



# Mobile advertisements and information privacy perception amongst South African Generation Y students



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## ABSTRACT

Mobile advertising has given business organisations great opportunities to reach consumers and clients directly with products and services irrespective of time and location. These possibilities have made mobile advertising a strategic business plan in today's global competitive marketing world. This trend of mobile advertising in South Africa and the extent to which it infringes on the information privacy of consumers is examined in this paper. Using 440 questionnaires administered to Generation Y students at two universities: North West University, and Vaal University of Technology, the perceptions of these Generation Y students towards information privacy with regard to mobile advertising was explored. Data analysis which included regression analysis, Pearson's correlation analysis, reliability test and preliminary data analysis revealed that Generation Y students seemed not to be bothered about the usefulness of mobile advertising messages but were however concerned about the information privacy associated with such marketing activities. It was also revealed that the ability of Generation Y students to control the usage of their data and the frequency of exposure to mobile advertising will positively influence their perception towards mobile advertising.

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## 1. Introduction

Mobile phones once regarded as expensive gadgets beyond the reach of the average income earner (Nyamnjoh, 2004) have become common and ubiquitous (Berger, 2009). Reuter 2008 reported that '3.3 billion people use mobile phones, a number even more than those that watched television' (cited in Ibid p.12). Kiukkonen et al. (2010) further stated that in recent years, the penetration of mobile phones has risen to the highest level. The African continent is not left out in this influx of mobile phones. According to Otieno (2009, p.18), the penetration rate of mobile phones in Africa is alarming, and as at 2007 'the continent saw more than 65 million new users, hence there is no African country that does not have mobile phone networks'. Mobile phones have undoubtedly become part of the society (see Palen et al., 2000). This increase in the penetration rate and growth of mobile phone usage is attributed to the teenagers in the continent (Otieno, 2009). (Aker and Mbiti, 2010 p. 208), argue that in Africa, mobile phones 'are evolving from simple communication tools into service delivery platforms', due to the numerous potentials in enhancing economic development which can be beneficial to the consumers and business organisations. Therefore, there is a new market for businesses to explore (see Zhou, 2011; Otieno,

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2009), for providing value added services to consumers through mobile advertising in the form of Short Message Service (SMS).

According to [Sultan and Rohm \(2005\)](#), the ability of most mobile phones to send and receive SMS has created opportunities for business organisations to market, advertise, build and develop business relationships with customers and also receive direct responses from customers (see also [Haghirian et al., 2005](#)). Most mobile phone users can text and read mobile advertisements through SMS. More so, the location based service it offers ([Zhou, 2011; Otieno, 2009](#)) has made mobile advertising a key factor in today's marketing, hence the rapid application of mobile advertising through SMS. In addition, [Merisavo et al. \(2007\)](#) reasoned that the relatively cheap and easy way to sell goods and services using mobile advertising has contributed to its rapid usage and adoption by businesses in the last decade. However, because of the personal nature of mobile phones, mobile advertising can often be considered an intrusion despite the relevant value added service it may offer ([Merisavo et al., 2007](#)). The use of mobile advertising by business organisations therefore creates serious information privacy problems as most individuals consider their mobile devices private ([N.P., 2013; Haghirian et al., 2005](#)).

Most studies on mobile advertising and information privacy suggest that consumers are not positively disposed to mobile advertising as they consider it an invasion of their privacy. For instance, Rettie et al. in their analysis of 26 different mobile advertising campaigns<sup>1</sup> 'found that overall acceptance of SMS advertising was 44%' (cited in [Merisavo et al., 2007](#) p. 42). Similarly, [Siau and Shen \(2003\)](#), in their study posited that consumers are mainly uncomfortable with mobile advertising. Nevertheless, Nimon in her study of Generation Y<sup>2</sup> argues that Generation Y are not bothered with privacy issues surrounding the usage of technological devices like mobile phones, computers, and online shopping etc. She argues that this is attributed to the constant exposure of Generation Y to advertising which are now an 'integral part of their daily experience' (2007, p. 32), and is likely to affect their attitude and perception in the future.

Overall, little research has been conducted on mobile advertising and its acceptance. Most studies on mobile advertising are from the conceptual perspective ([Merisavo et al., 2007](#)) and are mainly of European orientation. There is therefore need to examine and understand the attitude of consumers towards information privacy with regards to mobile advertising, especially in Africa and in South Africa in particular. This will increase awareness of consumers concerns among business organisations and enable them find ways to address these concerns in order to protect their business interests ([Haghirian et al., 2005](#)). [Ducoffe \(1996\)](#), similarly, posits that the success of mobile advertising in the marketing industry is dependent on the ability of marketers, or retailers to understand the perception and attitude of consumers towards mobile advertising. To this end, this study seeks to address the following questions: what is the perception of South African Generation Y students toward information privacy in relation to mobile advertising? And what factors influence the perception of South African Generation Y students toward information privacy in mobile advertising?

### 1.1. What is mobile advertising?

In order to effectively conceptualise mobile advertisement, there is the need to understand what marketing is about and how mobile advertising acts as an instrument in the realisation of marketing goals and objectives. The American Marketing Association (AMA) conceptualise marketing as comprising '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, 2007](#)). This definition recognises that marketing seeks to promote and increase sales or exchange between businesses and individuals, hence, it functions to facilitate such exchange, which include 'product design, advertising, pricing and distribution' ([Kotler and Levy, 1973](#) p.54).

The key to marketing function is advertising, as advertising plays a central role in facilitating the exchange of goods and services between businesses and clients. Thus advertising is an integral element of any business activity. Advertising has changed over the years-it has gone from the rudimentary forms of television, radio, newspapers and billboards to the emergence of mobile advertising witnessed in the last decade (see [Kavassalis et al., 2003](#)). The concept of mobile advertising is very broad as it includes advertising through new mobile applications such as Short Message Service (SMS), Multi-Media Messaging Service (MMS), digital photography etc. ([Merisavo et al., 2007](#)). However for this study, the focus shall be on Short Message Service, as it is the dominant form of marketing in today's marketing world, and especially in South Africa. We shall therefore, define mobile advertising as the communication of advertising messages through mobile devices using short messaging service ([DeReyck and Degraeve, 2003](#)).

Mobile advertising has distinct characteristics that separate it from other forms of advertisements. One major characteristic of mobile advertising is the personalisation of its messages which is different from the traditional or rudimentary forms of advertising such as television, radio, billboards etc. According to [Neal and Morgan \(2000\)](#), mobile advertising offers business organisations the opportunity to contextualise their adverts for a specific individual, thereby allowing businesses to 'address the consumers individually' ([Haghirian et al., 2005](#) p. 7). These personalised messages help foster the relationship between business organisations and consumers (*ibid*), by creating a platform for interaction between businesses and consumers, and consumers and businesses. ([Merisavo et al., 2007](#) p. 46) added that not only does the use of mobile advertising

<sup>1</sup> Many studies on mobile advertisements suggest that unlike the older consumers, young consumers have a favourable attitude towards mobile advertisement (see [Shavitt et al., 1998](#)).

<sup>2</sup> By Generation Y, I mean those who were born between 1986 and 2005 and are in tertiary educational institution with the potential of earning high income. This definition is in-line with that of [Weiler \(2005\)](#).

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