

INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

Attitudes towards Mobile Advertising – A Research to Determine the Differences between the Attitudes of Youth and Adults in Malaysia

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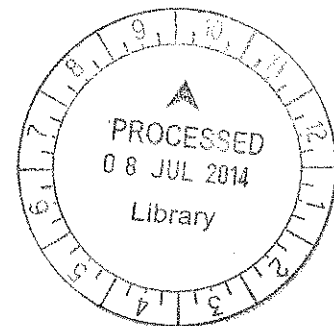
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Submission Date: 5th May 2014

Ethics Number: cBUS/PG/CP/00154

Final Word Count: 17405



FACULTY OF BUSINESS, COMMUNICATION AND LAW

Abstract

As wireless technology develops, the rapid explosion of mobile phones along with the technological development has created a whole new marketing medium named mobile advertising. It is most widely adopted to promote the products or services by the marketers. As more people start using this channel, there is an increase in business competition. In the face of competition, the advertisers want to attract more users and increase their market share. However, in order to do this, advertisers need to build a good relationship with consumers which can attract consumers accept mobile advertising via their mobile phones, which is the key factor to achieve the market share. This study aims to investigate the factors influencing Malaysian customer attitudes towards mobile advertising. The significance of this study is to better understand the customer demand and to allow opportunity for mobile advertisers to create better ways in view of offering better services to customers. This research uses the descriptive research design and a primary method of data collection. In addition, SPSS 20 is used to analyze the data. SPSS was used to analyze the descriptive demographic and test the relationship of the constructs.

Acknowledgement

This MBA research has been achieved as the result of my hard work. Firstly, I would like to thank God and seek all his blessings. I would not be able to complete this work without God accepting my prayers and wishes, and always being with me.

Thank you, Ms. Yvonne Mah Pei See, my able, wise, talented, patient and brilliant supervisor, who even with her busy schedule, demonstrated passion with the subject and was very encouraging in urging me to move forward in this undertaking.

Thank you to my parents as they gave me a lot of support and inspiration. With their inspiration, mercy and guidance I learned a lot. They taught me to do well in all aspects of my life. I am very thankful to my parents.

Thanks to all my dear friends, especially Zhang Yue, Li Jia, Yang Lina, Lu Wenwen and Peng Jianing. Thanks for your constant support and sharing your knowledge and ideas. With your sincere help, I have learned a lot, not only for the work done on the project, but especially in the support all of you have given me. I am very indebted for your help and the information you have shared with me, especially to Zhang Yue and Yang Lina who are industrious, diligent and persevering in their endeavors. They are not only ready to help me in scholastic issues, but they are always ready to lend me a helping hand.

Thank you, Mr Chen Yin Foo, Ms Yalini and Dr Chin for helping me turn my dream into a reality through your help. My lovely group, team, and friends, with your help, I have successfully completed my final project.

Zhang Shan

30 April 2014

Declaration by Candidate

I hereby declare that this research project is of my own effort except for the information that has been used from various authors that have been cited accordingly and ethically.

Zhang Shan

30 April 2014

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CHAPTER ONE: INTRODUCTION

1.1 Introduction

This chapter talks about the introduction. It begins from the background of the research and problem statement in Section 1.2 and Section 1.3 which discuss the main issue for this study. Section 1.4 further outlines the objectives of research. Section 1.5 is the significance of the study. Additionally, section 1.6 spells the limitation of study. Section 1.7 discusses the scope. Finally, Section 1.9 is the outline of the research.

1.2 Research Background

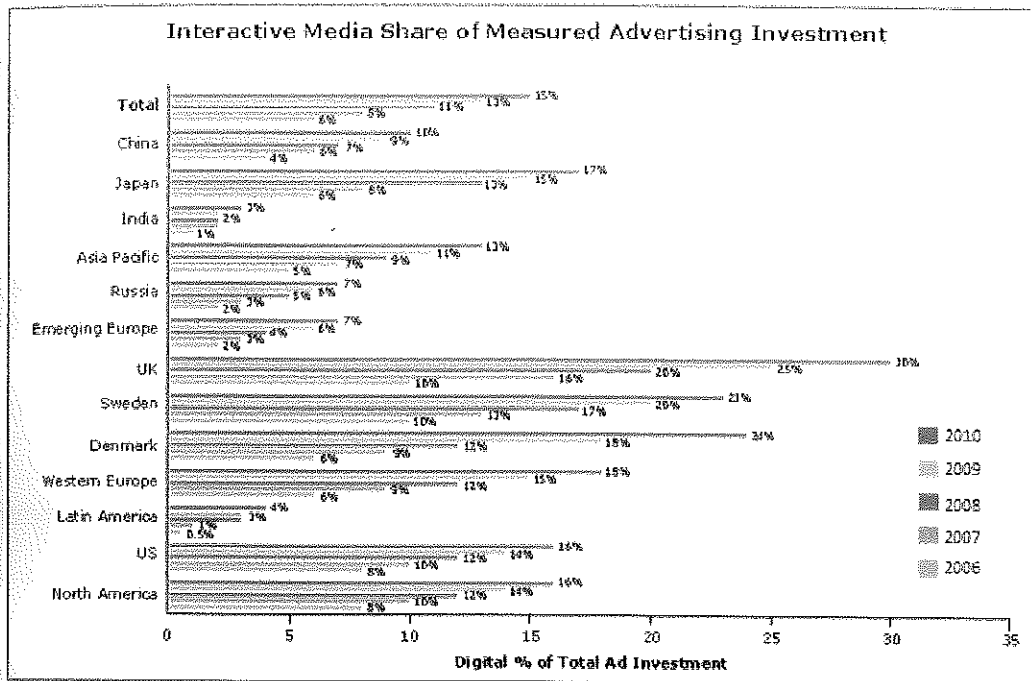
Advances in communication technology impact the marketing methods and tools (Saeed, et al., 2013). In recent years, the rapid development of mobile communications have Rapid developments in mobile means of communication have brought about new communication channel for the marketer to contact their consumers (Javid, et al., 2012). Especially young generation regards the mobile phone as the multipurpose means of communication through sending and receiving the text message, data, graphics, music and video and so on. These characteristics of the mobile phone stated that the mobile phone has one of the important features which means of communication (Saadeghvaziri & Hosseini, 2011). When considering the marketing, the mobile phone is direct tool which can communicate with the target group at any time in any place (Barnes & Scornavacca, 2010).

Based on the information obtained, there are 543 EDGEA/GSM networks commercial operation from 198 countries in the world (eMarketer, 2010). In

now days, global advertisement foray is from traditional communication of the advertising to digitally led content advertising. The marketers find out the new growth which has extended beyond the traditional revenue. It includes online medium or new media, which has the content to a large audience use the digital media communication devices and channels. Interactive media share of measured advertising investment is increased year by year in the world (see figure 1.1). Top brand use digital explore the customer awareness on digital advertisement and show the top five digital advertisers in Asia (see figure 1.2). From the figure 1.2, it shows that different digital channel and different Asian market have different level of credibility toward digital channel. Malaysia has a higher level of trust compare with Hong Kong and Singapore in digital advertisement. After watching the advertising, there is about 64% respondents who recall the brand products and about 83% is interested in brand in Malaysia (Malaysian Communication and Multimedia Commission, 2011). Today, the mobile phone is a very important tool in customer's life. Over time, the media has a habit use mobile phone promote the products and services. There are some types of digital media which has seen being used, and mobile phone is 32% (see figure 1.3).

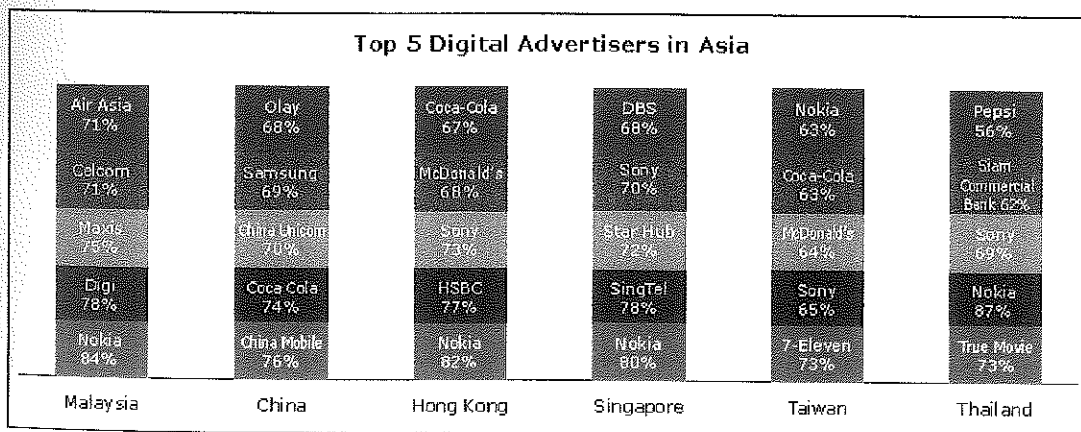
Mobile phone has a great potential spread media during the day in UK. UK customers usually use mobile phone accessible media at the middle part of day. Because people opened their mobile phone all the time, mobile advertising can become the better choice as the media channel. It is better way to create chance to contact the customer than TV or Internet for the advertisers. In South Korea, Japan and China, many web accesses from the mobile stand for the PCs. Especially 85% of mobile users subscribed to the mobile Internet services in Japan. eMarketer stated that mobile advertising spend reached USD19 billion at worldwide mobile marketing in 2012, and mobile message advertising spend reached USD14 billion which has from bulk of the advertisement (see figure 1.4).

Figure 1.1 Interactive Media Share of Measured advertising Investment



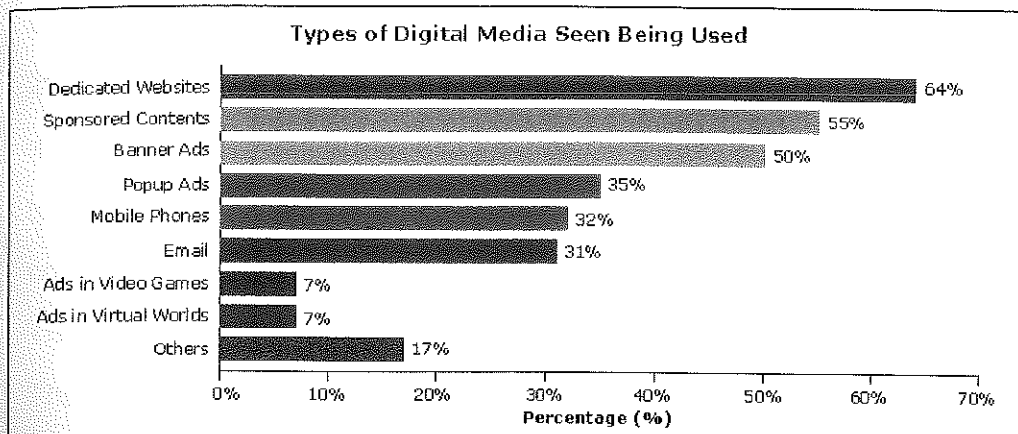
Source: "Digital Media on the Rise Globally" by GroupM, 2011

Figure 1.2: Digital Advertisers in Asia



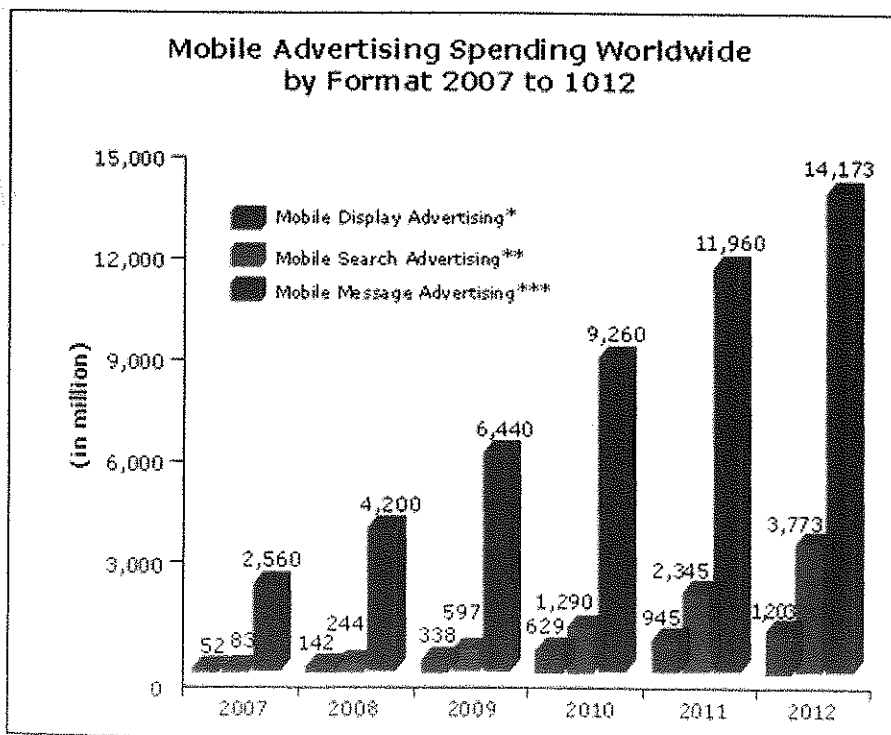
Source: "TNS Reveal Asia's leading Digital Advertisers" by ADOI Marketing Communications Magazine, 2012

Figure 1.3: Types of Digital Media Seen Being Used



Source: "TNS Reveal Asia's leading Digital Advertisers" by ADOI Marketing Communications Magazine, 2012

Figure 1.4: Mobile Advertising Spending Worldwide



Source: "Mobile Advertising Spending Worldwide by Format, 2007-2012" by eMarketer, March 2008

Based on the current trend, there are five countries' revenue will reach USD1,293 billion in 2015 (eMarketer, 2010). Their name is Germany, France, Italy, UK and Spain. These countries will increase 950% revenue between 2010 and 2015 with 48% of the compound annual growth. Especially UK has a largest and advance market, and every company spend about USD15, 000 to USD20, 000 per annum about the campaign. In other words, other countries' companies spend about USD10,000 to USD15, 000 each year. The total of these five countries can estimated to gain USD122.55 million. The mobile advertising revenues were reached USD212 million in European by the end of 2011.

According to the recent market development, USA and Japan and keep their position as a market leader in mobile advertising. In addition, China and South Korea also have been identified mobile advertising as the next lucrative market. In both countries, total spending for companies are USD\$ 180 million and USD\$ 270 million. As the biggest market, the mobile advertising spending is about USD\$ 1 billion every year in Japan. On the other hand, USA population use "mobile" exceeding 300 million. In 2010, there is about 49 million mobile phone subscriber engage the mobile advertisement in USA, and there is 12.9 million subscribers which has response and purchase the advertisement offer items. As this reason, there are many global brands take part in this industry, such as Adidas, Nike, Procter & Gamble, Coca-Cola, Microsoft, Walt Disney, McDonalds and Sony Pictures. They will use 2% or 3% of their annual marketing budget promote the services and products from the mobile advertising.

As the mobile phone has increased in its use, mobile advertisement has become an important channel, which can to use wireless technology to communicate with the customer in the marketing strategy (Nasco & Bruner, 2007). Mobile advertising offers suitability for the customer and its efficiency

for the marketer (Ma, et al., 2009). In this field, especially SMS has been very successful. Mobile SMS advertising become important role among the marketers since it is interactive and can personalize messages and it is interactive (David & Jingjun, 2011).

1.2.1 Malaysian background

The Malaysian business environment is becoming more competitive. In order to remain its competitiveness, many companies strive to maximize their sales volume. Advertisement becomes one of the most popular tools to promote their products and services. To-date, more and more companies orchestrating a closer harmony between their advertisement messages and mobile communication technology. This new electronic advertising concept is commercially known as mobile advertising.

In Malaysia, there are 30 million mobile phones users in 2012 and reached 36 million in 2013. The Malaysian Communication and Multimedia Commission report in 2010 disclosed that the penetration rate of mobile phone was 108.8 percent and report in 2013 disclosed that the penetration rate of mobile phone was 137 percent. The Malaysian Communications and Multimedia Commission (MCMC) reported that 6.5 million mobile phone subscription for post-paid and 18.6 million subscribed for prepaid. Especially the number of mobile advertising is increased in 89.4 million. It means that there is a large potential about mobile advertising activities in Malaysia. Based on InMobi network data, the report stated that the Malaysia mobile advertisement market grew by 37% to over one billion quarterly advertisement impressions in the third quarter of 2011. Mobile advertisement impressions in Malaysia grew more rapidly than global (32.6%) and regional (25.1%) averages. The market for mobile device advertising doubled in 2013 to \$17.9 billion and is on pace for strong gains this year, led by Facebook and Google, a market tracker said