation style of social opinion. TechCrunch, the marketing research group, predicts that online video advertising through the social media is growing at a surprising pace of 50% a year and will surpass \$11.4 billion in the 5 years after 2011; this may outpace the growth of traditional television advertising. Basically billions of people throughout

the world are continuously interacting, viewing, and sharing product information through the online social presence (Castells, 1996). For new product design, the brainstorming of thousands of customers can give an excellent opportunity to the research and development group to incorporate customer requirements into their products (Sassen, 2001).

These changes present a significant opportunity to marketers; if they can align their product or service information with the desires of a group, the satisfied groups can advertise the product in a positive manner to many other groups automatically marketing the products among a large number of customers. However, social media presents marketers with a challenge to develop a marketing strategy that includes them as a communication channel (Chang, 2013; Chang & Huo, 2011; Kim, 2012). Because these media are open to forming opinions and marketers have no control on ultimate group behavior, customers who are not satisfied with the product, service, or nature of information or with the company itself can spread a negative impression about the product among neutral customers (Castells, 1996). This can severely damage the brand image and it should be managed by carefully matching customer profiles to the products.

Consequently, marketers need to closely monitor media interactions and opinion formation and their potential influence (Stauss, 2000). An empirical study conducted among 1225 information technology executives from 33 countries has identified that due to mishaps in social media, different businesses lost a combined \$4.3 million in 2010 (Jarad, 2014). This loss was caused by two factors: (1) creation of a bad impression about a specific product, company, or launch of a new product and (2) mismanagement of information flow in these media by company employees (Jarad, 2014). Due to an aggressive communication pattern, a single silly mistake by one employee may result in devastating consequences for an organization.

In 2011, designer Kenneth Cole sent a twitter that said, “Millions are in uproar in #Cairo. Rumor is they heard our new spring collection is now available online at [Kenneth Cole’s website]” (IBTimes Staff Reporter, 2011). Millions of readers objected to this analogy to the 2011 Egyptian revolution and the company was forced to express their sincere apology to the concerned people. In 2012, when Hurricane Sandy hit, Gap used Twitter to warn people to stay safe and to encourage them to use online shopping (David, 2014). During this extremely difficult situation, encouraging people to shop created severe criticism from opinion leaders and had a strong negative effect toward Gap and their business philosophy and market image (Wasserman, 2014).

For relationship marketing through virtual communal marketing, social media is now becoming the number one marketing channel to develop and change beliefs by facilitating more exposure. Social networking sites and blogs allow associates to repost and share comments about a product being promoted, allowing quick creation of a large virtual community (Kuhnle, Caemmerer, & Mulki, 2012). Once a positive image has been created and communicated to many groups, this favorable position can be used for future promotional efforts of different products by the same company. Although social media is centrally used to capitalize on the benefits of social presence and interactions, i.e., group behavior, this media also interacts one-to-one to form



individual relations. These individual relations in the social context are potentially helpful in forming loyalty for target customer groups (Assaad and Gomez, 2013).

*Direct telemarketing.* Telemarketing, although regarded as direct marketing, can be channeled directly from the manufacturer to end users or through retailers or a third-party agent. It is a very popular and personal interactive tool of direct marketing in which company appointed salesperson or agents randomly chose customers to buy products or services, either over the phone or through a scheduled Web conferencing appointment (Jarad, 2014; Kuhnle et al., 2012; Muthitacharoen, Gillenson, & Suwan, 2006). Telemarketing frequently happens among new customers through recorded sales pitches played over the phone via automatic dialing. The conventional telemarketing process often involves several calls from the office, call center, or from home. The initiating call briefs potential customers about the product features and attempts to align customer needs with the product or service features (communication channel). Subsequent calls attempt to create a positive attitude for customers toward purchasing the product (distribution channel). This series of calls may occur randomly or by previous collection of customer names, history, background, and preferences from another company database so that a personalized and customized offer can be placed.

Telemarketing is the traditional communication channel. Although it has a less profound effect on personal motivation than social media, this channel has a great role as a distribution channel for products, services, and information as well as a communication channel (Carroll et al., 2007). From telemarketing, customers can directly purchase products or services, make contracts, and express a personal choice. However, the most effective presence of this channel is its communication effect. It acts as a communication channel for placing persuasive commercials, enhancing customer exposure and attention to the commercials, and creating a positive attitude toward products. Personal motivation is a vital aspect of this channel when the salespeople attempt to impart credibility through several two-way interactions. However, many researchers (Taylor, Franke, & Maynard, 2000) revealed that telemarketing can also have a bad effect on the product if it fails to use an appropriate strategy in connections such as:

1. Wrong market segment and inappropriate targeting can incur loss of time and money
2. Wrong time selection which creates irritation and thus a bad image for the company
3. Inappropriate language and word selection of the salespeople can be responsible for annoyance of the customers
4. Inefficiency and lack of knowledge of the salespeople can create a bad image about the product
5. The pushy attitude of salespeople who receive commissions for sales can create irritation as well as can provide a cheap image about both company and products

Although direct telemarketing as a social medium does not offer social interaction, it promotes direct purchases from the call and thus acts as a distribution channel; its more substantial contribution is as a communication channel. It can

promote commercials by targeting customers and can act as a communication channel to offer discounts. Due to its immediate effects and one-to-one marketing by creating a loyal community, many companies in developed countries use direct telemarketing to save marketing costs. This marketing technique can help companies determine customer responses and attitudes, customer requirements, and the actual market status of products.

*Mobile phone SMS and MMS.* The recent proliferation of mobile technology at a higher pace even than computers and the Internet has created the opportunity to utilize this mobile medium as an effective marketing channel for communication through SMS and MMS (Shareef et al., 2015). This medium is typically used to send SMS and MMS for promoting products and services. It fulfills a role as both promoting a communication channel (Cheng, Blankson, Wang, & Chen, 2009) and developing a marketing relationship. This channel is growing tremendously through some of its unique characteristics such as scope of interaction, accessibility, availability, connectivity, personalization, key word-based marketing, and communication based on location, time, and demographics (Danaher and Rossiter, 2011).

Many scholarly researchers (Cheng et al., 2009; Drossos, Giaglis, Lekakos, Kokkinaki, & Stavraki, 2007), through extensive market research, have claimed that this mobile marketing channel is so effective and popular that it can be the most effective future tool for placing commercials, promoting product special offers, and maintaining a one-to-one customer relationship. By adopting key word marketing, this channel can offer a unique scope to the marketers to launch a new product, maintain interaction, and develop a loyal base in the virtual community. Researchers (Balabanis, Mitchell, & Heinonen-Mavrovouniotis, 2007; Chang, 2013; Leek and Christodoulides, 2009) have found that mobile phone SMS can be very attractive, particularly to the young group of customers who need personal 24/7 communication from the marketers for new offers. As a mobile communication channel, this media can be accessed from anywhere and at any time with a handheld device; due to this unique scope many potential customers are very interested in receiving product offerings and any special discounts (Drossos et al., 2007) through this channel. Using a technical algorithm, marketers can effectively segment the market and target a specific segment with unique strategy (De Reyck and Degraeve, 2003). This media has also created the opportunity for the marketers to provide messages to a specific customer with language and special offers based on their demography, lifestyle, personality, and self-concepts (Barwise and Farley, 2005; Hsu, Lu, & Hsu, 2007).

Traditionally, this media is not used as a distribution channel due to its limited scope to display enough information with images (in SMS). So a mobile phone-based SMS channel is not typically a distribution channel. It is more popular to instantly send any location- and time-specific promotional offer on a product. An example is sending special meal discounts at 5:00 P.M. to individuals who live or work near that restaurant.

Referring to Fig. 1.3 in Chap. 1, and based on literature review (Bagozzi et al., 2002; Banyte et al., 2011; Barnes & Pressey, 2012; Bearden & Etzel, 1982; Chang, 2013; Chang & Huo, 2011; Cheng et al., 2009; Connolly et al., 1998; Danaher & Rossiter, 2011; Darley et al., 2010; Drossos et al., 2007; Durkin, 2013; Jarad, 2014;

Kuhnle et al., 2012; Muthitacharoen et al., 2006; Shachaf & Hara, 2007; Shareef et al., Forthcoming; Stauss, 2000), we can summarize the functionality and characteristics of the four common online channels in Table 2.1.

## 2.4 Proximity of Online Channel Strategy

For the traditional physical channel, the type of product and service is an important criterion in determining the structure. For designing an online channel, this is an equally important factor; however, an online channel has different dimensions like information requirements, the social image of purchase that is produced through conspicuous consumption, the influence of a reference group, the presence of an opinion leader, and personification, time, and location sensitivity (Bearden & Etzel, 1982; Chang, 2013; Chang & Huo, 2011; Cheng et al., 2009).

Company strategy always plays a central role in designing channel structure (Coughlan et al., 1996; Danaher and Rossiter, 2011). Other than type of product, the strategy of a company determines the phases of selling goods at different stages such as the type of SOD the company wants to meet and deliver, the hierarchy of channel members the manufacturer wants to contact, and the intensity of distribution the manufacturer wants to design. However, for an online channel, the strategy of a company is important because direct marketing through a direct distribution link with customers and customer relationship management are two significant issues to be prioritized for an online channel (Bagozzi et al., 2002; Banyte et al., 2011; Barnes & Pressey, 2012).

Competition is always an important issue for setting channel strategy (Desiraju and Moorthy, 1997). Marketing competition, by its very nature and functionality, is changing rapidly due to the presence of online and mobile technology. Mobile technology and social media have brought severe competition not only in selling products but also in customer interactivity and connectivity. Customers now want to be connected with companies for detailed product information, service, and discounts (Jarad, 2014).

For online channels, design structures, and selecting media, customer preference is so significant that this should be considered as another important independent factor. Customer preference is also considered in balancing SOD and SOS to decide channel structure even for an off-line channel (Bernstein et al., 2008). Nevertheless, for an online channel, particularly for a communication and direct marketing-based distribution channel, consumer preference alone can play a central role in determining and setting online channel structure. If we look at the media selection theory, as explained in Chap. 1, we find that recent consumer trends in selecting media for social interaction, receiving information formed and oriented by a social group, getting two-way interaction, and creating exposure and attention are compatible with different consumer preferences like the level and magnitude of social presence, social interactivity, level of interactivity offered, scope of personalization and customization, and direct encroachment (Shareef et al., Forthcoming).

Therefore, we can accentuate an online channel member design strategy that in the physical channel structure depends primarily on product type, company strategy,

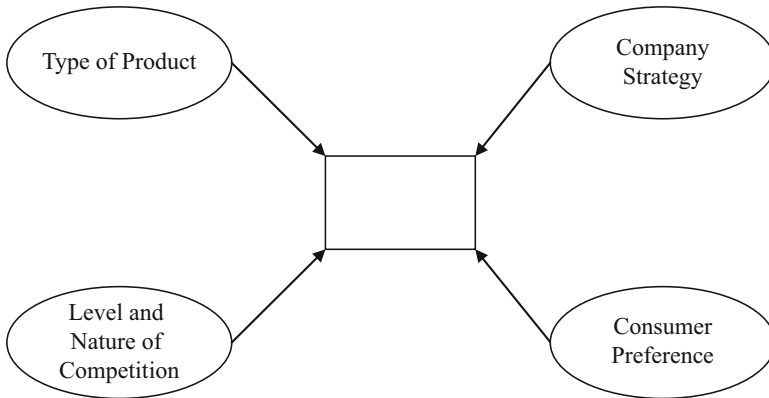
**Table 2.1** Four online channel: functionality and characteristics

Media	Channel type	Usage as a marketing channel (see Fig. 2.1)	Remarks
Internet (computer-based or mobile Internet): Internet-based website like B2C Electronic-commerce, personal email, paid commercials attached with different websites in online, banner display in high traffic sites (calculated as unique visitors), general online advertisement in Google, catalog-based online marketing, etc.	1. Distribution channel (a) Product/service selling through indirect marketing channel (b) Product/service selling through direct marketing channel (primary use)	<ul style="list-style-type: none"> <li>Product distribution channel</li> <li>Service distribution channel</li> </ul>	Social interactivity and scope of opinion leader and reference group influence as a communication channel is not profound in this media. However, as a distribution channel and communication channel for commercial display, this is a leading and one of the most effective channels regarded by all leading companies in the world
	2. Communication channel (a) Channel for promotional offer like commercials (general advertisement and banner in common websites) (b) Channel for personal information flow and two-way interactivity through email for relationship building and customer service	<ul style="list-style-type: none"> <li>Promotion as a communication channel for conveying commercial (sponsored/paid)</li> </ul>	
Social networks: Facebook, YouTube, Twitter, Bluetooth for commercials (display advertising in YouTube)	1. Communication channel	<ul style="list-style-type: none"> <li>Information distribution and communication channels for relationship marketing</li> </ul>	Generally, this social media is not used for product and service distribution. For individual interaction and proposition, these media still do not have potential utilization; marketers are gradually becoming interested in establishing personal communication through this media. However, for passing group information, forming opinions and an aspirational reference group, these media have sensational appeal and acceptance
	(a) Channel for promotional offer like commercials (b) Channel for information flow and group interactivity for relationship building and customer service	<ul style="list-style-type: none"> <li>Promotion as a communication channel for conveying commercial</li> <li>Opinion leader and reference group formation through social network</li> </ul>	

(continued)

**Table 2.1** (continued)

Media	Channel type	Usage as a marketing channel (see Fig. 2.1)	Remarks
Direct telemarketing	1. Distribution channel	<ul style="list-style-type: none"> <li>Product distribution channel</li> <li>Service distribution channel</li> </ul>	<p>The primary benefit of this channel is that this channel can be used as both distribution and communication channels. Customers can directly place product orders on this channel, i.e., use it as a purchasing channel. It can also act as a communication channel. It is not a very powerful social media. This channel is primarily engaged in motivating customers through one-to-one direct marketing for the manufacturers or retailers directly or for a third party</p>
	a. Product/service selling through indirect marketing channel	<ul style="list-style-type: none"> <li>Information distribution and communication channels for relationship marketing</li> </ul>	
	b. Product/service selling through direct marketing channel (primary use)	<ul style="list-style-type: none"> <li>Promotion as a communication channel for conveying commercial and proposing personal benefits and discounts</li> </ul>	
	2. Communication channel		
Mobile phone-based information and messaging by sending through SMS or MMS	1. Communication channel	<ul style="list-style-type: none"> <li>Information distribution channel and communication channel for relationship marketing</li> <li>Promotion as a communication channel for conveying commercial and proposing personal benefits and discounts</li> </ul>	<p>Traditionally this new channel is included as a mobile channel. It works as a communication channel for disposing information. Its main strength is its delivery option to communicate to consumers with appropriate targeting and segment-specific value proposition. Its fundamental weakness is that it can generally offer limited scope of socialization</p>
	(a) Channel for promotional offers like commercials and benefits		
	(b) Channel for information flow and personalized interactivity for relationship building and customer service		



**Fig. 2.2** Online channel member selection strategy

and competition (Becker, 1962; Engel, Kollat, & Blackwell, 1973; Folkes, 1988). For an online channel, a fourth item such as consumer preference should be added as it imports a major value to channel structure design (Chang, 2013; Cheng et al., 2009; Connolly et al., 1998; Danaher & Rossiter, 2011; Darley et al., 2010; Drossos et al., 2007; Durkin, 2013). This factor was previously embedded in company strategy, but due to consumer preferences in designing the online channel structure, this key factor can be treated as a new dimension for online channel selection strategy. These four parameters are shown in Fig. 2.2

## 2.5 Consumer Preference Aligned with Online Channel Members

Considering the fifteen subjective paradigms of consumer preferences for online channels (shown in Fig. 1.4 of Chap. 1), we can derive concrete cues and motives for consumers to respond to channel stimulus.

*Richness of information and updated link (Information Richness).* Information richness is different in the different online channels, such as the wired computer Internet, the mobile Internet in mobile or Smart phones, and social networks such as Facebook, Twitter, and YouTube. Consumer preferences for these channels will obviously be different (Daft & Lengel, 1986; Danaher & Rossiter, 2011).

*Degree of social presence such as face-to-face appearance instead of email (Social Presence).* As in YouTube, a video presentation of product information interactively attracts consumers; however, in emails social interactivity is not present. The products which customers buy from affective attitude or the requirement for conspicuous consumption, social exchange, and interaction determine consumer selection criteria to choose a specific channel structure (Banyte et al., 2011; Barnes & Pressey, 2012; Danaher & Rossiter, 2011).

*Degree of personalization and customization (Personalization).* For a communication channel, consumers are always selective in exposure to commercials (Jansen, Liu, & Simon, 2013; Leppäniemi and Karjaluo, 2005). Consequently, consumer preferences for channels are important criteria for marketers in choosing channel structure, because some channels such as mobile phone-based SMS and MMS meet this requirement of personalization and customization more effectively and appropriately than other channels (Hillebrand and Holley, 2010).

*Social status and image representation based on homogeneity within social groups presently embracing and heterogeneity among other social groups who are not adherent to the channel (Social Status and Image).* Some channel members can expose customers to interact with homogenous group like Facebook and Twitter. In these media, consumers can interact easily and share their opinion with that homogenous group. This can, on one hand, differentiate them from other heterogeneous groups; on the other hand, it creates status among members of socially homogenous groups (Haugtvedt, Petty, & Cacioppo, 1992; Sirgy, 1982).

*Degree of live interactivity for social connectivity (Interactivity).* Some online media like Facebook, YouTube, Twitter, and online chatting sites offer more scope for lively interactivity and social connectivity. Consumers like these channels for product and company information when a specific product or purchase type is influenced by peer group opinion, for example, new Apple products, Sony play station games, and Samsung's new tablet or mobile set (Banyte et al., 2011; Barnes & Pressey, 2012; Shareef et al., Forthcoming).

*Technological environment and its fitness for the task (Technological Fitness).* New online and mobile channels are driven by the technological environment (Dwivedi et al., 2012; Kim, 2012). For responses to any product, service, or information for purchase or interaction, the technology of the channel and its fitness for the task are important when the customer selects a channel structure. To collect information for technology-driven products, such as a high velocity turbulent product with versatile customer requirements and a very short product life cycle, customers wish to be affiliated with social networks (Durkin, 2013; Shachaf & Hara, 2007; Stauss, 2000). For discounted offerings, customers are more interested to be in touch with a mobile phone-based channel (Shareef et al., 2015).

*Technological compatibility and beliefs and ability to capture technological change (Technological Compatibility).* Some competence in operating technology is required to use the present online and mobile channels. A technological skill and positive attitude toward technology are essential criteria for consumers to choose any channel either for purchase or for communication. Multiple scholarly studies (Cheng et al., 2009; Faber, Lee, & Nan, 2004; Jamieson, 2012; McDonald and Dahlberg, 2010) from empirical cross-cultural examinations have affirmed that consumer technological beliefs and attitudes are the prime concern of online and mobile channel success and, thus, of the channel structure design.

*Connectivity with time and location sensitivity of the channel (Connectivity).* Some online channels can communicate more effectively with consumers in terms of personification. Mobile phone SMS and emails can provide time- and location-specific information appropriately and effectively (Tsang et al., 2004). These channels are more value added for communication such as offering gifts, discounts, and commercials.

*Flexibility of communication (Communication Flexibility).* Consumer preferences are also governed by the flexibility of interaction with the channel. Consumers are sometimes interested in communicating with the retailers or vendors 24/7, which can be possible with mobile channels. In this aspect, a multichannel design can be very important in providing flexibility of communication tools (Dholakia, Kahn, Reeves, Reindfleisch, Stewart, & Taylor, 2010; Venkatesan, Kumar, & Ravishanker, 2007; Verhagen & van Dolen 2009; Verhoef, Neslin, & Vroomen, 2007; Weber & Zheng, 2007).

*Expected outcome with final experience and gratification (Outcome Gratification).* The technological outcome expectation and the information available to the young generation are very important in helping them choose a specific channel for purchasing products or for communication. For virtual communal marketing, the pre-purchase satisfaction largely depends on the outcome expectation (LaRose, Mastro, & Eastin, 2001).

*Task context and organizational context (profile) (Task and Organizational Context).* Consumers show different buying patterns, such as compensatory and non-compensatory styles, for low effort products and high effort products. While tasks related to product purchase are important for developing cognitive, affective, and conative attitudes, they also affect the selection process for channel type. This is because trustworthiness, reputation, operational security, site security, and privacy play essential roles in a virtual medium purchase such as B2C Electronic-commerce (Shareef, Kumar and Kumar 2008). The organizational profile is also an important deciding factor in online purchasing, for company reputation helps develop the customer a disposition of trust in that channel (Shareef, Kumar, Kumar and Misra 2008).

*Consumer external learning conveyed by marketers (External Learning).* Consumer external learning potentially depends on exposure to different media (Cunningham and Finn, 1996). The mere exposure theory (Zajonc, 1968) recommends that some media attract customers because they are so frequently visible. The concept of the stimulus-consumer-response model and the observational learning theory assert that consumer external learning capability dictates their choice of a specific channel. In this aspect, social media definitely play a central role in external learning, particularly for young consumers (Cai 2010; Cunningham & Finn, 1996).

*Consumer internal learning and situated cognition (Internal Learning).* Consumer internal learning is mostly associated with their ability to interpret information gathered irrelevant to media (Folkes, 1988). However, technological beliefs and changing attitudes toward new technological interfaces do have significant effects on decision-making. While consumers attempt to identify and evaluate the link between past experience and the present situation, their beliefs are continuously changing as they change their beliefs about different ICT-related channels (Darley et al., 2010; Drossos et al., 2007).

*Compatibility with the channel considering influence of reference group (Channel Compatibility).* Reference groups always influence consumer decision-making and sometimes dictate consumer attitudes (Bearden & Etzel, 1982). Different segments of consumers tend to affiliate with different media, such as Facebook, YouTube, and Twitter. Factors influencing consumer media and marketing channel



choices are personality, self-concept, and beliefs (Bass, Tigert, & Lonsdale, 1968; Sirgy, 1982; Sorce, Perotti, & Widrick, 2005).

*External environment with various market settings (External Environment).* This preference factor is imperative for consumers to develop a positive attitude toward any channel. Cross-cultural scholars have postulated that culture influences consumer responses to social interaction media especially toward collecting information from social media. The absence of strong country rules, regulations, and protection of consumer rights also inhibits consumer selection of mobile technology and online interactions where there is less scope to evaluate the performance of marketers (Bagozzi et al., 2002; Chiu, Chen, Tzeng, & Shyu, 2006).

### **2.5.1 Consumer Behavior, Mobile Channel, and Managerial Consideration**

Consumer buying habits gradually change with time, lifestyle, professional requirements, cultural integration, technological changes, etc. Market and economic conditions, such as recessions, also have a significant effect on consumer buying behavior. During a recession or when an income-expenditure disparity exists, as in 2009–2012, consumers search for the lowest possible price, discount offers, unique deals, motivational coupons, and any other potential savings. During economic hardships, consumers become more interested in purchasing online and using the wide scope of price comparison available through online media.

For mobile channels, where there is a unique scope of information comparison, consumers are motivated toward utilization through the social pressure of their reference group (Assaad & Gomez, 2013; Banyte et al., 2011). In this connection, consumer self-concepts, personality, and ritual phenomena have a substantial impact on shaping consumer online behavior. Consumer optimization of utility largely depends on the availability and accessibility of comparative information, which is governed by their reliance on numerous physical and psychological factors (Simon, 1979). This argument is supported by the four influences on consumer behavior depicted in Fig. 1.1 of Chap. 1.

As detailed in Chap. 1 (Figs. 1.1 and 1.2), online consumer behavior can be explained by one significant phenomenon, i.e., their post-purchase response. In the virtual context, consumers rely on the seller promises in buying a product. Their post-purchase behavior, which means after receipt of the product but before usage, can play a significant role in their learning process. As explained in the social cognitive theory (Bandura 1986), the human cognition process is balanced by consumer internal analytical capability and environmental stimuli. So before purchasing any product from a virtual medium, cues from environmental settings in conjunction with the ability to interpret them influence decision-making when consumers cannot use their five senses to evaluate the product (Shareef, Kumar and Kumar 2008). Consequently, consumer online purchases are influenced by their outcome expectation supported by the gratification theory (LaRose et al., 2001). The congruence of

this expectation with post-purchase learning has a vital role in shaping consumer recurrent behavior. The important issues to be considered in consumer behavior and consequent managerial implications of those issues are summarized in the following paragraphs (Bagozzi et al., 2002; Darley et al., 2010; Dholakia et al., 2010; Engel et al., 1973; Folkes, 1988; Jarad, 2014; Konus, Verhoef, & Neslin, 2008; Leek & Christodoulides, 2009; Mari, 2013; Saravanakumar & Sugantha Lakshmi 2012; Tanner & Raymond, 2011; Venkatesan et al., 2007; Verhagen & van Dolen 2009; Verhoef et al., 2007; Weber & Zheng, 2007).

1. Consumer attitudes, not only their behavior, should be tracked very closely.
2. The interlinked environment of behavioral change, technological change, and social trends should be followed.
3. Consumer interactions should be measured as an end result through website traffic in terms of frequency, attachment, time length, and page performance.
4. Consumer demographic characteristics should be evaluated, statistically articulated, and trends modeled.
5. Pre-purchase expectations should be thoroughly and rigorously monitored and carefully grouped to reveal any trends in conjunction with product design, company strategy, and all policies regarding consumer affairs.
6. The conversion rate of sponsored or displayed banner sites must be tracked and fluctuations should be analyzed to reveal any trends.
7. Market segmentation will be accomplished not only through product design, but also by social presence, types of interactivity, and opinion formation.
8. An evaluation of the origin of website traffic is an important criterion to identify the success of personalized marketing.
9. For key word-based marketing, a careful analysis of customer segmentation and an identification of key words used frequently by the target group are the central driving forces for a winning strategy.
10. The proper selection of the target group and their origin and site interests will dictate articulation of the appropriate and consistent message to be conveyed.
11. Website appearance, link, and information quality always play central roles in attracting and maintaining online use, so these must be compatible with the lifestyle, personality, and self-concept of target customers.
12. The synchronization between online and off-line channels can give a tremendous boost to the scope and opportunity of successful marketing. A multichannel initiative should be carefully scrutinized.
13. Consumer outcome expectations must be studied through extensive and regular empirical studies, such as a consumer survey, and must be carefully matched to products.
14. Technological beliefs and attitudinal changes among the targeted audience should be continuously evaluated and applied to the website design.
15. Website design should be updated continuously to boost appearance and maintain consumer interactivity.
16. Any interaction by companies through social media should be non-pressured, friendly, and open.

# Chapter 3

## Scope of Short Messaging Service as a Marketing Channel

### 3.1 Introduction

A marketing channel has already been defined as a structure of interlinked members that serves to move the product, service, or information from manufacturers to the end customers. In other words, a marketing channel is a means of distributing and communicating about products, services, and information among members of the interlinked structure and customers. Any members fully or partially interlinked with other channel structural members which are conducting distribution and/or communication of the products/services/information by doing the following functions are basically and exhaustively online channel members. This extends the definition of channel members from that previously given. Based on this extended version (Bagozzi, Gürhan-Canli, & Priester, 2002; Connolly, Olsen, & Moore, 1998; Engel, Kollat, & Blackwell, 1973; Folkes, 1988; Tanner & Raymond, 2011), media performing the following interlinked activities can be regarded as online channel members:

- Targeting
- Positioning
- Promoting
- Selling
- Communicating
- Interacting

Under this extended definition, mobile phone-based short messaging service (SMS) is an effective channel member.

## 3.2 Proliferation of SMS as a Communication Tool

The actual proliferation of mobile phones, which are known in North America as cell phones, received a large momentum in 1990 in Europe after the application of the Global System for Mobile Communications (GSM) (Baron & Ling, 2007). Immediately after its introduction, voice mobile telephones, GSM phones became a very popular form of communication in Europe. And in the UK it became operational as an 1800-MHz network by 1993. Very soon the handheld GSM mobile phone had spread to Australia. Consequently, due to revolutionary development in the hardware of mobile phones with convenient shape and size, it became the answer to mobile technology (Ling, 2005). In 2007, mobile connections numbered 2.73 billion throughout the world, which then had a population of 6.57 billion people (Baron & Ling, 2007; GSM World, 2006). According to the report published by International Telecommunication Union (ITU) (2013), there are 97 % mobile phone connections in the world in respect to land phone. In 2014, around 4.55 billion people were using mobile phone with a rate of 63.5 % of all telephone users (eMarketer, 2014). Market researchers agreed that the proliferation of mobile phones has even surpassed the worldwide diffusion of computers due to the ubiquitous benefits such as being portable, handheld, economical, and easy to operate (Jibril, Hoon, & Mohammed, 2014).

### 3.2.1 *Short Messaging Service*

SMS is a text message written on a mobile phone as a standardized communication protocol to communicate with people; it is a popular means of mobile communication. Worldwide it is a popular media of data application in mobile phone and known as SMS, while in North America the buzz word of mobile data connection is known as “texting.” Using a standardized mobile phone protocol such as the GSM, that originates from a handset and is able to send messages of up to 160 characters, this SMS is growing quickly all over the world as the most dynamic type of mobile communication (Njemanze, 2012). Typically, this mobile communication is conducted from mobile phone to mobile phone. SMS messages, although first initiated and supported only by the GSM system as an effort to optimize the signaling system, are also supported by time division multiple access (TDMA) and code division multiple access (CDMA) based mobile phone networks.

The SMS concept was originally initiated by the Franco-German GSM cooperation in 1984 by Friedhelm Hillebrand and Bernard Ghillebaert and used to transmit data or text between mobile stations or message handling systems (Hillebrand & Holley, 2010). To control the traffic of voice telephony during periods when no signaling traffic existed, SMS was developed to optimize the system when it is not otherwise being used. From this underlying concept, the unused resources of the mobile signaling system were reinvested to develop another format of mobile communication through text messaging. This system operates at a minimum cost and although it was initially

derived as 128 bytes it was later set at 160 seven-bit characters. According to Hillebrand & Holley, (2010), this size as an interactive and essential mobile communication technology is sufficient to express intercommunication information. The first SMS was tested by the Vodafone GSM network in the UK in 1992 by Neil Papworth of the Sema Group. This pilot SMS contained a greeting of “Merry Christmas,” which started the deployment of commercial SMS launching beginning in 1993.

### ***3.2.2 Proliferation of SMS as a General Mobile Phone-Based Application***

From the time of its inception, SMS has been growing at a tremendous pace and is becoming one of the most popular text communication systems among people who value one-to-one mobile telecommunication. SMS is a particularly popular mobile communication media in Europe, the Middle East, Asia, Africa, and some parts of North America (Cai, 2010; Shareef, Dwivedi, & Rana, 2015). As per the revelation of Baron and Ling (2007), after acceptance of SMS by mobile phone users as a text communication, each year the adoption rate has been growing for public and private systems as well as for individuals. According to Baron and Ling (2007), more than one trillion text messages were transferred globally, i.e., about 1.3 messages per day per mobile subscriber in 2005.

However, in the last 10 years, both mobile phone and SMS usage growth received an unprecedented momentum. In 2012, 9.8 trillion SMS messages were sent; this is up from 7.8 trillion in 2011. Mobile phone connections ultimately reached 6.9 billion in 2013 (Forrester Research, 2015). In this changed world, 80 percent of mobile phone users send SMS which is much higher than in 2007 when only 50 eight percent used this service (Forrester Research, 2015). Although SMS, due to its functionality and convenience, is very popular and justified as a communication tool, the exponential growth of mobile phones by users around the world made it exceptionally attractive to users worldwide. Researchers working on mobile technology (Baron & Ling, 2007; Fortunati, 2001; Goggin, 2006) have predicted that mobile- or smartphones will continue their exceptional growth for many years with more updated versions. Additionally, they will be used for multifunction and become a substitute for many products and services by offering similar benefits. In accessing the Internet, the smartphone is gradually replacing even the computer for many occasions.

People from many different countries are now quite habituated to this mobile technology. This is one of the latest technologies that attracts people of both developed and developing countries (Konus, Verhoef, & Neslin, 2008; Kleijnen, Ruyter, & Wetzels, 2007). Based on statistical predictions, researchers have found that many developing countries are the leading users of this mobile technology. In terms of adoption, these developing countries have strongly promoted the usage of mobile phones among their citizens to promote the parallel progression of Mobile-commerce and Mobile-government (Garbacz & Thompson, 2007; Konus et al., 2008).

Asian, Middle Eastern, and Eastern European countries are aggressively promoting their policy and technological system to support the exponential progression of mobile phones to capitalize on the enormous benefits of mobile technology (Konus et al., 2008). Since these countries are lagging in their infrastructure development and transportation system, these developing countries—such as China, India, South Africa, Brazil, Ghana, Indonesia, and Vietnam—are striving to overcome this disadvantage by installing mobile technology across the country and using it in all public service systems. However, this is not the entire story of diffusion of mobile telecommunication technology. At the same time, it is popular in many developed countries such as Western Europe and particularly in North America in the USA. For instance, mobile marketing through SMS by itself contributed more than 100 billion USD to the economy in 2014. For many countries in the world, infrastructure and technological development run parallel to the proliferation of mobile technology to exploit the emerging market, and to ensure financial management and continuous connectivity (Konus et al., 2008). The usage of mobile phones is even growing as a basic tool of remote healthcare service by providing mobile health particularly in remote areas of countries such as Pakistan and Afghanistan.

The following trends of mobile phone and SMS proliferation in USA, China, UK, and India, depicted in Table 3.1, can provide insight with further analysis (CTIA, 2013; ITU, 2014).

This gradual proliferation of mobile phone and successive growth of SMS as a cheap, instantaneous, easily operable, and quick communication tool are shown in Figs. 3.1 and 3.2 (CTIA, 2013; ITU, 2014).

In all four countries selected for the study, mobile- or smartphone usage was growing at a steady pace. However, developing countries with emerging technology, such as China and India, have experienced a much higher growth rate than developed and more technologically mature countries such as the USA and the UK.

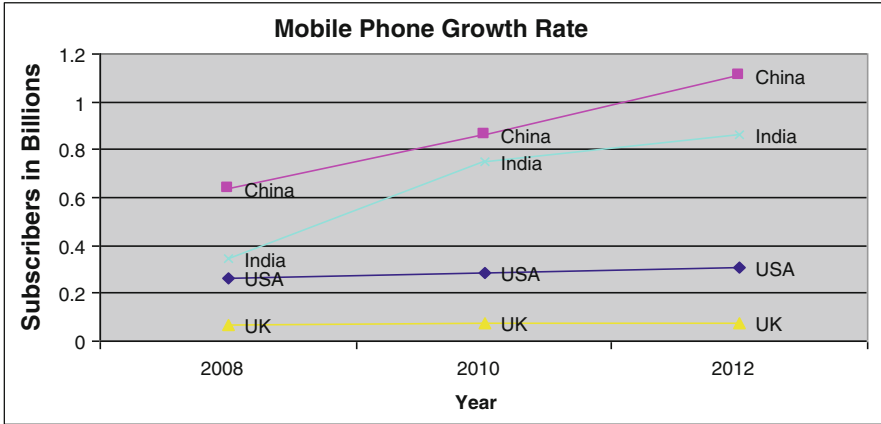
As Fig. 3.2 shows, the use of SMS as a typical and popular mobile phone data-based communication application is growing in all four countries. However, it expanded tremendously in the USA from 2008 to 2010.

At the present time, in many countries (including USA, Germany, and Spain) the growth of SMS is experiencing a negative rate due to severe challenges from Facebook and Twitter, which are popular social networking media. These social media are growing even faster than mobile phone SMS for continuous and group

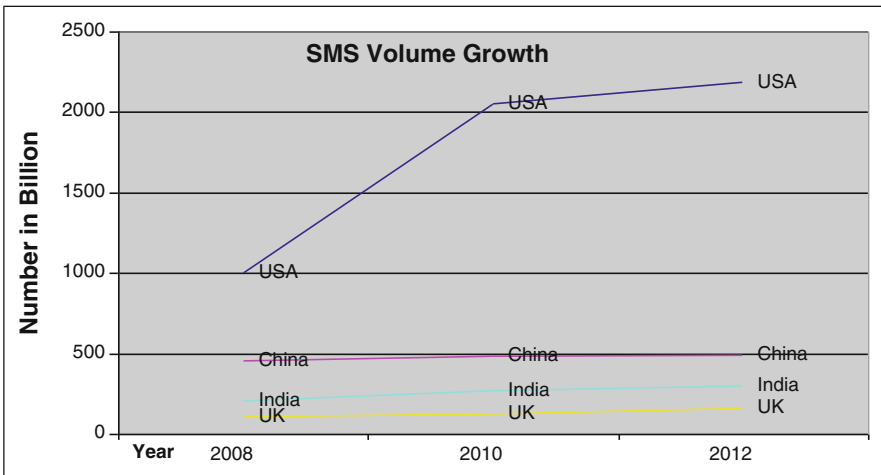
**Table 3.1** Mobile Phone and SMS Subscribers

Country	Mobile phone usage in billion/subscriptions per 100 inhabitants			SMS volume in billion (approximate)		
	2008	2010	2012	2008	2010	2012
USA	0.2613/85.21	0.2851/91.31	0.3048/96.01	1005	2052	2190
China	0.6412/47.76	0.8590/63.17	1.1121/80.76	455	486	492
UK	0.0655/122.19	0.0749/123.63	0.0783/124.76	108	129	161
India	0.3469/29.53	0.7522/62.39	0.8647/69.92	211	274	301

Source: Data utilized from CTIA (2013) and ITU (2014)



**Fig. 3.1** Mobile phone growth rate in USA, China, UK, and India (Source: Data utilized from CTIA (2013) and ITU (2014))



**Fig. 3.2** SMS of mobile phone growth rate in USA, China, UK, and India (CTIA, 2013; ITU, 2014)

communication. This is supported by the underlying concepts of the media selection and gratification theories. These theories clearly identified that social presence and the scope of social interactions are two important criteria for people to use any media. From that aspect, social networks like Facebook, Twitter, and YouTube have enormous popularity, and their unique opportunity in terms of social gathering and interactions sometimes poses a threat to the worldwide proliferation of SMS (Jarad, 2014). Nevertheless, SMS is still one of the popular interpersonal communication tools for most of the people all over the world irrespective of social

position, education, income level, and other demographic characteristics (Hillebrand & Holley, 2010). Market researchers predict that the exponential growth of SMS will continue.

### **3.3 Mobile Phone SMS Channel and Consumer Interaction**

As mobile phones (cell phones in North America) have experienced an exponential growth rate, their usage for many purposes has been gradually growing. All over the world, irrespective of overall country development, mobile technology has spread to almost all developed and developing countries, and this growth is expected to continue in the future. Its exceptional growth and the general acceptance of mobile phones by both educated and less literate people and both economically solvent and poor people make it an attractive tool for the marketers to use its enormous benefits to communicate with consumers and use it as a marketing tool for relationship marketing (Varnali, Yilmaz, & Toker, 2012).

#### ***3.3.1 Properties and Usage of SMS***

Mobile phone-based SMS has some special benefits and certain limitations. Its scope is limited to 160 bytes. So it is not a suitable media for sending detailed messages with more data and information. (Although this can be done by MMS, MMS is not in common usage by many people due to technological skill requirements.) In SMS anyone can type messages—even with symbols, picture, and numbers—and can send and receive them instantaneously. It is very quick and provides personal interaction with privacy. Presently, many mobile operators in many countries use SMS and create messages in local languages that create more scope for SMS to be popular. However, writing and viewing messages with limited display capacity creates a potential challenge for SMS to be popular for any type of mobile communication without using the Internet.

Today, the mobile- or smartphone is simple and easy to use with so many essential features and applications (apps) that people all over the world are using mobile phones for regular telecommunication as well as for many additional services like photography, storing data, using the Internet for multiple purposes, such as playing games, looking at calendar, viewing time, listening to songs, alerting to alarm system, converting one unit to another, doing simple math, transferring photographs, recording voices, measuring distance, and so many other things. According to a mobile marketing research group (Velocity Mobile Marketing, 2011), 68% of cell phone users regularly use text messages, 54.2% use mobile phones for photography, 36.4% for browsing Internet, and 30.5 to access to email. Adults are now very engaged in using mobile phones for media searching, almost the same as their engagement in newspapers and magazines together (eMarketer, 2014). According



to The Open University website data (2015), 90% of people worldwide used a mobile SMS at least once a day in 2014.

Through SMS or text messaging, a text can be composed and sent to one or many mobile phones through an established mobile phone network. Generally, whenever we need to communicate with friends, family members, or professional bodies we can very easily type and send a message. We also receive many messages from many different people all day long. We can use SMS for seasonal and ceremonial greetings with words, pictures, symbols, and numbers. Among family friends and relatives, we also use SMS as a tool for transferring necessary data and information such as telephone numbers, email addresses, and mailing addresses. SMS is particularly appropriate for timely short messages. Using voice mail for this same message would invariably take more time and, hence, more cost. This is the primary use for SMS. Mobile chatting is also a frequent type of SMS communication on a personal or informal level. Some examples of personal messages:

“Hey, are you coming? I am waiting for you at 1651 Broadway, McDonalds lobby!”  
 “Merry Christmas!”  
 “Did you got the phone number? I sent you an email for our course material. Check it.”  
 “Good morning! Are you still sleeping? I am calling you in the morning at 7:00 AM. Please call me back.”

The second major usage of SMS is for professional reasons. We frequently attempt to convey messages to our professional contacts or communicate with them by a customized message. Professional information is exchanged for many reasons such as transferring short messages instead of sending an email, conveying instantaneous messages, and silently reading a voice message while in a meeting or crowded place. This type of professional communication is very efficient and popular, because it saves time and cost. It also helps in passing information to colleagues or bosses without hampering or interfering with the working situation of senders or receivers. Some examples:

“In a meeting! Call you back.”  
 “Natalia, please circulate pay increase notice to our colleagues!”  
 “Please reply to the bank for our next LC.”  
 “Almost done sir! Will submit the report by 4:00 PM!”

The third category of SMS usage is mostly related to one-way interaction and searching for essential daily information like weather alerts; paying driving license fees, utility fees, or any kind of fines; transferring money and conducting mobile banking; and receiving government information, etc. Another type of one-way interaction of SMS can be information provided by network operators to offer services like balance enquiry in using prepaid cards. Users of any specific mobile service can also receive some special codes embedded in short messages that are connected with another operator’s wireless terminal. Governments also communicate with their citizens for many purposes such as providing information for the general public, alerts, weather bulletins, traffic conditions, and different national events (Shareef, Dwivedi, et al., 2014; Shareef, Kumar, et al., 2014). This is a significant commercial usage of mobile phone-based SMS. Due to the expansion of

Mobile-government, its usage is growing and replacing computer-based interaction through the Internet. However, on many occasions, there are provisions for two-way communication. Some examples:

“Pay your tax by 30 September, 2015! Government of Bangladesh”

“Severe warning issued by the Weather Network, Canada, for the next 24 h. Strong winds that may cause damage are expected or occurring. Strong southerly to southeasterly winds with gusts up to 110 km/h will continue for the next 2 h as a low pressure system moves north of Haida Gwaii!”

“Your appointment for license renewal is at 11:00 AM on May 15, 2015.”

“Pin number for accessing your bank account is 2354. You have to use it with your user name and password.”

The fourth category is the commercial usage of SMS which is now regarded as the panacea for direct marketing. Its growth has been so substantial and quick that it is now regarded by marketers as the new trend in marketing strategy. Business companies are striving to develop and launch new strategies to gain competitive advantages by using SMS as the efficient, one-to-one communication tool with the consumers and as virtual communal marketing which is dependent on personal communication (Zhang, Ma, & Sun, 2008; Zhang & Mao, 2008). Many seminal studies on mobile marketing have agreed that future marketing strategy and distribution channel management for interaction and communication will be centered on this new tool of direct marketing (White, 2010; Wouters & Wetzels, 2006; Xu, 2007). Some examples:

“Get 10 percent discount at Aaarong for all types of clothing! Hurry! Sale ends Thursday 15<sup>th</sup> May!”

“20% off all leather luggage at Unicop.com for the next 12 h only. Use coupon code UNILeath at checkout.”

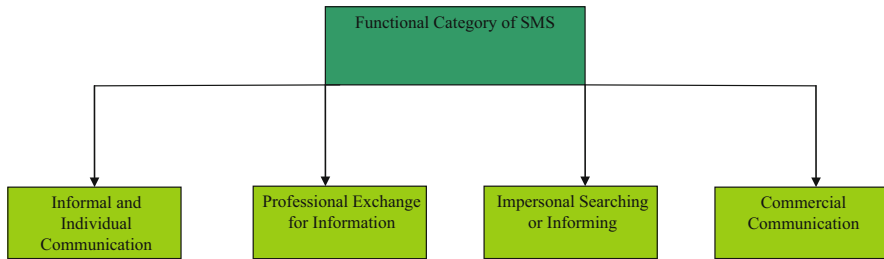
“Buy one extra large Pizza and get one regular potato wedges free only at Pizza Hut, Chengfu Road 35!”

“Dear customer, thank you for using GP. We are sorry for the call drop. As a token, we have given you a CallFerot bonus. To check bonus balance, please dial \*566\*21#.”

Considering this discussion about the usages of mobile phone SMS, we can summarize the multifunctional usage of SMS into four interdisciplinary groups as shown in Fig. 3.3 (Assaad & Gomez, 2013; Banyte, Gudonaviciene, & Grubys, 2011; Bernstein, Song, & Zheng, 2008; Chang, 2013; Cheng, Blankson, Wang, & Chen, 2009; David, 2014; Leek & Christodoulides, 2009; Mari, 2013; Saravanakumar & Sugantha Lakshmi, 2012; Shareef, Dwivedi, & Kumar, 2016).

### ***3.3.2 Online Consumer Behavioral Urges and Functions of SMS***

Marketers are now positive about including SMS as a marketing channel in their regular business strategy. Due to the immense popularity and proliferation of mobile phone-based SMS by almost all consumer segments for multiple purposes, as described in Fig. 3.3, marketers are enthusiastic to optimize the application of SMS



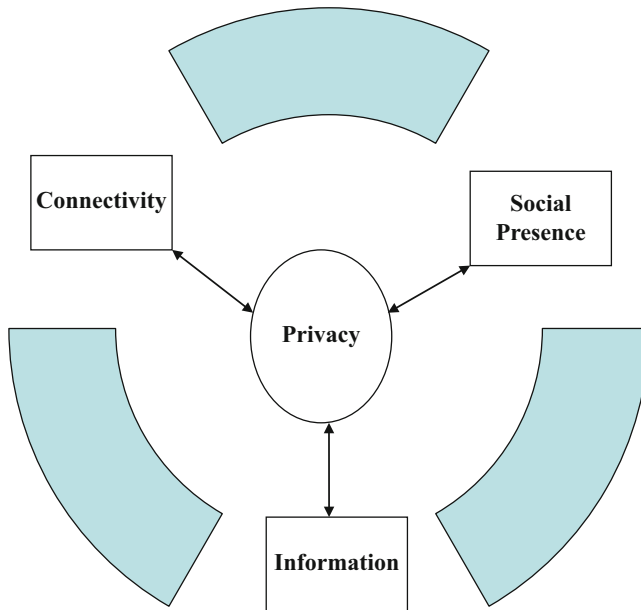
**Fig. 3.3** Primary classification of mobile phone-based usage of online marketing channel

and launch new initiatives to market products or services through mobile phone-based SMS (Anbu & Mavuso, 2012; Balan & Zegreanu, 2012). They realize that SMS is the new solution for dynamic marketing and that to capitalize on interpersonal marketing SMS must be used for effective and robust communication. Shedding light on the consumer behavioral changes and new attitudinal patterns, marketers understand that consumers like a certain social interaction pattern, such as all-time connectivity, continuous interactivity, ongoing feedback, formation of opinion through social interactions, personalization, time and location information, full awareness through information, social interaction while maintaining privacy, and social presence (Shareef et al., Forthcoming). The need for timely information for consumers has never been more present than in the present market era. Consumers in the twenty-first century can be portrayed by the following four online behavioral urges, which were never seen before. Consumer behavioral urges toward online marketers, extracted from extensive literature reviews (Mari, 2013; McDonald & Dahlberg, 2010; Peters, Amato, & Hollenbeck, 2007; Sorce, Perotti, & Widrick, 2005; Xu, 2007), are shown in Fig. 3.4 on the following pages.

- Connectivity
- Social presence
- Information
- Privacy

*Connectivity.* Consumers like to complete the entire phase of the purchase decision-making process through 24/7 connectivity: initiating the search for a product or information, collecting information, receiving influence from others, comparing options, purchasing, using, and, finally, deciding about future purchases (Turel, Serenko, & Bontis, 2007). *Communication with the retailers or manufacturers through continuous connectivity—I need to be updated for any new offer, any change or modification in existing offer*—this is the eternal imperative of online consumers.

*Social presence.* The media selection theory strongly affirmed that the essential urge of online consumers is to ensure a social presence with patterned interactivity (Saravanakumar & Sugantha Lakshmi, 2012; Schmitz & Fulk, 1991; Stauss, 2000). Consumers now wish to be aware of social opinion about the desired products or services. *Buying is a reflection of internal choice but opinion is a formation of social*



**Fig. 3.4** Online behavioral urge theory: Four components

*groups*—this is the behavioral trend of online consumers. While searching for information, receiving influence, and forming decisions, consumers strive to collect other opinions and comments. They look for both proactive and reactive opinion from multiple social groups.

Potential pressure and persuasion from social groups have never been so aggressive and persuasive in forming attitudes than the present online decision-making process. Although consumers are more independent than ever before and believe in freedom of choice, consumers are, nevertheless, much more dependent in forming opinions from social interactions—this is a complicated and paradoxical issue today. Now both associative and dissociative reference groups are simultaneously active in the social opinion formation process through their social presence. *I want to know the opinions of others—how other people are thinking, what are their comments about using the product and their opinions*—this shows the eagerness of consumers to convey and to receive opinion through their social presence.

*Information.* The mere exposure theory (Zajonc, 1968) recognizes this universal urge of twenty-first century online consumers. They need information to accomplish any sort of work. Consumers need to know everything about purchasing functions—such as need-want-demand information, product information, alternatives for products including substitute or other brands, and the purchasing process. Consumers also need to know about marketing channels, consumption and post-purchase information, shipment and return, and post-consumption behavioral information: in other words, the entire learning process. Consumers want to ensure that there is enough information,

which must be updated, and there should be links for further surfing. *Information, need more information, more and more, I need to know everything: before, during, and after*—this is the communality of the behavioral urge for information.

*Privacy.* Privacy is the desire of consumers not to share personal information, habits, behavior, and attitudinal opinions with others in the society (Shareef, Kumar & Kumar, 2008). Many researchers (Benjamin, Jinwei, & Andrea, 2011; Cheng et al., 2009) completely agree on the issue that for online consumers the urge for privacy is a determining factor. Consumers in the twenty-first century feel a growing urge for privacy, particularly for online purchases. Although this is a more obvious characteristic of consumers in developed countries, consumers in developing countries are gradually becoming aware of their fundamental need for privacy. *I do not like to share with others, my personal information should not be shared with anyone without consent, I am very concerned about my privacy, I do not like to purchase from an entity who will not preserve my fundamental rights of privacy, I always follow privacy policy*—this is an universal response of online consumers to keep a feeling of privacy.

Interestingly, these four behavioral urges of online consumers are not parallel; rather they are conflicting. Although connectivity can provide information collection that ultimately can ensure social presence, it can severely hamper privacy. On the opposite side of the coin, the urge for privacy can severely undermine the overarching expectation of social presence. Privacy can also negatively affect efforts for connectivity and even slow down information collection. So this is a cyclic pattern with mutual forward and reverse influences. This paradoxical interdependency and independency of the four parameters can clearly determine the success of any online medium as a marketing channel, such as mobile phone SMS. For any online channel to be a successful member of the interlinked structure, it must provide enough scope of connectivity, social presence, and information while maintaining a reasonable degree of consumer privacy. Consequently, the four parameters of behavioral urges for online consumers and their interlinked relationships can be theorized with the following definitions known as the online behavioral urge theory: Online consumer urges for opinion exchange with the provider (of a product, service, or information) in persuasion of societal influence through interactive social presence as a group while keeping self-identity protected. This online behavioral urge has the four essential parameters we have just discussed based on literature review (Assaad & Gomez, 2013; Bagozzi et al., 2002; Desiraju & Moorthy, 1997; Dholakia, Kahn, Reeves, Reindfleisch, Stewart, & Taylor, 2010; Durkin, 2013; Kim, 2012; Shachaf & Hara, 2007; Stauss, 2000; Tanner & Raymond, 2011; Verhoef, Neslin, & Vroomen, 2007; Weber & Zheng, 2007): Connectivity, social presence, information, and privacy. This online behavioral urge theory is shown in the following cyclic diagram, Fig. 3.4.

The success of SMS as an online marketing channel clearly depends on the degree of scope provided by the four parameters shown in Fig. 3.4 and their balance. When consumers are developing their attitude toward shopping by SMS through exposure and their perceptions through their preferences, their reliance on several cognitive, affective, and conative factors was dramatically increased (supported by Simon, 1979); this is ultimately shaped by the four parameters linked together as the online behavioral urge theory, as shown in Fig. 3.4.

### **3.4 Distinct Competencies of the SMS Channel**

Now, based on the underlying concept of this theory, the primary four categories of SMS as depicted in Fig. 3.3, and the description of online media as a marketing channel explained in Chap. 2, we can discuss the functions of SMS as a marketing channel. Then, comparing the SMS of mobile phones as a marketing channel with the other three types of primary online channel, we can sequentially explain the unique scope of SMS as a marketing channel which can be floated individually or in conjunction with other online or off-line channels.

#### ***3.4.1 Relative Comparison of Online media with Mobile Phone SMS***

Table 2.1 in Chap. 2 discussed four online channels and their functionality and characteristics. Now we can compare these channels in the light of the online behavioral urge theory with their four parameters, as shown in Table 3.2.

Analyzing Table 3.2, we get the impression that, in comparison to the other three media, mobile phone-based SMS has a comparable opportunity to participate in marketing of products, services, and information as a communication channel for developing relationship marketing. For information exchange, conveying customized commercials, and providing personal promotional offers, the SMS of mobile phones is an effective and excellent communication channel for twenty-first century marketing initiatives (Varnali et al., 2012).

#### ***3.4.2 Unique Scope of SMS as a Marketing Channel***

Focusing on Fig. 3.3, in addition to being a commercial communication tool, SMS can serve three other essential functions of communication: information collection and social presence by individual informal communications, professional exchanges, and impersonal searching for information (Shareef et al., 2015). Individual informal communication and professional exchange contribute primarily in social presence and connectivity. These two categories of SMS usage also assist customers to collect information from associated groups and to form opinions about the products. Impersonal information searching, i.e., credible one-way or two-way communication, can significantly assist customers to collect information and maintain a connectivity with the product or service providers as well as to a society. The primary concern of our study is the commercial behavior of SMS media as explained in Chap. 2, Table 2.1; mobile phone-based SMS functions as a communication channel for promotional offers such as commercials and for information flow and personalized interactivity. It can also

**Table 3.2** Comparison of four online channels based on four online behavioral urges (Assaad & Gomez, 2013; Bagozzi et al., 2002; Banyte et al., 2011; Barnes & Pressey, 2012; Bearden & Etzel, 1982; Chang & Huo, 2011; Chang, 2013; Cheng et al., 2009; Connolly et al., 1998; Danaher & Rossiter, 2011; Darley, Blankson, & Luehge, 2010; Desiraju & Moorthy, 1997; Dholakia et al., 2010; Durkin, 2013; Kim, 2012; Kuhnle, Caemmerer, & Mulki, 2012; Muthitacharoen, Gillenson, & Suwan, 2006; Shachaf & Hara, 2007; Stauss, 2000; Tanner & Raymond, 2011; Verhoef et al., 2007; Weber & Zheng, 2007)

Four parameters of behavioral urge			
Online channel	Connectivity	Social presence	Information
Internet websites such as Electronic-commerce (Computer-based or Mobile Internet)	The urge to connectivity through computer and mobile Internet, wired or wireless, is medium due to availability and accessibility, even in developed countries. In developing countries, due to expense and technological knowledge requirements, it is not quite accepted by many segments. They are still a medium category channel, like Internet websites, due to availability, accessibility, and cost. But consumers are frequently habituated to get access to social networks through mobile phone (small display is fine) whereas for general Internet websites like Electronic-commerce, a majority of consumers need a computer. So in that sense, connectivity of social networks is high-medium	Social presence is possible but with limited scope. In some computer chat websites and through email, some group interactions are possible. One-to-one interaction is frequent. Overall, it is ranked as medium	In terms of information richness, availability, and updated links, it is an excellent media for information collection. From the mobile Internet, consumers can collect information from anywhere. So, it is ranked as a high urge
Social networks		In terms of social presence, forming opinions, interacting with reference groups, this is the best medium and first choice for consumers. Within a very short time, it can accumulate millions of consumer opinions and ensure their decision to interact with an excellent social presence	For collecting information, it is also an excellent medium. Consumers can collect information from many sources, either providers (product or services) or many social groups
			Due to the scope of social presence and group interactivity, it is always risky in terms of maintaining privacy feelings even in individual interactivity due to sharing. Overall, privacy endurance is medium

(continued)

Table 3.2 (continued)

		Four parameters of behavioral urge			
Online channel	Connectivity	Social presence	Information	Privacy	
Direct telemarketing	This is purely one-way connectivity. While a person's voice can provide an impression of physical connection, consumers typically are able to communicate when it is established from the supplier side. So, in terms of connectivity, it is not a good media	Social presence is not an underlying force of this media. It is originally a one-to-one seller-customer relation	Two-way interaction is excellent. Direct conversation can provide enough scope to the customers to be informative	Privacy is not ensured. Credibility of privacy policy is not obvious or trustworthy	
Mobile phone-based SMS or MMS	Through mobile phone SMS, connectivity is excellent. Customers can at any time leverage their desire of connectivity through instant SMS with provider (product/service) or social members. Basically, SMS of mobile phone, if we consider the proliferation of mobile phones worldwide, can provide the best scope of connectivity in relative to other media	Although, SMS of mobile phone is not typically designed for social interactivity and social presence, it can provide social presence through the accumulated feelings of many individual interactions. However, overall, its ability to provide customers with a social presence is medium in relative to social networks	The scope of collecting information can be very frequent and demanded all times. However, on many occasions it depends on customer demands for information, and service or product providers have a limited scope (due to space constraints) to meet that so this is medium	The behavioral urge for privacy is high. Providers of SMS can breach their policy, due to one-to-one interaction and choice of freedom for exposure and attention, but privacy can be ensured in mobile phone SMS interface in the best way in relative to the other three media. However, it may pose a threat to privacy due to unwanted or unnamed disclosure of information to other marketing companies by the mobile operator	



streamline connectivity with the society and primarily with the service or product providers (Chang, 2013). Throughout an exchange, SMS can provide an enormous scope to the customers to maintain their social presence and information collection. Consequently, the four categories of SMS usage, as depicted in Fig. 3.3, can provide all three parameters of online consumer behavioral wishes: connectivity, social presence, and information (Chang & Huo, 2011; Chang, 2013; Cheng et al., 2009).

However, as much connectivity and information as mobile phone-based SMS can provide, it can also supplement the same level of social interaction and social presence. In terms of social presence, its status is not as substantial and active as social networks: Facebook, YouTube, Twitter, etc. Fundamentally, SMS is a personal individual network that provides enough scope to be connected with the provider (product or service) but cannot provide exposure in the society with social presence and interactivity. However, although the SMS channel is to some extent limited in comparison to social networks in social interactivity and forming social opinions, it can still provide a continuous cycle of interaction instantaneously and in an easier way so that a social presence is sufficiently possible through SMS (Barwise & Farley, 2005).

Now we come to the last parameter: privacy. Mobile phone-based SMS has excellent characteristics in terms of personalization, customization, and one-to-one interactivity that helps maintain privacy in the use of SMS as a communication channel (Mari, 2013; Saravanakumar & Sugantha Lakshmi, 2012). Among all online media, the SMS of mobile phones provides the best scope for keeping privacy while providing the other three behavioral urges for online: connectivity, social presence, and information. It is hardly possible in social networks to maintain privacy as in SMS while providing and sharing information. So in considering the four parameters of online behavioral urge shown in Fig. 3.4, we can summarize that mobile phone-based SMS can provide enormous opportunities for marketers to use this medium as a marketing channel.

### **3.5 Analysis of Mobile Phone-Based Advertisement**

SMS of mobile phones, as explained in Table 2.1 of Chap. 2, can serve as an information distribution channel. For selling any products and services, the necessary service output design (SOD) of associated information can be delivered through this channel (refer to Fig. 1.3, Chap. 1). This channel is effective as a communication channel for developing and maintaining relationship marketing. It can perform continuously as a marketing communication channel for promoting products or services by marketers. Marketers can instantly send commercials to customers in which the scope of personalization is unique. They can also send focused and keyword-based commercials through direct marketing. Marketers develop a virtual communal market with personal relationships through proposing personal benefits and discounts.

### ***3.5.1 Properties of Mobile Commercials Through SMS: Content and Context***

When marketers develop advertisements, they consider many issues related to consumer cognitive, affective, and conative attitudes. According to the cognitive response model, consumer exposure, attention, and ultimate reactions to a message affect their overall attitudes. Consumer responses to any commercial or advertisement primarily depend on its ability to expose consumers to the commercials. This phase is connected to the context of the advertisement. Context includes, but is not limited to, sender reputation, consumer needs, consumer attitudes toward the media through which the commercial is sent, past consumer experiences, the location and time of the encounter with the commercials, etc (Leek & Christodoulides, 2009; Mari, 2013; Saravanakumar & Sugantha Lakshmi, 2012; Tanner & Raymond, 2011). The second phase of success for commercials depends on the degree of attention they receive from consumers for commercials to which consumers are already exposed. Both the context and some superficial portions of the content have an effect on this phase. The superficial portion of the content primarily includes keywords—the first word and the size design, placement, and structure of the commercial, in other words, the overall presentation. In the third phase, consumer perceptions reform their attitude toward the commercials. In this phase, consumer fundamental responses to the commercials are based on the content of the commercials.

After this third phase, consumers basically learn from the message and will be either persuaded or not persuaded by the meaning the sender is attempting to convey to consumers. This persuasion is generally governed by consumer agreement with the meaning of the message (Meichenbaum, 1977; Rogers, 1967; Zajonc, 1968). This agreement, in the light of the cognitive response model (Mahoney, 1977) and literature review (Burke, 2002; Cadogan, 2010; Cheng et al., 2009; Cunningham & Finn, 1996), generally depends on the following four factors:

- The congruency of consumer meanings intended by the senders, i.e., support for the arguments (Support Argument)
- The degree of disagreement between consumers and the meaning intended by the senders, i.e., superimposing the capability conveyed by the support arguments from the sender against the counterarguments developed by consumers (Counterargument)
- The market reputation of the senders, manufacturers, retailers, or other channel members, which is composed of factors including organization, country profile, company policy, and social presence (Provider Reputation)
- The image of the model in the advertisements and whether this image is being congruent with the product or service offered in the advertisement, i.e., source derogation (Source Derogation)

There are three distinct issues related to mobile phone SMS that should be addressed and analyzed by consumers in conjunction with any mobile phone SMS advertisement. These advertisements include pure commercials or product-related information that offers personal benefits or discounts, and they are influential in determining consumer agreement with the intended (Darley et al., 2010; Danaher & Rossiter, 2011). These are:

- Consumer online behavior and virtual media characteristics
- Mobile technology, particularly mobile- or smartphone characteristics
- SMS properties

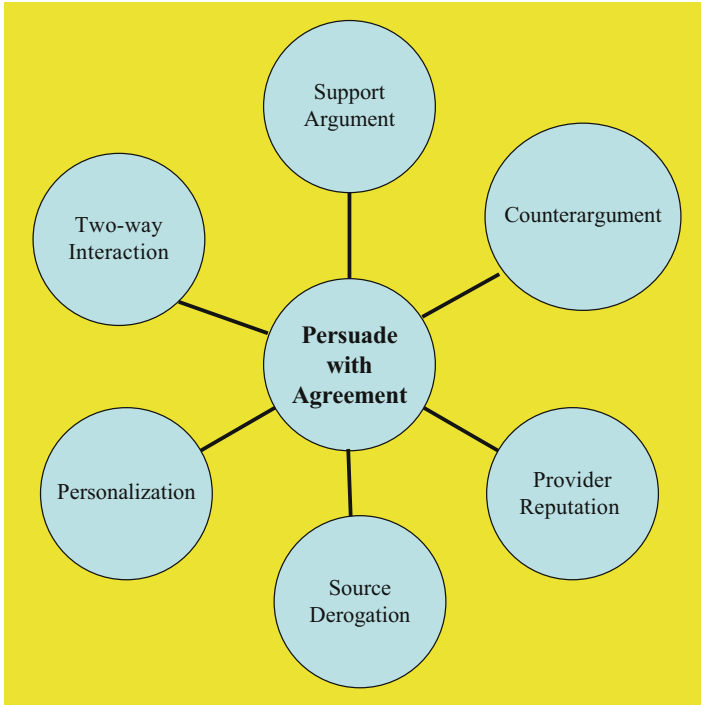
Focusing on these three issues, we postulate several influencing and deciding parameters for mobile phone-based SMS commercials (Chang, 2013; Cheng et al, 2009; Danaher & Rossiter, 2011; Darley et al., 2010; De Reyck & Degraeve, 2003; Drossos, Giaglis, Lekakos, Kokkinaki, & Stavragi, 2007):

- The encounter through virtual media
- The consumer belief in and attitude toward technology
- Mobile availability and accessibility
- Whether important information is being conveyed by commercials
- Whether personal communication is feasible
- Whether one-to-one interaction is a generic benefit
- Whether two-way interaction is possible
- The limited space of the content and context
- Whether the customers can bar it from exposure
- Whether it can be sent as well as deleted instantaneously
- Pleasure and irritation—both are a frequent outcome

Considering the comprehensive impact and surrounding influence of the previously mentioned parameters of SMS commercials, we have found that in addition to the abovementioned four reasons of agreement or disagreement of the consumers with the intended meaning of the commercials, there are two more reasons that have potential value in this connection. These are:

- *Personalization of the commercial.* This generic character of mobile phone SMS can be generated and transmitted as a customized commercial containing personal need fulfilling information (Chang, 2013; Chen & Narasimhan, 2008). This is applicable for any advertisements such as TV, newspaper, or billboard commercial that can provide the impression of fulfilling a personal need; it would create the same level of personal agreement with the intended meaning from the consumer. However, the generic and fundamental scope of mobile phone SMS is so closely related to one-to-one target marketing with personalized information that this criterion should be considered as a separate and distinct factor (Tsang, Ho, & Liang, 2004).
- *Scope of two-way interaction.* A mobile phone SMS commercial can also provide an excellent scope of two-way interaction after the initiation of the commercial and the first communication with the customer. Although this is possible in some other online media such as social networks, Internet email, and telemarketing, mobile phone SMS can provide some threshold benefits like mobile accessibility with minimal or zero cost at anytime and from anywhere (Shareef et al., Forthcoming). An agreement, due to opportunity of two-way communication, will be stronger if the interaction is repeated, if necessary, and is dealt with carefully.

We can summarize that the factors leading to agreement between the intended meaning of the commercial generated and sent through mobile phone SMS and the



**Fig. 3.5** Factors of agreement between customers and intended meaning of SMS commercial

customer broadly depend on the following six factors shown in Fig. 3.5 (Burke, 2002; Cadogan, 2010; Chang, 2013; Cheng et al., 2009; Danaher & Rossiter, 2011; Darley et al., 2010; De Reyck & Degraeve, 2003; Drossos et al., 2007; Shareef et al., Forthcoming.

# Chapter 4

## Effective Mobile Channel

### 4.1 Introduction

In the twenty-first century, marketing managers are aware of launching mobile channels uniquely or in conjunction with another channel to gain the benefits of information and communication technology (ICT) in the marketing operation. They fully realize that without operating a mobile channel, a winning marketing strategy is rarely possible to achieve for a competitive advantage in the global arena. Many world leading companies like McDonald's and Nike are now operating mobile channels for communicating with customers to maintain a dynamic customer relationship. However, only operating a mobile channel is not sufficient; finding a strategy to make this competitive and robust channel customer-focused and effective is the supreme challenge for present marketers.

#### 4.1.1 SMS and Service Output

While a manufacturer or channel members sell products and services to buyers or communicate with prospective consumers and promote relational marketing, prospective consumers generally require some services or functions which are by-products of product and service distribution or information communication (Bucklin, 1966; Shareef, Dwivedi, & Kumar, 2016). This is typically referred to as service output. Consumers are not only concerned about the product, service, or information, they also look for the required service that is generated due to the flow of that product, service, or information. In other words, consumers have a need for the service output demand (SOD).

#### 4.1.1.1 General Attitude Toward SMS

Several researchers (Mari, 2013; Phau & Teah, 2009; Sorce Perotti, & Widrick, 2005; Zhang & Mao, 2008) conceptualized that user attitudes toward mobile phone and mobile phone SMS are predetermining factors for the overall attitudes of consumers toward SMS-based marketing promotional activities. These studies addressed the beliefs and general feelings of mobile phone users toward mobile phones. From qualitative and quantitative studies the researchers discovered that consumers have a generally positive attitude toward mobile phone voice mail which leads to a congruent attitude toward text message contrasting with their lifestyle. They also explored user behavioral intentions to transmit different messages through this virtual medium. In light of the diffusion of innovation (Rogers, 1995) and social cognitive theories (Bandura, 1986), behavioral researchers have long been skeptical about consumer adoption behaviors and the diffusion of these technologies (Venkatesh, Morris, Davis, & Davis, 2003). They asserted that technological usage, adoption, beliefs, and attitudes significantly contribute to the formation of a positive perception toward accepting ICT. In this connection, there are some critical issues such as trust, security, reputation, and reliability that may have moderating roles on the acceptance behavior (Shareef, Kumar, & Kumar, 2008; Shareef, Kumar, & Kumar, 2008).

Researchers (Zhang & Li, 2012; Zhang & Mao, 2008) have revealed that the subjective norm is an important predictor for user acceptance of mobile phones and use of SMS. This finding is supported by the underlying concept of the media selection theory. In relation to the subjective norm in the light of the media selection theory, we suggest that consumers have a positive attitude toward the salient features of SMS if they receive supportive assurance from an associative reference group. Users of mobile phones have an urge for social interaction, social presence, and formation of opinion leader through exchanging SMS as an expected outcome from using SMS; this may lead to accepting promotional activities through mobile phone SMS. For accepting commercials through SMS, users also need to have previously found general mobile phone SMS to be useful through a utilitarian aspect illustrated by cognitive attitude (Liu & Li, 2009). At the same time, some researchers (Cockrill et al., 2011; Leek & Christodoulides, 2009) admitted that consumer hedonic feelings and affective attitudes are also important predictors for their acceptance of SMS.

In general, most of the researchers in consumer behavior toward SMS commercials have claimed that user general attitude toward mobile phone and exchanging information using mobile phones is positive (Chang, 2013; Chang & Huo, 2011; Cheng, Blankson, Wang, & Chen, 2009; Danaher & Rossiter, 2011; Darley, Blankson, & Luethge, 2010; Drossos, Giaglis, Lekakos, Kokkinaki, & Stavvaki, 2007; Durkin, 2013; Shareef, Dwivedi, & Rana, 2015). Mobile phone users all over the world have been experiencing compatibility between their daily life patterns and professional activities and the dynamic functions of mobile phones; thus mobile phone use has been exponentially growing. This tremendous growth of mobile phones also ensures an increasing exchange of SMS through mobile phones, and users have an overall positive attitude toward acceptance of mobile phone SMS. An exception is noted as some researchers, such as Grant & O'Donohoe, 2007, have recommended that young

users of mobile phones, although extremely engaged in general SMS, do not like receiving commercial information through SMS. However, most of the researchers have asserted that since users generally hold a positive attitude toward general SMS exchange, they also respond positively to commercial SMS. For that reason, product and service promotion activities through SMS would be effective, and they could be incorporated as a marketing channel for developing future marketing strategies.

#### **4.1.1.2 Traditional SOD from Distribution Channel**

Manufacturers in the present market are characterized by both off-line and online structures. With the inclusion of mobile communications, members have a multidimensional scope for arranging distribution and for supplementary communication channels. In this aspect, for companies one of the most critical marketing decisions for sustainable competitive strategy may be structuring the right channel combination (Verhoef, Neslin, & Vroomen, 2007; Weber & Zheng, 2007). The design, arrangement, and structure of both distribution and communication channels, in terms of alignment with changing consumer service requirements, may be quite similar or may vary significantly.

Customer SOD requirements are basically an important means of setting the criteria of any channel structure, whether it is a distribution channel or a communication channel (Coughlan, Stern, & El-Ansary, 1996). Fundamentally, conceptual paradigms of the SOD of any channel should be explained and formulated taking into account the following concerns about purchasing a certain product (Connolly, Olsen, & Moore, 1998; Coughlan et al., 1996; Darley et al., 2010). Traditional distribution channels generally recognize several service outputs or functions for a certain product to be purchased using a channel structure. Marketers learn these service output components from the requirements and expectations of consumers expressed during the buying process. Typically, the essential functions, i.e., SOD for customers from traditional channel as per Bucklin (1966), are:

- Lot size
- Waiting time
- Assortment/variety
- Spatial convenience

In addition to these four SODs, many market experts recommended another two service output requirements:

- Information
- Customer service

These SODs, or service output functions, are associated with the product buying process. In the context of fulfilling SOD, the principal concern of the marketers is not what customers want to buy, but how they would like to buy (Bucklin, 1966; Danaher & Rossiter, 2011). A certain product can be bought in many ways. These ways are generally associated with some essential and expected service output or

function. Understanding this SOD requires realization of the concept “How” for different facilitating functions of the purchasing process. These functions are explained below as per Bucklin (1966) and online studies (Banyte, Gudonaviciene, & Grubys, 2011; Barnes & Pressey, 2012):

- *Lot size.* “How” much/many (quantity/number): Some customers will buy 4.5 kg rice in a packaged bag that has a higher price. Other customers will buy 40 kg rice in a package with a lower price (for this package, 4.5 kg is not offered). Here storage cost is partially shared by the customer. For the first customer, the SOD for lot size is higher because the customer needs this service, but the second customer does not care as he/she can buy any size of bags.
- *Spatial convenience.* “How” far (distance): A book lover can travel 20 km to buy several thrilling books for his/her next vacation tour. This SOD is not important for the book lover. However, a student looking for a math tutorial book wants to get it close to the university, as the student does not drive a car.
- *Waiting time.* “How” long (wait due to prior planning): How long is the customer ready to wait after placing the order? The book lover may go to the store another week as there is time to buy before traveling (maybe the traveler plans two weeks before). But the student needs the book right away (as there is a class the next day).
- *Assortment.* “How” much (variety/breadth): The book lover needs many varieties of books to choose several different books; however, the student needs to buy one specific book for a specific subject.
- *Information.* “How” much (related information for the buying process): The book lover needs enough information about books to make a correct decision; however, the student knows about specific requirements for a particular book.
- *Customer service.* “How” much (assistance of employee): The book lover needs assistance from employees to select the books under certain criteria. The student does not need any assistance, as the selection is fixed.

Any manufacturer may offer varying levels of service to meet different SODs by segmenting customers and targeting different customer groups. The channel structure is dependent upon the balance between the level of service demanded by the customer group and the service supplied by the service provider as a channel member (Bass, Tigert, & Lonsdale, 1968; Bucklin, 1966; Danaher & Rossiter, 2011). In the traditional distribution channel, one segment composed of students may have SOD requirements from a computer seller, such as a small lot size (i.e., a high demand for lot size—only one computer per purchase), a low waiting time and a high demand for quick service (they need it the night before the scheduled class), and proximity to store (i.e., high spatial convenience—as they do not have a car, they need it to be close to their dormitory). Additionally, they may need a low assortment and variety (as they already know the brand), and low information and customer service requirement (as they have enough knowledge, experience, and skill to operate a computer). So this segment can be attached to a channel which incurs moderate to low cost.

Another segment composed of a business office may have a need for a low lot size demand (as they will buy huge numbers), low waiting time demand (as they will preplan a purchase and can wait for a better offer), and low spatial convenience



(as they can travel for a long distance to get a suitable dealer). Other business office needs are high assortment or variety demand (as they need to compare different brands for specifications and price), and high customer service and information (as they need to know compliance of the specifications of different brands with their requirements). One segment for a product may have very high demand for all the SODs, such as small quantity, fast delivery, easy access to product, huge product variety, more information, and customer service requirement. This segment reflects responsive and costly channel structure. Their demand for such increased service translates into higher costs for the channel and higher prices for customers.

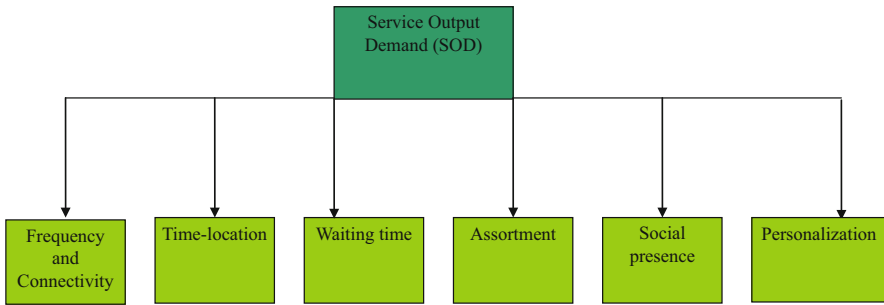
#### 4.1.1.3 SOD from Communication Channel

Now the important question is the type of SOD needed from any communication channel. In a communication channel, instead of the product the information or message is transmitted from the marketers to the intended customers through a specified route. Reflecting the epistemological and ontological differences between a distribution and communication channel, we can redefine the SODs for a communication channel:

1. *Frequency and Connectivity*. “How” much/many (quantity or number): For communication, the service output, or lot size, is not a related item. Instead, it will be frequency of communication between message or information provider and customers. This is the number of interactions, including length of connectivity, a particular group of customers require to establish effective communication (Mohr & Sohi, 1995). A housewife who is not involved in any formal job may require continuous updates about product and service information, such as weekly grocery store flyers or a regular informal relation with the providers of products or services with 24/7 connectivity. So for this communication channel structure, marketers need more time or space engagement (instead of storage for product). On the other hand, a busy executive needs a very specific and limited number of interactions from the seller. For this executive group, interaction and connectivity are limited or low.
2. *Time-Location*. “How” far (distance): This service output should be redefined here for time-location sensitive disposition of messages. A group of gourmet people in leisure time may travel a long distance to find a restaurant. However, in busy hours, particularly when people are hungry before lunch, they need a time-location sensitive message about the location of a restaurant. Timely transmission of a message is crucial for this segment (Phau & Teah, 2009).
3. *Waiting Time*. “How” long (ability to wait due to prior planning): This service output requirement is quite similar to a distribution channel. How long the customer is ready to wait after receiving any information from the seller or after enquiring about any issue to meet requirement about that specific information or issue. Some consumers can wait for a long time due to prior planning; however, some customers need the answer of the queries immediately (Drossos et al., 2007). However, to provide this SOD, that specific communication channel must have a scope for two-way communication.

4. *Assortment*. “How” much (variety or breadth): This is the ability of the communication channel to provide multidimensional messages or information such as specific product ingredients, product benefits, new product information, information related to unsolved needs of customers, commercials or advertisements, discount or benefits offers, and types of informal greetings. Different segments may seek or require varied types of information (Mohr & Sohi, 1995). This function also integrates demands for service output information and customer service SOD. The level of requirement for related information and assistance for the buying process for different segments is clearly covered by the SOD assortment of information. This is equally important for both distribution and communication channels.
5. *Social Presence*. “How” much (interactivity): This is a classic requirement for different customer groups from communication channels, particularly from an online channel. This requirement increases when mobile technology is included in the traditional communication channel (Chang, 2013). Through regular communication with the message provider (manufacturer or dealer), consumers want to have a social interaction, be aware of and familiar with associative and dissociative reference groups, and form or contribute to public opinions. However, some consumer segments, like introverted people, as revealed by their demographic, social, cultural, personality, and self-concept traits, may have a low need for this SOD. For a young customer group, this may be an important function that they require from any communication channel (Okazaki & Barwise, 2011).
6. *Personalization*. “How” much (relevant message/information): This is also a classic requirement for a communication channel by different groups of customers, particularly for an online channel. Mobile technology has had a substantial contribution to the development of this concept and creating awareness in consumers for requiring this service output as a demand (Durkin, 2013; Ho, Chung, Chen, & Lee, 2010; Xu, 2007). From a communication channel consumers typically receive general messages and information. However, for receiving promotional offers such as advertisements, special benefits, or discounts and for maintaining an informal customer relationship, customer requirements for personalized messages that are relevant to their requirements vary significantly among different consumer segments (Chang, 2013). This requirement increases the appeal for target marketing, keyword-based direct marketing, and tailoring a customized message to a customer. One-to-one communication is a fundamental offering of this SOD.

Finally, we can precisely define the SOD of consumers from a communication channel as “the functions required by different groups of customers for optimizing interactions (in terms of number, continuity, time, location), message variations, search time, social interactivity, and personal compatibility at different levels to minimize cost, time, and unreliability.” There are six SODs for a typical communication channel, which are shown in Fig. 4.1. These are revealed through collective view of literature review (Banyte et al., 2011; Barnes & Pressey, 2012; Chang, 2013; Durkin, 2013; Gardan, Geangu, & Rosu, 2011; Ho et al., 2010; Phau & Teah, 2009; Xu, 2007).



**Fig. 4.1** Service output demand (SOD) from a typical communication channel

Customer requirements for the abovementioned SOD are not the same. Also, all four online channels, classified in Table 1, Chap. 2, do not have same ability to meet the six SODs shown in Fig. 4.1 equally. We can precisely compare the performances of all four online channels in Table 4.1.

### ***4.1.2 Consumer Behavior for Communication Marketing Through SMS***

From Table 4.1, we understand that as a communication channel, mobile phone SMS has a good scope to fulfill customer requirements for service outputs. It is worthy to note here that learning consumer behavior for communication marketing through SMS, in the light of the previously mentioned service outputs, is imperative and can help in formulating a winning marketing strategy in relation to channel design.

#### **4.1.2.1 How SMS Channel Works for Communication**

Mobile phone SMS as a communication channel performs two broad categories of functions, as postulated in Table 1, Chap. 2: as a promotional channel and as an interactive channel for relationship marketing. Further distinguishing these two functions, we can identify three commercial applications of mobile phone SMS as a communication channel (Barnes & Pressey, 2012; Baron & Ling, 2007; Shareef et al, Forthcoming). These are:

1. For promotional activities

- (a) Sending commercials

Marketers prepare different types of commercials or advertisement in text format. Since SMS has strict space constraints, it is difficult to experiment with the context of commercials by using different attractive features or organization. Attaching different monograms, pictures, models, reference groups,

**Table 4.1** Ability of online communication channels to supply service output demand (SOD) (*Sources*: Content presented in this table referred from Bagozzi, Gürhan-Canli, & Priester, 2002; Banyte et al., 2011; Barnes & Pressey, 2012; Bearden & Etzel, 1982; Chang & Huo, 2011; Chang, 2013; Cheng et al., 2009; Connolly et al., 1998; Danaheer & Rossiter, 2011; Darley et al., 2010; Drossos et al., 2007; Durkin, 2013; Jarad, 2014; Kuhlme, Caemmerer, & Mulki, 2012; Muthitacharoen et al., 2006; Shachaf & Hara, 2007; Shareef et al., Forthcoming; Stauss, 2000)

Ability to supply specific SOD						
Name of channel	Frequency and connectivity	Time-location	Waiting time	Assortment	Social presence	Personalization
Internet (Computer-based or Mobile Internet): basically email or chat service	High frequency is possible through email; although connectivity, ability is moderate. Frequent looking at commercial email is not also very feasible So, finally, frequency and connectivity is <b>Medium</b>	Tracking customers' location and time dependent requirements is possible. However, communicating with customers on this channel by sending time-location sensitive emails is still not an effective media. It is basically <b>Low</b>	In terms of two-way communication through email, it is high. Marketers can quickly send emails to prospective buyers with required information. However, in terms of a solution to two-way interaction minimizing waiting time, this channel has <b>Medium to high</b> capacity	This is high, as many types of information and messages can be provided through email. Considering the space of email, it is good; however, messages come only from the service provider. So it is <b>High to medium</b>	This channel has a limited scope for ensuring social presence through email. However, through some chat websites, it is partially possible. So, in general, the scope is <b>Medium to low</b>	Personalization of communication and target marketing is possible through email. But generating and exchanging personalized email is not very common. So, its scope is <b>Medium to high</b>
Social networks	Through social networks, both frequency of interaction and connectivity can be high. However, again in terms of availability of Internet and accessibility, it should be considered as <b>Medium to high</b>	Contacting customers with time-location sensitive information through social networks is a common idea; however, most of consumer segments are not habituated to see their social network personal box continuously. So, the scope is <b>Medium to high</b>	Since continuous flow of information and solution from multidimensional stakeholders is possible and feasible, capacity to minimize waiting time through this communication channel is <b>High</b>	This is high, as many types of information and messages can be provided through social networks. Considering space, it is excellent. Messages can come from many groups including the service provider. So it is <b>High</b>	This channel has the highest scope for ensuring social presence. So the ability of social presence is <b>High</b>	Personalization of communication and target marketing is possible through social networks. But generating and exchanging personalized information can be jeopardized in the presence of social groups. So, its scope is <b>Medium to high</b>

<p>Direct telemarketing</p>	<p>Although, in the true sense, ability to provide frequent interaction and connectivity could be high, this is absolutely not viable as many customers will be severely annoyed by getting frequent commercial calls. From the viable functional aspect, it is <b>Medium to low</b></p>	<p>For this channel, maintaining time-location sensitive communication is possible through direct telephone calls. From exposure and attention perspectives, this is very high; however, from perception and attitude perspectives, customers may be irritated. Telemarketers do not generally experiment sending time-location sensitive messages through direct calling. So, considering both scope and viability, it is <b>Medium</b></p>	<p>Through direct telemarketing, when connectivity is established, the scope to minimize waiting time is the highest. However, the scope of this channel to maintain regular two-way communication is not a common practice. So, considering both aspects, viability to minimize waiting time is <b>Medium</b></p>	<p>Through direct telemarketing, when connectivity is established, many types of messages can be transmitted; however, this is not viable as it can irritate consumers. So its scope to meet this requirement is <b>Medium to low</b></p>	<p>This channel has limited scope for ensuring social presence through telephone call, which is generally designed as one-to-one. So, in general, the scope is <b>Low</b></p>	<p>In the true sense, ability to provide personalized information and target marketing is most feasible through direct telemarketing. So its scope is <b>High</b></p>
<p>Mobile phone SMS</p>	<p>For a mobile phone SMS channel, marketers have the highest scope to provide this service and maintain 24/7 connectivity as per customers requirements. So, it is <b>High</b></p>	<p>For mobile phone SMS channel, sending time-location sensitive promotional offer is the highest experimented issue and most viable. So, it is <b>High</b></p>	<p>Through mobile phone SMS channel, waiting time can be minimized. However, by provider at a time, instant two-way communication is not common. In addition, due to space constraints, SMS might not provide enough solutions instantly. So, it is <b>Medium</b></p>	<p>For mobile phone SMS channel, marketers have excellent scope to provide varieties of information (see Fig. 3.9). However, messages are coming only from the service provider, not (typically) from others. So it is <b>High to medium</b></p>	<p>For mobile phone SMS channel, generally marketers send message to the consumers. This type of communication has limited scope to create social presence, although simultaneous SMS to many recipients can create certain level of social interaction. So, overall, it is <b>Low to medium</b></p>	<p>For mobile phone SMS channel, sending personalized promotional offers and target marketing are the highest issues and most viable. So, it is <b>High</b></p>

and opinions is not a viable design for SMS commercials. So variations of commercial presentations through SMS are not feasible, thus, in this context it cannot create enough hedonic pleasure for customers to use it. Several researchers studied consumer-focused design, content, and presentation of commercials or advertisements (Gold et al., 2011; Lu, Deng, & Wang, 2010; Varnali, Yilmaz, & Toker, 2012) from examining many TV, newspaper, billboard, and Internet-based advertisements and banners suggesting that the hedonic outcome of any commercials is an important factor for consumers to read the commercials. From this perspective, forming attitudes through hedonic benefit, mobile phone-based SMS faces serious challenges from many commercials designed for other media (Cheng et al., 2009; Leek & Christodoulides, 2009; Zhang & Li, 2012; Zhang & Mao, 2008). However, the affective component can be expressed by many factors of SMS such as mere exposure, adding attractive keywords, and easy transmission.

SMS can get a sufficient advantage in term of text. Although space is still limited, SMS texts, due to the scope of target marketing, can be carefully designed with appropriate words to easily focus the attention of the intended customers and lead to a positive response. Recent marketing has found an excellent opportunity in targeting customers with personalized advertisements. Customers want relevant information as per their requirements and lifestyles (Heim, Walter, & Reutterer, 2009). So in this sense, personifying the message of commercials is an important criterion for transmitting the intended message to the customers. It is especially important in the context of mobile phone SMS, where one-to-one target marketing is a strong potential advantage and the advantage of personalizing commercials can best be achieved (Chang, 2013; Drossos et al., 2007). So from text wording and relevant information, SMS can provide an excellent opportunity for marketers to create an intellectual attitude (Cheng et al., 2009; Phau & Teah, 2009). The frequency of transmission and full-time connectivity can also impart feelings of attachment, an affective attitude which is supported by the mere exposure theory. Easy access, availability, and personal interaction provide opportunities for trialability (supported by the diffusion of innovation theory, Rogers, 1995) leading to a positive behavioral attitude. Overall, communicating with customers through commercials articulated in mobile phone SMS has opened an excellent avenue for marketers to promote products and services.

(b) Proposing unique benefits and discounts

SMS is a communication channel through which product or service providers can communicate with customers continuously. So proposing any additional general values, benefits, or discounts is a real opportunity created by SMS. Through the SMS marketing channel, advertisers can target customer segments, even communicate one-to-one with customers, so offering unique benefits or discounts through this channel is a good opportunity for marketers (Okazaki & Barwise, 2011). If customers are offered personal benefits, they can easily go to the physical stores and claim their purchase discounts

through their mobile phone, as customers carry mobile phones with them continuously. This is an unparalleled advantage for offering personal or general benefits to customers through mobile phone SMS.

## 2. For relationship marketing through continuous interactivity

Conducting relationship marketing is a traditional idea for marketers; however, it got a new momentum after the advent of online media. Online media promotes a new innovative idea of forming and closely maintaining a virtual community (Chang, 2013; Durkin, 2013). Since usage of mobile phone has proliferated, irrespective of customer segments (see Fig. 3.7), and customers use mobile phones for both formal and informal relations (see Fig. 3.9), marketers can easily translate this idea to develop virtual relationships through SMS. Using the mobile phone SMS with regular connectivity makes it easy to transmit different seasonal or festival greetings, national day greetings, weather reports, national information, warnings or alerts, and essential information about daily life. Other types of information that can be exchanged with loyal customer groups is recreational information, celebrity information, general product information, new product launches, recent purchase feedback, and group discussion regarding unsolved needs. This connectivity is used by the marketers to maintain relationship marketing and develop a close customer base.

### 4.1.2.2 Consumer Alignment with Communication/Promotion Through SMS Channel

It is clearly understandable that mobile phone SMS can provide excellent opportunities to marketers and they can easily include this opportunity in their integrated marketing strategy by aligning customer requirements. If we look at the four components of online behavioral urge theory (Fig. 3.10, Chap. 3), we can demonstrate a favorable link between an SMS communication channel and consumer attraction to using online. Other than confirmation of substantial social presence, an SMS communication channel can claim the other three parameters of customer online behavioral urge far better than the other three online channels.

Now, contrasting the six factors essential to persuade customers to agree with the intended message (see Fig. 3.11, Chap. 3) that were sent through communication channel using mobile phone SMS, we can draw some interesting parallels. Although the sender reputation and source derogation may not transmit well for mobile phone SMS, relative to other online media like social networks that have the advantage of personalized and articulated messages, the other four factors—personalization, support argument, counterargument, and two-way communication—can be very persuasive (Danaher & Rossiter, 2011; White, 2010).

Considering the overall picture and issues we have just explained, we can synergistically draw a specific concept for recommendations shedding light on Figs. 3.10 and 3.11 of Chap. 3. These are:

- Two-way interaction, although an excellent opportunity, is still not frequently used in practice. However, it is a behavioral urge for customers and marketers need to accept this challenge to capture the full benefits of this communication channel and launch a winning strategy.
- One potential reason that customers have negative impressions about the SMS channel is due to the possibilities of low message reputation and source derogation (Cockrill et al., 2011; Hsu, Lu, & Hsu, 2007).
- The opportunity for a social presence has been seriously lagging in mobile phone SMS. Since the twenty-first century, consumers, particularly younger groups, have had a strong urge for group interactions with associative reference group and developing common opinions through social interactivity (Okazaki & Barwise, 2011). In this context, the SMS channel of mobile phone is getting a low score for effective marketing channel strategies. Technological development for mobile phone SMS is imperative for creating and connecting many recipients with the exchange of their personal opinions about any commercial offer so that at least a partial environment can be developed by this communication channel (Samaka et al., 2009).
- Instantaneous interaction is an opportunity of the SMS channel (Chang, 2013), although the waiting time SOD of this channel is not given top priority due to the absence of multidimensional interactivity. This opportunity should be utilized for maximum benefits.
- In the absence of physical communication, and due to the possibility of annoyance and a bad reputation through receipt of many unwanted SMS, customers are often very selective in their exposure to commercials or offerings (Cheng et al., 2009; Grant & O'Donohoe, 2007). Source derogation and message reputation through SMS are a serious challenge for marketers to counteract. However, they are essential paradigms for the long-term success of SMS as a communication channel.

### ***4.1.3 Effective Service as a Communication Channel***

A communication channel is devoted to communicating with customers by offering a route through which marketers provide their value-added message to end users. The feasibility of this channel can be justified based on the amount of potential service any communication channel can provide. In this capacity, the conceptual model of five prime usages of online channel, as postulated in Fig. 2.5 of Chap. 2, will be used.

#### **4.1.3.1 Functional Communication Channel: Concept**

From the conventional marketing perspective, distribution channels refer to the path made up of different channel members that conducts a flow of products, services, and information from the manufacturer to the end customer (Bagozzi et al., 2002; Castells, 1996; Coughlan et al., 1996; Darley et al., 2010; Engel, Kollat, & Blackwell, 1973; Folkes, 1988). Typically, SMS works as a communication channel for



relationship marketing, conveying commercials and proposing special benefits (Dholakia et al., 2010). However, it can also work as a distribution channel for conducting a flow of information associated with products and services or placing direct orders by the customers. SMS as a communication channel conducts and maintains communication between the manufacturers or retailers and the end customers (Venkatesan et al., 2007). The composition, structure, and function of a communication channel are different from the distribution channel.

Information is a supplementary means of expression for the distribution channel, which is essentially embedded with the products and services. For the communication channel, the primary and fundamental use is to provide information. Sometimes, two-way interaction in a communication channel supplements order placement completion in a distribution channel; nevertheless, it conventionally carries the communication of a purchase. The SMS communication channel is a heuristic interaction medium for the promotion of products (Breuer & Brettel, 2012; Breuer, Brettel, & Engelen, 2011).

A communication channel is a unique set of outlets through which marketers (providers of products, services, or information) can access consumers. It is a virtual format of a route or path toward a customer base through which manufacturers, retailers, or third parties transmit information for different modes of communication. It can be used for providing information to assist in the selling or promoting of products by conveying commercials and proposing unique offerings as a stimulus, and also by maintaining customer relationship management. This design of a virtual route generates a unique set of service outputs, i.e., functions which help to optimize connectivity, interactivity, socialization, information, personalization, and waiting time through communication (Heim et al., 2009; Hsu et al., 2007).

#### 4.1.3.2 Service of Ideal Communication Channel

It is a worthwhile to address and understand the ideal service expectation from an online communication channel. This can be revealed in the light of a conceptual model of five prime usages of the online channel, as postulated in Fig. 2.5 of Chap. 2, and some theoretical aspects like gratification and media selection theories. As a communication channel, from the conceptual definition, it is primarily designed and should be devoted to maintaining a convenient and economically cheap virtual route between marketers and consumers. This can facilitate product and service selling and promote customer relationships. By nature and functionality, a communication channel is a supplementary channel for product and service distribution that accomplishes at least two elements of marketing mix with positive results like promotion and price (Bagozzi et al., 2002; Banyte et al., 2011).

Shedding light on the underlying concept of five usages of online channel as delineated in Chap. 2 (Fig. 2.5), an ideal communication channel has little scope to directly participate in product and service distribution. To provide a flow of information through any communication channel, it can essentially serve both of the functions of information distribution and customer interactions (see Fig. 2.5). An ideal communication will be regarded as effective if it serves all the three functions

of being an opinion leader and reference communication channel and two functions of promotion communication channel (see Fig. 2.5).

Seminal studies concerning communication channel functionality and usage (Banyte et al., 2011; Barnes & Pressey, 2012; Castells, 1996; Connolly et al., 1998; Coughlan et al., 1996; Jarad, 2014; Shareef et al., Forthcoming) show that consumers like a communication channel. Marketers are also interested in launching a communication channel if it can offer the following particular primary and fundamental features:

- It should provide product and service information regardless of consumer intention to buy.
- It helps to create consumer awareness of a need that can be fulfilled by any products or services.
- In the true sense, it will provide product and service advertisements with credibility and authenticity.
- It will, directly and on time, transmit product promotional offerings such as discounts, coupons, and other benefits.
- It will motivate customers to purchase through exposure and creating a positive perception.
- It should maintain relations with customers by providing seamless information about any new offerings or modifications of existing offerings.
- It should create an impression of bonding between customers and product and service providers.
- Finally, it should create a network of a unique family composed of all stakeholders related to a product or service.

Some empirical studies (Burke, 2002; Danaher & Rossiter, 2011) about communication channel functionality (a communication channel in support of the usual distribution channel) have shown that it should offer the following supplementary features:

- It should minimize searching time for products and services.
- It must provide information to the customers related to the products and services at the primary stage of decision-making, information searching.
- It can provide supporting and additional information for searching, evaluation, purchase, usage, and disposition of the products and services.
- Customers can buy the products directly from a physical or online store by using mobile phone SMS.

#### **4.1.3.3 Service of SMS as a Communication Channel**

As a communication channel, mobile phone SMS can provide some ubiquitous and unique services to the customers which aid effective strategic marketing. Consumer segmentation and target marketing can be uniquely served by the SMS channel. From a consumer database stored by many marketing groups, marketers can easily segment consumers based on different demographic and psychographic variables

(Konus, Verhoef, & Neslin, 2008). Compiling consumer purchasing habits, decision-making processes, lifestyles, and purchasing processes, the providers of products and services can systematically match customers with products and services based on searching information (Muthitacharoen, Gillenson, & Suwan, 2006). Then, using the appropriate technology, the mobile phone can easily track consumer locations. By identifying proper segments and targeting appropriate customers, marketers can provide customers with location- and time-sensitive information.

As a communication channel, there are some unique benefits of mobile phone SMS. It offers dynamic and robust interactivity where connectivity is possible from anywhere and at anytime. Based on the online behavioral urge theory explained in Chap. 3, consumer requirements of connectivity, information, and privacy can be effectively met by mobile phone SMS. In the light of social presence, it is an effective medium and also serves a scope for limited social interaction. In looking at the primary services offered through this communication channel, we find that in terms of conveying commercials, SMS has some unique benefits with certain constraints. Many researchers (Cheng et al., 2009; Danaher & Rossiter, 2011; Hsu et al., 2007) revealed through empirical studies that many consumers still prefer TV and newspaper advertisements to an SMS channel. However, many of those seminal studies anticipated the future growth of SMS mobile channel as a means of commercial exchange. Customers may be more focused on TV and newspaper advertisements for general exposure and attention, where detail specifications can be drawn during watching and reading. However, in terms of personal interaction with specific words tailored to target customer requirements, SMS mobile phone advertisements are more dynamic and flexible (Balan & Zegreanu, 2012). In terms of language and keywords in advertising, mobile phone SMS offers a unique scope to the marketers for targeting specific segments of customers and even one-to-one customer marketing (Gardan et al., 2011; McDonald & Dahlberg, 2010; Xu, 2007).

There are many off-line channels—such as leaflets, Internet advertisements, banners, billboards, newspapers, and TVs—and almost all online channels through which marketers send special discounts, benefits, or unique offers to general customers. However, for customer-specific offerings for direct target marketing, mobile phone SMS is a convenient media to use for transmitting information containing benefits. Through SMS (also by one-to-one social networks interaction and Internet-based email), marketers can interact with customers individually. And due to some other conveniences, such as time- and location-sensitive transmission, this unique and personal offering can create an immense effect on customers. Mobile phone SMS is a convenient handheld media that can show the offerings during purchase. Overall, the benefits of mobile phone SMS with comprehensive features and a compatibility with consumer online behavioral urges (Fig. 3.10, Chap. 3) show that the mobile phone SMS is an excellent and effective communication channel to deliver promotional benefits and discounts to customers.

Another effective marketing strategy, particularly in the era of the proliferation of online media, is virtual communal marketing oriented by customer relationship management. To develop a healthy community of customers who are loyal and interested to be in touch with the providers (manufacturers and retailers), marketers

currently use many forms of interactions such as email, social networks, and SMS (Jarad, 2014; Jibril, Hoon, & Mohammed, 2014). Marketers can communicate continuously with customers for any new offerings and customer requirements and to propose new values, services, and product- or service-related information. In this aspect, SMS is very effective in maintaining and upholding customer relations through continuous interactivity by sending different formats of information like general greetings, seasonal greetings, customer-specific greetings, any new offerings, and any benefits related to a purchase. It can also provide new services, new information for daily life, any warnings, and any information to help family members form close and informal bonding.

Another unique opportunity provided by SMS is two-way communication with an instant message exchange (Cheng et al., 2009; Weber & Zheng, 2007). Although a two-way message exchange is feasible in many other online media, with a handheld device SMS offers continuous and private exchange of opinion very quickly. For conveying commercials, offering benefits, and maintaining relationships, two-way interaction offered through mobile phone SMS 24/7 is an excellent and effective mode of communication.

Now analyzing the performance of SMS, we can comment that SMS has a limited scope for product and service distribution. We have already discussed SMS as a communication channel in terms of ideal communication, as explained in the previous section and in the light of the five usages of online channels shown in Chap. 2, Fig. 2.5. Generally, it is not directly involved in product distribution; however, it may act as a distribution channel for service distribution, particularly for the flow/function of information associated with service. However, as explained in the previous section, these two usages are not essential service features of an ideal communication channel. For influencing opinion and a reference group, it has limited scope in relation to many social network media. This channel is not very effective in group interactions to form opinion leaders and be involved with a reference group, as it does not present the ability to be socially present. However, as continuous interactivity is viable through SMS, some level of social interaction is possible. Nevertheless, this is a genuine limitation of SMS as a communication channel in terms of media selection theory. However, for regular information exchange and promotion of products and services, mobile SMS is one of the most effective channels among all off-line and online channels, as revealed by many empirical studies from many countries. So, considering the conceptual paradigms of ideal service from a communication channel explained in the previous section, mobile phone SMS is an attractive communication channel and marketers feel a compulsion to launch this dynamic channel individually or as a multichannel strategy.

Further elaborating this explanation of service of SMS as a communication channel, we can correlate these ingredients of SMS with the typical marketing aspects of the four Ps of marketing: product, price, place, and promotion. SMS marketing channel offerings are closely connected with the price, they inform the customer about the product focusing on personalized attributes, and they promote the product. However, the SMS channel typically has little to do with the place of selling, although time-location sensitive information transmission can relate to the closeness with a loca-

tion. Based on literature review (Assaad & Gomez, 2013; Banyte et al., 2011; Bernstein, Song, & Zheng, 2008; David, 2014; Saravanakumar & Sugantha Lakshmi, 2012; Tanner & Raymond, 2011; Verhagen & van Dolen, 2009; Verhoef et al., 2007; Weber & Zheng, 2007) and theoretical aspects (Coughlan et al., 1996; Cunningham & Finn, 1996; LaRose, Mastro, & Eastin, 2001), a summary of how SMS as a communication channel can gear up the traditional marketing aspects of the four Ps is presented in Table 4.2.

#### 4.1.3.4 Communication Channel Strength and Performance of SMS

In the previous section, we have explained the ideal service of a communication channel. The conceptual paradigm of the ideal service of a communication channel is fundamentally concerned with the ability and scope of interaction in the form of promotion of product, service, and relation, i.e., exchanging information/message by one-way or two-way interactions. Because of this, the full strength of communication substantially depends on the degree of ability to create:

- Exposure
- Attention
- Perception
- Attitude

toward customers. And this exposure and attention to the transmitted information, which is aimed to create a positive perception and impart a positive attitude, is controlled by consumer stimulus gained through the communication channel. This cycle ultimately contributes to consumer learning processes.

Exposure is a stage to which consumers come in touch through physical contact following a process. It depends on media and placement of advertisement. To exploit the full strength of any communication channel, its exchanged information must have the ability to expose consumers to the conveyed message. This is the first stage of communication effectiveness. Consumers might be selective about exposure to some information, as for TV they often use zipping or zapping to avoid any commercials by switching channels. For SMS media, consumers can delete messages without seeing their content. Typically, consumers like to get SMS about new offerings from reputable companies and authenticated offerings with benefits. The scope and possibility of exposure to any new messages sent by a particularly reputable product/service provider in the case of location-time sensibility is very high for mobile phone SMS, according to many empirical studies (He, Lu, & IEEE, 2007; Liu & Li, 2009; McDonald & Dahlberg, 2010; Muk, 2007). These studies were conducted among consumers of many countries consisting of varying educational backgrounds and ages.

The attention stage is the second consequential phase where, after being exposed, consumers may or may not be attentive to a message based on its quality and credibility. Therefore, the content and context of information is extremely important in the second stage of communication. At this stage, consumers use their cognitive ability to allocate time and space in understanding the meaning of stimuli. This

**Table 4.2** Performance of SMS channel for four marketing mix variables

Marketing mix variables	
Channel service	Product
SMS communication channel: positioning	<p>Since SMS is a typical communication channel, it does not have any potential discrete influence on the design of the product; nevertheless, two-way interactions offered in mobile phone SMS can sometimes provide personalized requirements about product attributes</p>
	<p><b>Price</b> Out of eight generic flows/functions related to product/service movement, the promotion function is directly facilitated by SMS mobile promotional channel, and this channel can control the price of this flow. It may even have a partial impact on some other flows like negotiation, ordering, and payment. The SMS mobile channel through two-way communication can facilitate and support those functions, and, thus, have an impact on the cost related to those functions</p>
	<p><b>Place</b> Through distribution, a product is sold from certain places governed by any channel members. Formally, SMS as a communication channel has little to do with the distribution channel. So, as a typical communication channel, it does not directly control place variable of marketing mix for product selling</p>
	<p><b>Promotion</b> As an effective and efficient communication channel, SMS of mobile phone can directly control the promotion of the product in at least three ways: (i) Conveying commercials and product/service related information, (ii) Proposing any personal and unique benefit offering to general or target customers and, (iii) Maintaining and promoting customer relationship management</p>
	<p>However, it can have a supplementary impact on the place variable as it can facilitate customer locations with the product selling place by sending SMS at the right place and time. So, although a distribution place is not altered due to the inclusion of this mobile channel, it can indirectly help customers to get the product offerings when they are very close to the product place through location-time sensitive SMS</p>
	<p>Consequently, pricing of the product and services can be altered based on the initiation of the SMS mobile channel with the channel structure</p>
	<p>Overall as a communication channel, other than informing customers about product attributes and how they could meet customers needs, it does not have an immense contribution to product design</p>
	<p>Marketers can capitalize enormous benefits by using the SMS of mobile phones as a promotional channel. Due to its versatile facilitating features—such as continuous one- or two-way interactivity, mobile accessibility and availability, cheap pricing, handheld device, easy to use by any customer segment, scope of customization, and personal one-to-one contact—marketers can easily promote the product with arguably the best possible outcome expectation</p>

	<p>However, for service design, either associated with the product or as a discrete commodity, and for service output of the offering, an SMS channel has substantial impact. Consumer segmentation, target marketing, value propositions, customization, personalification of service— for these cases, SMS can offer unique benefits</p>	<p>Many customers use mobile phone SMS, which is very cheap and can spread any information among millions of customers within a very short time. Customers are habituated to mobile phone promotional offers. So, ultimately, this communication channel has a potential impact on the final pricing and offering of the product/service</p>	<p>The SMS mobile channel can influence the place of service distributions, as it can directly act as the service-offering place for the customers. Certain limited service can be directly offered through limited scope of SMS. In that case, customers can receive the service from anywhere and at any time</p>	<p>In terms of pure promotional offers as a marketing mix, this is one of the most popular media today. And by minimizing the cost of a promotional offer, this channel also creates benefits for the pricing marketing mix</p> <p>Streamlining the customer base with continuous interactivity, this mobile channel has a substantial effect on augmenting virtual relationship management</p>
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phase depends on many demographic, psychographic, and contextual factors, such as compatibility with recipient characteristics and usages of models. Researchers using empirical studies have confirmed that most of the users of mobile phones basically like to be attentive to messages exchanged through SMS if consumers are satisfied with the six factors for agreement, as stated in Fig. 3.11. For mobile phone SMS, this is a genuine factor to draw more attention than most of the online media since it can segment the market and target appropriate customer groups with personalized and relevant information.

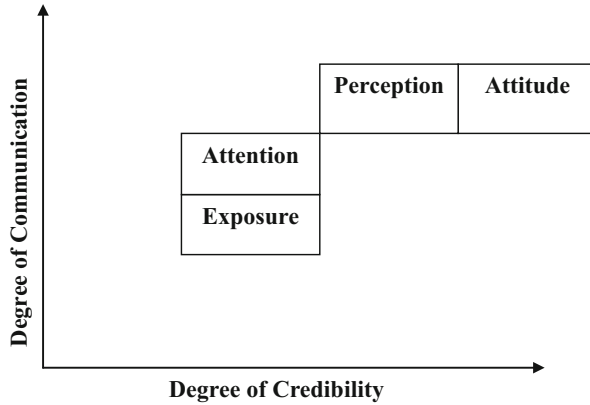
After exposure and attention, consumers attempt to comprehend the message. The comprehension process basically consists of registering and understanding stimuli received by any of the five human senses. Perception depends on prior experience and cognition on the present content and context. For better consumer perception about the stimuli transmitted through message of mobile phone, i.e., SMS, several factors are important for developing further credibility of the message. These include the content of the message—message structure, words, language, personification, etc. Also important is the context, such as time and location of delivery (perhaps after lunch a consumer perception of a discounted lunch offer from a restaurant will not be as effective as it would have been before lunch) and consumer status and mood when the message was delivered. It also depends on the six issues explained in Fig. 3.11 in Chap. 3.

A positive attitude is desired end of the feelings and beliefs that consumers have toward the messages. Forming this attitude depends on consumer cognitive, affective, and behavioral ability and scope. If consumers find that information is credible due to their response of several favorable feelings such as pleasing, attractive, enjoyable, fulfilling, customized, and relevant, they might be persuaded to have positive beliefs about the message, which ultimately creates attitudes toward the product, service, or providers. Again from empirical studies conducted among consumers about their perception and attitude toward SMS in several countries (China, South Korea, Thailand, Turkey, USA), most of the researchers (He et al., 2007; Moynihan, Kabadayi, & Kaiser, 2010; Muk, 2007; Shareef et al., Forthcoming; Srisawatsakul & Papasratorn, 2013) agreed that consumer attitudes toward any commercial message largely depends on some critical factors such as:

- General user beliefs and behavior toward mobile phones
- Attitudes toward general SMS
- Sender reputation and credibility
- User lifestyle compatibility with commercial SMS
- Ability of the message to be relevant
- Time and location interaction

Studies recommend that consumers generally have a positive attitude toward mobile phone SMS-based commercials (Lieber & Syverson, 2011; Shareef et al., 2015; Verhagen & van Dolen, 2009). They like it and wish to learn from SMS-based promotional offers. However, several design-related features are critical in this aspect for continuous positive attitude toward any SMS commercials; these will be discussed in the next chapter.





**Fig. 4.2** Communication channel: full strength exploitation

From the summarized view of the aforementioned studies (Banyte et al., 2011; Barnes & Pressey, 2012; He et al., 2007; Moynihan et al., 2010; Muk, 2007; Shareef et al., Forthcoming; Srisawatsakul & Papisatorn, 2013), a communication channel’s strength can be examined through the interactive cyclic diagram of the four factors—exposure, attention, better perception, and positive attitude—as shown in Fig. 4.2.

Referring to Fig. 4.2, for exploiting the full strength of a communication channel, the first stage of communication—exposure—will be possible if the message has a certain degree of ability to communicate with the target customers. At the same time, the communicating message must have a certain degree of credibility. Both communication ability and creating credibility depend on different factors, such as consumer demographic characteristics, personality, self-concept, ritual habits, and lifestyle. It also depends on consumer past experiences, belief in mobile technology, and the profile of the organization providing the message. If consumers are unwilling to be exposed, the message will not be communicated and will have no power to influence the credibility necessary for communication.

After exposure, if the quick interaction of the message gains the attention of the consumers, the credibility of the message is still the same as it was in the exposure stage. However, the level of communication is much better in the attention stage of the message in the communication channel. Actually, this is the optimal level of communication for full utilization of the communication channel. If this attention stage cannot create further credibility due to absence of sufficient stimulus, the message will not go further on the channel.

However, after giving attention to the message received on the communication channel and finding it credible, consumers engage in evaluating and interpreting the meaning of the message from the content and context of the message by using the five senses. For SMS, the vision sense provides sensation and collection of information to compare with stored messages. Communication of the message is still the same as in the attention stage. However, if the message fails to develop better

credibility, consumers might have a negative impression. If consumers perceive the message to have enhanced credibility, the ultimate result of their perception process will generate positive feelings about the product.

With positive feelings, consumers typically find the message to be credible and form a positive attitude with further credibility. If the communicated message can impart further credibility after perception, consumers will generate positive beliefs and attitudes toward the communicating message.

This is a cyclic behavior of consumers. For full exploitation of the communication channel, such as the SMS mobile phone channel, the communicated SMS should gradually generate sufficient communication and credibility. This should influence consumers to have a positive attitude (cognitive, affective, and conative) toward SMS containing commercials, unique/general benefit offerings, and/or relational information.

#### ***4.1.4 Constraints of SMS as a Communication Channel***

As a pure communication channel, mobile phone SMS has ubiquitous benefits to offer in the marketing channel structure. As a mobile channel accessible through a handheld device, it has some unique benefits like availability, accessibility, and connectivity from anywhere and at anytime; these features allow SMS to integrate some special features in the traditional marketing mix (Banyte et al., 2011; Barnes & Pressey, 2012). However, many scholarly studies assert that mobile phone, mobile phone SMS, and commercials through SMS have several constraints which limit their proliferation as a communication channel in the dynamic marketing mix.

Mobile is easily operable and accessible irrespective of literacy and skill levels. Anyone can carry it throughout daily activities as a regular handheld product; however, its display window is relatively limited. As a handheld device, it is frequently stolen or lost. Still, many users use mobile phones, particularly in the developing countries, where literacy rate is just high enough for calling. Due to the integration of so many features and apps in recent smartphones, many advanced and educated young groups are so engaged with different mobile operations that they hardly find any time to observe any regular functions of mobile phones.

It is easy to send and receive messages on mobile phone SMS and it is continuously accessible. However, compared to other social networks and email, SMS has many constraints which can severely limit its potential usage for effective marketing where social interaction is imperative. SMS has rigid limitations in contents in terms of size and structure. It can be stored by the mobile operators, and it can be shared with many marketing groups, but the threat of receiving so many unwanted SMS may lead to barring the messages technologically.

As a communication marketing channel, SMS offers several dynamic benefits to the marketers, particularly for personalized interaction and promotion of the products and services. As has been explained, SMS can offer unique opportunities to the marketers to promote and maintain long-term personal and one-to-one interaction

that, ultimately, helps to create a virtual community. This virtual community is very effective for maintaining a huge loyal customer base with close family-type relations (Leek & Christodoulides, 2009; Ling, 2005). However, the underlying concept of many behavioral theories like media selection and gratifications theories is that SMS as a communication marketing channel is lagging far behind in the aspect of providing social interaction and creating interactive opinion leaders.

Shedding light on these issues regarding the constraints of mobile phone SMS as a marketing channel, we can specify the following factors that predominantly limit the utility of SMS in marketing (Dholakia et al., 2010; Venkatesan et al., 2007; Verhagen & van Dolen, 2009; Verhoef et al., 2007; Weber & Zheng, 2007). These are:

- The mobile phone display window is typically limited.
- Mobile phones are convenient but they are frequently stolen or lost, thus stored marketing information can be lost.
- The contact number of customers can be changed very frequently, particularly where mobile phone SIM cards are very cheap.
- Any incoming number can be easily barred by customers, thus stopping marketer access.
- The capacity to exchange information through SMS is very limited.
- Other than MMS, in the typical SMS it is difficult to organize the structure with attractive features like images and pictures.
- SMS can be deleted very easily. Many users of mobile phone even delete SMS frequently without reading.
- Since SMS can be sent very easily, the limited space capacity of the mobile phone means that not many SMS can be stored or saved.
- Too many SMS from many marketers with many promotional offerings within a very short time can create memory overload which makes it difficult for them to gain attention.
- Junk or spam SMS can irritate customers which may lead to a negative attitude and consequently nonacceptance of the products/services or the companies.
- Consumers can stop access of new SMS from any companies at any time.
- Mobile operators can store exchanged SMS and share this with other marketer groups to provide demographic information and lifestyle compatibility.
- Conventionally, consumers cannot share their views with so many social groups simultaneously as in social networks.
- Social presence through SMS is not prominent.
- Social interaction, forming opinion leader, and exchanging reference groups—associative or dissociative—are not viable through mobile phone SMS in relation to social networks.
- Sometimes authenticity and credibility of SMS is under question as many unwanted companies can exchange messages through mobile phones; this can create a general negative attitude toward SMS commercials on this communication channel.
- For perception of SMS messages, consumers can primarily utilize the sense of vision out of the five senses: hearing, vision, taste, smell, and touch for SMS commercials. This limits the perception process.

- Enjoyment might not be properly transferred through SMS exchange as it has limited capacity to decorate the structure ornamentally.
- Frequently, exchanging information may lead to feelings of privacy invasion.
- Personal interaction, although beneficial, has a risk of reputability and may sometimes create non-authenticity.

# Chapter 5

## Design of the Mobile Channel Structure

### 5.1 Introduction

Structure of mobile phone SMS as a communication channel depends on both the content and context of SMS. Fundamentally, differential features of SMS can make this communication effective in attracting consumers. In this regard, consumer behavioral urges, adoption criteria, and consumer segmentation are important issues to be discussed and analyzed.

#### 5.1.1 Consumer Adoption Behavior for SMS

Adoption behavior for any information and communication related issue has been investigated by researchers for many years. Many behavioral, sociopsychological, technological, and consumer marketing related theories have been used to predict users adoption behavior. These theories include the theory of planned behavior (TPB) (Ajzen, 1991), the technology adoption model (TAM) (Davis, 1989), the diffusion innovation theory (DOI) (Rogers, 1995), the prospective gratification theory (LaRose, Mastro, & Eastin, 2001), reception approaches (Cunningham & Finn, 1996) of mass media theory, the unified theory of acceptance and use of technology (UTAUT) (Venkatesh, Morris, Davis, & Davis, 2003), the model of PC utilization (MPCU) (Thompson, Higgins, & Howell, 1991), the social cognitive theory (SCT) (Bandura, 1986), the motivational model (MM) (Vallerand, 1997), and the e-Gov adoption model (GAM) (Shareef, Kumar, Kumar, & Dwivedi, 2011). The underlying concepts of these models show that user behaviors relating to ICT are complex and should be examined from psychological, social, cultural, organizational, economic, and marketing perspectives and should be structured from the synergistic effects of these multidimensional fields. Using the summarized theoretical concepts stated in the above theories, we have theorized consumer adoption behavior for the SMS communication channel.

### **5.1.1.1 Paradoxical Parameters in Adoption Behavior for Communication Channel**

Consumer behavior in using a communication channel, in the era of social and mobile networks, is complicated and paradoxical. While consumers are keenly aware of their privacy rights (as noted by many researchers), on the other hand, social interaction is a common practice and an almost routine urge for users (see Fig. 3.10, Online Behavioral Urge Theory). In accepting any online channel, online users are concerned about social presence and attempt to make decisions based on the interactive influence from different congruent social groups (Kozinets, 1999). Many behavioral theorists, from the psychological point of view for selecting media, have affirmed this phenomenon. So, on many occasions, the urge for privacy and the appeal of social interactive opinion are in conflict. These paradoxical desires present a challenge for marketers to find a balance between these two conflicting elements.

Consumers need frequency of interaction, 24/7 connectivity, and seamless information flow from online channel. However, many consumers show extreme frustration and annoyance at unwanted interactions that appear to be breaching security (Cheng, Blankson, Wang, & Chen, 2009; Grant & O'Donohoe, 2007; Hsu, Lu, & Hsu, 2007). Time-location transmission of message represents tracking customers' activities and, thus, breaching customer privacy. Although customers desire less waiting time after placing a query, they require interactive opinion from their contacts and this inhibits speed in the decision-making process.

Customers, from the behavioral point of view, require different types of information before taking any decision regarding high involvement products (Mohr & Sohi, 1995), which works against multi-sender reliability and authenticity. Many customers do not like receiving SMS from third-party agents; however, recent mobile marketing has been largely dependent on engaging third parties to launch relationship marketing. Considering the conflicting parameters in theorizing consumer behaviors for adopting an SMS-based communication channel, it is imperative to address, explore, and reconcile consumer selection criteria for the SMS channel.

### **5.1.1.2 Selection Criteria of SMS Channel**

Several researchers (Grant & O'Donohoe, 2007; Lu, Deng, & Wang, 2010; Peters, Amato, & Hollenbeck, 2007) noted that consumers are selective about commercial SMS and promotional offers. They are also sometimes skeptical about any attempt to build relationships. However, they are often interested in getting promotional marketing information through their mobile phone SMS. Many mobile marketing researchers (Jarad, 2014; Konus, Verhoef, & Neslin, 2008; Leek & Christodoulides, 2009; Mari, 2013; Saravanakumar & Sugantha Lakshmi, 2012) have asserted that consumers are more interested and inclined to use mobile phone SMS as a communication channel because it is useful, enjoyable, and cost-effective. Consumers are also gradually becoming habituated to adopt this as a digital marketing system. The use of mobile phones and surfing over SMS is so compatible with the daily lifestyle of a majority of the

customers that receiving commercials through SMS can easily take that behavioral familiarity. Varnali, Yilmaz and Toker (2012) from their market research recognized that personal incentives associated with commercial SMS can motivate customers to be exposed and attentive to commercials leading to developing a positive attitude.

Dickinger and Haghirian (2004) explored consumer behavior in developing positive attitudes in exclusive interviews with 15 mobile marketing experts in the European market. Balan and Zegreanu (2012) and Scharl, Dickinger and Murphy (2005) also explored how and why consumers are persuaded to adopt this communication channel. They found that consumers feel positive about and are gradually inclined to use this communication channel as a media for product promotion and relationship building because this channel allows interactions in an entirely personalized environment with congruent wording and relevant information. Many customers today want to make decisions through one-to-one interaction with marketers, and this SMS channel has very effectively provided this personal choice (Chang, 2013; Cheng et al., 2009; Danaher & Rossiter, 2011; Darley, Blankson, & Luethge, 2010; Drossos, Giaglis, Lekakos, Kokkinaki, & Stavraki, 2007; Durkin, 2013). In the open global market, sellers attempt to build a brand image through personal relations, and location-based direct target marketing makes this attempt viable when a personal image has been established with the customer (Okazaki and Taylor, 2008). This attempt to build a virtual relationship with consumers while they form a positive attitude is easier if technology can be implemented in a trusted manner (Okazaki and Taylor, 2008).

Consumers are habituated to receiving many SMS every day from many senders, but they are increasingly suspicious of general messages, particularly personal offers, benefits, discounts, and personal greetings (Cheng et al., 2009; Grant & O'Donohoe, 2007; Hsu et al., 2007). Consequently, sender credibility is an important aspect in relation to whether it can provide the intended meaning to customers. This type of message, if customers find it not credible, can result in a negative attitude toward the senders. Therefore, consumer cognitive interpretation of the message is of utmost importance in designing SMS promotional marketing, otherwise consumers may become negative toward the senders. In further analysis of Fig. 3.11 and the stimulus consumer response model, we strongly postulate that source authentication is extremely important for SMS communication to be successful in direct marketing.

After reading more than 87 seminal studies on consumers beliefs and attitude toward SMS-based marketing channels (See Shareef, Dwivedi, & Kumar, 2016), consumer adoption behavior for mobile marketing, and consumer perceptions about this channel, the following 12 critical factors have been extracted as the selection criteria for accepting mobile phone SMS as a communication channel:

1. Personalized information
2. Relevancy to need
3. Ability to provide fun and enjoyment shown through word selection and content design
4. Exciting offer
5. Well-written offer
6. On-time interactivity (location-time matching)

7. Credible information
8. Trustworthiness and reputation of the sender
9. Credible third-party endorsement
10. Keeps privacy
11. Allows a scope for two-way interaction
12. Fulfills instantaneous query

However, these criteria are general customer trends. Many researchers admitted that customer adoption criteria for mobile marketing channel are substantially governed by lifestyle, professional requirements, and congruency with self-concept, moods, and social influence. Culture also has a moderating role on the adoptive attitude toward mobile marketing. Multicultural online marketing researchers (Danaher & Rossiter, 2011; Dholakia et al., 2010; Shareef et al., Forthcoming) are very concerned about the variability of customer behavioral attitudes towards adopting SMS marketing channels.

### ***5.1.2 Consumer Segmentation Reflecting Service Output and Online Behavioral Urge***

The proper consumer segmentation ability is always an effective tool for successful marketers. Segmentation is essential in many aspects of marketing such as product design, channel selection, channel structure design, service output supply, commercial/advertisement development, and promotional marketing (Jibril, Hoon, & Mohammed, 2014; Konus et al., 2008; Muthitacharoen, Gillenson, & Suwan, 2006). Since effective launching and inclusion of mobile marketing through an SMS communication channel is dependent on selective consumer exposure and persuasive learning, appropriate consumer segmentation is the key driving force for successful design of an SMS communication channel.

#### **5.1.2.1 Market Segmentation Criteria for SMS**

The academic definition of market segmentation based on consumers is well known. It involves splitting the entire market into distinct groups of customers where the same group of customers has a maximally same/similar behavioral pattern within the group and a maximally different behavioral pattern when compared with other groups of customers (Bass, Tigert, & Lonsdale, 1968; Engel, Kollat, & Blackwell, 1973; Kotler, 1994). Market segmentation is typically conducted based on what consumers want to buy from the market to meet their wants. From this knowledge, marketers change product designs and associated services and target different groups with different value propositions (Bagozzi, Gürhan-Canli, & Priester, 2002). But consumer segmentation for channel preference potentially raises different parameters. For market channel design, managers segment the market based not on



what consumers want to buy but rather on how they want to buy the same product (Bucklin, 1966; Kotler, 1994). From the channel design perspective, consumer demands for service output from the buying process are the determining factors for market segmentation. Fundamentally, through a mobile communication channel, marketers always have the potential to provide many types of ancillary services that can influence consumers in the decision-making process for purchases. Since consumer preferences for those ancillary services from the channel are significantly different, the requirements of value propositions in providing service functions will be different for different segments.

Identifying the service output demand (SOD) of different levels of consumers is possible and feasible, although still a complex issue; it needs sufficient understanding of consumer psychosocial characteristics with a special focus on demographic variables (Kozinets, 1999; Muthitacharoen et al., 2006). With the growth of mobile phone usage, consumers are becoming more familiar with mobile marketing of versatile offerings, although their exposure and attention might be strictly selective. Many market researchers have identified that consumers are willing to receive market promotional offers from reputed product/service providers and are open to accept any kind of offerings for trialability.

Now contrasting the six SODs for a communication channel, as explained in Fig. 4.12, Chap. 4, with consumer behavioral urges, we can see some distinguishable sense of grouping. Fundamentally, the urge for these SODs and their level will provide outline criteria for consumer segmentation.

*Frequency and Connectivity.* Some consumers want to be connected 24/7 and would like to be in touch with the product/service provider (irrespective of manufacturer, retailer, or third-party agent) frequently. These customers are basically young and they like to form their own opinion through following opinion leaders and showing their interest in repeated interactions with a similar reference group (Grant & O'Donohoe, 2007; Leppäniemi & Karjaluoto, 2005; Ling, 2005; Lu et al., 2010). On the other hand, many professionally busy customers do not desire frequent interactions and seamless connectivity. This group of customers, due to too much frequency and connectivity, can be irritated and the message sender can be barred.

*Time-Location.* This is important to many groups of customers, and marketers have the unique ability to meet this urge through the unique features of mobile phone SMS (Darley et al., 2010; Jarad, 2014; Konus et al., 2008). However, many behavioral researchers have argued from the psychological theoretical aspects that any stimulus that seems to hamper or disturb the feeling and impression of privacy can cause potential negative responses by the recipients toward the provider of the stimulus (Cheng et al., 2009; Hsu et al., 2007). This behavior needs to be explored in differentiating consumer segments.

*Waiting Time.* Some customers, after getting any promotional message, such as advertisements or personal benefit offerings, want to use that information quickly to meet their immediate desires (Leek & Christodoulides, 2009; Mari, 2013). On the other hand, like any typical distribution channel, some customers do not plan on receiving any message much before their actual need. So they have time to wait for receiving customer feedback.

*Assortment.* Customers differ greatly in their attitude towards receiving many kinds of information from different service providers or service developers. Some customers do not mind receiving relentless information starting from product design, development, customer feedback, any promotional offer, and so on (Shareef et al., 2015). On the other hand, other customers are very selective and conservative in receiving information that is not specifically focused on them (Grant & O'Donohoe, 2007). They do not like to receive a variety of information or think about any product before they need it.

*Social Presence.* The media selection and gratification theories asserted that consumer desire to use social media is an important predictor for selecting any media. Selection is also influenced by their expectation from the media. In that sense, social presentation, a scope for interaction with many people, associating with or detaching from a reference group, and continuously sharing different views and opinions with multiple groups to form an opinion about purchase are some essential criteria for some groups, particularly young consumers, in choosing any communication channel (Kozinets, 1999). On the other hand, many consumers are reluctant for social interaction and resist the ability of any social or group activity to hamper their self-concept. Considering these differences can help to segment customers for a communication channel.

*Personalization.* This service output function is a central common need from a mobile communication network irrespective of the customer segment (Danaher & Rossiter, 2011; Darley et al., 2010; Drossos et al., 2007; Durkin, 2013; Shachaf & Hara, 2007). However, its appeal, service levels, and propensity differ and tailoring customer segments, self-concepts, moods, personalities, and cultures can be difficult. Target marketing reflecting desire of customers for one-to-one interaction can be an excellent scope of an SMS channel, and customers have an overarching desire for this phenomenon for promotional offers and relational marketing. Because some customers are very individualistic and expect entirely individual treatment, the need for personalization is extremely congruent to the self-concept of members of this group (Sirgy, 1982).

### 5.1.2.2 Subjective Paradigm of Consumer Segment

Considering these ideologies and definitions of different groups, we can differentiate the entire market of communication channels for appropriate targeting into four distinct segments. Through interactions within a homogenous group, customers create an opinion leader. On the other side, they show heterogeneity in interacting with customers of different groups.

Muthitacharoen et al. (2006) classified consumer preferences for a purchase channel that gives detailed information of products reflecting product attributes. On the other hand, consumers can also be grouped considering their individual self-concept which forms their attitude for group behavior. Under a similar theoretical concept, we can broadly set a divisible mark to classify consumers of communication channels into two paramount categories of the six )SODs:

**Reflection of content of communication channel.** *Personalization and Assortment:* Personalization and assortment service output requirements express and signify the information of a message, and its wording, language, types, structure, and relevance. The requirements of different types of information and their message to fulfill personal requirements are related to customer motivations. Orthogonally, the content of the SMS communication channel identifies and demonstrates consumer attitudinal traits. While personalization examines consumer self-identity needs congruent with the relevancy of information, assortment indicates the requirements of informativeness focusing power absorption. Personalization envisages self-dependence, which generally likes to impose authority to the suppliers of the market. On the other hand, the demand for assortment reflects mutual dependence on acquiring power from the market. Both of these requirements can reflect the conventional urge of the human mind to empower through self-power or acquired power, which is explained by David McClelland's need theory (1971)—the need for power for intrinsic motivation.

Although both personalization and assortment functions comprise the central notion of content of the message which reflects consumers' attitudinal aspect, these two service outputs have orthogonal characteristics in the expressional view. While personalization denotes the need of human beings for freedom and dignity, congruence with self-concept, assortment underpins the central concept through acquisition from external entities. This conceptual subtlety can be evaluated through a theoretical explanation of adult learning theory (Huit, 2004). Shedding light on the facilitation theory (Rogers, 1967), an individual's own learning is a personal act that is affiliated with his/her ability and values. This learning reflects the need for personalization. On the other side of the coin, we find assortment as the by-product of external stimulus (operant conditioning)—the application of external stimulus.

Therefore, although both functions, personalization and assortment, primarily comprise notions related to message content focusing consumer attitudes, their formation and implied meaning for human learning behavior are potentially quite dissimilar, and thus these two service output functions cannot reflect homogenous group behavior. Consumers must not be modeled through the parallel change of these two attitudinal traits.

**Reflection of context of communication channel.** *Frequency and connectivity, waiting time, time-location, and social presence:* These functions related to the context of the message are primarily affiliated with the prevalence of message transmission. Contextual issues of the communication channel reflect consumers of a volatile group having dynamic and robust functionality synergistic to innovativeness to channel preference (Kozinets, 1999). The three service output functions—frequency and connectivity, time-location, and social presence—denote the notion of different facilitating attributes of the communication message. Nonetheless, time-location sensitive transmission of the message is consistent with the desire of personification, as it imparts the impression of relevance and customization. Again, waiting time, although a contextual phenomenon, does not reflect a facilitating attribute of the message under its definitional feature. Frequency, connectivity, and social presence are facilities gained by an imposed benefit from the service provider.

Compatibility to receive those benefits and the waiting time concern, although behavioral urges of customers, cannot be governed by customers. They are offered by a service provider, and customers become the beneficiary of this system. Time-location transmission, i.e., on-time transmission, tends to be more affiliated with the personalization requirement, which is a requirement of self-empowerment.

In the concept of social cognitive theory (Bandura, 1986), human beings learn and develop cognitive behavior through observing external events like the contextual elements of interactive media. Consumer outcome expectations from this external setting—such as continuous, immediate, and on-time connectivity—can help consumers become socially motivated to embrace this communication channel. This behavioral pattern for urge of frequency and connectivity, time-location, and social presence is also supported by the gratification and media selection theories. But time-location sensitivity is a personalized desire that is governed more by intrinsic motivation leading to a personal attitude. On the other hand, further illuminating the social exchange theory (Emerson, 1976; Homans, 1961) that reflects human psychological, sociological, and economic aspects, human beings are conventionally habituated through a social exchange and systematic negotiation where subjective cost-benefit analysis and the comparison of alternatives are the determining parameters. Waiting time optimization is fundamentally an external reward offered by the service provider. This concept is not aligned with the other three contextual attributes where both the supplier and recipients interact to formalize the attributes.

Consumers find from vicarious learning through the two contextual attributes—frequency and connectivity, and social presence—that make up different contextual benefits, a behavioral homogeneity that integrates consumers into a unified group. This group behavior can be portrayed with a similar pattern of change under these two service output functions. Therefore, consumers having those requirements as contextual phenomena can be classified into a single distinct group with behavioral homogeneity.

Again, desire for personalized information as the content of message and time-location sensitive transmission of information as the context of message are aligned with personal behavior which predominantly signify an expression of self-identity. Therefore, these two attitudinal parameters as the service output functions can represent a consistent homogenous character of a unified group of customers having distinctly self-conscious trait.

Streamlining consumer behavior under the content parameter “assortment” and the contextual parameters “waiting time” and “time-location” transmission, we can draw a broad demarcation among consumers to classify consumer segments. Now those two functions, with exceptions for homogeneity, can play a moderating role in differentiating consumer segments for the SMS communication channel.

These two broad structural and functional classifications will be contrasted with the online behavioral urge theory for the four interrelated parameters—connectivity, information, social presence, and privacy (Fig. 3.10, Chap. 3)—to determine and formalize customer homogenous group behavior and heterogeneity with others. This conceptual formation will finally provide subtlety of group distinction leading a specific consumer segment. However, connectivity, information, and social

presence can provide both content attitude and contextual attributes, which are already covered by the service output functions personalization, frequency and connectivity, time-location, and social presence.

Privacy is an item of behavioral urge, which, although supplied by the provider as a facilitator, is entirely an intrinsic requirement of human beings for self-taught learning (Huitt, 2004). Privacy is an intrinsic requirement to withdraw from social interactions. Under privacy regulation theory (Altman, 1975), the desire for privacy is a relative task and dynamically varies in time depending upon the internal mood for social activity and interactions. In this theoretical underpinning, the desire for social aloofness often contradicts with the desire of three contextual behavioral urges: frequency and connectivity, time-location, and social presence. Therefore, the urges for continuous closeness and openness reflecting privacy can act against the urges for frequency and connectivity, time-location, and social presence.

### ***5.1.3 Consumer Segments: Demographic and Behavioral Characteristics***

Under the theoretical concept presented in the previous section, we can finally categorize consumers embracing an SMS-based communication channel into two fundamental segments: low interactive profile (LIP) and high interactive profile (HIP). Depending on the relative position on the two extremes of service output functions and the overall functional interactions of privacy, we can further divide each of those two groups into two groups. So, finally, we define and establish four distinctive consumer segments reflecting their homogeneity within a group and heterogeneity between groups.

*Low Interactive Profile (LIP):* Consumers in this group are highly concerned about the personalization of message with on-time transmission signifying the relevance of fulfilling needs. This group has a high need for these service outputs. It reflects their behavioral congruence with self-identity, personality, and self-concept. They feel that a conveyed message should focus on the relevancy of information as per requirement. This group is by nature introverted and not relatively open to generalized social presence through frequent interactions and continuous connectivity. A communication channel is for fulfilling personal classified requirement, not intended as a leisure event for continuous interactions. Consumers will be willing to embrace this communication channel if they find that the transmitted information has certain qualities such as:

- Customized information reflecting personal needs.
- Information that personifies individual customer.
- Information that has relevance to fulfilling contemporary needs through the decision-making process.
- Social presence is neither an external requirement from a communication channel nor an internal behavioral demand.

- The desire for outcome is so specific that consumers need information only when it is required.

We can define this category as: *Consumers having self-motivating behavior reflecting a strong self-concept, and oriented with their own attitude focusing on personal intrinsic requirements as the driving power of functioning with the desire of controlled social presence.* This category has the following properties:

- A high demand for personalization
- A high demand for time-location transmission of message
- A low demand for frequency and connectivity
- A low demand for social presence
- A varying degree of demand for assortment and waiting time
- A varying degree of demand for privacy from medium to high

This group of consumers, although structurally and conceptually unified and homogenous, can vary; at times they may align with intrinsic motivations for assortment and extrinsic motivations for waiting time underpinned by introverted desires (privacy). Based on that, we find two segments of consumers from the above category:

*Low interactive profile (LIP)—Self (LIPS):* This group of customers provides a strong desire for self-closure. They primarily stay in the inner level of the continuum of self-closure which is close to the static stage of self-power. And thus, their urge for waiting time and assortment is relatively low; that means that they can wait for answers to queries and do not need a lot of information to surf, rather they have almost constant desire for privacy from any communication through SMS channel. This segment has the following characteristics:

- A high demand for personalization
- A high demand for time-location transmission of message
- A low demand for frequency and connectivity
- A low demand for social presence
- *A low demand for assortment*
- *A low demand for waiting time*
- *A high demand for privacy*

*Low interactive profile (LIP)—Open (LIPO):* They feel a need for privacy; nonetheless, self-closeness for this group is a dynamic stage which moves from the inner stage (LIPS) to the outer stage (LIPO). They have a high desire for quick response from the service provider and they need enough information from the provider to interact. This group of customers is relatively open to society and can exchange a certain amount of privacy for the gain of receiving information more quickly. This segment has the following properties:

- A high demand for personalization
- A high demand for time-location transmission of message
- A low demand for frequency and connectivity
- A low demand for social presence

- *A high demand for assortment*
- *A high demand for waiting time*
- *A medium demand for privacy*

*High Interactive Profile (HIP)*: Consumers of this group embrace any channel where they find exposure to society. Pragmatically, this channel behavior is congruent to the outcome expectation from any online mobile channel where consumers are proactive and find their presence through continuous social interactions (Kozinets, 1999). Their desire is for enjoyment and they are hedonically motivated to embrace any communication channel where they can easily form a homogenous group to develop an opinion leader, and through this group, by exchanging opinions, they pursue their needs. For them, personal need is one kind of social parameter which is derived in the progress of social interaction and should be met socially. They believe in a group pattern not on the presence of personal identity. This group will be aligned to embrace any communication channel that is responsive to their desire for dynamic innovation. So they will accept an SMS channel if communication conducted through the channel can fulfill their urges such as:

- An outcome expectation for external presence
- It will ensure social group formation
- The ability to interact with people continuously to be a social member
- As a member of the society, distinct position or isolated feeling is neither a requirement from the communication nor an urge from the self-concept
- The desire for outcome is dynamic, so pleasure from society is the motivation

We can define this segment as: *Consumers having social behavior with the least desire for time alone and looking for pleasure from the society in the process of commercial interaction to seamlessly form a comprehensive group*. This category has following properties:

- A high demand for frequency and connectivity
- A high demand for social presence
- A low demand for personalization
- A low demand for time-location transmission of message
- A varying degree of demand for assortment and waiting time
- A varying degree of demand for privacy from medium to low

This group of customers, although they believe in frequency of information to break and form groups continuously from the society with nonregulated social behavior, they vary on certain requirements. They align with intrinsic and extrinsic motivation for assortment and extrinsic motivation for waiting time and this is underpinned by relative desire for social closeness (privacy). Based on that, we find two segments of consumers from the above segment:

*High interactive profile (HIP)—Balanced (HIPB)*: This group, although open to the society and with a strong urge for social image with continuous presence in the channel, feels a certain level of social withdrawal even for the possibility of occur-

rence of relatively limited scope of receiving information with longer time duration for any interaction. This is a balanced behavior for this highly interactive group that is motivated for continuous social group interaction. This segment has following properties:

- A high demand for frequency and connectivity
- A high demand for social presence
- A low demand for personalization
- A low demand for time-location transmission of message
- *A low demand for assortment*
- *A low demand for waiting time*
- *A medium demand for privacy*

*High interactive profile (HIP)—Partner (HIPP):* For this group, connection through a commercial communication channel is not a separate part of their own lifestyle. Rather, they feel this technological innovativeness as an essential element of daily personal life—as the life partner. They do not feel social closure as an urge for interaction. They stay at the outermost part of the social continuum and express their desire to stay active in the formation of the social group through embracing a communication channel. They need immediate and spontaneous interaction with a seamless flow of information and are not concerned about hampering individual status. This segment has following properties:

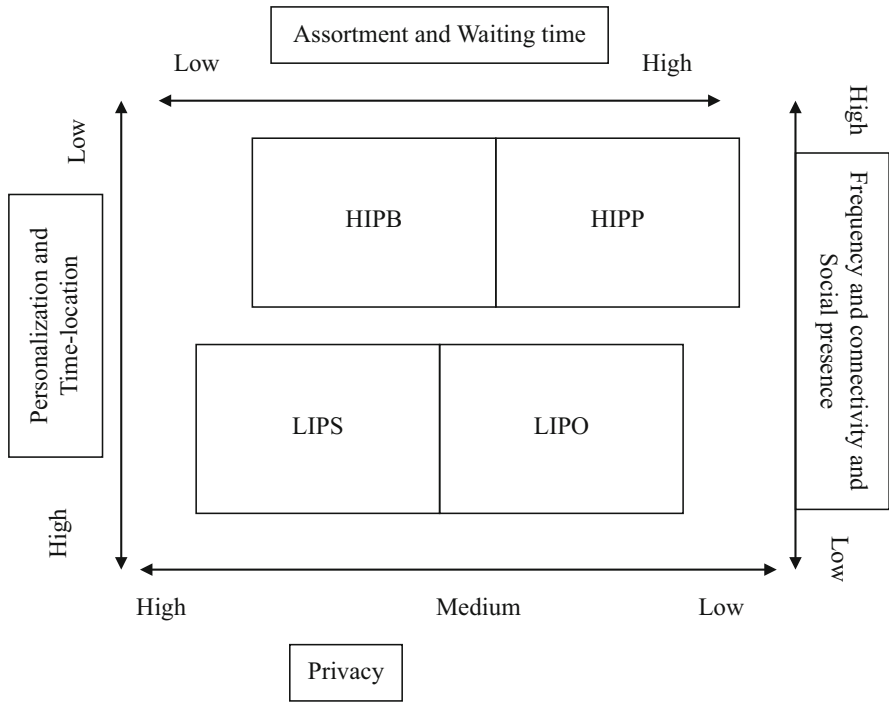
- A high demand for frequency and connectivity
- A high demand for social presence
- A low demand for personalization
- A low demand for time-location transmission of message
- *A high demand for assortment*
- *A high demand for waiting time*
- *A low demand for privacy*

### 5.1.3.1 Consumer Segment with Differential Effect of SOD

We can position these segments reflecting the differentiating impacts of different service output functions with comprehensive and synergetic influence of four components of behavioral urge theory, particularly privacy and online channel based literature review (Bass et al., 1968; Bendoly, Blocher, Bretthauer, Krishnan, & Venkataramanan, 2005; Benjamin, Jinwei, & Andrea, 2011; Connolly, Olsen, & Moore, 1998; Coughlan, Stern, & El-Ansary, 1996; Jarad, 2014; Konus et al., 2008; Leek & Christodoulides, 2009; Mari, 2013; Saravanakumar & Sugantha Lakshmi, 2012; Tanner & Raymond, 2011), as shown in the following interactive diagram, Fig. 5.1.

The conceptual definitions of the four segments are summarized in Table 5.1.





**Fig. 5.1** Consumer segment: demand for different service outputs and privacy

**Table 5.1** Consumer segment for SMS communication channel

Category of segment	Name of segment	Conceptual definition
Low interactive profile (LIP)	<b>LIP—Self (LIPS)</b>	Consumers having self-motivating behavior reflecting strong self-concepts, and oriented with own relevant dignified attitude focusing on personal intrinsic requirements as the driving power of functioning with the desire of controlled social presence <i>ignoring convenient features of the channel</i>
	<b>LIP—Open (LIPO)</b>	Consumers having self-motivating behavior reflecting a strong self-concept, and oriented with own relevant dignified attitude focusing personal intrinsic requirements as the driving power of functioning along with functioning with the desire of controlled social presence <i>with a flexible exchange of the convenient features of the channel</i>
High interactive profile (HIP)	<b>HIP—Balanced (HIPB)</b>	Consumers having social behavior with the least desire for self-confinement and looking for pleasure from the society in the process of commercial interactions to form a comprehensive group seamlessly <i>with the equilibrium for urge of prompted service from the channel in the interest of social openness</i>
	<b>HIP—Partner (HIPP)</b>	Consumers having social behavior with the least desire for self-confinement and looking for pleasure from the society in the process of commercial interaction to form comprehensive group seamlessly <i>with an urge for social membership in the interest of social openness</i>

# Chapter 6

## Target Marketing and Development of the Communication Channel

### 6.1 Introduction

Direct target marketing is a special phenomenon incorporated in the recent trend of marketing mix for effective promotional activities. This is also a unique scope for online marketers to promote this marketing concept, as the unified features of mobile phone SMS can provide them to initiate this marketing for effective communication and better relationship development.

However, typically, mobile phone SMS is an alternative channel solely engaged in developing and maintaining communication with consumers (Jarad, 2014). Therefore, in this context, the simultaneous operation of the multichannel and the mutual inclusive impact are also important issues to be addressed and carefully evaluated for marketing strategy.

#### *6.1.1 Target Marketing and Value Proposition Tailoring to Consumer Segment*

For developing product attributes and designing promotional activities along with consumer relations as the essential part of overall marketing, the sequential steps include initiation of consumer segment. After segmentation, marketers design proper strategies to target consumers with appropriate value propositions. Here the primary concerns for targeting and value proposition are what, how, when, and where information will be transmitted to the consumers to fulfill their needs of interaction (Chang, 2013; Cheng, Blankson, Wang, & Chen, 2009; Mari, 2013).

### 6.1.1.1 Targeting Customers

In the previous chapter, online customers for SMS-based mobile communication channel have been divided into four groups: low interactive profile—self (LIPS), low interactive profile—open (LIPO), high interactive profile—balanced (HIPB), and high interactive profile—partner (HIPP). After identifying these consumer segments, the next step is to target different segments with differential features of this communication channel which should be compatible with the target segment's behavioral characteristics. For a communication channel, targeting a specific consumer segment reflects recognizing and responding to a homogenous group to fulfill their unique urge for service output demands.

Targeting the appropriate segment of customers with appropriate features is very crucial for a communication channel, because otherwise, communication cannot be efficient and effective (Jibril, Hoon, & Mohammed, 2014; Konus, Verhoef, & Neslin, 2008; Kozinets, 1999; Muthitacharoen, Gillenson, & Suwan, 2006; Okazaki & Barwise, 2011; Peters, Amato, & Hollenbeck, 2007). In that case, customers will not find the message persuasive and communication will fail. We can design a communication channel with different attributes depending on the consumers who are onboard. Those attributes, which marketers feel as essential, are basically understood from the segments of consumers with their affiliated characteristics. From the typical conceptualization of consumer online behavior from accumulated knowledge through a literature review, we can potentially target the following customer groups under their alignment with the identified four consumer segments. However, identifying the customer groups for each segment is a dynamic issue and very volatile and culture bound, so it should be predicted and conceptualized based on customer demographic characteristics, purchases, and general communication style through SMS for a specific culture. Here, we attempt to provide just some outline of the customer groups. These are:

*Low interactive profile—self (LIPS):* Since this customer group does not interact needlessly and believes in personal identity upholding strong privacy feelings, typically they are not young customer groups. They will be highly educated with a strong self-concept and consciousness about their identity as an individual apart from society. They organize any communication channel as per their requirements and expect marketers to be aligned with them. They are busy customers and communicate with the marketers when they really need to do that. It means they are potential immediate consumers. They represent typically solvent customer groups and are not biased about the ornamental designs of commercials. They can wait for the result of any communication and do not need to be overwhelmed by information. This group of customers plan any purchase prior to their actual requirement. They are mature customers. Most importantly, they are not concerned about price. Product differentiation and quality is important for them. They might be middle- to top-level managers or busy executives in any profession, either service, business, government, or private. They have little contribution toward forming a reference group, and they are almost not biased with the effect of associative or aspirational reference groups.

*Low interactive profile—open (LIPO):* This customer group is still not highly interactive and believes in personal requirements compatible with self-identity. However, they can be relaxed up to a certain level for interaction exchanging a certain limit of privacy needs. While designing their decision-making process, they need enough information to explore and justify their decision. So they need more information and quick interaction. Sometimes they are impulsive buyers and would take quick buying decisions without prior planning. They are typically not a young group of customer; however, if they are young, they are a self-centered and to some extent introverted customer group. They are eager to influence marketers with their attitude; however, they would like to know marketers opinions. This group of customers are generally middle class and always want to stay in the middle point of society. However, they might comprise some lower class people as well. The education level is not an identity characteristic of this group—this means that they might be educated or less educated people. Their interactions might not lead to effective purchases; however, they are real buyers. They might need a balance between price and quality; nevertheless, they do not compromise with quality.

*High interactive profile—balanced (HIPB):* Life and, thus, purchasing is fun and is composed of many social gatherings. However, they are concerned with their own personality and like to carefully and secretly preserve their own identity. Typically, they range from young to a middle-aged group of customers who are enormously influenced by commercials. If they are middle aged, they enjoy their life with pleasure and fun. Marketing is fun for them. They are social members and like to form social groups for purchasing opinions. They love to get personal discount offers and believe that purchasing any product means association with the society. They frequently interact without an intention of immediate purchase. They are not professionally very busy, as either they are students or they have started their professional career very recently. They might not be very solvent and try to compare with many alternatives. Typically, this group of online customer is price concerned, as they are young. Generally, they are middle to higher class. However, they might also include lower class people. The education level is not characteristic of this group, which means they might be educated or less educated people.

*High interactive profile—partner (HIPP):* Online and mobile interaction is full of fun and basically an essential component of life. They believe mobile phone communication to be one kind of life partner and maintain this channel in the same fashion. They are a young group of customers typically representing high school, college, and university students or recently involved in job market. They are communicative and always love to purchase anything with social presence by accumulating a lot of opinion from society members. They also dispense a lot of opinions to others to assist them in their decision-making process. Basically, for them, communication is a hedonic function and should be enjoyable. They always attempt to form social groups for any kind of social behavior, and they believe purchasing is an act of social behavior. They are typically not solvent but educated. They know social interaction can hamper privacy; however, this is the basic norm of social life. They do not mind it. They are definitely not immediate or prospective buyers. After a lot

of interactions, they may buy or not; however, they contribute to forming a social opinion leader and reference group. So, although they are mostly not prospective buyers in terms of frequency of interactions, they have potential value in contributing free advertisements of the product.

### **6.1.1.2 Value Proposition for Consumer Segments**

In the previous section, we attempted to match segment properties with customer characteristics. This identification obviously reflects a very generalized trend, not anything specific. Nonetheless, this revelation and conceptualization clearly provides insight into target marketing. And after further matching with these customer characteristics, a generalized value proposition can be formulated and offered for the specific customer segment. For a communication channel like mobile phone SMS, a value proposition indicates inclusion of some advantageous features in this channel for a particular segment reflecting their behavioral urge as the marketing strategy of the product/service provider (Breuer, Brettel, & Engelen, 2011; Chang & Huo, 2011; Kozinets, 1999). Since different segments of customers have different characteristics and different demands for service output functions at different levels and propensity, requirements of different values for accepting this channel are different. Thus, a proposition of the same value for different segments is not an effective channel strategy (Jarad, 2014; Jibril et al., 2014; Konus et al., 2008; Kozinets, 1999; Lieber & Syverson, 2011; Ling, 2005; Liu & Li, 2009; Mari, 2013; Moorthy, 1987; Muthitacharoen et al., 2006; Okazaki & Barwise, 2011; Peters et al., 2007; Shachaf & Hara, 2007). This value proposition is presented in Table 6.1 for the already provided four customer segments.

### **6.1.2 Target and Value Proposition: Product and Culture Bound**

In the previous section, the value propositions explained represent generalized behavior irrespective of product or culture. However, consumers of any segments may behave differently for different types of products (Kozinets, 1999) in this communication channel. Researchers (Kozinets, 1999; Mohr & Sohi, 1995; Muthitacharoen et al., 2006), through empirical studies, have acknowledged that consumers potentially exhibit varying behavior for different types of products. They identified that consumer behaviors are substantially different for tangible and intangible products. They also demonstrate different types of purchasing decisions while buying experiential products. Marketers affirmed that consumer buying decision processes are quite different for high effort products and low effort products (Tanner & Raymond, 2011). They use extended problem-solving efforts for the purchase of high effort products.

**Table 6.1** Value proposition for different segments

Segment	Concept of target customer	Value proposition
<p>Low interactive profile—self (LIPS)</p>	<p>Concept of target customer</p> <ul style="list-style-type: none"> <li>• Believe in personal identity</li> <li>• Strict on privacy requirements</li> </ul>	<p>Since this group of consumers are solvent, capable, and need to buy their desired products, they should be communicated to with care. If they find this channel compatible to their lifestyle and self-concept, this group of customers will be loyal. For this group, satisfaction leads to loyalty. Marketers should carefully manage, respect, and provide value to the self-developed attitude of these customers. Any single customer of this group has self-impression and they are effectively isolated from others</p>
		<p>Consumers need an independent and individual message. So, one-to-one marketing is extremely effective for this group. The message content has potential value to this group. So marketers need to concentrate on the message and transmission strategy. Frequent contact with needless information will create annoyance to this group, and once they feel it, they do not use this channel. Unnecessary interaction is absolutely not expected by this group. Any immediate need-fulfilling message is treated as junk SMS by this group</p>
	<ul style="list-style-type: none"> <li>• Not young customer group</li> </ul>	<p>Marketers should design with technological interface appropriate time and location of transmission, so that customers of this group get an impression of time and location relevancy of the message. So a consumer attitude-centered marketing strategy is effective in this case</p>
	<ul style="list-style-type: none"> <li>• Matured customer</li> </ul>	<p>They do not need any social presence from the media, so this is not a criterion for channel selection. However, they are very strict about their reserved space, and that space should be honored by the marketers</p>
	<ul style="list-style-type: none"> <li>• Not biased by reference groups</li> </ul>	<p>Use keywords relevant to a specific customer. Although this channel is costly, consumers are real buyers and are not absolutely price sensitive. Product differentiation and quality should be prioritized in the marketing proposition. Marketers might not enjoy dealing with this group due to their sensitivity; however, marketers can really make money from this group for many years if they can satisfy them</p>
	<ul style="list-style-type: none"> <li>• Plan prior to purchase</li> </ul>	<p>Marketers must not take any initiative to influence them; rather they should pretend to be influenced by them. This group is not influenced by the ornamental words of the commercials. Marketers need to understand that for this group, power is shifting away from them to the consumers</p>

(continued)

**Table 6.1** (continued)

Segment	Concept of target customer	Value proposition
	<ul style="list-style-type: none"> <li>• Solvent customer group</li> <li>• Not price concerned</li> <li>• Differentiation with higher quality is important</li> <li>• Highly educated with self-concept</li> <li>• Depends on own perception arising from self-concept</li> </ul>	<p>The cognitive attitude is important for them. Desire will come from the consumers and marketers will attempt to fulfill that desire, where offering any personal benefit does not have any potential effect</p>
<p>Low interactive profile—open (LIPO)</p>	<ul style="list-style-type: none"> <li>• Believe in personal identity</li> <li>• Have medium concern for privacy</li> <li>• Need enough information to explore and justify their decisions</li> <li>• Need more information and quick interaction</li> </ul>	<p>Demographic analysis and attitude toward general SMS can identify this group. Marketers need to follow their interaction style for general purposes and then can identify and target this group with required value. This group has many similarities with the previous one; however, a winning strategy depends on identification of subtle difference between these two groups</p> <p>This group needs more information and they take their decision without enough planning. So, although marketers need to be very cautious about design of the message content, and keyword-based marketing is appropriate for this group, marketers also identify some general messages to send to them to support their decision-making process. So, one-to-one marketing with personalized and customized words is effective for this group. Marketers also require attention to send on-time message so that it should be relevant to their buying desire. However, in addition, for this group marketers need to send some screened general messages associated with the decision-making process</p> <p>Quick and two-way interaction has great value to this group. They do not like to wait after sending any queries. So prompt customer service is an essential item. This group is not highly loyal, and they might switch. Both price and quality should be prioritized for this group. Sometimes, this group with self-identity can interact which may not lead to real purchase. Customer attitude and product attribute (Attitude-attribute) based marketing needs to be balanced</p> <p>Promotion offers, like any discounts or any benefits, can influence them. This is a medium costly channel. Marketers need to be attentive to this group; however, some generalized behavior is acceptable. Companies of best cost strategy can be more attractive for this group. This group gives priority to both cognitive and affective attitudes. Even, sometimes, they are influenced by behavioral attitude for any purchase. So, commercials with benefits offering have potential value</p>

	<ul style="list-style-type: none"> <li>• Make quick buying decisions without prior planning</li> <li>• Generally not young customers, or young customers with self-centered personality</li> <li>• Eager to influence marketers in the light of marketers opinion</li> <li>• Generally middle or some lower class</li> <li>• Education level is not a significant identity characteristic</li> <li>• Some interactions might not lead to effective purchases</li> <li>• Need a balance between price and quality</li> <li>• Purchase is fun</li> </ul>	<p>For this group, fundamentally, loyalty is mostly an issue of fulfilling personal desires. However, to some extent, they count and provide value to group behavior</p>
<p>High interactive profile—balanced (HIPB)</p>	<ul style="list-style-type: none"> <li>• Secretly preserve own identity</li> <li>• Young to middle group</li> </ul>	<p>Demography of this group is important and need to identify their characteristics. However, marketers need to strictly follow their general social behavior through their SMS exchange pattern. This group is very informal and sends SMS to connect with different groups of people in the society most frequently. They follow almost the same fashion in their purchases. However, for commercial transactions, they feel potential value of self-identity and privacy. So although this group is very informal and innovative, still a certain level of caution is important for a winning marketing strategy</p> <p>Marketers need to be attentive in both message content and context. Wording, language, structure, and organization of message are important, as this group searches for fun from the message. Hedonic benefit is important to convey. Attributes-attitude based marketing needs to be balanced</p> <p>Price of the products is important. However, quality has influence on choice. Marketers need to be careful about value propositions of the competitors, as this group will often search for alternatives. So it is difficult to satisfy them, if any company offer is not competitive enough. By searching, they will find the best product suitable for them with lowest price. However, pleasure in purchase cannot be ignored. Ornamental words in content and funny symbols in design can create additional attention</p>

(continued)



**Table 6.1** (continued)

Segment	Concept of target customer	Value proposition
	<ul style="list-style-type: none"> <li>• Influenced by commercials</li> </ul>	<p>Nevertheless, marketers need to be careful to handle this group, as they are privacy concerned. Marketers need not to send them too much information and interact with them immediately; rather they respect their personal position. Although, they are gathering opinion from social interaction, they have immense control and respect for their own opinion. Marketers need to respect that opinion and try to satisfy them with this balanced behavior. This is a medium- to low-cost structure channel</p> <p>Group behavior is important for this customer group. However, they are concerned about personal taste, image, and self-behavior. So, loyalty is a combined function of group and individual interaction</p>
	<ul style="list-style-type: none"> <li>• Like to form social groups</li> <li>• Love to get personal discount offers</li> <li>• Purchase is a social activity</li> <li>• Interact without intention of immediate purchase</li> <li>• Not professionally very busy</li> <li>• Student or newly started in career</li> <li>• May not be solvent</li> <li>• Compare with many alternatives</li> <li>• Price concerned</li> <li>• They might be educated or less educated people</li> </ul>	
<p>High interactive profile—partner (HIPP)</p>	<ul style="list-style-type: none"> <li>• Purchase is full of fun and essential components of life</li> </ul>	<p>Following the general SMS interaction pattern can easily identify this group and their typical social behavior. They are comprised of that type of people who always look for fun from each and every occasion. SMS is a social media for interaction whether it is used for informal interaction or commercial interaction. Not only the product they are intending to purchase can satisfy them, they also look for satisfaction from the purchase process. Actually, product will meet their physical and/or emotional need, but process of purchase must meet their hedonic need. So, marketers need to provide relentless fun in communication</p> <p>Since purchase is a social issue, technological upgrading is very important to provide enough scope for social interactivity competitive to other social networks. To satisfy this group, marketers need to be careful with the product design, communication design, and technology design. This group has enough technological knowledge and is habituated to other social networks. So without technological competitiveness, marketers cannot retain this group for SMS communication channel</p>
	<ul style="list-style-type: none"> <li>• Young group of customer representing high school, college, and university students or recently involved in job</li> </ul>	

<ul style="list-style-type: none"> <li>• Purchase anything with social presence</li> </ul>	<p>Actually, this group is more fascinated with social networks like YouTube, Facebook, etc. However, due to accessibility and availability of mobile phone, they also like SMS communication. So marketers need to exchange all kinds of social information to this group, so that they feel this channel to be at least an alternative communication channel. Continuous two-way interaction is important. Marketers need to present this interaction as a pattern of 24/7, like a family partner or friend. This group needs an attributes-based marketing strategy. Any customer of this group is not personally loyal; loyalty rather means a group behavior. If the group is loyal, any member of this group may exhibit loyal attitude</p>
<ul style="list-style-type: none"> <li>• Accumulate opinion from society members</li> </ul>	<p>Personal discounts or benefits have value to this group. However, more important is how they discover these personal benefits. So the procedure of identification of any personal benefits should be very innovative</p>
<ul style="list-style-type: none"> <li>• Frequently dispose opinion to assist others</li> </ul>	<p>This group interacts many times, but buys very few times. However, this group still has potential value as they circulate socially good or bad name of the company and form a reference group among the young generations</p>
<ul style="list-style-type: none"> <li>• Communication is hedonic function and enjoyable</li> </ul>	<p>This group is concerned about price but needs to know ingredients and features. This is a low- to medium-cost channel, but must be very innovative and well designed. Social pleasure, presence, and fun are the top priority of message exchange. Marketers should secretly control and manage the power of communication. Consumers need not to be bothered about this; they will just enjoy the game of communication. As long as this game is enjoyable, it does not matter to this group who is controlling whom</p>
<ul style="list-style-type: none"> <li>• Purchase is an act of social behavior</li> <li>• Typically not solvent but educated</li> <li>• Not interested in being detached from society</li> </ul>	
<ul style="list-style-type: none"> <li>• Not immediate or prospective buyer</li> </ul>	
<ul style="list-style-type: none"> <li>• Contribute to forming social opinion leader and reference group</li> </ul>	
<ul style="list-style-type: none"> <li>• Potential value in contributing free advertisement of the product</li> </ul>	

Since the decision-making process varies significantly for different types of products, communication through SMS-based mobile channels may reflect that changed behavior. Therefore, marketers need to be concerned about the product they are offering in designing the channel structure of an SMS-based mobile communication channel. For some products, such as buying a textbook, the high interactive profile—partner (HIPP) segment may not have desire to interact continuously, although this segment is primarily characterized by 24/7 connectivity. On the other hand, before purchasing a new high technology product from Apple, consumers of this group need extensive interactions before developing a positive attitude toward this product. For weather alerts, the demand for quick interaction before traveling may be very high irrespective of the group, and thus, in this special scenario, waiting time service output function from this communication channel may be high.

The consumer urge for a competent service compatible to a modern-day life pattern, individual, or group has potential value for any communication channel, not specifically for mobile SMS. However, for different cultural groups, the level of this urge may vary significantly (Bugge, 2011; Jamieson, 2012; McDonald & Dahlberg, 2010). Following Lynch and Srull (1982), it can be inferred that mobile SMS channel adoption behavior depends on integrating the information from a stimulus (external learning) and memory (cognitive learning), which reflects mixed behavior. This type of expressive and multidimensional behavior is dominated by adopter ritual phenomena as well as national cultural traits. Consumers are intrinsically motivated toward optimization of utility for adopting this channel.

However, this optimization of utility is highly controlled and oriented by the cultural traits of nations. When consumers attempted to optimize their preferences through an SMS communication channel, their reliance on considering numerous physical and psychological factors increased; these are further structured by cultural traits and beliefs. Departing from the regular theory of consumer demand and referring to Bentham's *Principles of Legislation* (published in 1931) which consists of a list of 15 simple pleasures as the essential factors for consumer preference, Michael and Becker (1973) reinforced the household production function approach to model consumer behavior for utility maximization and suggested inclusion of the environmental factor in such models. This environmental factor is mainly composed of cultural traits. Consequently, consumers of different countries might express different cognitive, affective, and conative attitudes toward any kind of value propositions through this communication channel for four consumer segments. Jamieson (2012), exploring consumer attitudes toward the communication process in Korea and Australia, revealed that cultural differences have a potential impact on communication and interaction, and this should be reflected in designing a channel structure. Researchers (Luna & Gupta, 2001) recommended that culture has an impact on consumer preferences and, thus, a value proposition for any segment should consider these differences.

### 6.1.3 *Consideration for a Mobile Phone SMS Channel Structure*

Mobile phone SMS works as a communication channel for product/service promotion and relationship marketing. This channel can be fundamentally launched, operated, and controlled by:

*Manufacturer:* Manufacturers can directly launch a communication channel through mobile phone SMS associated with its distribution channel. In this case, the distribution channel structure, independent of this channel, can be composed of any number of intermediaries. Different intermediaries can even operate their promotional activities through other media. However, an SMS channel will function as an alternative channel for mobile communication to transmit commercials, personal offerings/benefits, and management of relationships through a virtual community (Fortunati, 2001; Gardan, Geangu, & Rosu, 2011; Hillebrand & Holley, 2010). Alternatively, this communication channel can work out all the functions related to promotion flow. On that occasion, the channel members will together design their promotional activities and will use the gateway for all kinds of communication with consumers. This communication channel can be affiliated with a physical brick-and-mortar store or electronic-commerce. A mobile phone SMS channel can also be operated in conjunction with other online communication channels like Internet-based email, social networks, and telemarketing for promotional activities and relationship marketing. A mobile phone SMS channel can also provide customer service and order placement scope (Dholakia et al., 2010).

*Retailer:* A mobile phone SMS-based communication channel can be operated by any intermediaries of the indirect channel structure, typically by retailers. Retailers can get the scope to develop and maintain relationship marketing directly through continuous communication. Retailers can also offer any type of benefits/discounts directly to the customers through this communication channel or convey any types of commercials to prospective buyers. Retailers can accomplish these promotional activities centrally as the promotion flow of main distribution (Venkatesan, Kumar, & Ravishanker, 2007; Verhagen & van Dolen, 2009; Verhoef, Neslin, & Vroomen, 2007; Weber & Zheng, 2007). In this context, the distribution cost for promotion will be carried solely by the retailers. Alternatively, retailers can operate this communication channel solely for their own marketing interest under a personal marketing strategy.

*Third party:* This communication channel operation can be outsourced by the manufacturer/retailer to any promotional marketing company as the third party. Sometimes, even, any mobile phone operator can manage this promotional marketing as a communication channel. In favor of the manufacturer or the retailer, the third party communicates with consumers for providing any commercials, product-related information like customer service, special benefits/discounts, and developing

a virtual community. This is one kind of performance-based marketing. Recruitment, engagement, and future retainment depend on the performance of the third party to maintain this mobile communication channel.

For designing the content and context of this communication channel with appropriate features and technologies for efficiency of interaction, eleven influencing and deciding parameters should be carefully addressed, analyzed, and conceived. These were previously explained in Chap. 3 (see Section “Properties of Mobile Commercial/Advertisement through SMS: Content and Context”).

Since encounter is through the virtual mobile media, appropriate customer service should be ensured whenever it is needed. Many online market researchers have explicitly provided evidence that in online marketing, the risk of losing customers for inappropriate customer service is no less possible than in a physical store (Shareef, Dwivedi, Stamati, & Williams, 2014; Shareef, Kumar, Dwivedi, & Kumar, 2014). Obviously, for online marketing, the requirements for customer service are less frequent, but the risk is much higher than off-line marketing, so ultimately the potential for risk which is a multiplication of frequency and severity is very similar.

Customer negative beliefs and attitudes toward any technology, particularly mobile technology, may have a subversive effect on this communication channel (Cheng et al., 2009; Okazaki & Barwise, 2011). While operating this media as a unique communication channel or multichannel, consumer external technological beliefs should be carefully managed for its internal success. Otherwise, the reverse impact of this external factor can overshadow its lucrative scope of success as a communication channel.

Mobile availability and accessibility is a prime issue to be considered for this channel's use as a marketing channel. Presently, over the world, its growth is so systematic that this might not be a threatening issue in channel proliferation. However, since this channel's success primarily depends on certain critical factors like location-time sensitive disposal of message and one-to-one direct marketing, the availability and accessibility from anywhere and at any time are the key concerns for this channel's winning strategy. Since, sometimes, important information is conveyed with commercials, security and privacy issues must be carefully evaluated and a visible, clear policy must be appropriately formulated to reassure consumer concerns.

For target marketing, direct marketing is one of the fundamental and unique scopes of this channel (Mari, 2013; Saravanakumar & Sugantha Lakshmi, 2012; Wouters & Wetzels, 2006; Zhang & Li, 2012). Even for launching commercials and offering any benefits, one-to-one interaction is viable through this channel (Varnali, Yilmaz, & Toker, 2012; Xu, 2007). In this connection, both technological artifacts and consumer behavior should be carefully interlinked so that on-time, relevant, and personalized messages can be transmitted to the customers. Researchers unanimously agreed on this issue that the scope of personalization and sending messages for one-to-one interaction can provide a winning scope to the marketers for promoting products and services in this social interactive era of marketing.

Generally, marketers transmit different kinds of information to the consumers through one-way interaction. However, since waiting time and frequency, and

connectivity are two important service output functions for this channel, marketers should develop a means for two-way communication (Stauss, 2000). Providing product-related customer service and meeting any queries can be effectively offered through this channel. However, in this connection the design of the content is an important issue. Since space on SMS is limited, utilization of this space to meet both cognitive and affective urges is crucial. Proper usage of this space with attractive keywords, so that customers are cognitively satisfied, needs experience both in technology and consumer behavior. At the same time, sufficient hedonic pleasure should be created for customer experience of a social presence.

This channel has importance in terms of customer exposure and attention. Customers can easily delete any message without marketer knowledge and, thus, marketers will not have a chance to persuade customers for their product or service. If customers are irritated, they can stop any particular sender or delete without seeing the message (Cheng et al., 2009). Customers can experience both pleasure and irritation through the SMS channel. This phenomenon depends on customer personality, self-concept, mood, and lifestyle compatibility. Demographic analysis and market segmentation are central for this channel to succeed and become a winning marketing strategy.

### ***6.1.4 Efficiency of Interaction and Effective Communication***

Since marketers design SMS primarily to provide the necessary message to prospective consumers, the efficiency of interaction and effective communication are central concerns for the success of this channel.

#### **6.1.4.1 Efficiency of Interaction**

For efficiency of interaction of this communication channel between the provider and the customers, the issues outlined in the previous section can be summarized into four distinct factors. In this context, the term efficiency of interaction denotes *the ability of each interaction to create exposure, gain attention, improve perception, and create a positive attitude among the customers.*

1. *Design of Content:* Keywords, language, personification, relevancy, and attractiveness that lead to hedonic benefits and appropriateness are the key driving concerns (Danaher & Rossiter, 2011; Darley, Blankson, & Luethge, 2010; Drossos, Giaglis, Lekakos, Kokkinaki, & Stavraki, 2007).
2. *Transmission of Message:* On-time transmission of messages, considering time and location sensitivity, is important to customers for relevancy and personification of message (Balan & Zegreanu, 2012; Okazaki & Barwise, 2011). The appropriate design of transmission can exponentially enhance the efficiency of interaction.

3. *Customer service and two-way interaction*: Providing customer service and two-way interaction can significantly increase the efficiency of interaction. If customers feel that this channel is not designed only for the interest of the marketers, but is their media for fulfilling any expectation of purchase through certain level of social presence, they will be attracted to it and thus gain efficiency of interaction (Drossos et al., 2007; Durkin, 2013).
4. *Scope of personal benefit*: This channel provides commercials for consumer information and attempts to develop relationships with customers to gain loyalty. However, this channel should be used as a medium for transmitting unique personal benefits and discounts (Danaher & Rossiter, 2011; Xu, 2007). Consumers must find from knowledge and prior experience that they can frequently receive unique, effective, and appropriate benefits through this SMS channel (Gardan et al., 2011). This learning can increase the efficiency of the channel interaction and consumer willingness to be exposed to SMS.

The critical design criteria for the following four subjective issues must be carefully matched to the behavior of the customer segment. This means, as explained in section 6.1.2 of this current chapter, that the level of requirements of these four parameters is different for different consumer segments. So it should be appropriately designed considering the consumer behavior for the four segments outlined and explained in section B of this chapter.

#### **6.1.4.2 Effective Communication**

For online consumers, effective communication is a sensitive issue. Since consumers are basically interacting with the service provider or vice versa in this virtual medium, marketers should be careful about the effectiveness of communication. Effective communication depends on consumer use of the online channel as well as the channel's ability to capitalize consumers' requirements and dispose them properly. It integrates synergistically technological, psychological, social, and behavioral aspects of consumers. We can define this issue as: *communication effectiveness reflects the ability of the message to communicate with and transmit the intended meaning to the customer.*

For effective communication through this communication channel, marketers need to know the principles of communication through SMS. These principles are derived by considering consumer online behavioral characteristics, online behavioral urges, service output demands, and the consumer selection criteria of mobile SMS as a communication channel as outlined in previous chapters through literature review (Assaad & Gomez, 2013; Bagozzi, Gürhan-Canli, Priester, 2002; Banyte, Gudonavičienė, & Grubys, 2011; Barnes & Pressey, 2012; Bearden & Etzel, 1982; Chang & Huo, 2011; Chang, 2013; Cheng et al., 2009; Connolly, Olsen, & Moore, 1998; Danaher & Rossiter, 2011; Darley et al., 2010; Dholakia et al., 2010; Drossos et al., 2007; Durkin, 2013; Dwivedi, Weerakkody, & Janssen, 2012; Jarad, 2014; Konus et al., 2008; Leek & Christodoulides, 2009; Mari, 2013;

Saravanakumar & Sugantha Lakshmi, 2012; Shachaf & Hara, 2007; Shareef, Dwivedi, & Kumar, 2016; Stauss, 2000; Verhagen & van Dolen, 2009). There are eight fundamental principles of communication that should be carefully designed for effective communication. These are:

1. *Understand online consumer behavioral urge and channel preference*: Before initiating any detailed communication strategy, consumer online behavioral characteristics or urges and online channel preference criteria for adoption and acceptance should be carefully synchronized with the message to be sent.
2. *Identify learning curve*: Consumer decision-making process for accepting any commercials, personal benefit offerings, and relationship building activated through SMS interaction leading to consumer learning should be addressed. Knowledge of consumer learning curves is critical for marketers to design effective communication.
3. *Recognize exposure, attention, perception, and attitude*: Exploitation of the full strength of mobile channel utility (depicted in Chap. 4, Fig. 4.13), which comprises exposure, attention, perception, and attitude, is important for marketers to effectively utilize this channel. Understanding the entire cycle of exposure and attention and a good understanding of this communication channel, which can lead to creating a positive attitude, helps marketers to develop effective communication.
4. *Utilize and stimulate the senses*: Behavioral learning from external sources and cognitive learning from internal interpretations are interlinked with utilizing and stimulating the five senses to create effective communication. In the communication channel of mobile phone SMS, vision is the only sense that is exploited. However, this can create an urge for the other four senses to be stimulated by further utilization of this channel. This outcome expectation can lead customers to communicate effectively.
5. *Utilizing memory and retrieval*: Memory is the availability of past precedents and retrieval is accessibility of the stored information as memory. This is a cyclic process which is empowered by the strength of communication. The availability of memory and consumer ability to retrieve it are congruent with consumer desire for exposure and the anticipation of external stimulus that is transmitted through effective communication. Designing an effective communication procedure is correlated with the analysis of presence and the level of filter between the sender and receiver and a design that provides a scope for feedback. Here effort will be provided by the marketers to pursue consumer ability to convert sensory memory to working memory and then to long-term memory.
6. *Motivation and influence*: Consumers must be motivated both intrinsically and extrinsically, to accept SMS communication for any designated purposes. From the design of SMS and contextual attributes, marketers must motivate and influence consumers to accept interaction through SMS. The effectiveness of communication is intertwined with consumer motivation and behavioral urges for this channel.



7. *Respect consumers' differences*: Market segmentation and target marketing is a priority of the marketers to design effective communication. From service output demand and online consumer behavioral urge theories, we get the clear idea that consumers have differences in embracing communication channels in terms of their attitudes and level of understanding. So, consumer differences should be reflected in the communication design for it to be effective.
8. *Follow-up consumer experience*: The consumer learning process is a dynamic mode of creation that is revised, and formed continuously. This process should be followed up; otherwise consumer current states of experience, mood, and attitude will not be reflected in communication design. This is a barrier in effective communication design.

These eight principles of communication are solely designed for the purpose of effectiveness of an SMS communication channel. Adhering to the features outlined in those eight principles can develop a well-structured and systematic approach for effective communication.

### ***6.1.5 Scope of Multichannel Structure***

Typically, any attempt to initiate an SMS-based mobile communication channel is taken in conjunction with existing channels. Still, for any kind of promotional activities and relationship development effort, this communication channel is used with other promotional channels such as TV, newspapers, social networks, and Internet-based email. However, its growth is increasing the enormous benefits of SMS as a general communication tool. Marketers are gradually becoming interested in launching this communication channel in association with other physical and online channels. Since customer requirements for service and information vary significantly, communication patterns also change rapidly. Marketers now feel that offering a multichannel can be an effective tool for communicating with consumers and gaining the immense benefits of mobile technology (Verhagen & van Dolen, 2009; Verhoef et al., 2007; Weber & Zheng, 2007).

Marketers are presently interested in launching this communication channel through existing distribution channels. However, they still perform the primary function of promotion flow through traditional media such as TV, newspapers, and billboards, although some companies frequently use an online channel for advertisement and banner display. Email is also used frequently for promoting relationship marketing. Marketers are now gradually using this communication channel with these existing promotional channels. Because the growth of this communication channel has been very strong, marketers are increasingly perceiving that this channel can include significant value in providing personal benefits, personal one-to-one interaction, and relationship building. Consequently, the application of this channel in conjunction with other communication channels is growing rapidly.

Researchers (Dholakia et al., 2010; Venkatesan et al., 2007) have revealed that the reputation of existing channels may have a significant impact on the success of a mobile channel. They identified that for any existing reliable company or reputed brand, application of a mobile phone-based SMS channel as an alternative mode of communication is extremely effective. Since the credibility and reputation of any offer through a mobile channel are critical, this identification has logical support. So an existing company with a high brand value can easily utilize the enormous benefits of this mobile channel to develop a sustainable winning strategy.

Obviously, managing channel cost is a deciding factor for channel management. However, for an SMS-based mobile channel, channel management cost is relatively smaller. The possibility of consumers switching from one channel to another is always a problem. However, mobile phone-based SMS channels can enjoy a great privilege in this connection, as the growth of mobile phones and their usage for versatile purposes are increasing all over the world. In addition, the usage of SMS is also growing exponentially. Day by day, the utility of mobile phones is expanding and consumers are interested in accomplishing multiple functions through a single mobile/smartphone. So capitalizing on this scope of optimization of mobile phone usage, marketers can launch this channel as an alternative channel for communication. However, its growing adoption for promotional marketing raises the scope to include it directly with any physical distribution channel, even with online distribution channel (Chang, 2013; Verhoef et al., 2007). Electronic-commerce can also include this channel for promotional marketing with the existing mode of virtual communication through email or chatting sites. So in the future, mobile phone SMS is not likely to be eliminated.

Overall, the scope of this communication channel as a combination of multi-channel strategy is very lucrative for marketers due to its certain unique benefits. Obviously, this channel has many technological constraints (Dholakia et al., 2010). However, gradual technological development can reduce these problems, and, in the future, this channel might be in a unique position in the existing channel structure as a strong communication channel for consumer acceptance. It provides a lucrative scope compatible with consumer changing lifestyles. This is the generic benefit of this channel. So mobile interactivity and social presence at minimum cost through handheld devices will, in the future, position this communication channel as an essential and mandatory media for any kind of promotional and relationship development marketing mix. This communication channel operated by mobile phone SMS cannot be ignored by future marketers in their plans to develop and launch a sustainable winning marketing strategy.

## Chapter 7

# Conclusion

This book addressing online consumer behavior and scope of inclusion of online marketing channel is attempted to explore, provide, and organize a comprehensive text on the subject of mobile marketing channel.

Current studies have revealed that mobile interaction has created a potential opportunity for developing a revolutionary marketing strategy. SMS-based mobile interaction is regarded as a popular, effective, and efficient marketing channel for marketers as it can deliver personal and context- and location-specific messages to a target market. This SMS-based online, mobile marketing channel has now facilitated private and public organizations to maintain seamless communication with consumers (even sometimes two-way communication) that provides services, required information (including alerts and warnings), advertising, and product price and promotion. An SMS-based mobile channel is now considered to be the latest general strategy of private and public entities to establish and continue a relation with consumers on a 24/7 basis. Consequently, this mobile marketing channel can streamline and augment product positioning, market segmentation, and customer targeting.

Present online marketing channel researchers postulated that the key driving factor for the success of this newly invented customer focus marketing mainly depends on the benefit of personal interaction that is characterized by a target-oriented and customized information flow and it can be facilitated by remote interaction through a virtual medium such as online or digital marketing. SMS of mobile phone can capture and offer both of these benefits to marketers. And, in addition, it can also support service requirements of customers such as service access from anywhere and service availability at any time. The ubiquitous characteristics of mobile phone SMS quickly reach consumers, providing time- and location-based service, information, and advertising; creating customized service; and offering personalized one-on-one target marketing in an appropriate and effortless manner. This recent proliferation of SMS-based mobile marketing has enhanced the potential prospects of relationship marketing through the inclusion of this new mobile marketing channel. Several scholarly studies on marketing-related issues have attempted to reveal the prospects of combining this mobile marketing channel with the existing off-line

channel and tried to formalize multichannel customer behavior. They unanimously asserted that this SMS-based mobile channel has extensive opportunity and merit for creating an effective consumer relationship by providing the desired service and fulfilling customer service demands from an effective channel.

The emergence of SMS-based direct marketing as a distinct channel or embedded with other channels is characterized by several issues, challenges, barriers, and limitations. Many scholarly studies have attempted to address those barriers, driving forces, and challenges to unfold and capture the enormous benefits of SMS-based marketing to create an advantage over competitors that is rooted in the distinctive competencies of a mobile marketing channel. However, very few studies so far have attempted to address, explore, and conceptualize the epistemological paradigms of SMS as an alternative marketing channel or in combination with other existing traditional channels to promote a multichannel strategy in the light of synthesized marketing distribution, consumer behavior, and information and communication technology (ICT)-related behavioral theory to develop, establish, and launch a guiding theory and practice for this emerging area. Hence, the main objective of this book is to address and postulate the following interrelated issues related to online marketing channel with special focus on the SMS-based marketing channel:

1. Online consumer behavior and marketing channel
2. Different types of mobile marketing channel and their structure and scope
3. Consumer selection criteria for mobile phone SMS channel structure
4. Mobile channel structure as an efficient and effective consumer interaction mode
5. Design of effective mobile channel considering consumer behavior and requirements for service output
6. New phase of target marketing and sequential development of communication channel

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