CONSUMERS’ VALUE ASSESSMENT ON LOCATION-BASED SERVICE APPLICATION AS A MOBILE MARKETING TOOL

MATTHEW ATTAHIRU GANA
(PhD Scholar)
School of Hospitality, Tourism & Culinary Arts
Taylor’s University, Malaysia
Mail: attahirugana@yahoo.com
Malaysia

TONEY K. THOMAS
Associate Professor
Department of Tourism & Culinary Arts
School of Hospitality, Tourism & Culinary Arts
Taylor’s University, Malaysia
Mail: tonythomas@taylors.edu.my
Malaysia

KASHIF HUSSAIN
Associate Professor
Department of Tourism & Culinary Arts
School of Hospitality,
Taylor’s University, Malaysia
Mail: Kashif.Hussain@taylors.edu.my
Malaysia

Abstract:

The advancement in information communication technologies has unified the world into a global village, facilitating business activities, and enhanced personal interactions among nations, business firms, captains of industries, and individuals across the globe. Access to business marketing activities among consumers’ via their mobile devices has been facilitated, making life and interaction among people beautiful. These have also enhanced consumers to be better informed and educated about marketing activities in the market, thereby expanding the business customer relationship. The introduction of smart phones in the market has also opened and widens business customer relationship, but issues of privacy control and value perspective continue to be the paramount consideration in the eyes of the consumers. Acceptance among consumers in relation to these new media for communication and tools for market information acquisition are without challenges. One of the prominent applications of these smart phones is the location based service application which depends on individual current location to render services which are tailored to a particular individual location. Its uses have also raised issues that bother on value benefits, privacy, and control among consumers. This study reviewed the literature and found that consumers are most concerned about value assessment; as value benefits served as the main primary driver for consumers’ use of location based service applications. Although privacy and control may be raised, value assessments of the location based service applications are still considered paramount in the minds of the consumers. This study is an exposition of location-based service applications from consumers’ value benefits assessment.

Keywords: Location-Based Service Application, Mobile Marketing, Consumers’ Assessment Value, and Relationship Marketing.

1.0 Introduction:

Today, advanced information communication technologies in the market have enhanced relationship marketing and enable consumers to be better educated and informed about products and services in the
market. The use of these technologies depends on consumer’s value assessments, this is imperative because consumers exchange their money for goods and services on the market depend on the perceived value benefits. Value benefits of a product become imperative because marketing aims to connect with its target markets in order to create a value chain relationship. Marketing, therefore, involves exchange; exchange depends on consumer value; consumer value is then the fundamental basis for all marketing activities. The analysis of consumer perceived value revealed that mobile marketing supports consumer processes as pre purchase, service interactions and sales in mobile channels (Strom, Vendel & Bredican, 2014). This becomes imperative because mobile marketing is assumed to serve as a tool for improving activities in consumers business relationship value chain, improve consumers’ communications, service interactions, resulting in improved output value and potentially higher sales margin.

Widespread uses of mobile devices have created new marketing channels for business organizations to reach its target consumers in a faster and efficient manner. Mobile marketing concerned itself with establishing marketing contact with the target customers and sending them promotion oriented messages in order to benefit all the interested groups of a certain business (Barutcu, 2007). Mobile marketing activities are characterized by personalization and raising a high degree of product and service awareness. The tools used in mobile marketing include mobile television, interactive voice response, mobile coupons, call-back-tone, mobile games, and rating and participatory applications (Swilley & Hofacke, 2006). The importance of mobile marketing as a business channel was emphasized by Varshney and Joy (2015) that business organizations need to use mobile marketing channels because consumers used them not only for making calls, but also conduct market research on various services offered on the market. The researchers found in their study that consumers attitude towards mobile marketing and its impact on customers that majority of consumers uses more mobile devices for personal communication and market search. Mobile marketing, new marketing strategy, therefore, will be an excellent medium to reach potential consumers and keep a relationship with the loyal customers.

The location based service (LBS) as one of the mobile marketing tool has emerged as an important category of mobile service. According to Lehrer, Contentious and Hess (2011, p.2), LBS is defined as “services that use the current geographical position of a mobile user to provide personalized services”. The authors also noted that recent research findings suggest that mobile service use is value driven rather than technological driven. Hence, the role of LBS for the users depends on the context of use. The scholars found in their study examining the determinants of mobile location based service continuance that the adoption of LBS has received considerable attention but acknowledged that few studies have investigated the post-adopter usage of LBS. The authors further found that the market trends of LBS suggest that the services are widely circulated, but only used by mobile users for a short time; therefore, there are limited studies on its usage.

This study, therefore, aims to extend the use of location-based services as a mobile marketing tool from consumers’ value assessments. This study, therefore, is significant because the use of mobile devices not only facilitated personal communication but also enhanced market information search for consumers. Besides, users need for information on the spot makes this study apparent and the location based service application relevant as it provides on the spot information about the users. This study is an exposition of the use of location based services applications based on practical applications on consumers’ situational needs.

2.0 Contextual Presentation of the Study:

2.1 Location-Based Service Application:

The location based service is growing by leaps and bounds every day as a result of smart phones proliferation around the world, hence, more and more people are connected to their mobile devices versus their stationary computers to share experiences with others. The location-based service applications allow you to share what you are doing via geo-tagged multimedia content, exchange recommendations, identify
nearby friends and set on-the-go meetings with business associates.

There are various types of location based service applications in the market which depend on the needs of the users. For the purpose of this study, they are classified into two categories. These are referred as Push and Pull location-based service applications. The first category called ‘push location based service’ concerned itself with service information of business organizations sent via a network provider to its target customers that is determined by the device’s position without being subscribed to them. The secondary category known as ‘pull based location based service’ occurs when consumers’ request for information or used some service on a one-time basis, and in the process they are exposed to commercial messages (MMA, 2005; Godin, 1999).

There are various types of location based service applications, for the purpose of this study, few are explained. Firstly, Four square, it is a location-based service application that used ‘game’ as a platform to awards points to players based how often they go out, the numbers of places visited, and the number of friends they meet along the way. It is referred to as a location-based ‘deals’ tool. It enhances consumers’ purchase decision. The moment consumers’ are making a decision as well as when they are physically present at the business location like Hotel. Secondly, Google plus, it is a location based service application that enhanced direction and lets users see the location of their friends on a map. It also enables users to modify privacy settings so that they can control how their location is shared and with whom. Thirdly, Gypsi, a location-based network that allows users to upload photos, videos, and other information and data about what they are up to, and where they can be reached. Fourthly, Plazes focuses on location-based communities which require individuals to fill in a calendar with activities they are scheduling which is mapped to the location where they will take place. Lastly, Facebook Places a new application for mobile phones that enables Facebook users to alert their friends to their current location. It enables people to provide a real time update of where they are and what they are doing, and when they are on the move as well. When a Facebook user check-in into a location like a restaurant, for instance, an update will automatically be sent to the friends’ news feeds. Such a user can also ‘tag’ friends who are in the same location by way of a photo or status update.

In whatever types of the location-based service applications, an individual consumer chooses to use, the benefits of these applications among others include the following. Firstly, the location based service applications compared to the traditional advertisements like newspapers and flyers are more cost-effective. Secondly, it offers local awareness advertisements which are more precise when targeting specific markets along with greater reach. For instance, business organizations provide their physical address and geographic radius as a platform for their products advertisements. Facebook, for example, with the huge audience around the globe using Facebook places will enable users to find who are nearby or who recently came within that radius, a new marketing strategy that is personalized and localized. Thirdly, it allows individual users to discover business organization’s products and services whenever they visit a certain area. Fourthly, it boosts new business activities and builds brand loyalty. Lastly, it drives offline sales and increase brand loyalty.

2.2 Perceived Value:

The location based service has become highly popular nowadays due to technical advances and new marketing strategies of personalization of services among business firms. Lehrer, et al. (2011) for example found that the adoption of LBS has received boosted attention among information systems researchers and practitioners but acknowledged that there are few studies on post-adoption usage of LBS. This, therefore, calls for a further investigation because of issues surrounding adoption of location based services such as costs, security and privacy, and quality of information. Pura (2005), for example, found that conditional value, commitment, and monetary value had the strongest influence on behavioral intentions to use LBS.
Gallarza, Gil-Saura and Holbrok (2011) also noted in their study the value of value: further excursions on the meaning and role of customer value stemmed from the economic dimension and psychological dimension which hinges on perceived price and effective influences on product purchase and brand satisfaction choice that consumer’s (perceived) value is essential in relationship marketing strategies; because the value construct helps to explain different dimensions of consumer behaviour during and after a purchase of a product. This was reiterated by Lin and Wang (2006) that in modern business relationship marketing, such relationship is based on the concept of value; because it provides the basis for market segmentation, product differentiation, and brand positioning (Arvidsson, 2006). It is also a platform for gaining a competitive market advantage. LBS applications, therefore, can only be adopted and effectively used by the consumers if the value benefit is evident to them.

One of the challenges identified in the literature by Gallarza et al. (2011) is that most studies of consumer value are conceptual related and abstract concept with different meanings scattered in the literature. Notwithstanding, value seem to us as an antecedent of satisfaction. Although it may not be true in all situation, because an individual perceived value also plays an important influence on consumer value concept. Ruiz, Gremler, Washburn and Carrion (2008), for example, argued that customer value creation represents a new relationship marketing that de-emphasized old philosophy of service quality and customer satisfaction. Consumer value explains the minds of the customers in terms of anticipated services from a product that is based on what they received from the money paid in exchange. Consumer value may be examined from different dimensions, but the emphasis of this study is on monetary value benefit, because marketing is concerned with the exchange relationship, and exchange relationship is based on cost benefits. If consumers’ perceived higher value, for instance, with the use of the LBS applications as mobile marketing tools, the chances of consumers adopting them as mobile tools would be higher; because consumers’ generally want services that ‘worth value’ for their money.

The value of a product can be multidimensional but individual perceived value influences value creation. Jurison (2000), for example, argues that product perceived to offer high value from the start off are adopted rapidly while those products perceived to be low value are adopted slowly and are unlikely to gain acceptance in the long run. The surrounding issues, therefore, around LBS applications, such as privacy, control, and security have stepped down the adoption of the applications both by the marketers and consumers (Xu, Teo, Tan & Agarwa, 2012; Sreenivas & Noor, 2010). Customer perception of value benefits will predict an individual purchase intention, especially LBS application as a mobile marketing tool which they perceived as less valuable and vulnerable to an individual’s personal privacy, security, and control (Xu et al. 2012).

The concept of consumer value, therefore, is essential in service marketing, especially with the use of the location-based service application tool considered as invaluable by the target consumers. LBS applications, on the contrary, will provide consumers’ with location based information; these include news, weather, traffic, and customer service. For example, the use of the location based service applications for large scale events like theme parks, festivals, and concepts will enable tourists to locate exact event points with ease. Another example of value creation benefits using the location based service application is ease of locating shopping malls and quick access to mobile payment machines. These geo-location business applications will, therefore, enable customers to be alerted on business firms promotions offered on the market like coupons and bonuses. Examples of these applications include Groupon, Living Social, and Foursquare (Lariviere, Joosten, Malthouse, Birgelen, Aksoy, Kunz & Huang, 2013). These applications enable local business firms to convey their business information to their customers, and other interested target consumers who might not be aware of these business marketing promotion opportunities offered on the market. This new form of marketing communication channel provides a platform for local promotions of business services. Also, it gives consumers a good overview of the local business firms’ promotional offers especially for tourists, visitors, and busy professionals like lawyers, bankers, and doctors who may not be too familiar with neighborhood environment. It also offers consumers quick and convenient information about market
business information. This convenience and value creation is an added competitive device for personalization of business firm services.

Mobile marketing activities are therefore characterized by personalization, interactivity, localization; making location based service applications much relevant in modern relationship marketing. Atalik, Sak and Sezgen (2015), for example, on their study titled measuring of consumers’ perception towards the mobile marketing campaigns in air transportation found that majority of the respondents’ attitudes towards using a mobile device for boarding and check in was found to be encouraging. Also, Varshney and Joy (2015) found that majority of the respondents use mobile devices, hence mobile marketing messages and promotions will be an excellent medium to reach potential customers.

2.3 Mobile Marketing:

The widespread and adoption of mobile phones provide a huge marketing opportunity for marketing oriented business organizations to reach their customers and prospective customers anytime and anywhere, especially tourism destinations (Roach, 2009; Barutcu, 2007). These tools are being used by prospective consumers to enhance private and social lives, while marketers considered them as marketing channels to strengthened business customer relationships (Piccinini, Gregory, & Kolbe, 2015; Kumar, 2014; Hennig-Thurau, Malthouse, Friege, Gensler, Loboschat, Rangaswamy & Skiera, 2010). As marketers desired to use them as mobile marketing channels, are consumers willing to accept them as mobile channels? This is the question that this study addresses from consumers’ value benefits assessments.

The advancements in smartphones provide marketers and tourism destination managers ample opportunity to develop a wider range of pull-based services, which employed a larger set of marketing techniques (Almunawar, Anshari, Susanto, & Chen, 2015; Selvi, 2014; Geron, 2009). Barnes and Scornacca (2004) for example argued that the majority of mobile marketing are based on short message service which is based on simple push-based practices. Because of these practices by business firms, Persaud and Azhar (2012) noted that future research is needed to gain clearer insights into how consumers, in particular, tourists, will react to this type of marketing strategy technique considering the capabilities of modern smart phones with global positioning systems and, in particular, the issue of value benefit, privacy, security and control.

Grant and O’Donohoe (2007) for example, revealed that five key factors influence consumers to use mobile phones. These include convenient entertainment, social simulation, escapism, experiential learning, and purchase information and advice. They found that consumers resistance to mobile marketing is influenced by the lack of trust, fear of intrusion, and annoyance. The study conducted by Jayawardhena, Kuckertz, Karjuluoto and Kautonen (2009), also found that institutional trust is the most influential variable in mobile marketing but argued that personal trust and control were more prominent with men than women. Karjuluoto, Lehto, Leppaniemi and Jayawardhena (2008) also revealed that credibility, context, and subject norms had a substantial influence on consumers’ acceptance of mobile marketing which put the onus on business practitioners to critically re-examine these variables in order to enhance mobile marketing activities.

Persaud and Azhar (2012), besides, in their study innovative mobile marketing via smartphones found that perceived value, shopping style, permission based, and brand trust are significantly considered as predictors of consumers’ intentions to use mobile marketing. Consumers’ however, has different views on the issue of purchase and use of mobile devices. For instance, consumers are of the views that acquiring smartphones is not tied to participating in mobile marketing, although few individual consumers may be motivated to use them for market information acquisition due to mobile coupons and mobile discounts (Almunawara et al., 2015). Conversely, consumers considered their smartphones as personal devices for entertainment, status symbol, and social networking (Sarwar & Soomro, 2013; King, 2012; Conti, Jennett, Maestre & Sasse, 2012). The implications of the these findings is that while consumers are much worried about permission
based, and brand trust, they are further concerns about privacy and control related issues over when and how they will participate in mobile marketing to enhance marketing of services by business organizations, an area that is critical to the success of mobile marketing activities in particular on the use of the location-based service application as a mobile tool.

Watson, McCarthy and Rowley (2013) in their study consumer attitudes towards mobile marketing in smartphone era also argued that even though mobile marketing can be used to strengthened customer relationship, it usage has been limited due to evidence based researches. This, therefore, means that the concern of consumers on value benefits issue is an important aspect of mobile marketing that should critically look into for business firms to harness the potentials of mobile marketing to enhance marketing activities. This, therefore, calls for more empirical research based in this area of mobile marketing.

It should, however, be noted that the emphasis of this study is on consumers’ value assessment on the location-based social network as a mobile tool. What makes this medium on marketing communication most important is that the market trends for the LBS suggest that the services are widely recognized and that mobile user’ perceived value for the dynamic of the LBS is high while consumers are willing to pay for the services (Lehrer et al. 2011). These services include information needs which cannot be addressed efficiently from similar services offered through other media like the internet, and traditional marketing promotion media like newspapers and television since the users may be on the move. Hence, the user’s need of information on the spot is the main reason for the use of these applications. Therefore, convenience value and content relevance can be increased by customization, making mobile services less cumbersome to use, especially the location-based advertisements.

The analysis of consumer perceived value confirmed that mobile marketing supports consumer processes as pre purchase, service interactions, and sales in mobile channels (Strom, Vendell & Bredican, 2014). This becomes important as consumers and in particular tourists move from one location of point of interest to another, then the LBS becomes relevant communication medium to inform them of the available services in such destinations. The location based service being part of mobile marketing will increase efficiency and effectiveness in service interactions and delivery systems, increase work capacity and service quality, and increase capacity to match consumers’ needs by providing timely and relevant information about a destination to the stakeholders in the industry.

3.0 Specific Value Application of Location-Based Services:

Marketing literature reveals that perceived value is always considered to be of paramount importance when consumers purchase a product. Chang and Ngai (2013), for example, in their study that what influences travellers adoption of a location-based social media service for their travel planning found that review information on actual adoption does not affect behaviour intention, but it affects actual use of the location-based service application. The import of this finding is that those who are only interested in the application to adopt it for travel planning may not be too concerned about the review of information (privacy issue), instead, they will pay more attention to hedonic motivation and facilitating conditions. This also implies that the application may likely to be used by those who have gained experience in the mobile internet as applied to their need’s conditions. Therefore, specific application of location based services will provide better platform for consumers to adopt them to meet up with their situational needs as highlighted below:

a. Personalization of Service: People requiring personal services need to be localized in a very short time, and this can be difficult in some environments such as urban environments, and inside of a building. For example, emergency support like road assistance search and rescue missions especially carried out by police, medical personnel, and fire response team may be challenging due to knowing the actual incident venue. These challenges can be reduced with the use of the location
based services that will enable each of the professional team to locate the exact point of the incident for rapid response and intervention, thereby help to save lives and resources. Ryschka, Tonn, Ha and Bick (2014), for example, in their study investigating location-based services from business model perspectives found that LBS attained value primarily by saving resources and reducing complexity through automated integration of a location.

b. **Transportation Service:** Moving from one location of a busy city to another can be boring at times. Workers, businessmen, tourists, and guests need information about a route that will save time and resources. In that situation, using the location-based service applications will be of a great assistance especially to businessmen who want to maximise time in order to attend to busy schedules. For example, location-based advertising like coupons alerts and promotions; and location-based billing like toll services, and goods will appeal most to tourists and guests who are visiting an environment for the first time. For instance, the location-based service applications also will be useful for car renters and transporters; this will enable owners to track where about the cars, and to monitor the actual use of the cars by the renters. This will, therefore, help to reduce conflicts associated with renters by not telling the owners of actual usage of the cars under their cares. From the marketing point of view, it will create value by granting a direct and accurate target access to potential clients like middlemen, company’s marketing representatives, brokers and salesmen to know where their potential customers and clients are, and to render services promptly.

c. **Finding and Tracking Services:** Individuals who have busy schedules may find location-based service applications useful. Parents who do not have adequate time staying with their children at home may use the location based service applications to track where about the children especially family that have children at primary and high schools, who are staying with the parents at home. Also executives of organizations like banks, super stores, learning institutions, medical care units, and airports can use location-based service applications to track their staff location. This will help to reduce redundancy, and effectively maximise time and resources on specific task assignments. In rewarding staffers, this will provide true pictures of the actual staff that actually performed his/her duty without any eye service; this will therefore encourage a keen competition among staff, and thereby enhancing the organizational productivity and efficiency.

d. **Hospitality Services:** Hospitality industry being an information-driven sector will be better off with the use of the location based service applications (Buhalis & O’Connor, 2005; O’Connor & Murphy 2004). Tourists and guests who are searching for a particular hotel service and food can use the application, especially tourists who are away from their home based, hungry for a local food and dices. This will not only help to promote the firm’s services but also create a platform for strengthening customer business relationship.

The central component of location based service values benefits; it is important that the potential users should be able to spotlight the value benefits of using the location based services; this will aid accepting the application while trust on the use of the application will be built over time. Therefore, the location based service applications when combined with the ability to gain insight into consumers’ value will provide new marketing strategies to create hyper personal marketing and transform ways through which companies engaged their customers because companies have the opportunities to connect the right message at the right place at the right time and get customers to take actions.

### 4.0 Conclusion and Implications:

Mobile internet systems have facilitated mobile marketing activities while the advancements in smartphone have enhanced mobile marketing among consumers, although consumers’ attitudes towards mobile marketing varied among countries and continents. For Rohm, Gao, Sultan and Pagani (2012), for example,
found that individual’s attitude towards mobile marketing in three regions of US, China, and Western Europe is directly influenced by perceived usefulness, consumer innovativeness, and personal attachment as well as risk avoidance. Perceived value or usefulness of a product is noted to be paramount importance in the eyes of the consumers. Location based service applications will attract consumers’ attentions if they are tailored towards a specific value need benefits. Mobile marketing may be considered as a personalized marketing tool; however this should be applied with utmost care especially with the use of the location based service applications as mobile tools because consumers are still concerned about value creation, privacy, and control.

Mobile marketing as good as they may sound, they should be handled with a consciousness towards consumers’ needs. For instance, mobile marketing messages are sometimes considered as spam, irritated and overloading messages. In order to attract the attention of the target market, value cost benefits should be the utmost consideration by the business organizations. This study is an exposition of the location based service applications from the consumers value assessment which is limited by that scope, hence future studies may consider be necessary using qualitative or quantitative approach.

5.0 References:


