Analysis of Attitudes towards Mobile Direct Marketing Directed to Consumers Involved in Loyalty Programs.

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ABSTRACT

The main objective of this dissertation was to analyze general attitudes consumers have towards mobile direct marketing, when it is executed by some company whose loyalty program they are involved in. The study was then investigating the level of interest towards such advertising. The research was based on a mix of qualitative and quantitative research, and an online survey of 94 individuals from different age groups and professions was conducted for data collection purposes. The research aimed at giving generalized view of the consumers' reaction to the topic and suggestions on how this information could be used by any company planning on incorporating mobile direct marketing to their loyalty programs.

A critical review of relevant secondary data was carried out to get insight on consumer behavior, when it comes to loyalty programs and mobile direct marketing. The literature review discusses in general terms of the topic related concepts of marketing and consumer behavior, and finishes with introducing the different uses and types of mobile direct marketing. This information gave the basis for primary research.

Results of the research placed some of the theory of secondary data under consideration, and further recommendation for research would therefore be focusing on viral activity related to loyalty program messages as well as realization of paid-for ordering service.

Limitations of research include the absence of a commissioner, which affects the reliability of the primary research results.

Keywords: consumer behavior, buyer behavior, direct marketing, mobile direct marketing, loyalty programs, relationship marketing, pull-marketing, push-marketing, customer retention

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TIIVISTELMÄ

Tämän opinnäytetyön tarkoituksena on ollut yleisellä tasolla analysoida kuluttajien asenteita kanta-asiakkaille suunnattua mobiilisuoramainontaa kohtaan. Tämän lisäksi tarkasteltiin kuinka syvää kiinnostus on. Tutkimuksessa käytettiin kvantitatiivista tutkimusmenetelmää. Aineisto kerättiin online-kyselylomakkeella, johon vastasi 94 yksityishenkilöä eri ikä-ryhmistä ja ammattiasemista. Tutkimus pyrki antamaan yleistetyn näkemyksen kuluttajien reaktiosta mainitun tyyppiseen mainontaan ja edelleen muodostamaan konkreettisia ehdotuksia, miten mikä tahansa yritys, joka suunnittelee laajentavansa kanta-asiakas markkinointiansa myös mobiilin puolelle, pystyy hyödyntämään tutkimustuloksia.

Kriittinen katsaus aiheen ajankohtaiseen ja tieteelliseen materiaaliin loi syvemmän tietämyksen kanta-asiakasohjelmiin liittyneiden kuluttajien ostokäyttäytymisestä ja suhtautumisesta mobiilisuoramainontaan. Päättötyön ensimmäisessä osiossa tarkastellaan aiheeseen liittyviä markkinoinnin ja kuluttaja käyttäytymisen konsepteja, jolla luotiin pohjaa valitulle näkökulmalle jota tutkimusraportoinnissa käytettiin. Mobiilisuoramainonnan eri strategioita avaamalla laajennettiin ymmärrystä mahdollisuuksista, jota yritykset voisivat käyttää hyödykseen kyselytutkimuksen tuloksiin pohjaten. Tämä informaatio loi pohjan varsinaiselle kyselytutkimuksen rakentamiselle ja tulosten analyysille.

Tutkimuksen tulokset asettivat osan teorioista kyseenalaisiksi, ja täten lisä tutkimus on suotavaa viraali-markkinoinnin ja maksetun tilauspalvelun toteutumisesta kanta-asiakas markkinoinnissa.

Tutkimusta rajoitti toimeksiantajan puute, mikä vaikutti tutkimustulosten todellisuuden vastaavuuteen.

Avainsanat: mobiilisuoramarkkinointi, mobiilimarkkinointi, kuluttajien ostokäyttäytyminen, kanta-asiakkuusohjelma, push-markkinointi, pull-markkinointi, suhde markkinointi, asiakaspysyvyys
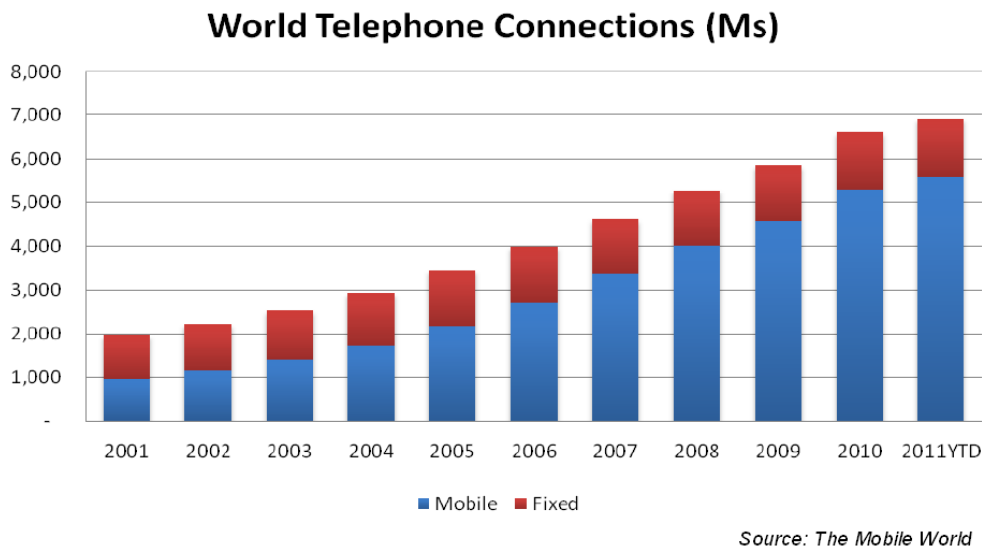
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1. Introduction

Mobile phones have become necessity in the modern world, as in May 2011, the number of mobile connections hit 5,6 billion and the curve has been upward during the whole last decade as the figure below indicates.

World Telephone Connections (Ms)

Source: The Mobile World

Figure 1.1 *World Telephone Connections* (Lennighan, 2011)

The seven mass media of print, recordings, movie, radio, television, internet and mobile all have their special characteristics, but "mobile media is the only one that can repeat everything all the other six media can." (Ahonen, cited in Leino, 2009, p. 190) It is continuously growing in importance as consumers adapt new technologies; continue intensive use of text messaging, surf in mobile internet and share content. The banner technology is growing and performing superbly compared to Internet banner ads, since typical click-through rate for the latter is 0,2% while for mobile banner it is in the range of 2-3%. (Sharma et al., 2008, p.110)

The idea for the topic first started when the author was doing a placement in a digital team of a media agency. Along learning more about different media, mobile marketing presented a field of unknown, left with too little attention. Mobile marketing budgets are still small, consisting of the leftover of massive television and printed media budgets, partly due to lack of knowledge about opportunities in mobile marketing.

This dissertation attempts to highlight how mobile direct marketing could be exploited in customer retention, and what are consumers' general reactions to such practices.

The primary objective of primary research was to find out about general attitudes towards mobile marketing directed to customers, who are involved in some sort of loyalty program. Further, the research scans, what is the depth of interest towards such marketing practices by adding several variables to the subject.

The dissertation first introduces key theory related to the topic of mobile marketing, direct marketing and customer retention. The concepts of customer retention and loyalty programs are

discussed in relation to all of the main topics of the literature review, not in individual chapter. After this the results and analysis of primary data collected are presented, finished with recommendations and conclusion.

Primary limitation for this study was a lack of commissioner, and therefore the data cannot be directly reflected to any industry. Neither is it representative enough of a realized customer base of any company, and therefore further research is advised based on the findings of this dissertation.

2. Marketing theory

The purpose of this chapter is to provide marketing theory and definitions that give the basis for the deeper secondary and primary research conducted in this dissertation.

2.1. Marketing Definition

In 2007 The American Marketing Association (AMA) defined marketing as follows:

"Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large" (AMA Homepage).

In operational level the company must outline its marketing strategy to achieve its objectives. The company must define its total markets and find out what they want. Then it must group the wants into categories, select those groups of potential markets it can best serve and then plan how the marketing mix is to be used to either, *manipulate*, *match* or *exceed* customers' expectations or *meet all buyer demands*. The balance of power in the market can be in the hands of either sellers or buyers, which highly affect the which of the mentioned becomes the goal of the marketer in relation to customer needs. Balance of power is strongly determined by the level of competition (Kotler et al. 1999, p.15; Simcoe, 2008). For example, when consumers know their needs of grocery, they search for the best offering and thus have much of the power over how the goods are marketed to them. There is a constant need for the companies to match and exceed consumers' expectations. Respectively, when there is only limited offering, the companies can differentiate better by marketing mix activities and have more opportunities to manipulate the markets for their own benefit.

All in all, marketing is first and foremost driven by consumers and their needs, wants and demands. (Kotler et al, 1999, p.9-10). Kotler and Armstrong (2006) define marketing as:

"The process by which companies create value for customers and build strong customer relationships in order to capture values from customers in return".

As Kotler and Armstrong suggest, at present, strong focus in marketing is in creating long term customer relationships, which brings value for both customers and the company. Marketing must no longer be regarded as "selling", but more likely satisfying customer needs. (Kotler et al. 1999, p.9)

To be considered successful, marketing should attempt to achieve these three goals:

- Generate new clients in the markets
- Generate more business from existing clients
- Improve profit margins

(Michael et Salter, 2006, p.36)

2.2. Marketing Mix

Once a company has chosen its marketing strategy, it should plan its marketing mix accordingly. Traditional way of describing marketing is to introduce its elements by using marketing-mix model. Model, also named as 4P's model includes product, price, place and promotional aspects that have to be considered when designing a marketing strategy. The first three of these compose the company's offering and the function of the fourth P (promotion) is to introduce this offering to its target market. (Kotler et al. 1999, p.110)

All the elements of marketing must be designed to serve the purpose of selling the product or service and to be viable. Finding the competitive advantage over competitors is essential for the company's survival. Competitive advantage can be found from any of the elements of the marketing mix; having the best product or service, offering it for the lowest corresponding price, having the most efficient delivery chain and being easily accessible, or simply just having the strongest brand created by most effective promotional activities. (Kotler et al. 1999, p.113; Simcoe, 2008)

As referred earlier to marketing being rather filling customer needs than "selling", Salmenkivi and Nyman (2007) claim the initial four P's model is not sufficient enough to answer to the modern day challenges brought by the internet. The CREF-model reviews those elements that are relevant for marketing in the world of communal internet and networking environment. Models, ways of thinking as well as measures must adapt to the modern challenges.
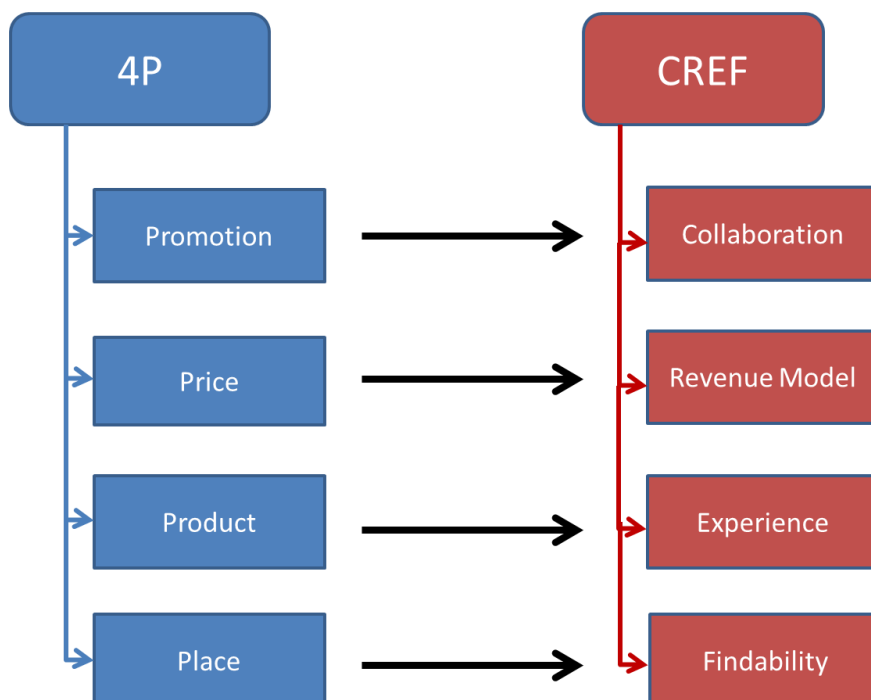
Figure 2.1. *The CREF-model (Salmenkivi & Nyman 2007, p. 219)*

According to the CREF-model promotion is being partially replaced by collaboration with the consumers, with latter having ever higher importance, as we are moving from one way marketing to a two-way interaction. Price wars are becoming history as there is a focus on revenue models and winnings are made increasingly through indirect income. Importance of the product itself is

declining as consumers are increasingly interested in the wholesome experience. Finally, by findability it is meant, that making the product accessible to consumers does not just mean that it is being sold in carefully selected locations anymore, but more of making the product or service accessible. (Salmenkivi & Nyman. 2007, p.219)

Fifth P standing for people has been introduced by numerous writers to underline the service element in marketing. Kinesis found in its study on banking sector that people have major impact on the purchase intent. They also state that all the investments on other marketing mix activities are wasted if not supported by the people involved in the sales process. (Larse, 2004).

Since marketing is about managing profitable customer relationships both by attracting new customers and by retaining and growing the current customer base the four Ps must be planned slightly differently, depending on which customer group is in the main focus of the company. (Kotler, 2000, p.46) Especially for the area of customer retention, for Ps have been accused as not being completely applicable, and a compulsory set of Ps have been introduced by Steven Howard (2010) Those would be People, Policies, Processes/Procedures, and Prevention. He states that motivated and empowered staff motivate the customers to stay loyal, flexible policies keep the customers satisfied when their specific needs are answered, simplistic processes increase convenience of use as do elimination of all possible errors.

2.3. Relationship Marketing

As referred earlier, either the sellers or the buyers have the power in the markets. Traditional marketing is based on offering the customer what the marketers believe they wand need and desire. Reverse marketing is a concept in which the buyers are more proactive, which is very much the case these days. Buyers attempt to persuade the suppliers to provide exactly what they want. This possesses major opportunities to responsive and flexible marketers as it provides the opportunity to create longer lasting relationships with the customer and those good customers are a source of important information of the real wants, needs and desires of the market. (Jobber, 1995, p.108)

Marketing can be categorized as having three different drivers. It can be reactive, proactive or needs transforming. Purpose of reactive marketing is to understand and satisfy customers' expressed needs. Proactive marketing in turn moves from the side of customer's latent needs, which requires well timed market entry for the product or service to be successful. Needs transforming marketing however, is based on launching a completely new product and creating a need for it. (Kotler, 1999, p.40-41)

Companies grow their profits and sales by selling to two types of customers, new and existing ones. The emphasis has traditionally been on the previous customer group.(Kotler, 2000, p. 46) Any company must select whether they primarily focus on either one of those customer groups, since as already explained in the previous chapter, approaching the two different groups of customers also requires different things to be considered in terms of marketing mix. The following table introduces Kotler's (2000, p.50) view of the customer development process, which helps to understand the process involved in attracting and retaining customers.
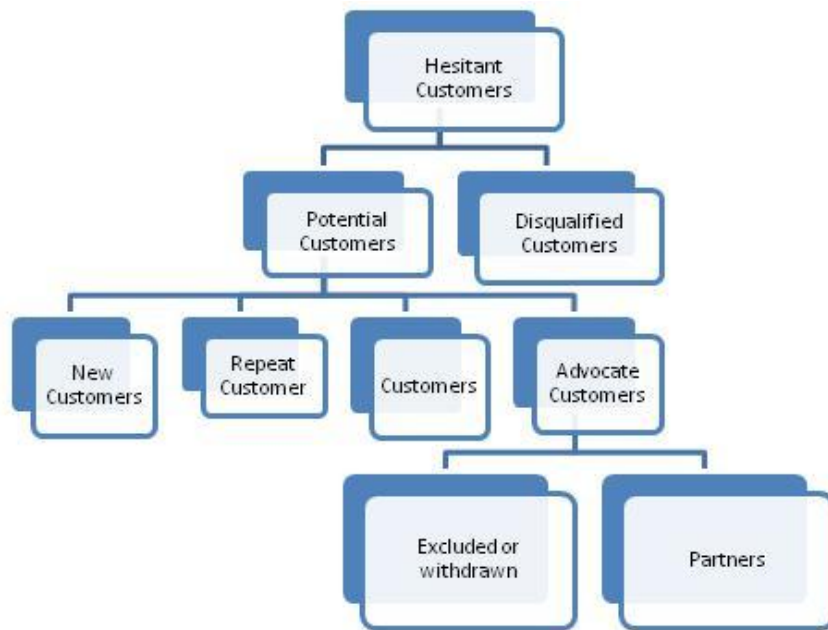
Figure 2.2. *The process of developing relationships with customers* (Isma`il, 2011)

Kotler (2000, p.50) explains that all the consumers are initially hesitant of buying the product and the company seeks to find those who are potential buyers and eliminate the opportunity to attract those who are unprofitable. The company hopes to convert those qualified prospects into first-time customers and further to convert those who are satisfied into repeat customers. These all customers might continue buying from competitors as well, when comes the challenge to turn repeat customers into specially treated clients. Next step would be a membership program to tie the customers to the company and persuade them to become advocates of the company. The final challenge is to look for long term, active partnership, where the company benefits from the customers willingness to help the company to improve their offerings and therefore performance. Some customers will inevitably change to the competitor or stop using the offerings of the company for some reason.

The key to customer retention by Kotler (2000) is "customer satisfaction". The reason to this by him, is that a satisfied customer stays loyal longer, buys more of the updated versions of offerings, serve as advocates of offerings, is less sensitive to competitors moves, shares their ideas to improve the business practices and the most importantly cost less than acquiring new customers due to routinized buying behavior. As follows, the goal is to develop a customer relationship that is stable, long lasting and profitable.

3. Direct Marketing

Direct marketing is an interactive marketing system able to utilize multiple advertising and marketing media to deliver a message to an individual. It can be further defined as follows:

"*Direct marketing consist of direct communications with carefully targeted individual customers, often on a one-to-one, interactive basis, to obtain an immediate response*" (Kotler et al. 1999, p.950)

Targeting individuals is what makes it different from other promotional activities, such as sales promotion and advertising, which target market segments. Even though personal selling also targets individual customer, direct marketing attempts to be a continuous effort to create a strong, long-term relationship with targeted customers. Accordingly, direct marketing is not only about selling, but also a mean to remember the customer and provide then with exclusive service and attention, thus becoming "*direct relationship marketing*". (Kotler et al. 1999, p.950-951) Since direct marketing uses customer databases to find the best prospective customers, marketers have access to large amount of customers' personal information enabling even more customized and personalized messages. The convenience in direct marketing to both the customer and the marketer is that there is no need for intermediaries making the communication private between the marketer and the consumer, additionally the marketing activity is nether reliant on location or time of the day. It is convenient to the customer and cost-effective to the marketer. It can also be timed to reach the most interested consumers at the right time. (Jobber, 1995, p. 442; Kotler, 2000, p.650-651) With relatively minimal change of lost marketing effort, company could cheer its clients with special offers, include personalized greetings to the end of a message or other, all helping to build on a relationship.

Channels used for delivering direct marketing message include direct mail via post, fax, e-mail, voice-mail, or mobile message, telemarketing, direct response advertising, inserts, door-to door leafleting, mail order catalogues, face-to-face selling, online shopping, (Jobber, 1995, p. 443; Kotler, 2000, p.657; Keskinen, 2001, p.21) Nowadays, the revolution of technology and reduction in printed material as publications become digital, not all of the above mentioned methods are as effective as others in reaching the customers however.

The primary concern of direct marketing is to be able to deliver the message without irritating, misleading, spamming or invading recipients' privacy. By spamming is meant sending direct marketing messages that the recipient has not signed up for. (Kotler et al. 1999, p. 979-980; Haig, 2002, p.32, 78) All of these would hamper the development of long lasting customer relationships. Indeed, the legislative bodies have taken action to restrict the malpractice. Year 2002 the European Union set a directive protecting the privacy of consumers in electronic communications. In Finland a law based on this directive was passed 1. September 2004. In terms of direct marketing and mobile marketing, central to this law is that electronic direct marketing cannot be sent without the permission given by the consumer. In addition, the collection and storage of consumer information is strictly limited. (Euroopan Yhteisöjen Komissio, 2001, p.5, 17; Privacy International, 2011) However, once the customer relationship has been created, the company may without further permission continue sending related marketing messages. (Michelsson et Raulas, 2008, p.24)

4. Permission Marketing

Legal intervention to unsolicited messaging to unsuspecting consumers, direct marketers now have to ask the consumers' permission for delivery of marketing messages. Permission marketing is a form of marketing communications offering opt-in and opt-out opportunity to recipients, when it comes to receiving direct marketing messages via e-mail or mobile phone. (Haig, 2002, p.23) The permission for using the consumers' personal information could be asked via e-mail or text message. It is important to note that, in case of mobile direct marketing the marketer is responsible for legal issues about consumers' privacy, not the telecommunications operator. (Keskinen, 2001, p.18)

There is a conflict between marketers need to collect detailed customer information for mailing lists to perform targeted marketing, and the consumers' right to privacy. Consumer privacy in mobile marketing context includes freedom of choice and confidentiality. To solve this dilemma, the marketer must ensure the consumer is informed about the privacy concerns prior to signing up for marketing activity, and the opportunity to opt-out, meaning provision of means for those who wish not to be contacted. (Michael et Salter, 2006, p.125; Fill, 1999, p.59) Codes of conduct by the Institute of Practitioners in Advertising (cited in Varnali et al., 2011, p. 59) advice requesting a "Yes" message from target audience as a confirmation of opt-in. Companies should therefore build a comprehensive opt-in list of those customers, whose messages are of equal importance to the company than the messages sent to them. Permission marketing has become a standard practice, which offers the benefit of reaching those consumers who are truly interested in the message. In addition, solicited marketing has higher success rate also in terms of revenue. (Haig, 2002, p.24, 78)

When it comes to mobile direct marketing in specific, mobile devices are the most personal form of communications technology that exists, which in marketing point of view is both its biggest strength and weakness. Indeed, when compared to annoyance caused by e-mail spam, sensitiveness towards unsolicited mobile messages is even higher. Therefore marketers should respect the trust their customers' show, when opting-in for marketing messaging. (Haig, 2002, p.75) Companies must move from sending flood of marketing messages that irritate the recipients in a long run, to gaining permission, trust and engagement to long-term relationship. Mobile marketing is not about pushing company message to the consumers, but more successful when the consumers begin requesting the information or service they need. Disturbing one's consumers by irrelevant and unsolicited messaging is unlikely to result in a long-term interest towards the business by the consumer. (Haig, 2002, p.78; Fill, 2009, p. 59)

Nevertheless, there is a disadvantage in well planned, targeted, and requested messaging. When customer is in charge, and company focuses on long term relationships, the market of on-the-go might be missed. (Martin, 2011, p.201) It is therefore under question, compared to other media alternatives, how well do the features of mobile marketing in general cope with the needs of customer acquisition. Characteristics of mobile marketing will be discussed next.

5. Mobile Marketing

When a new technology is developed at an ever-increasing pace, to remain competitive companies must adopt it. Consumers evaluate the value of the offering by comparing it with alternatives, and therefore the decision of using mobile medium should be justified by its superiority with respect to other media. (Varnali et al., 2011, p.1, 49) Mobile marketing nowadays is not only about information sharing and selling, but also entertaining. The amount of marketing messages a consumer receives is so great, that they will react only if messages are considered valuable or entertaining. It all started with short-term oriented informative SMS-messages, such as "your package is ready to be collected". Now that many limitations of mobile phones related to lack of internet connection, speed and costs of use, and consumers' lack of knowledge, which affected development of mobile marketing are history, movement from offering and reminding channel towards customer service and brand development is happening. (Michelsson et Raulas, 2008, p. 22)

5.1. Characteristics of Mobile Marketing

"Mobile medium is significantly superior to any other media in terms of ubiquity, convenience, personalization, and localization."(Clarke, 2001, cited in Varnali et al., 2011, p.49)

Mobile phone has the following characteristics offering opportunities to marketers like no other media: (Leino, 2010, p.190; Michael et Salter, 2006, p.3-5)

- It is very personal, and customizing one's mobile phone is possible through multiple means: ring tones, wallpapers, applications, games.
- It is portable, turned on and always with its owner. The intimacy offers knowledgeable marketers an opportunity to a highly targeted and interactive marketing communications.
- It is pedestrian, a tool for recording creative moments, and therefore provide precise information of behavior and location of its owner.

Mobile marketing messages are always received, and types of mobile marketing can roughly be divided into four categories: (Keskinen, 2001, p. 28-29; Michael et Salter, 2006, p.7)

- Content based advertising includes the product with content and service related to it, such as train timetables, location of a closest restaurant or paid sports scores service.
- Transaction based advertisement is actually an offer, which enables immediate purchase behavior, such as ordering logos or uploading applications. The consumer may also ask for further information, or request an offer.
- Feedback based advertising has a purpose to activate the consumer to show their interest towards a product or service and share their contact information for further marketing activities.
- Location based advertising in, which the advertiser uses several technologies to find out consumer's position and then uses this and other available information to provide personalized services.

Mobile phone owners represent a large group of potential customers, since penetration rate of mobile phones is even higher than wired PC-based Internet and landline telephony. One-on-one

communication with consumers allows exclusive value creation and information share. (Varnali et al., 2011, p. 5-6) Consumers contact companies when they have a desire for something, and these requests are totally detached from time of the day and physical location. To take advantage of consumers hunger for information, companies need to provide incentives for one-on-one connection to take place. Concept of "momentary marketing" refers to this ability to market to the customers at precise moment of purchase decision, which provides a win-win situation to both parties. (Ahola et al., 2002, p. 49; Martin, 2011, p.202)

Appropriate messaging is one where consumer has the control over timing, number and content of marketing messages, because those factors are directly correlated with their attitudes towards and willingness to act upon those messages. Marketers should aim to confirm the customers of the ability to provide fast and reliable service, while decreasing their perceived effort in using the service. (Carroll et al., 2007, cited in Varnali et al., 2011, p.51, 60)

5.2. Mobile Technologies

 There are multiple mobile technologies for marketers to use for communicating with consumers introduced below: (Varnali et al.,2011, p. 6-25; Michael et Salter, 2006, p.16-23)

- SMS (Short message service) allows sending 160-character text-only messages, and is used for brand building, interaction and personalized offerings.
- EMS (Enchanged messaging service) enables special text formatting and simple graphics. Mobile coupons often use this technology.
- MMS (Multimedia messaging service) can include picture, audio and video, with a downside of slow download rates for which they are used mostly for exclusively personalized messages instead of replacement of SMS.
- Mobile internet allows access to mobile optimized internet sites and thereby a mean for more extensive share of information.
- IVR (Interactive voice response) offers automated customer service via call to a service number.
- Mobile applications are built in J2ME, Symbian or Flash Lite environment. Applications could be games, maps, calendars or other handy services into which the brand is incorporated.
- Smart-codes lead their capturers to pre-defined internet site, making the transition easy and fast.

5.3. Types of Mobile Marketing

Due to mobile phone being personal, permission marketing and the question of whether the consumer is contacted by their own explicit request (pull) or on company's own initiative (push) are emphasized in mobile marketing. (Michelsson et Raulas, 2008, p. 23) At most parts, traditional advertising is uses push-based approach to message delivery. Commercial breaks interrupt TV program, printed advertisements fill the mailbox, telemarketers always have bad timing when they call and pop-up ads irritate on computer screen. These methods of communication are far from interactive. (Sharma et al., 2008, p.152)

5.3.1. Push-Marketing

Given the massive amount of personal information easily available of mobile users, mobile media has potential as efficient push-marketing channel. Push-messages are sent by the company at times when they consider it might be relevant to the customer, without customer's explicit request. Level of personalization may vary from mass message sent to all opted-in subscribers simultaneously to one-on-one communication. (Michelsson et Raulas, 2008, p.24) Push-marketing is somewhat parallel to mailing-list based direct marketing, while requiring considerations of appropriate timing and content. When a message arrives, a person assumes it to be something important, which requires immediate attention. Here targeting, content and value increase in importance. If the consumer does not consider the message relevant, it very easily turns against the sender. (Keskinen, 2001, p.21; Fill, 1999, p.59)

Push-marketing is also transferable to the use of customer retention as personalized service messages and special bonuses. Coupons sent via text message add value to loyalty program, and have higher redemption rates than their paper and e- counterparts. They may either encourage impulse buying or be preselected by subscribers to match their personal interests. (Haig, 2002, p.51; Varnali et al., 2011, p. 13) A consumer can be sent a message considering a discount in nearest store, to which there is an exclusive right due to loyalty membership. In such cases, likelihood to act upon the message rises with convenient location and ease of accepting the message due to loyalty membership. (Keskinen, 2001, p.22)

There are several potential problems associated with push marketing introduced by Haig (2002, p.32-33):

- Motivating consumers to act upon the messages, which often requires switch of medium, such as visit to a Web page.
- Even though customers may have the opportunity to choose most suitable timeslot for receiving messages, many times the timing is still bad.
- The longer time passes after initial subscription, the less interested the customer often becomes, making push-marketing somewhat more suitable for building brand awareness than long term customer relationships.
- Out of context messages are often regarded as spam, which in addition to boredom, may lead to consumers opting-out.

5.3.2. *Pull-Marketing*

In pull marketing, the initial step is to inform and encourage the consumer to enter a dialog with the company, usually by including an inducement such as free application or discount code to the message. Means of entering the communication could be SMS-number, Web-address, WAP-service number, code or such. The idea is that the customer is interested in their own needs and wellbeing, not the marketing messages or sales incentives of a company. (Michelsson et Raulas, 2008, p.25-26)

No further permission for marketing messaging is needed in pull-marketing, where the consumer requests marketing message when they wish to receive it, which at most parts eliminates those problems of push-marketing mentioned. These requests aid in developing new services as they serve as guide to consumers' real interests. Marketers also gain valuable information of from which source the request is coming from, whether it is a code in OOH-advertisement, product, store or else. However, if the content and communication style do not match the expectations, relationship might be ruined. (Haig, 2002, p. 33; Michelsson et Raulas, 2008, p.25)

The element of service is emphasized as the consumers expect an immediate response to their request. The marketers can encourage sending customer numbers to offer extra benefits to existing customers. In other cases the consumer orders an access to a benefit and the received text message serves as advertisers' coupon, which is used to collect the discounted product. (Keskinen, 2001, p.25)

Pull-marketing inevitably has its own drawbacks according to Haig (2002, p.33) here is few:

- Consumers must pay every time they want to receive information, which may affect their activity, if the same information is easily available elsewhere or the company fails serve effectively.
- Text message has only 160 marks inside which the valuable information should be fitted.
- Extra requirements for personalization rise marketing costs in relation to push-marketing.

5.4. Efficient Mobile Marketing

Most often a combination of push- and pull-marketing efforts is the most efficient option for mobile marketers. In addition to commercial messaging, push-marketing can also be reminding, alerting or part of a service. Reminding marketing means contacting customer a short period after they have initially reacted to marketing message, such as entered a competition. Messaging can be alerting event related announcements, such as scores of an ice-hockey tournament, a service of which the consumer pays a small price for. Both types of communication originate from the consumers initiative to opt-in for further messaging, which is automated, relevant to them and fixed in duration. When included an exclusive service, such as discount code or free parking during the event, consumers will become more interested in mobile services, and the value for marketer grows thereby as they are able to incorporate customer feedback and other interactive elements to the scheme. (Keskinen, 2001, p.22-26)

Similarly as the packages and OOH-advertisements could include an incentive to engage in mobile campaign, free mobile applications help to build brand image and increase sales. (Leino, 2010,

p.198) Integrating mobile communications to other marketing activities is therefore crucial to success. Personalized, customer-orientated and technology-driven approach of integrated marketing communications means:

"The messages conveyed by each of the promotional tools should be harmonized in order that audiences perceive a consistent set of messages."(Fill, 1999, p.600-601)

In addition to being integrated, even more successive mobile campaign is also viral, since message shared by customers to one another is more effective than when the company itself is communicating it directly. It happens when customers recommend a service forward enabling self-sustained market growth. The initial purpose of mobile phones as being a form of interpersonal communication explains much of its potential in terms of viral marketing. For a viral marketing to work, the original offer must be good enough, message must be strong and interactivity encouraged to those who are the opinion leaders and early adopters of a product or service. (Andersson et al., 2006, p.263; Haig, 2002, p.34-35)

6. Research methodology

The following chapters describe research methodology adapted in this dissertation. It present research structure and design, states the objectives for the research, introduces methods used to collect the data and how the data was processed, and limitations for research.

It is important to note that this research did not have a company to give a commission for it. The research question at hand derived from the general interest of the researcher to the subject of mobile marketing and consumer behavior.

6.1. Research Structure and Design

The purpose of a research design is to illustrate the plan how the researcher will answer the research question. The research objectives demonstrate the understanding of the research problems and are therefore derived from those problems. The sources of data collection as well as the limitations, such as time and access to data, and ethical issues will be stated in the research design. (Jobber, 1995, p.166) Kotler (2000, p.103) defines marketing research as follows:

"Marketing research is the systematic design, collection, analysis, and reporting of data and findings relevant to a specific marketing situation facing the company."

There are three types of research; exploratory, descriptive and experimental or so called causal research. Exploratory research does not necessarily recall for a clear statement of problem, since the purpose is to increase understanding of the research area and give further suggestions based on the findings. It often relies on secondary research and qualitative analysis of the sample. Descriptive research focuses on attitudes and behavior of the customers related to a give research problem, it attempts to profile the population and therefore requires a deep understanding of the research area. The aim of experimental research are to find cause-and- effect relationships between variables, and reporting such findings often recalls for a quantitative data to be analyzed. (Jobber, 1995, p. 166-172; Kotler, 2000, p. 106)

The research conducted for this dissertation has elements from all these research types. The secondary research is highly exploratory in nature seeking insight to the problem by accessing literature related to the subject. The process begun by gathering secondary information related to the topic from numerous external sources. As opposed to internal sources, such as company financial statements, external sources are often easily available at low cost. However, when investigating consumer attitudes finding existing information from secondary sources is difficult.(Kotler et al. 1999, p.325) Therefore, the research called for a primary research to be conducted. The preliminary research findings from a large sample of consumers are presented in statistical form, making it quantitative in nature. The questionnaire attempts to explore both the attitudes of the consumers and the possible changes in behavior depending on the variables, therefore having elements from both descriptive and experimental research. Nevertheless, the research design of this dissertation is exploratory, since no clear research problem can be stated due to lack of commissioner, and the researcher has a need for deeper insight to the research area. The data collected does not try to confirm a hypothesis, but to look for patterns and gain generalized understanding of the population that is being researched. (Jobber, 1995, p.167)

6.2. Data Collection Methods for Primary Research

An online survey questionnaire was selected as the most convenient way to collect the data for the primary research, since it allows fast access to a large sample size, anonymous responses, and eliminates the geographical limitation. The primary research reports a mix of quantitative and qualitative data collected from a convenience sample, which is a type of non-probability sampling. A convenience sampling enables the research to get an inexpensive approximation of the truth, by selecting the most easily accessible sample. The "purest form" of sampling would be probability sampling method called random sampling, since all the members of population would have equal change to be selected. (StatPac, 2012; Kotler, 2000, p.112) However, given the constraints of time and access to the data, using random sampling was in this case impossible. It is also reasonable to question the necessity for random sampling, since the research did not have a commissioner, and therefore it was impossible to limit the sample based on target market representativeness.

The questionnaire was designed with several reviews aiding in wording and design. It was conducted in Finnish and inserted to Metropolia University template for online-surveys. It was then shared via Facebook personal messages to 166 individuals selected from the researchers Facebook contacts. The only limitations when selecting the potential respondents whom the survey was sent, was that they had to be over 15 to have sufficient basic knowledge of the subject and that they are Finnish speaking to be able to answer. To enable equal possibility to respond, the introduction of the questionnaire indicated a time limit of eight days, within which the survey could be filled. Below is a screen capture of the Facebook message sent to potential respondents, which included an introductory text of the purpose of the questionnaire, time limit and link to the actual questionnaire. English-translated version of the message can be found from *Appendix II*.
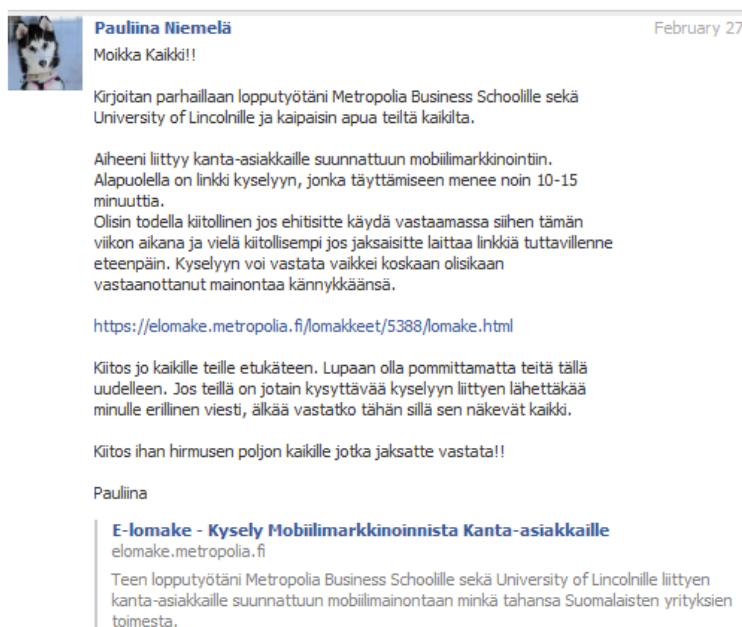
Figure 6.1. *Proposal to fill in the questionnaire*

6.3. Data Processing

The data was processed in Exel-program to a more presentable form. One dimensional frequency distribution shows number of responses in different classes of a variable, which are visualized with bar graphs. The analysis of causal links is then made by comparing the changes in attitudes after an additional independent variable is introduced. For example money was one variable that was assumed to have impact on consumers' willingness to receive mobile direct marketing. Due to the nature of the sample, it was found unavailing to investigate whether changes in respondents' age or profession affect the independent variables, and therefore that information were only to define the characteristics of respondents.

6.4. Research Objectives

The primary objective was to find out about general attitudes towards mobile marketing directed to customers, who are involved in some sort of loyalty program. Further, the research scans, what is the depth of interest towards such marketing practices by adding several variables to the subject.

Since the research project is exploratory in nature, the purpose is also "to guard against the sins of omission and admission" defined by Jobber (1995, p. 166) as follows:

"Sin of omission: not researching a topic in enough detail, or failing to provide sufficient respondents in a group to allow meaningful analysis.

Sin of admission: collecting data that are irrelevant to the marketing problem, or using too many groups for analysis and thereby unnecessarily increasing the sample size."

6.5. Limitations

There are several limitations common to exploratory research that must be brought out to realize the reliability of the findings of this research.

6.5.1. Time and Nature of the Sample

Since there is no similar research findings available the results could be compared to, increasing the reliability of this study calls for repetition of the primary data collection after some time. Analysis of the results also shows there is a need for including new variables to the study to gain further understanding of consumer behavior. In addition to limited time available and need for a simplistic and short questionnaire, reliability of the research is also affected by the nature of the sample. Of the selected contact method, online survey, it is notable that the data is not fully representative of the target market of any company. One of the main reasons for this is the sampling method used, because the respondents were self-selected by the researcher. Nevertheless, this information could be valuable to any company with intention to include mobile advertising to their loyalty scheme, and highlight areas where further marketing research could be conducted. (Kotler, 2000, p.113; Kotler et al. 1999, p. 330)

6.5.2. *Language and Knowledge*

To minimize the risk of the respondents misunderstanding the questions and response alternatives, the questionnaire was proofread and test-felled by two independent individuals not familiar with the subject beforehand, and their comments helped to clarify the questionnaire. Since none of the respondents is a native in English, to eliminate the limitation English language would have on the understandability of the subject, the questionnaire was conducted in Finnish. However, this adds a limitation of translating the questions and response options to English, which might affect the interpretation of the results.

6.5.3. *Validity*

"While reliability is concerned with the accuracy of the actual measuring instrument or procedure, validity is concerned with the study's success at measuring what the researchers set out to measure."(CSU, 2012)

When designing the questionnaire, since all the questions were close-end, some assumptions of consumer attitudes and behavior had to be made to formulate the response alternatives. It would have been too time-consuming to conduct a qualitative private interview based study, and due to the presumed unfamiliarity of the subject to most of the respondents, it would have been difficult to maintain invariable interview conditions. Accordingly, there are constraints of validity in both, the selected and alternative way of data collection mentioned.

7. RESEARCH FINDINGS

This chapter introduces the key findings of primary research. Collected data was processed in Microsoft Exel-program to more understandable and easily presented form. Bar graphs are used to showcase the percentage of respondents who have chosen a certain response option. In addition, the actual number of respondents has been specified above each bar. The exact questions and response options can be reviewed from the questionnaire, which can be found at the end of this report in *Appendix 1*.

7.1. Data Introduction

Gender Distribution

Total of 94 responses form the data for the primary research, of them 74 were female and 20 were male. In percentages, 79% were female and 21% were male.

Age Distribution

In the questionnaire ages were divided into six closed groups. As previously stated, the questionnaire was sent to all those contacts of the researchers who are over 15 years old. Only one of the respondents was under 18 years old (1,1%), 27 (28,7%) were 18-24 years old, 52 (55,3%) were 25-34 years old thus making it the largest age group of respondents, and further 18-34 of age represent 84% of the sample. In addition, 9 (9,6%) of the respondents were 35-44 years old, 4 (4,3%) were 45-54 years old and finally there was one (1,1%) person of age 55-64. It is notable that only 15% of the respondents were over 35 years old, even though they represent generally the share of population with the most purchasing power.
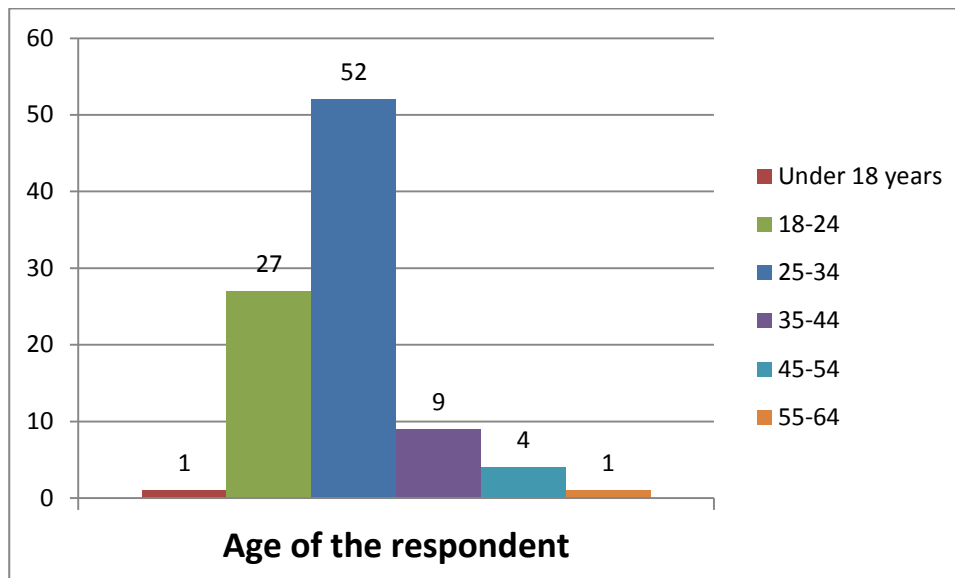
Figure 7.1. *Ages of the respondents*

Distribution of Professional Status

Of the respondents, most reported their professional status as employee, which was 29 (30,9%) of the respondents. Of the respondents, there were 23 (24,5%) students, 17 (18,1%) lower officials, 9 (9,6%) higher officials, 7 (7,4%) entrepreneurs, 2 (2,1%) were retired and 7 (7,4%) reported as being something else. Vast majority of the respondents were thus either students, employees or lower officials as total of 73,5% of the respondents reported so. This result is not surprising given the age distribution reported earlier.
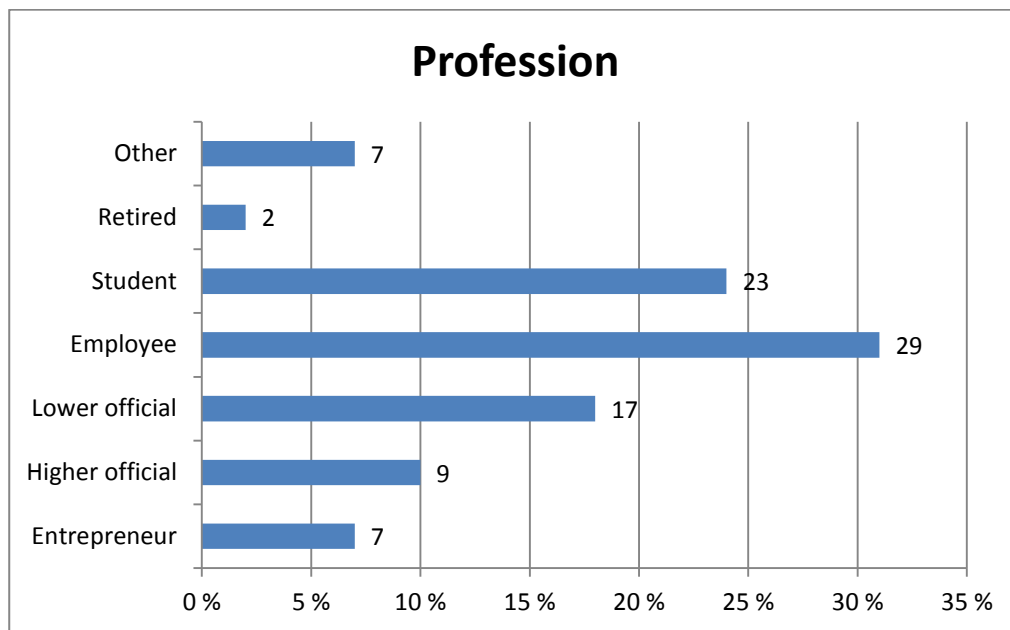
Figure 7.2. *Professional statuses of the respondents*

Recognition of Advertising Related to Loyalty Programs

Loyalty program was in this research defined as membership of a loyalty program by any Finnish company, which often requires registering personal information and includes a loyalty- or bonus card. This definition was provided to the respondents in the instructions of the questionnaire. The first question asked about recognition of loyalty program related advertising from different media alternatives and attempted to investigate the relative attention value of each media alternative among the respondents.

- Television: Total 60 (63,8%) of the respondents found television advertisements delivered the loyalty program related information sometimes or quite often. There were still 29 (30,6%) who thought they rarely or never recognize such information from television, which is rather large amount in relation to other media.
- Printed coupons and advertisements: Majority of respondents, 64 (68,1%) reviewed loyalty program related information from printed material only sometimes or rarely.
- Word of mouth: Of the respondents 33 (35,1%) quite often heard of loyalty program related information from some other people. Only 24 (25,5%) responded they do so only rarely or never.

- Direct mail: Almost half of the respondents, 45 (47,9%), stated they review loyalty program related information from direct mail at least quite often.
- OOH advertisements: In the case of out-of-home advertising largest amount of respondents, 37 (39,4%), stated they review loyalty program related information sometimes. Meanwhile, 33 (35,1%) also stated they do so only rarely or never.
- Online advertisements: All the responses could be quite equally divided in three categories. To those who responded either very often or quite often having 31 (32,9%) responses, 37 (39,4%) responded sometimes, and 26 (27,6%) responded either rarely or sometimes, making further generalizations poorly justified as it was in the case of OOH.
- Company newsletter online: Majority of respondents, total 60 (63,8%), found loyalty program related information from company newsletters sometimes or quite often.
- Mobile direct advertisements: Over half of the respondents, 55 (58,5%) found mobile direct advertisements delivering loyalty program related information caught their eyes very of quite often, making it the best performing media in this sense.
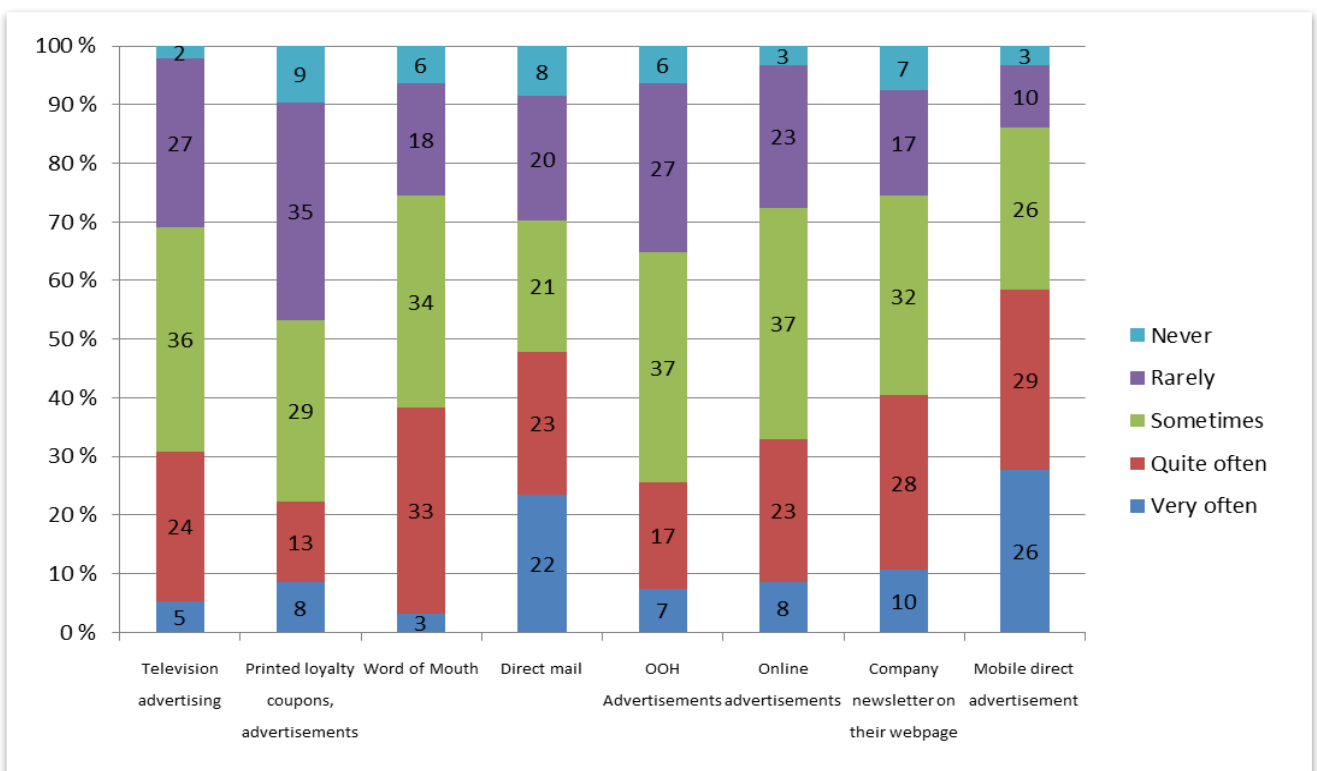

Figure 7.3. *Question 1: How well do you recognize the information from different media regarding the benefits and discounts related to your loyalty programs?*

Questions 2 to 5 presented a case in, which mobile direct marketing is automatically part of a loyalty program one decides to sign for. Mobile direct marketing was defined in the questionnaire instructions as being an advertising message sent to one's personal mobile phone in a form of SMS or MMS-message, or via Bluetooth. The purpose of these questions was to explore current and changes in attitudes towards such automated advertising method, by including several independent variables and additional features to the service.

Question 2 was a multiple-choice question, which tried to find the top three motivators for receiving mobile direct marketing directed to loyalty members among the respondents. Of the respondents 65 (69,1%) reasoned they would receive such information via text message easier than from other media. 63 (67,0%) stated one motivator as being that the messages are safe in phone memory, which aids the decision making process at store. Timely loyalty benefits received via mobile direct advertisements lure 57 (60,6%) of the respondents to the store. 16 (17,0%) respondent stated one motivator as being that they mostly choose the discounted products over alternatives. The majority of the respondents, 81 (86,2%) revealed that the possibility to receive special benefits via mobile direct advertisement not available elsewhere would motivate them to receive such messages. the concept of special benefits was also clarified to the respondents in the questionnaire instructions. In this case it means discount or some other form of a loyalty benefit, available at disposal only if received to ones' personal mobile phone in a form of discount coupon, -code or other advertising message.
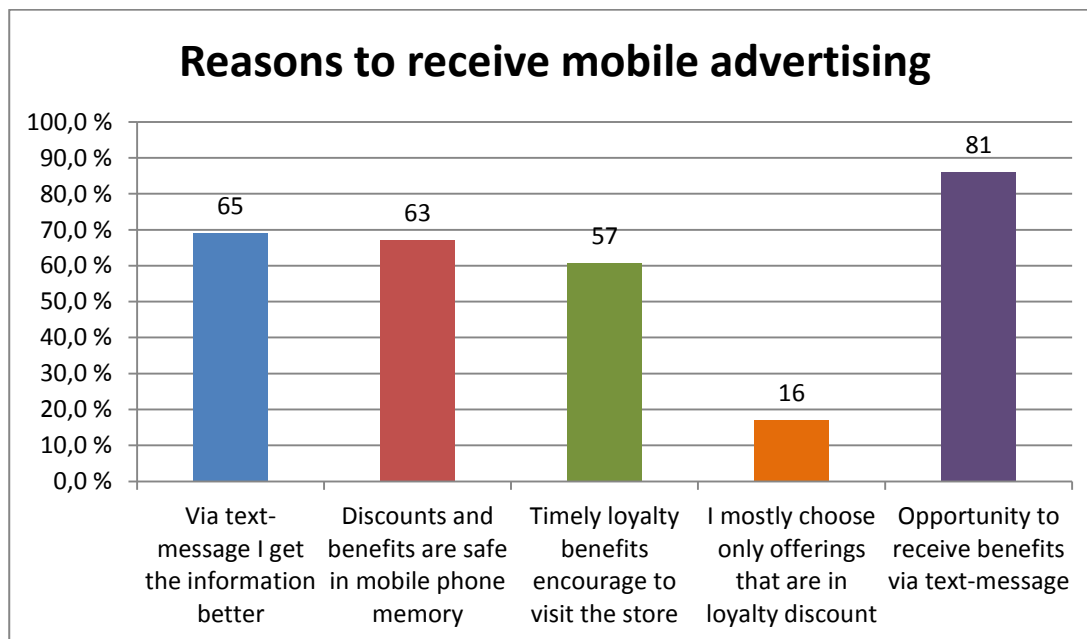
Figure 7.4. *Question 2: Why would you be motivated to receiving mobile direct marketing directed to loyalty program members? Please, choose three main motivators.*

Question 3 asked for the appropriate frequency for receiving the types of messages previously indicated. Majority,53 (56,4%) of the respondents thought maximum once a week, 25 (26,6%), or 1-3 times a week, 28 (29,8%), would be appropriate frequencies, and not more than only seven (7,4%) respondents were ready for more intensive advertising. 14 (14,8%) respondents thought they could only handle several messages in a year, while 20 (21,2%) stated they are satisfied with loyalty membership related information received from other media and prefer not to receive mobile direct marketing in addition.
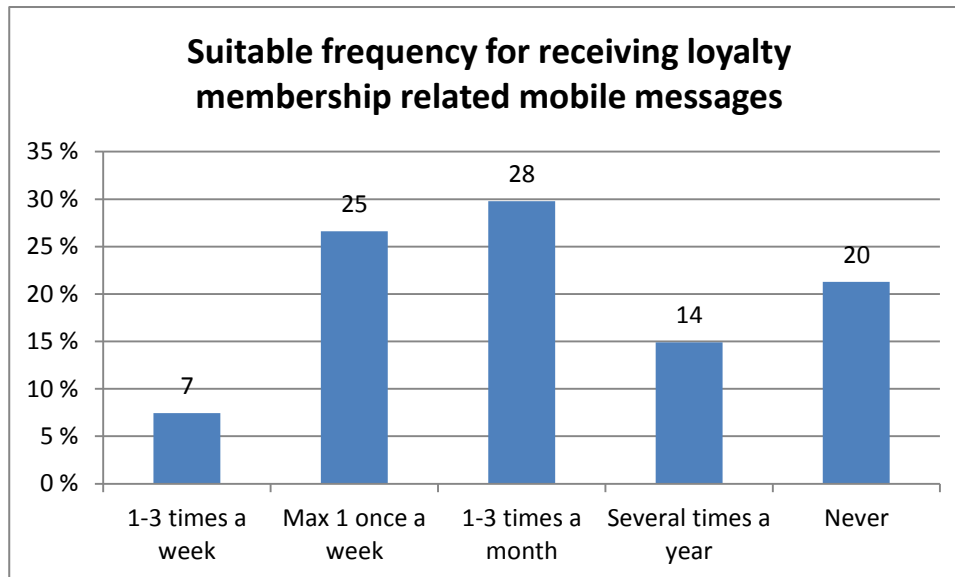
Figure 7.5. *Question 3: How often could you agree to receive mobile advertising related to your loyalty program?*

Question 4 added an independent variable to the issue by asking whether the respondents would agree to receive continuous mobile direct marketing if it guarantees they are thereby provided with special benefits, a concept previously defined. This question investigated whether adding an incentive would increase the motivation to receive advertising. If clear change can be realized, campaign type is moving from push-marketing towards pull-marketing, without being completely one or another though, since the consumer is known to be willing to receive, if not even demanding the marketing messages. (Haig, 2002, p.31)

Responses were divided so that 13 (13,8%) stated they wanted to have access to all the possible benefits and would therefore agree to continuous mobile direct marketing. Clear majority of 65 (69,1%) respondents would agree as well, with the condition they get to cancel and start again receiving the messages if they wish to. Rest 16 (17,0%) respondents indicated they are not ready to receive the messages, even if they lose the access to special benefits hence.
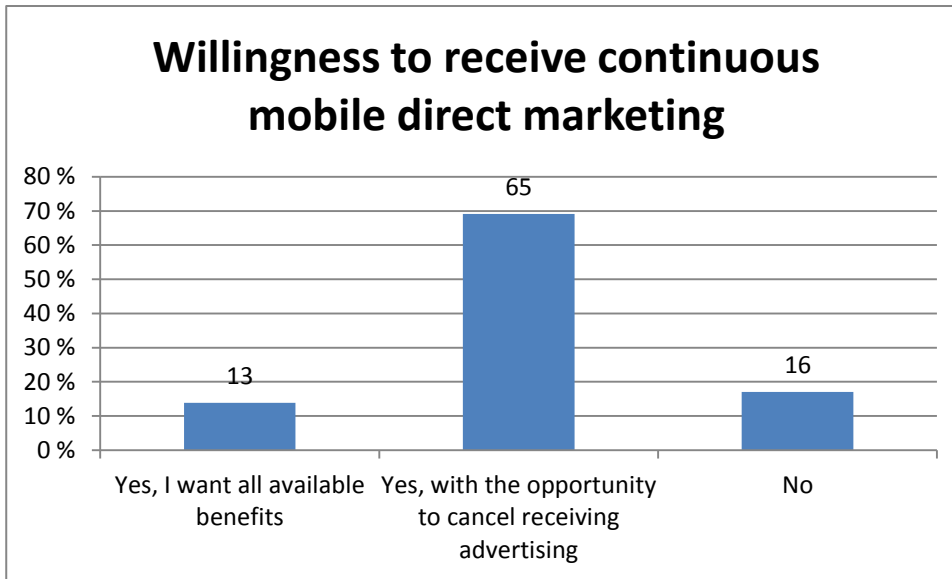
Figure 7.6. *Question 4: Could you agree to receive mobile advertising related to your loyalty program, IF it would provide you with access to special benefits?*

Yet new variable was added to the issue in question 5, which would stretch the possible underlying motivation to receive mobile direct marketing even further, if resulting with relative amount of positive responses. Accordingly, the purpose of the question was to investigate how the attitudes would change, if the advertising service needed to be paid for. The idea behind, was that if the consumers would be willing to pay for the service, a complete shift from push- to pull-marketing would occur, since the service would become ordered. (Haig, 2002, p.31)

The idea of making the service paid-for, predictably received sharp resistance as 90 (95,7%) respondents would sign off from the service at that point. While results being homogenous, there were still four (4.3%) who were ready to pay one-off payment for the service. No-one was compliant to annual charges.
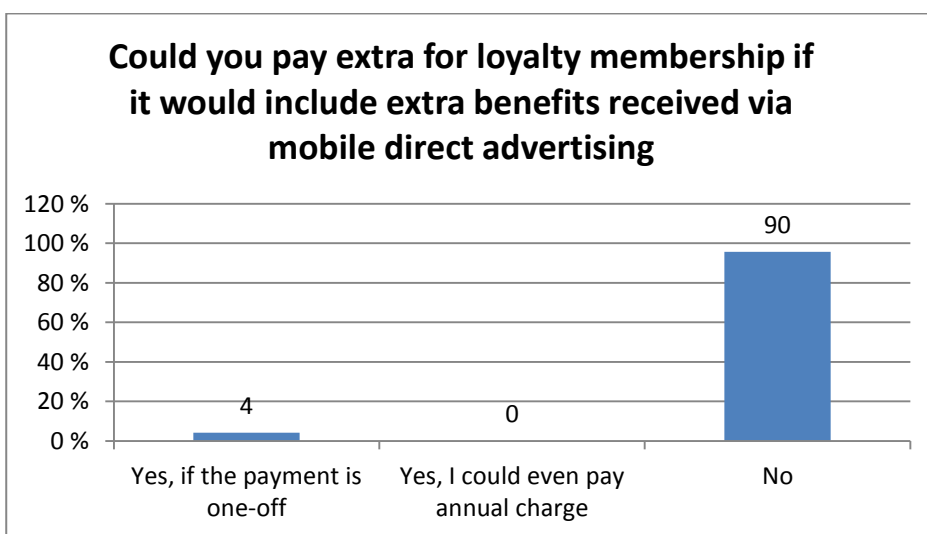

Figure 7.7. *Question 5: Could you pay extra for loyalty membership if it would include extra benefits received via mobile direct marketing messages?*

*Mobile Direct Marketing Ordered by Loyalty Members – Pull-marketing*

Next set of questions from 6 to 8 included a change in the process of sending and receiving the loyalty program related text messages. The idea was to shift the strategy from push- to pull-marketing by changing from automated to subscription or order service. Once again independent variables of special benefits and money were used to investigate the level of motivation and depth of interest towards the subscription or order service.

Question 6 looked for general attitude towards and interest in subscription service for receiving mobile direct marketing messages from those companies one has some form of loyalty membership. The results indicate that with a condition that special benefits are guaranteed, 34 (36,1%) would be happy to order such messages. However, the same amount of respondents thought they do not need such service. 19 (20,2%) respondents seem to prefer continuous service over order-based, while 7 (7,4%) respondents highlight the need for order-based service. The results of this as well as other question are discussed in more depth in the analysis and discussion section of this dissertation.
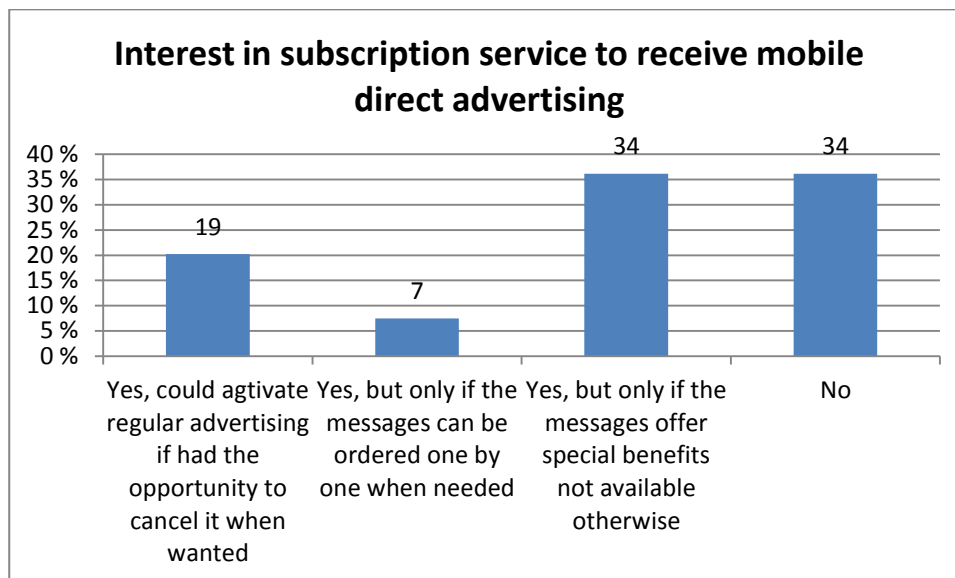
Figure 7.8. *Question 6: Would you like to have subscription service in which the advertising messages directed to loyalty program members are ordered separately from a company?*

Question 7 asked the respondents to share their thoughts of the usefulness and functionality of subscription or order service. Three scenarios were created to represent situations in which the service could be viewed valuable. Clear majority thought they value the service only in occasions when they plan to visit the actual store, 45 (47,9%) selected this alternative. Second popular alternative highlighted the element of decision making in buying process, as 35 (37,2%) respondents stated so. The remaining 14 (14,9%) stated the service would be very handy in cases when they are away from their home and need access to regional loyalty benefits.

Cases in which subscription service for mobile direct advertising is regarded as valuable
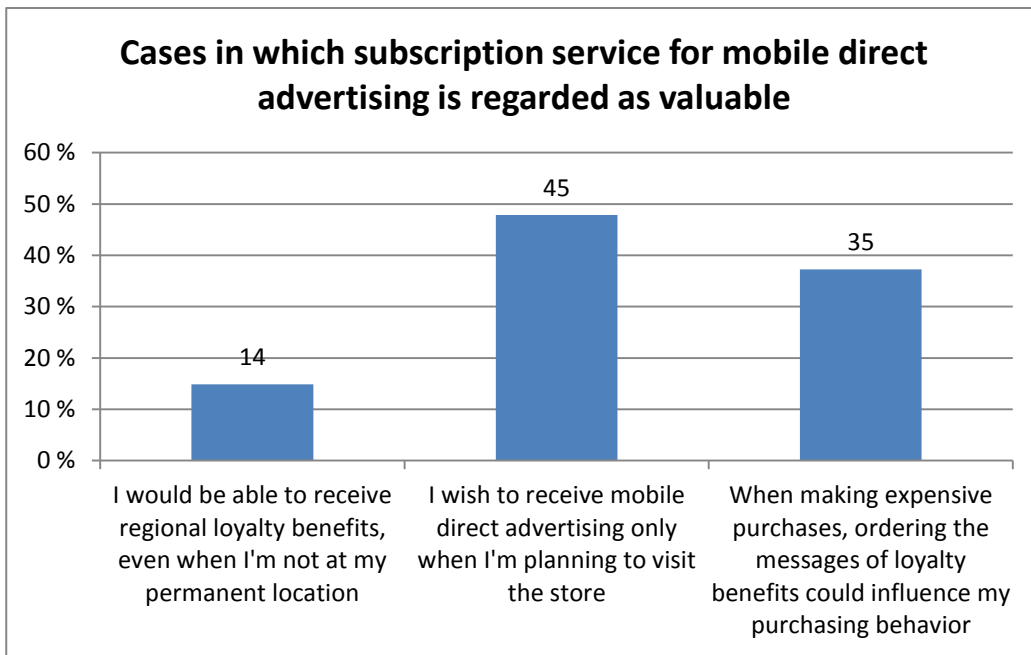
Figure 7.9. *Question 7: In which case you would consider a subscription service as the most useful and functional to use?*

Question 8 included the monetary and special benefit variables to the subscription service, in order to scan the changes in motivation for its usage. Once again making the service paid-for resulted in rejection as now 92 (97,9%) of the respondents indicated they would not pay for the service even if they lost the opportunity to receive special benefits thereby. Only 2 (2,1%) stated they could pay for each message they wanted to order.

Willingness to pay for subscription service
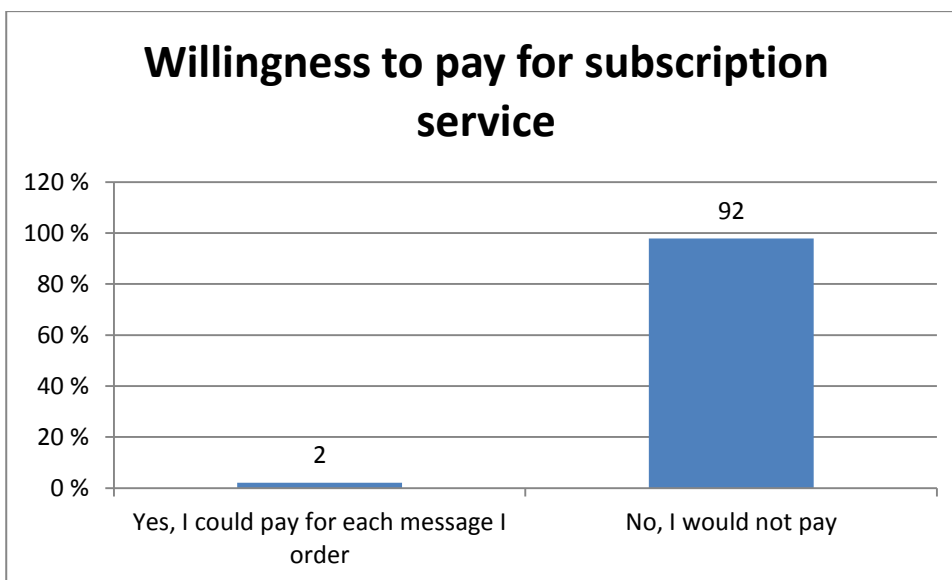
Figure 7.10. *Question 8: Could you pay for subscription service of mobile direct marketing related to your loyalty program membership, IF it would include access to extra benefits?*

General Attitudes towards Mobile Direct Marketing Directed to Loyalty Program Members

Final part of the questionnaire, questions nine to eleven focused on the overall attitudes of respondents towards loyalty membership programs and possible services attached to them, with main focus being in the mobile direct marketing service issue.

The respondents were asked about their willingness to share forward mobile advertisements they have received in question nine. This question included a condition that the friend to whom the message would be shared was not a loyalty member of the particular company themselves. The purpose was to get insight to the peoples' goodwill and generosity. The responses were quite scattered, even though generally dividable into half to those with more or less willingness to share. Accordingly, 51 (54,3%) could send the loyalty benefit forward for some of the indicated reasons, while the other half of 43 (45,7%) told they would not bother to share. Ten (10,6%) of the latter indicated the loyalty benefits are only for members, and are therefore not to be shared.

Figure 7.11. *Question 9: Would you send forward a mobile message including a loyalty benefit, if you could thereby offer it to someone not member of the loyalty program?*

Question 10 went back to the initial idea of automated mobile direct marketing with a condition of mandatory receiving. This variable was selected to help in determining the flexibility of the respondents regarding the issue of receiving the messages. Response alternatives were designed so that they included reasoning for a given answer. Majority of the respondents, 60 (63,8%) judged they would select to sign for a loyalty program in the end even if it would require receiving mobile direct marketing messages related to the particular membership. Total 36 (38,3%) actually review the messages in a positive way stating at lest they would be informed of good benefits more or less. 34 (36,2%) of the respondents stated they would decide to leave the loyalty program if the acceptance of mobile direct marketing became mandatory.
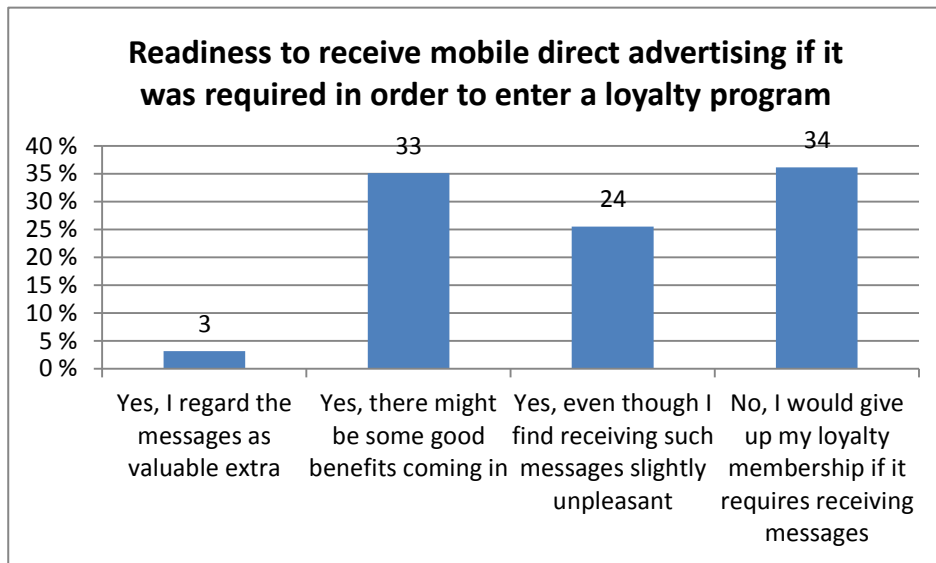
Figure 7.12. *Question 10: Ultimately, would you agree to receive continuous mobile direct marketing, if it was required in order to sign for a membership of a loyalty program?*

The final question 11 of the questionnaire studied the attitudes of the respondents towards mobile direct marketing in relation to other loyalty program related marketing. Further it questioned the concepts of voluntary and permission reliance of direct marketing. (Kontio, 2002, p.212) The respondents were asked whether receiving loyalty program related mobile direct marketing should be voluntary even though many other forms of loyalty advertising, such as advertising leaflets, are sent to the loyalty members automatically. Large majority 43 (45,7%) of the respondents indicated it is specifically the voluntary nature, which encourages to receive mobile direct marketing in the first place. 34 (36,2%) respondents refined they would rather use ordering than continuous service for receiving messages. There were 14 (14,9%) who did not mind whether the acceptance of the messages were voluntary or not, and finally 3 (3,2%) preferred the automated service.
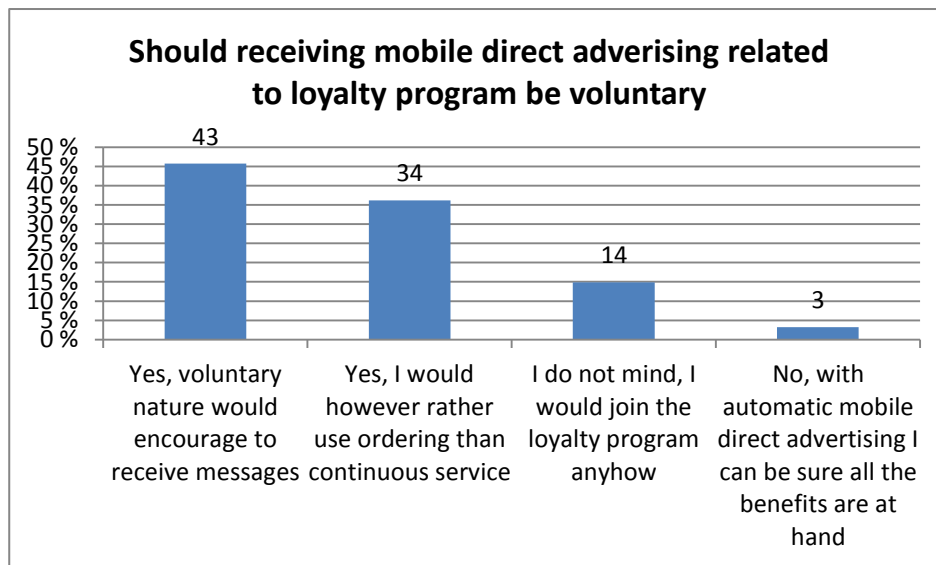
Figure 7.13. *Question 11: Should receiving loyalty program related marketing messages be voluntary, even though advertising leaflets and other form of loyalty member directed advertising is sent to you automatically?*

8. ANALYSIS AND DISCUSSION

The results of the primary research revealed numerous interesting behavioral changes which occurred when changing, adding or removing variables. Since 84% of the sample are young adults between the age of 18 and 34, and most of them are either students, employees or lower officials, the sample as it is not covering enough for hardly any company reviewing these results.

The respondents clearly review different marketing media as having more or less informative value than the other, when it comes to loyalty programs. The results show that in the case of direct mail, 22 (23,4%) responses, and mobile direct marketing, 26 (27,7%) responses, there were the highest amount of respondents recognizing loyalty related advertising very often. This raises a question, whether this high attention value compensates the quite common attitude of viewing direct marketing as unpleasant and spam. (Kotler et al. 1999, p. 979; Haig, 2002, p.32) In addition, mobile direct marketing was the only media alternative from which majority, 55 (58,5%) reported they review loyalty program related information either very or quite often. While the results show that OOH advertisements and online advertisements have quite equal and middle classed attention value among respondents, they clearly imply a shift from TV and printed advertising towards digital media also in terms of finding loyalty program related information. Of printed media, 44 (46,8%), responded they either rarely or never review loyalty program related information, which suggests the attention value in relation to other media is remarkably low. All these results are quite easily explained by the sample characteristics mentioned.

From the very first time the concept of special benefits was introduced in Q2, it is evident that promotional activities work for loyalty customers. Introducing this concept might have affected the results of the other options. Relatively low amount (17,0%) indicated tendency to buy products in loyalty discount as a meaningful motivator, for example. Instead, the respondents are highly unanimous in question two (86,2%) that its' among the highest motivators to even receive mobile direct marketing. The mobile direct marketing should therefore always include something extra. As it already has a high attention value and ability to reach people in a very personalized manner (Leino, 2010, p.190; Keskinen, 2001, p.20), using the potential of mobile direct marketing for customer retention is encouraged by these findings. The special benefits were so good of a motivator that in the hope of good deals 82,9% of the respondents would agree on continuous mobile direct marketing for that matter as Q4 reveals. Referring to Q3, continuous however, does not mean everyday as 56,4% of the respondents was convenient with receiving marketing messages to their mobile phones once a week at the most. Mobile direct marketing being a form of permission marketing, it is even more important to approach potential customers as they wish, because they may disallow your marketing messages any minute they get too irritated. (Keskinen, 2001, p.20)

The initial aim to find out, whether the consumers would be willing to pay to get access to extraordinary loyalty benefits did not result very positive response in a marketer point of view, even though theory of pull-strategies suggest such is quite common practice. Despite few people thought differently, from Q5 and Q8 can be concluded that the mobile direct marketing must be kept free of charge, unconditionally. Also most of the respondents indicated voluntary nature a necessity in process for receiving the messages. Even though compromises could be made in this issue to get the loyalty membership like 63,8% would end up doing according to Q10, clearly preferable was not to

do so as 36,2% would cede from the membership if receiving mobile direct marketing was mandatory.

Given that there was both push- and pull-marketing perspectives brought out in the questionnaire, it was interesting to note how inactive the consumers wish to be as opposed to having the opportunity to select when they are marketed to. When comparing Q4 by which 17% would not agree to receive continuous mobile direct marketing, Q6 shows a percentage of 36,1% who are not interested in the subscription service. It has to be noted at this point that Q6 itself did not include the variable of special benefits as in Q4, but this time it was included into one of the response alternatives. As follows, the consumers relationships to their loyalty programs are so strong they are ready to receive slightly unpleasant marketing messages if they have to, but if they get to choose many more select not to.

Q7 brings strongly out the constraint of time and consumers need for well-timed marketing messages. Mobile is an excellent tool for location based and personalized marketing, (Leino, 2010, p. 191) as well as means for affecting purchasing behavior (Funk, 2004, p.89), which is supported also by the findings of Q7.

Finally even though mobile allows a great deal of viral activity to occur and opportunity to benefit from consumers sharing their messages and forwarding mobile offers (Michael et Salter, 2006, p. 42) the messages evidently need to be interesting to the initial receiver as well to be shared forward as by Q9. 35,1% of the respondents say they would not send the messages forward regardless of their own interest in the benefit offered , while 10,6% wish to keep hard earned loyalty benefits and special offers to themselves. When a total of 46,7% of the sample is unwilling to share messages forward given all the conditions, it is reasonable to call into question, whether expecting strong viral activity is realistic in customer retention activities where consumers are loyalty members. This assumption is justified, because even when the message is so interesting it is worth recommending, willingness to share is missing.

9. CONCLUSION

As the mobile marketing is about valuable customer experiences, personalization and there are multiple technologies to use with evidently high attention value, the power of mobile marketing should not be underestimated. Use in customer retention activities was supported by findings from both secondary and primary research, and risks of hurried media adoption were bought to attention.

The research conducted was exploratory in nature with both qualitative and quantitative questions. The findings brought out interesting information about pull-marketing somewhat in conflict with what should work in theory. The objectives of the research were met and the information collected for the literature review aided in analyzing the findings. The research succeeded in giving some insight to consumer's attitudes towards mobile direct advertising and allowed generalizations to be made.

Marketers likely know the opportunities, and now it is a matter of confirming the decision makers. Customer retention has multiple opportunities in mobile marketing to build long lasting and interactive relationships. The mobile message content only must be good enough to be paid for, thus compensating the costs of all the essential customer research needed before entering any mobile marketing activity. Companies should now begin with collecting a list of customers receptive of mobile advertising.

Further research could be conducted for a commissioner, investigating the actual response levels to loyalty program related mobile direct advertising, and to find out the types of message contents most effective in 160-mark text messaging. Interesting would also be the types of benefits consumers are most interested in. Results of the research placed some of the theory of secondary data under consideration, and further recommendation for research would therefore be focusing on viral activity related to loyalty program messages as well as realization of paid-for ordering service.

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12. APPENDICES

Appendix I

Questionnaire for primary research.
Exit this survey

I am completing my dissertation for Metropolia Business School and University of Lincoln related to mobile direct advertising directed to members of a loyalty program.

With this questionnaire I try to find out about consumers attitudes towards loyalty program related marketing messages received to one's personal mobile phone.

Responding takes approximately 10 to 15 minutes and you may answer even if you are not a member of any loyalty program, or you have not ever received any marketing messages to your mobile phone.

Thank you beforehand for your answers!

Pauliina Niemelä (MBS/University of Lincoln)
niemela.pauliina@gmail.com

Questionnaire about Mobile Marketing Directed to Members of Loyalty Programs

Please, first familiarize yourself with terms that will be used in the questionnaire!

- **Mobile direct advertising:** Advertising message sent to your personal mobile-phone by SMS, MMS or via Bluetooth-connection
- **Loyalty program:** Belonging to a loyalty program of any Finnish company, which often requires personal data filing and often includes a loyalty card or such
- **Special benefit:** Discount or some other form of loyalty benefit, only at disposal when received as a mobile message in a form of coupon, discount code or other

Please, read the questions carefully and pay attention to the response options to ensure the most realistic data!

Background Information:

Gender: Male/Female

Age group:

                                                 Under 18
                                                 years
                                                 18-24
                                                 25-34
                                                 35-44
                                                 45-54
                                                 55-64

Profession: Entrepreneur
                                               Higher official
                                               Lower official
                                               Employee
                                               Student
                                               Retired
                                               Other

1. How well do you recognize the information from different media regarding the benefits and discounts related to your loyalty programs?

	Very often	Quite often	Sometimes	Rarely	Never
Television advertising, which emphasize loyalty bonuses	○	○	○	○	○
Printed loyalty coupons, advertisements, letters, leaflets and journals delivered to your home	○	○	○	○	○
People I know tell me about the latest loyalty benefits I might be interested	○	○	○	○	○
Direct mail sent to those registered for loyalty programs	○	○	○	○	○
Advertisements about loyalty benefits I see in the store or its immediate surroundings	○	○	○	○	○
Online advertisements about loyalty bonuses in internet sites	○	○	○	○	○
Company newsletter on their webpage	○	○	○	○	○
Mobile direct advertisement telling about the current loyalty benefits	○	○	○	○	○

At first, few questions concerning loyalty programs and mobile direct advertising attached to them:

2. Why would you be motivated to receiving mobile direct marketing directed to loyalty program members? Please, choose three main motivators.

☐ Via text message I am better informed of the current offers than by following other media

☐ Discounts and benefits are safe in my phone memory, which helps in decision making

☐ Timely loyalty benefits encourage me to visit the store rather than go to competitors

☐ I mostly buy services and products that are in loyalty discount

☐ Opportunity to receive special benefits via text message, not available otherwise

3. How often could you agree to receive mobile advertising related to your loyalty program?

☐ 1-3 times a week

☐ maximum once a week

☐ 1-3 times a month

☐ several times a year

☐ Never, I am satisfied with the information I receive from other media related to my loyalty schemes

4. Could you agree to receive mobile advertising related to your loyalty program, IF it would provide you with access to special benefits?

☐ Yes, I wish to have access to all available benefits

☐ Yes, with the opportunity to opt-in and opt-out receiving the advertising messages

☐ No, even if it means giving up the access to special benefits

5. Could you pay extra for loyalty membership if it would include extra benefits received via mobile direct marketing messages?

☐ Yes, if the payment is one-off

☐ Yes, I could also pay annual charge

☐ No, even if it means giving up the access to special benefits

Let's assume that the mobile direct marketing is not automatically tied to your loyalty membership. Next we will ask few questions concerning ordering loyalty program related marketing messages independently:

6. Would you like to have subscription service in which the advertising messages directed to loyalty program members are ordered separately from a company?

☐ Yes, I could activate regular service, with the opportunity to opt-in and opt-out receiving the advertising messages

☐ Yes, but only if I have the opportunity to order the messages one by one when I need them

☐ Yes, but only if I get special benefits via text message, not available otherwise

☐ Never, I am satisfied with the information I receive from other media related to my loyalty schemes

7. In which case you would consider a subscription service as the most useful and functional to use?

☐ I would be able to receive regional loyalty benefits, even when I'm not at my permanent location

☐ I do not want to subscribe for continuous service, I wish to receive mobile direct advertising only when I'm planning to visit the store

☐ Especially when I am making expensive purchases, ordering the messages of loyalty benefits could influence my purchasing behavior

8. Could you pay for subscription service of mobile direct marketing related to your loyalty program membership, IF it would include access to extra benefits?

☐ Yes, I would pay based on either the length of the continuous service or number of individual messages ordered

☐ No, even if it means giving up the access to special benefits

Finally few questions about your attitude to mobile direct advertising directed to members of a loyalty program:

9. Would you send forward a mobile message including a loyalty benefit, if you could thereby offer it to someone not member of the loyalty program?

☐ Yes, even when I am not interested in the benefit personally

☐ Yes, if I consider using it/ find it interesting myself

☐ Yes, but only if rewarded for sending the message forward

☐ No, I believe loyalty benefits are only for those engaged in loyalty programs

☐ No, regardless of how I react to the benefit myself

10. Ultimately, would you agree to receive continuous mobile direct marketing, if it was required in order to sign for a membership of a loyalty program?

☐ Yes, I regard the messages as valuable extra service

☐ Yes, there might be some good benefits coming in

☐ Yes, even though I find receiving such messages slightly unpleasant

☐ No, I would give up my loyalty membership if it requires receiving messages

11. Should receiving loyalty program related marketing messages be voluntary, even though advertising leaflets and other form of loyalty member directed advertising is sent to you automatically?

☐ Yes, voluntary nature would encourage me to receive continuous advertising messages

☐ Yes, I would however rather use ordering than continuous service

☐ I do not mind, I would likely join the loyalty program anyhow

☐ No, by automatically receiving mobile direct advertising, I can be sure I am aware of all the benefits available

Appendix II

Proposal to fill in the questionnaire translated in English.

Hi!

I am completing my dissertation for Metropolia Business School and University of Lincoln and I would highly appreciate your help.

Topic of the dissertation is related to mobile direct advertising directed to members of a loyalty program. Below you can find a link to the questionnaire. Responding takes approximately 10 to 15 minutes.

I would be really thankful if you had time to give your response within the next week, and even more happy if you could share it with people you know. You may answer even if you have never received any marketing messages to your mobile phone.

https://elomake.metropolia.fi/lomakkeet/5388/lomake.html

Thank you beforehand for your answers. I promise not to send this message you again, whether or not you decide to answer the questionnaire. If any questions arise, please send me a private message, no not reply to this one since the message will be seen by everyone in this message chain.

Thank you so much if you bother to give your response!!

-Pauliina