



## Full length article

## Who avoids location-based advertising and why? Investigating the relationship between user perceptions and advertising avoidance

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## ABSTRACT

This study investigates how perceptual factors are associated with mobile consumers' avoidance of location-based mobile advertising (LBA), and whether the relationships between the perceptual factors and LBA avoidance are influenced by consumers' mobile device usage levels. The results of a national web survey with 605 Singaporean mobile consumers show that those who find LBA impedes goals, requires sacrifice, and lacks utility are more likely to avoid it. When examining the differences of heavy, medium, and light mobile device users, the analyses reveal that the effects of perceived utility and entertainment on LBA avoidance are greater for medium and heavy users than for light users. Theoretical and practical implications of our findings are discussed, as are the limitations and suggestions for future research.

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## 1. Introduction

The rapid adoption of mobile devices by consumers and the emergence of various location-tracking technologies have allowed advertisers to identify the specific locations of their target consumers and to send customized promotional messages to different consumer segments (Bruner & Kumar, 2007; Dhar & Varshney, 2011). This new form of advertising, known as location-based mobile advertising (LBA), is one of the most innovative business opportunities available to advertisers today, as it enables them to send contextually relevant messages to consumers (Drossos, Giaglis, Lekakos, Kokkinaki, & Stavraki, 2007; Lee & Hill, 2013). However, mobile consumers may perceive messages tailored to their current locations to be intrusive, and thus may avoid LBA (Lee & Hill, 2013).

Advertisements can hardly have effects on mobile consumers who avoid the advertising messages (Bellman, Schweda, & Varan, 2010). Nowadays consumers are exposed to a substantial amount of advertising messages on a daily basis. As a result, consumers

cannot, or may not be motivated to, pay attention to most advertisements they encounter. While the majority of advertising studies have focused on how advertising works once it has engaged consumers' attention, Duff and Faber (2011) argue that it is equally important to understand "the vast majority of advertising, which is intentionally or unintentionally ignored" (p. 51). The concept of advertising avoidance has been examined in a wide range of media contexts, including newspaper, magazine, radio, television, and the Internet (Baek & Morimoto, 2012; Cho & Cheon, 2004; Edwards, Li, & Lee, 2002; Morimoto & Chang, 2009; Speck & Elliott, 1997). However, few academic studies have specifically focused on the underlying perceptual and user factors that drive consumers away from LBA.

This study aims to identify key perceptual factors affecting consumers' avoidance of LBA messages delivered to their mobile devices based on their current locations, also known as "push LBA" (Lin, Paragas, Goh, & Bautista, 2016; Shin & Krabuanrant, 2007). This form of LBA is prevalent in the mobile advertising industry (Xu, Oh, & Teo, 2009). However, since consumers tend to view the use of mobile devices as personal activities (Jung, Sung, & Lee, 2013; Rice & Hagen, 2010), unexpected or uninvited LBA sent to their mobile devices is likely to be considered "intrusion," possibly resulting in a greater level of psychological reactance (Brehm, 1966) as compared to other forms of advertising messages delivered through less personal media (i.e., television).

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Scholars have identified and examined an array of predictors of advertising avoidance in both traditional and online media (see Baek & Morimoto, 2012). However, research on the avoidance of mobile and personalized advertising remains limited (Rau, Liao, & Chen, 2013). In this study, we theorize four types of perceptual factors (perceived goal impediment, perceived sacrifice, perceived utility, and perceived entertainment) affecting LBA avoidance. Our choice of those perceptual factors was guided by scholarly studies on advertising avoidance and technology acceptance, which highlight that consumers perceive and assess both losses (goal impediment and sacrifice) and gains (utility and entertainment) before responding to advertising and technology (Edwards et al., 2002; Khan & Allil, 2010; Merisavo et al., 2007). We postulate that the loss factors (goal impediment and sacrifice) are positively associated with LBA avoidance as they are likely to elicit psychological reactance against LBA messages. On the other hand, the gain factors (utility and entertainment) are expected to increase mobile consumers' acceptance of LBA messages, resulting in a lower level of LBA avoidance.

To provide deeper understanding of LBA avoidance, we also examine how individual differences in mobile device usage moderate the relationship between the four perceptual factors and LBA avoidance. Many past studies have examined the relationship between individuals' exposure to media messages (e.g., television genres and TV advertising) and outcomes relevant to cultivation (Morgan & Shanahan, 2010). Gerbner and Gross (1976) first found the cultivation differential effect that heavy users tended to be more susceptible to media content than light users. Based on the cultivation differential hypothesis, past research found that heavy and light media users respond to TV commercials or web advertisements differently (Jewell & Urinava, 2004; Kwak, Zinkhan, & DeLorme, 2002; Pleshko & Al-Houti, 2012). For instance, heavy media users tend to be less critical about media messages and more favorable toward TV and web advertising (Pleshko & Al-Houti, 2012). Research also shows that heavy and light media users differ in their preferences of advertising content with affective appeals and in their assessment of the quality of advertised brands (Jewell & Urinava, 2004). The current study examines how consumers' avoidance of LBA, a new type of mobile advertising, can be explained by the extent of users' mobile device usage. The findings of our study can fill the research gap by identifying key perceptual factors affecting LBA avoidance in relation to consumers' levels of mobile device use. From a practice point of view, understanding the role of individual differences in terms of mobile device usage will be important for advertisers and marketers to develop effective advertising strategies customized to different user segments.

This study is based on a national web survey of mobile device users in Singapore, a regional hub of LBA in Asia. Singapore is a crucial market for mobile advertisers due to its high mobile penetration rate and connection to 3G and 4G networks (Lin et al., 2016). Mobile device users in Singapore are increasingly targeted by various forms of LBA (Lin et al., 2016). Given that LBA is a growing mobile advertising worldwide, our findings are expected to offer useful insights on this practice. Specifically, the findings from this study will help advertising and marketing practitioners to understand the underlying mechanisms of consumer responses to LBA, and hence, to develop more effective LBA strategies to reach mobile consumers.

## 2. Literature review

### 2.1. Location-based advertising

As consumer locality has a great impact on product distribution, consumer lifestyles, and consumption behaviors (O'Guinn, Allen, &

Semenik 2012), advertisers often use local media and outdoor advertising to target consumers based on where they reside. Now, the emergence of various location-tracking technologies such as triangulation, cell-ID, and RFID, as well as the prevalent adoption of GPS- and Wi-Fi-enabled mobile devices, make it possible for advertisers to identify the specific location of their target consumers and to send personalized advertising messages to each target segment (Bruner & Kumar, 2007; Dhar & Varshney, 2011). The latest form of location-based advertising (LBA) that utilizes consumers' use of mobile devices allows advertisers to target specific groups of mobile consumers by using advanced positioning technologies to track the locations of mobile devices. While earlier studies of LBA primarily focused on SMS-based LBA (Drossos et al., 2007; Unni & Harmon, 2007; Xu et al., 2009), a few studies have taken into account of the latest application-based LBA. In addition, LBA can now be delivered through various mobile devices, including tablet computers. Accordingly, LBA is defined in this study as any advertising message sent to mobile phone or tablet users when they are located near advertisers' products or services; these messages may take the form of SMSs, MMSs, or mobile webs or apps.

LBA can include both push and pull approaches. Pull advertisements appear when a mobile consumer initiates information search on an advertiser or a brand, while advertisers push advertisements consisting of LBA messages to consumers' mobile devices simply based on their current locations. Push LBA is widely used and preferred by advertisers due to its reach and simplicity (Xu et al., 2009). However, consumers tend to have negative attitude towards push LBA which are considered more intrusive than the pull approach (Lin et al., 2016; Shin & Krabuanrant, 2007). Consumers may receive push-based LBA when they do not expect to receive advertising messages or when they do not want to share their current locations with advertisers. This may disrupt consumers, resulting in avoidance (Banerjee & Dholakia, 2008; Lee & Hill, 2013). As this survey study was conducted when pull LBA (e.g., app-based LBA) just emerged in Singapore, the majority of the mobile consumers experienced push-based LBA much more than pull-based LBA. This condition is likely to affect users' perceptions and attitudes towards LBA as a whole.

### 2.2. Advertising avoidance

Advertising avoidance refers to all actions taken by media users to reduce their exposure to advertising content (Speck & Elliott, 1997). Consumers use a wide range of strategies to avoid advertising because they tend to consider advertising a noise or distraction (Baek & Morimoto, 2012; Cho & Cheon, 2004; Dix & Phau, 2010; Duff & Faber, 2011; Speck & Elliott, 1997). They may leave the room to avoid TV commercials or scroll down a web page to avoid banner ads. They may also simply ignore advertising stimuli, turn out the ads, or shift focus.

The majority of advertisements are in fact avoided by consumers (Cho & Cheon, 2004; Duff & Faber, 2011). Push-based LBA appears to be particularly vulnerable to advertising avoidance because it is likely to be considered intrusive and disruptive (Lin et al., 2016). When a consumer avoids an ad, the message is less likely to affect the consumer (Bellman et al., 2010), so advertising avoidance constitutes one of the most challenging obstacles for advertisers (Baek & Morimoto, 2012). In order to reduce advertising avoidance, and hence to enhance advertising effectiveness, it is important to understand why consumers avoid advertising in the context of LBA.

As stated earlier, this study examines two loss factors (perceived goal impediment and perceived sacrifice) and two gain factors (perceived utility and perceived entertainment) as potential influencers of LBA avoidance. While these four perceptual factors have

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