PURPOSES, BENEFITS, AND BARRIERS OF USING MOBILE MARKETING: AN EMPIRICAL EVIDENCE FROM SAUDI ARABIA

[1]AHMED ALSHUMAIMERI, [2]WAFA ALMOBAIREEK

[1]Professor of Marketing, King Saud University. Saudi Arabia
[2] Associate Professor of Marketing, Princess Nora Bent Abdulrahman University. Saudi Arabia

Abstract - The objective of this paper is to provide a profile of using Mobile Marketing in Saudi Arabia. It will present a descriptive analysis to the practice of Mobile Marketing. The empirical investigation that was conducted on a sample of 186 firms highlights several issues related to purposes, incentives, and the barriers to using the technique. The final results show that Mobile Marketing is still in its early stage of development. Currently, firms in Saudi Arabia utilize Mobile Marketing for business-to-business contacts. Also, mobile marketing was found to be used for many purposes. However, communication and promotion role appeared to be the most significant reason for using mobile marketing. From the other side, lack of an accurate database of customers and privacy issue found to be the most influential obstacles facing the mobile marketers in Saudi Arabia. Finally, the study reveals several implications for theory and practice relating to the future development of the mobile advertising industry in Saudi Arabia. In addition, recommendations for marketing managers, as well as directions for future research are presented.

Keywords: Mobile Marketing, Marketing, Business, Saudi Arabia, Marketing Communication, Digital Marketing, Interactive Marketing.

I. INTRODUCTION

Mobile marketing grows rapidly, and is considered one of the fastest growing marketing approach during last five years. At the end of 2012, there were 6.8 billion mobile subscriptions (The International Telecommunication Union 2013). That is equivalent to 96 percent of the world population (7.1 billion according to the ITU year). The subscription witnesses huge increase. It raises from 5.4 billion in 2010 to 6.0 billion mobile subscribers in 2011. Also, at the end of 2012 there were 5.2 billion mobile subscriptions in the developing world (76.6 percent of global subscriptions). Mobile penetration in the developing world now is 89 percent, with Africa being the lowest region worldwide at 63 percent. By the end of 2014 mobile subscribers worldwide will reach 7.5 billion and 8.5 billion by the end of 2016 (Mobile Factbook 2013). Over half of the world's mobile subscribers are in Asia Pacific. Studies estimate that Asia Pacific's share of the mobile subscribers will rise from 51.3 percent in 2012, to 52.3 percent in 2013 and 54.3 percent in 2016. By 2016 Africa and Middle East will overtake Europe as the second largest region for mobile subscribers (Mobile Factbook 2013).

According to Google's statistics Smart phone penetration in Saudi Arabia is 60% of the population. The United Arab Emirates has a smart phone penetration of 61%. 39% of those that own smart phones in the UAE have used them to make a purchase online. On average 70% of smart phone users in these countries said that they noticed ads at least some of the time they were using their phone. With such large adoption numbers that are growing everyday it is clear that mobile advertising will be a great source of business online. Despite this fact few companies are effectively marketing on mobile phones in the Middle East which means there are some large opportunities in this market just waiting to be harvested (Gulfnews.com, 2014).

Although this growing appeal is witnessed in several developed countries, Mobile marketing in the developing countries such as the Gulf States (Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Oman, and Bahrain) is still in its infancy.

The objective of this paper is to provide a profile of the supply side of mobile marketing in Saudi Arabia. It will present a descriptive analysis to the practice of mobile marketing, its purposes, incentives, and the barriers to using the technique. Unlike the situation in Western countries, where a considerable amount of research work has been conducted on both the supply and demand side of mobile marketing, to the best of the researcher knowledge, no research about mobile marketing from the supply side has been carried out in Saudi Arabia. Therefore, such a descriptive profile is expected to provide insights, and has implications to improve the understanding of mobile marketing in Saudi Arabia in particular and the Gulf States that have similar characteristics in general. And finally, it will provide researchers as well as practitioners with general views and useful information about the characteristics of mobile marketing.

This paper is divided into four sections. After the introduction, the first section presents the methodology upon which this paper is developed. The data collection procedures, the population of the study, and a brief background about GCC market will be presented in the second section. In the third section, the empirical results of the study will be discussed and the major finding will be highlighted. The last section discusses the results and provides managerial implications of the findings as well as highlighting some of limitations and directions for future research.

II. THE ROLE OF MOBILE MARKETING

Literatures identify several benefits of using Mobile Marketing. Among them is ubiquity, where you can access customers everywhere they go and all the time. No other form of media can be accessed by consumers in so many different places. Immediacy, when customers can receive and respond to mobile messages (both voice and text) nearly immediately. Also, location sensitivity, where messages can be sent to consumers that relate specifically to where they are, or where they're going. Personalization, when messages can be targeted to individual consumers based on their interests, needs, preferences. Unlike communication through other media, mobile phones are personal, not shared like land lines, television sets, or computers (Holland 2010). Other benefits could be easy to work with. Drawing out content for mobile devices, whether it is text, images or video, is simpler and less expensive as compared with the same for desktops or laptops.

The mobile medium also makes easier to issue promotions and marketing incentive services to the user. Further, the user can keep the virtual information with him and carry it around till the time he needs to use it. Although they may clearly differ from traditional media, many of the advantages of mobile as a medium seem to be similar to those of Internet Marketing (email, blogs, websites, etc.). Both have the potential to be highly interactive, personalized, and combining user content, etc. Both have the potential disadvantages of being perceived as complex, high risk, with considerable security concerns (Chang and Villegas 2008).

There is considerable disagreement as to how willing consumers are to receive marketing communications via their mobile devices. The study in the opening example (Barwise and Strong, 2002) found evidence that mobile could be an extremely effective way of reaching consumers and that their response could be quite positive to marketers' text messages. Holland (2010) identified five characteristics of mobile marketing communications as key considerations for decision-making: Ubiquity, Immediacy, Location sensitivity, Personalization, and Consumer controlled interactivity. Other studies highlight the importance of utilizing customer data in the design of mobile advertising campaigns. When the mobile advertiser has the possibility to target actual needs of customers based on existing customer data, attitudes toward mobile advertisements are likely to be positive (Friman 2010, Idean 2009, Park, 2008).

III. FINDINGS

Data collection for this study is based on a survey questionnaire. A cross-sectional sample of businesses in Riyadh, Saudi Arabia was the subject of the study. A total of 500 questionnaires were sent to cross-sectional businesses in Riyadh, Saudi Arabia. After employing several methods in order to obtain an adequate response rate, 186 questionnaires were returned, which represents a response rate of 36%.

In general, the collected sample appears to be well dispersed among different industries, types of ownership, age and size of firms. This diversity of the sample will enhance the ability to generalise the findings of this research. However, the sample also has some limitations. Some sectors, such as the construction sector, as well as sizes, such as small firms are not exactly represented in the study sample compared to the population. This is probably due to the notion that the construction sector and small firms are very light users of marketing in general and mobile marketing in particular.

Several questions were asked in order to identify key characteristics of the participating firms. Table 1 shows the main business activities of participating firms. Production and manufacturing firms were found to be the largest group of participants (22.9%), followed by trading and retailing sectors (18%). In terms of the distribution of the participant firms according to their ownership type, almost half of the sample (44.4%) classified their firms as one-owner establishments. In addition, The raw data also shows that the largest group (47.9) are firms with fewer than 50 employees, followed by (32.7) firms which have between 51 and 250 employees. Assuming that number of employees is a measurement of the firm size, table 1 indicates that about half of the ample (47.9%) are small firms. This generally reflects the characteristics of firms in Saudi Arabia. According to The Ministry of Planning over 90% of establishments in Saudi Arabia are small businesses (The 9th Development Plan, 2010-2014). Considering that, the vast majority are small establishments involved in basic shops such as small retailing shops and simple services such as auto services, and therefore, most of them do not have a marketing department, an under-representation of these businesses is to be expected. Another characteristic of the participant firms appears from the crosstabulation table between number of employees and age of firms. The analysis shows that most firms that have number of employees fewer than 250 are fewer than 13 years old. This result is consistent with the general characteristics of firms in Saudi Arabia. According to the Ministry of Planning, most of the small firms were newly established (The 9th Development Plan, 2010-2014).

Aiming to identify the potential relationships between the extent of using mobile marketing and some general features of the participating companies, frequency analysis, cross-tabulation tables, and ANOVA tests were run where appropriate. The frequency analysis result revealed that services sector was found to be the heaviest user of mobile marketing in Saudi Arabia. Multiple comparisons between the four major sectors in the study using one-way ANOVA reported that services are using mobile marketing more heavily than other sectors,

and the differences in the means were significant compared to trading/retailing and manufacturing.

Table (1) Firms' main Characteristics

Characteristics	Frequency	Percentage
Main Activity		
Production/manufacturing	43	22.9
Trading / Retailing	34	18.3
Construction	12	6.5
Travel services and hotels	13	7.2
Commercial services	24	13.1
Transportation and communication	5	2.6
Publishing	11	5.9
Financial services	20	10.5
Other services	17	9.2
Other	7	3.9
Total	186	100
Type of firm		
One-owner establishment	82	44.4
Joint stock company	23	13.1
Limited liability company	61	32.7
Partnership	14	7.8
Other	4	2.0
Total	186	100
Number of employees		
Less than 50 employees	89	47.9
Between 51 and 250 employees	61	32.7
Between 251 and 500 employees	21	11.1
Between 501 and 1000 employees	6	3.2
Over 1000 employees	8	4.6
Missing values	1	.5
Total	186	100

The study also revealed that the experience on personal selling and mobile marketing correlated positively with the extent of using mobile marketing, however, the more experience the manager has on selling in a store, the less likely to use mobile marketing. A potential reason for this negative correlation is that salespeople in a store are less concerned with mobile marketing because customers usually travel to them, while on the other hand, the primary job of personal selling is to search for customers, which requires using a different approach to reaching them.

The result of the analysis also indicated that mobile marketing is commonly used as a substitute distribution channel. That was reflected by the negative correlation between the extent of using indirect methods of distribution such as wholesalers, retailers, distributors, and agents with the use of mobile marketing.

Purposes, benefits, and barriers of mobile marketing

This section discusses different issues regarding the use of mobile marketing in Saudi Arabia. It highlights some issues among the users of mobile marketing concerning its role, the way businesses understand and utilise the approach, and the manager's perspectives on the main obstacles inhibiting its use. These issues are reflected in the respondents' answers to three sections in the questionnaire classified under purposes, benefits, and barriers of using mobile marketing and which will be discussed respectively.

In the first section, users of mobile marketing were asked to determine the relative importance of ten purposes for using mobile marketing. These ten purposes were looked at from a functional point of view. Each represented a function and a role that mobile marketing may be given. As table 3 shows, although mobile marketing was found to be used for many purposes, the communication and promotion role appeared to be the most significant reason for using mobile marketing in Saudi Arabia. Table 3 shows that enhancing customer relationships, increasing brand awareness, and improving the firm's image were the most significant purposes. On a scale of 1 to 5 where 1 = "never use it for this purpose" and 5 = "Always use it for this purpose", the means for these three purposes were 4.14, 4.05, and 3.83 respectively. Purposes that can be classified as distribution functions appeared less important. The most significant distribution function was found to be generating sales (3.77), followed by cross-selling product (3.49), and then making immediate sales (3.24). Using mobile marketing to test the product and the market place was found to be one of the least popular purposes of using the approach. The means were 2.75 for testing the market, and 2.84 for testing the product.

Table (3) purposes of using mobile marketing

Variables	Mean	Std. Deviation
Immediate sales	3.2403	1.5679
Generate sales	3.7727	1.0511
Cross-sell	3.4870	1.2485
Customer relationship	4.1364	.9151
Brand awareness	4.0455	1.0055
Image	3.8312	1.1592
Build a list	3.0260	1.4414
Test the market	2.7468	1.2964
Test the product	2.8442	1.3241
Overcome distribution problems	2.6623	1.4381

Where 1= Never use it for this purpose, and 5= Always use it for this purpose

Another nine factors were introduced in the questionnaire to investigate the incentives and benefits of using mobile marketing. Looking at the mean shown in table 4, the most important factor influencing the firm's decision to use mobile marketing was found to be gaining a sustainable competitive advantage. On a 1-5 scale, the mean was 4.07 and about 83% of the respondents reported that this factor "somewhat influential" and "very strong influence" in the firm's decision to use mobile marketing. This may reflect management's awareness of the intensity of competition in the Saudi market. The Saudi market is becoming a buyer's market as demonstrated by the intense competition, and the emergence of more demanding consumers. Consumers have become more cost-conscious, and are looking for quality and durability (alshumaimri and almobaireek 2012). Therefore, management are more keen to adopt different approaches to increase their share in the market.

Targeting customers precisely and supporting existing distribution channels were found to be the next most influential factor. Not surprisingly, one of the most significant benefits of using mobile marketing is its ability to target customers precisely (Noor et al 2013, Haghirian, Madlberger, 2005). Also, this finding is similar to the findings of Altuna and Konuk (2009) which assert that targeting precision is the most important benefit of mobile marketing. Supporting existing distribution channels also appeared to be significant. The mean was 3.84 and about 72% of the respondents reported that this factor was "somewhat influential" and "very strongly influential" the firm's decision to use mobile marketing. This may indicate that the role of mobile marketing as a supplementary distribution channel is also recognised by the Saudi marketers, however, because of the surrounding barriers in the market, which will be discussed in the following section, it is not utilised efficiently.

Table (4) incentives and benefits of mobile marketing

Variables	Mean	Std. Deviation
Cost effectiveness	2.6753	1.3030
Competitive advantage	4.0714	1.0609
Control	3.5260	1.1838
Supporting distribution	3.8377	1.0994
Avoid conflict	2.3117	1.3745
Targeting	3.8312	1.2409
Feedback	3.2532	1.4487
New channel	3.4870	1.2485

Where 1= No influence on the firm's decision to use DM, and 5= Very strong influence.

The last section of the questionnaire concerned about barriers to the use of mobile marketing. Respondents were asked to evaluate (on a 1-5 scale) the impact of nine factors that were identified to be potential barriers facing users of mobile marketing. Looking at the mean shown in table 5, lack of an accurate database of customers and delivery system found to be the most influential obstacles facing the mobile marketers in Saudi Arabia. The means were 3.40 and 3.39 respectively, and about 63% of the respondents reported that insufficient delivery services are a barrier that either has "somewhat" or a "very strong" influence on the firm's decision concerning the use of mobile marketing. Lack of an accurate mailing list was found to be the most important barrier. Predictably, producing an accurate customer database in an environment where many SIM phones have not associated with a known name is anticipated to be very difficult. Nevertheless, customers' unfamiliarity with mobile marketing and the negative attitude toward the approach were also believed to have strong influence. Interfering the privacy is still a major issue to discuss. Table 5 shows that means were 3.38 and 3.22 respectively. This finding seems to be consistent with the previous studies where managers complained that the privacy issue and unfamiliarity were the main reasons for the failure of a mobile marketing campaign (Manochehri and AlHinai2008, Haghirian, Madlberger, 2005). This finding supports the notion that the prerequisite for consumer acceptance of this medium is consumer control and permission (Carroll, Barnes, Scornavacca, and Fletcher, 2007; Peters, Amato, and Hollenbeck, 2007; Tsang, Ho, and Liang, 2004 Holand 2010, alshumaimri and almobaireek 2012). Other barriers such as government restrictions and lack of financial resources were not found to be very significant.

Table (5) Barriers of mobile marketing

Variables	Mean	Std. Deviation
Delivery system	3.3913	1.4194
Privacy issue	3.2236	1.2746
Customer database	3.4099	1.3298
Government restrictions	2.3230	1.2679
Payment problems	2.6894	1.4926
Transport infrastructure	2.3975	1.3977
Financial resources	2.2174	1.3995
Management interest	2.3354	1.4228
Customer unfamiliarity	3.3789	1.2547

Where 1= No influence on the firm's decision to use DM, and 5= Very strong influence.

IV. MANAGERIAL IMPLICATIONS

The results of this research indicate that there are several potential opportunities for businesses in Saudi Arabia to embrace mobile marketing. Firstly, the decline of mass marketing is often cited as one of the main factors that makes mobile marketing a desirable option for an increasing number of firms. A number of trends in the Saudi market, including increases in consumer sophistication and individuality and the high growth of population that is associated with the rise of small families and households, have resulted in a market place of extraordinary diversity and choice that is unlikely to be satisfied by traditional mass marketing approaches.

In addition, the vast social and economic changes that have occurred since the last decades make mobile marketing a desirable potential option for several businesses. Trends also indicate that the number of small families is growing and becoming the fastest growing segment. These observations mean that there are more potential customers who have less time for traditional shopping.

Secondly, at present a large portion of the Saudi population is home owning. Saudis spend more time at home and more money on improving their principle asset. Most of the entertainments are available in the home and because of the country's harsh climate most Saudis like gatherings and at-home parties for relatives and friends (alshumaimeri 2002). Through mobile applications, and interactive systems such as the Internet are entirely feasible for shopping from the comfort of the customer's home. Moreover, the wide acceptance of credit card in Saudi market will allow easy purchase without face-to-face contact.

Thirdly, the service positioning is becoming increasingly important to firms. According to Kotler and Armstrong (2001), corporate marketing is moving towards staying close to customers, understanding and meeting their needs and treating them well after the sale. Many sectors in Saudi Arabia are now trying to become service-based and understand the benefit of being customer-oriented. Hence, some sectors such as financial services in Saudi Arabia have been found to be the quickest and the most committed to employing mobile marketing, more so than retailers and manufacturers (alshumaimeri et al 2013). All the participating financial services organisation in this study were found to employ mobile marketing. It seems that these firms are well aware of the benefits of using mobile marketing.

Retailers, on the other hand, are still not utilising the approach fully. They were found to be the lightest users of mobile marketing. This may create the need to emphasise the fact that mobile marketing "does not have to hurt retail sales. It can actually enhance it" (Nash 1994). Retailers in Saudi Arabia need to look at mobile marketing as an effective supportive tool to marketing functions. Mobile marketing will allow retailers to offer a high degree of convenience to customers. It was found in a number of studies in the literature that the number one reason cited for choosing mobile marketing compared to other types of shopping was convenience Noor et al 2013, Haghirian and Madlberger, 2005, Altuna and Konuk 2009). Insufficient time usually prompts customers to delay making a purchase, and the ability to order by phone anytime. Mobile marketing usually provide more decision-making help than most store clerks. In a country where the head of the family dominates most of the decisions, mobile marketing will allow customers to consult and seek recommendations easily prior to the purchase, and allow more privacy.

Last and not least, mobile marketing is most likely to enable firms' strategies of market niching. Firms adopting segmentation strategy or serving specific niches in the market are more likely to utilise mobile marketing (Park 2008, Friman 2010). However, firms in Saudi Arabia have to be conscious of the drawbacks of poor targeting. Though, targeting is distinguishing feature of mobile marketing, in practice marketers still suffer from not being precise enough to hit the targeted customers. Since mobile marketing is still in its early stages in Saudi Arabia, firms with careful building of mailing lists and precise targeting of segments could overcome this disadvantage.

CONCLUSION

This paper has provided a detailed descriptive to the use of mobile marketing in Saudi Arabia. It pointed out the major incentives, benefits, and barriers for using the approach. The final results imply that mobile marketing in Saudi Arabia is still in its early stage of development. Using the approach to target individual customers is still at a minimal level.

The descriptive analysis is expected to add insights to improve the understanding as well as the practise of direct market in Saudi Arabia and other similar countries in the Middle East. However, this study like most empirical studies, is constrained by the data collected. The study investigates the use of mobile marketing from only one side that of the supply side. The demand side, which can be represented by customers' attitudes and behaviours may hold significantly different views regarding the use of mobile marketing from those of the firms. Studying both sides may add more depth to the issues investigated. In addition, studying factors influencing the use of mobile marketing from the supply side and demand side will be likely to cross-validate the findings from one sample by findings from the other. Consequently, this will enhance the validity and genralisbility of the findings.

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