

## ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES

# DETERMINANTS OF CUSTOMER ATTITUDE TOWARDS SMS ADVERTISEMENT AT ETHIO-TELECOM

# BY

# HAYAT TADELE

ADDIS ABABA, ETHIOPIA JUNE, 2018

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ID.NO. SGS/0372/2009A

ADVISOR: TAREKEGNI DEA (PHD)

# A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY SCHOOLOF GRADUATE STUDIES IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DERGREE OF MASTER OF MARKETING MANGMENT

ADDIS ABABA, ETHIOPIA

**JUNE 2018** 

## ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES FACULTY OF BUSINESS

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## Endorsement

This thesis has been submitted for examination with my approval as the university advisor.

Main advisor: Name \_\_\_\_\_

Signature \_\_\_\_\_

Date\_\_\_\_\_

## Declaration

The researcher here by declares that the thesis on the title, "Determinants of Customer Attitude
Towards SMS Advertisement at Ethio-Telecom", is his original work and that all sources that have
been referred to and quoted have been dully indicated and acknowledged with complete references.
Name:
Signature:
Date:

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## LIST OF ABBREVATIONS AND ACRONYMS

CRM	Customer relationship management
ETC	Ethiopian Telecommunications Corporation
EVDO	Evolutionary data optimized
IBTE	Imperial Board of Telecommunications of Ethiopia
IM	Instant messaging
MMS	Multimedia Message Service
PDA	Personal digital assistant
SIM	Subscriber identity module
SMS	Short message service

#### ABSTRACT

The purpose of this study was to analyze the determinants of customer attitude towards SMS Advertisement at Ethio-Telecom. The underlying paper discusses its relevance and investigates antecedents of consumer attitudes towards SMS advertising via mobile devices and variables influencing it. The analysis is based on a consumer survey. The purpose of the design is to correlate attitude of customers towards SMS advertisement with antecedents of attitude towards advertisements namely entertainment, in formativeness, credibility and irritation. The research approach has a quantitative nature and particularly causal research design was utilized. The study used primary and secondary sources to gather data. Primary data were collected through structured questionnaire for this purpose, 246 customers has been contacted. Descriptive statistics were employed to describe the given data. Inferential statistics such as Correlation analysis and Ordinary Least Square (OLS) model were employed. Cross-sectional study technique is used in this research. Therefore, the result of this data will not include the changes of the targeted respondent characteristic over time. It was found that entertainment value of the advisement and Informativeness are positively correlated to consumers' overall attitudes towards SMS advertisements. The study further found consumers' perceptions of the irritation aspect of SMS advertisements is negatively correlated with consumers' attitudes towards SMS advertisements. The results indicate that attitude toward advertising via mobile devices strongly depends on message nature, meaning its attractiveness and relevance. The message characteristics need to be developed carefully. This study recommend that the nature of the advert should be more informative that contain relevant information uploaded based on customer need assessment, the frequency of messages that delivered to customers should be based on need assessment and consent of customers.

Keywords: SMS Advertisement, customer attitude, entertainment, informativeness, credibility and irritation.

#### **CHAPTER ONE INTRODUCTION**

#### **1.1. Background of the study**

Ethio-telecom, previously known as the Ethiopian Telecommunications Corporation (ETC), is an integrated telecommunications services provider in Ethiopia, providing internet and telephone services. Ethio-telecom is owned by the Ethiopian government and maintains a monopoly over all telecommunication services in Ethiopia. Based in Addis Ababa, it is one of the "Big-5" group of state owned corporations in Ethiopia, along with Ethiopian Airlines, the Commercial Bank of Ethiopia, Ethio-Insurance, and the Ethiopian Shipping Lines.

Ethio telecom was managed, on a management contract arrangement from 2010 to 2013 June, by France Télécom, and was required to comply with Ethiopian Government orders. The government said it outsourced the management as ETC was not able to meet the demands of the fast-growing country. It also said that telecommunications services would not be privatized, at least not in the near future. Ethio telecom generates revenue of over US\$ 300 million for the Ethiopian government, and was dubbed a "cash cow" by the current Prime Minister Hailemariam Desalegn.

Originally a division of the Ministry of Post, Telephone and Telegraph, what would become the ETC was established as the Imperial Board of Telecommunications of Ethiopia (IBTE) by proclamation No. 131/52 in 1952. Under the Derg Regime, the IBTE was reorganized as the Ethiopian Telecommunications Service on October 1975, which was in turn reorganized on January 1981 as the Ethiopian Telecommunications Authority. On November 1996, the Ethiopian Telecommunications Authority became ETC by Council of Ministers Regulation No. 10/1996. The subsequent Proclamation 49/1996 expanded the ETC's duties and responsibilities. For its international traffic links and communication services, ETC mainly uses its earth station at Sululta which transmits and receives to both Indian Ocean and the Atlantic Ocean satellites.

In late 2006, the ETC signed an agreement worth US\$1.5 billion with three Chinese companies, ZTE Corporation, Huawei Technologies and the Chinese International Telecommunication Construction Corporation, to upgrade and expand Ethiopian telecommunications services. This agreement will increase the number of mobile services from 1.5 million to 7 million, land line

telephone services from 1 million to 4 million, and expansion of the fiber optic network, from the present 4,000 kilometers to 10,000 by 2010. It is part of a larger US\$ 2.4 billion plan by the Ethiopian government to improve the country's telecommunications infrastructure.

SMS has several advantages; it is more discreet than a phone conversation, making it the ideal form for communicating when you don't want to be overheard. It is often less time-consuming to send a text message than to make a phone call or send an e-mail. SMS doesn't require you to be at your computer like e-mail and instant messaging (IM) do although some phones are equipped for mobile e-mail and IM services. SMS is also a convenient way for deaf and hearing-impaired people to communicate.SMS is a store-and-forward service, meaning that when you send a text message to a friend, the message does not go directly to your friend's cell phone. The advantage of this method is that your friend's cell phone doesn't have to be active or in range for you to send a message. The message is stored in the SMSC (for days if necessary) until your friend turns his cell phone on or moves into range, at which point the message is delivered. The message will remain stored on your friend's SIM card until he deletes it.

SMS is a common method of sending short messages between cell phones. Find out how SMS works and learn about the advantages of text messaging. SMS has several advantages. SMS is also a convenient way for deaf and hearing-impaired people to communicate.SMS (Short Message Service), commonly referred to as "text messaging," is a service for sending short messages of up to 160 characters (224 characters if using a 5-bit mode) to mobile devices, including cellular phones, smart phones and PDAs. SMS is similar to paging. However, SMS messages do not require the mobile phone to be active and within range and will be held for a number of days until the phone is active and within range. SMS messages are transmitted within the same cell or to anyone with roaming service capability. In today's highly competitive world of business where there is fast technological spread there is little chance for product differentiation. Consequently, it is a must that a company needs to put itself apart from the competition by building a distinctive image of it. One of the ways to do so is to advertise oneself to promote usage of the product, remind users of benefits of an offering and to build image that will be difficult to be copied by competitors.

Companies use lots of media to reach their customers and potential customers. Each media has its own weaknesses and strengths. Yet no media ever witnessed greatest reach and customization as

that of wireless or mobile communications. Since the advent of the mobile communications in the late of the 20<sup>th</sup> century, it has attracted many firms to employ it in their possible media choices. The fact that the technology has shown a tremendous growth in number of users coupled with the ease which it allows for tailored messages makes it one of the most convenient tools for communication. Since the very intent of advertising is to create a favorable attitude towards a company and its offerings many companies have spent millions of dollars to do so. However, the effectiveness of advertising heavily depends on the content and relevance of the message to the target audience.

When defining SMS advertising, it is first necessary to analyses the definition of mobile marketing as this definition may in part apply to the definition of SMS advertising. Dickinger*et al.* (2004:2) define mobile marketing as "Using interactive wireless media to provide customers with time and location sensitive, personalized information that promotes goods, services and ideas, thereby generating value for all stakeholders." Mobile marketing is based upon sending information to consumers using either SMS or MMS (Multimedia Message Service) (Kavassalis*et al.*, 2003). It can therefore be assumed that mobile marketing. For the purpose of SMS advertising with the latter being a component of mobile marketing. For the purpose of this study, SMS advertising will be defined as "Using short message service (SMS), sent to consumers' cell phones, to provide consumers with time and location sensitive information that promotes goods, services and ideas, thereby generating value for all stakeholders "Although the introduction of mobile communications in Ethiopia is a recent phenomenon it has shown a promising growth. Right now it is estimated that the number of mobile subscribers in the country is over fifty million only after a decade since it was introduced. Despite this fact the use of SMS advertising has lagged and is just a very recent phenomenon.

SMSA advertisement has only been made during public holidays till very recent times and they were merely messages of wishes in holidays. Ethio telecom, being the company that is the sole provider of telecom services in Ethiopia, has taken the lion share in using SMS advertisements to inform customers of new products, price discounts and new product features to exploit the large untapped market potential of the telecom market in Ethiopia. The company till recently has relied on electronic advertisements and sponsorship events to promote itself. Since a couple of years and

afterwards the company has been engaged in using text messages in mobiles to reach its customers. The messages if not perfect could have some enhancing impact on product usage as they elicit some effort on the part of the customers to know more about the company and its offerings. The aim of this study will be therefore to identify determinants that were believed to affect attitudes of customers towards these short messaged advertisements via a wireless media and investigate their significance to the specific case of the service subscriber' sin Ethiopia (Ethiotelecom, 2018)

#### **1.2.** Statement of the problem

Organizations today operate in an environment that is characterized by constant change and an increase in competition as a result of globalization (Zyman, 2002), suggest that the biggest change in the market place is that consumers have a greater selection with regards to products and services and those organizations should become more conscious of their advertising efforts. Organizations now view advertising as an investment and tend to value over-communication with consumers, resulting in greater budgets for advertising departments than in the past (Zyman, 2002). Technological advancements have provided various new mediums for advertising to consumers and have further allowed for organizations to better reach consumers with regards to the frequency and impact of advertising (Du Plessis, 2003), These advances in technology, combined with the market place's need to increase advertising to consumers, has led to the fact that "Advertising is everywhere" (G, 2001).

Mobile advertising holds a strong promise to become the best targeted, one-to-one, and most powerful digital advertising medium offering new ways to target messages to users in which existing advertising channels can never do (Ramin and Asil, 2007). In order to perform mobile marketing activities more effectively, marketers and researchers pay more and more attention to mobile advertising which is considered to be an important marketing tool and a continuous area for research. As one of the issues, attitudes toward mobile advertising have been a focus of attention for a long time (Tsang *et al.*, 2004).SMShas been the most successful non-voice service for mobile operators in the history of telecommunications and, as such, has been a key revenue generator. The key to the success of SMS has been its simplicity, reach, price and reliability. All other messaging based applications launched since SMS have struggled to meet the lofty

expectations set by the service and pale in comparison to its success. Industry-related reports point to a future in which SMSvolumes and revenue will continue to grow on a global basis for at least the next years(Ahmad, Zabadi and Elsayed, 2012). Further, Mobiles are more user-friendly than that of the computers. As soon as people get messages on their cell phones they instantly check their messages. If these messages are in favor of them, then they would reply the senders or if these are found to be useless they would instantly delete them. So, it has come to knowledge that promotional messages by means of mobiles reach to people faster than that of internet marketing. Since mobile marketing saves much time, it has won the favor of many companies which are into retail sector (Rip & Kemp, 1998).

Although the SMS marketing has grown rapidly in many European and Western countries, it is still in its infancy in many Asian and African countries. Furthermore, most of the previous studies have examined SMS marketing in western context, and little attention has been paid to the investigation of such a strategy in the other World (Waldt, Rebello & Brown, 2009). Consumers are confronted every day with a large amount of advertisements, which exceeds their informationprocessing capabilities. Therefore, consumers filter out excess visual and aural marketing stimuli which develop such an uncertainty of marketers who try to draw the consumers' attention8. However, research has indicated that creativity can attract the consumers' attention (Roozen & Genin, 2008). Previous studies verified and emphasized that consumer attitude toward mobile advertising is significantly affected by the perceived entertainment, informativeness and credibility of an advertisement which affect the way consumers evaluate its value (Tsang et al., 2004). Bauer, Barnes, Reichardt, and Neumann (2005) stated that customer perceived mass advertisement as a spam so more personalized advertising is needed. Moreover, Malaysian Communications and Multimedia Commission (2009) stated that SMS advertising became a major channel for advertising which creates avenue for advertiser to interact with consumer. Therefore, there should be more researches to overcome key challenges regarding consumer willingness towards the acceptances of SMS advertising. Almost all of the previous researches on consumer attitude on SMS advertising have been carried out in other countries such as China, Iran and India (Lin & Hung, 2009; Keshtgary & Khajehpour, 2011; Lee, Hsieh, & Huang, 2011; Ahmadi, Masrour, &Khaksar, 2013; Chandra, Goswami, & Chouhan, 2013). As per the knowledge of the researcher SMS advertising for the goods and services in Ethiopia is still remain unclear, there is very few

studies conducted, so it is needed to gain a well understanding about the underlying factors such as customer attitude. So, this research will contribute to the perception from Ethiopian consumer attitude. Hence, with the rapid growth of mobile penetration in Malaysia, there is a greater need on finding the consumer attitude towards m-advertising field that will open a new avenue for many people. Therefore, the intention of this study is to investigate whether the factors that determine the attitude of customers towards SMS advertisements in previous literatures do have an impact on attitude of Ethiopian enterprise customers towards SMS advertisements and also to investigate whether customer attitudes towards SMS advertisements vary across demographic variables.

#### **1.3.** Research Questions

Considering the purpose and objectives of the study the under listed research questions are addressed in the study;

- What are the Determinants of customer attitude towards SMS advertisement at Ethiotelecom?
- Does the existing method and procedure changing the customer attitude towards SMS advertisement at Ethio-telecom?

### 1.4. Hypothesis

- There is positive and significant relationship between entertainment and customer's attitude towards SMS advertisement?
- There is positive and significant relationship between irritation and the customer attitude towards SMS advertisement?
- There is positive and significant relationship between formativeness and customer attitude towards SMS advertisement?
- There is positive and significant relationship between credibility and customer's attitude SMS advertisement?
- There is positive and significant effect of SMS advertising to customer's perception as being credible, informative, irritating, and entertaining?

## **1.5.** Objective of the Study

### 1.5.1. General objective

The major objective of the study is to investigate the important factors that are believed to affect attitudes towards SMS advertisements

### **1.5.2.** Specific objective

- To identify the relationship between entertainment and customers attitude towards SMS advertisement?
- To examine to what extent irritation affects customer attitude towards SMS advertisement?
- To determine the effect of formativeness customer attitude towards SMS advertisement?
- To assess to what extent credibility affects customer's attitude SMS advertisement?
- To investigate whether there is a difference in customers' attitude towards SMS

advertisements across different demographic categories

#### **1.6.** Scope / Delimitation of the Study

The study is limited to postpaid enterprise mobile subscribers so findings from the study are only generalizable to these segments of customers only. The antecedents affecting customers' attitude towards the SMS advertisement are limited to entertainment, in formativeness, irritation and credibility. Only the cognitive and affective components of attitude are incorporated in the study. The geographical coverage area will be limited to only North Addis Ababa enterprise shops. This research will be limited to only the last ten years of customer's attitude towards SMS advertisement.

#### **1.7.** Significance of the study

SMS messages are flowing day and night to consumers without asking their prior permission to transmitting these messages and this is one of the problems associated with this activity. Other problems emerge from the lack of knowledge about the cultural background of the recipients specially their social, religious, and beliefs standards. In addition to what mentioned above, there is a reason for us to search in that field, such as the lack of language and academic coverage of SMS advertising activities especially in the areas of improving performance and communicating information. Advertising and promotion through mobile phones has been proven the best way taking into consideration the revenue, cost and profit structures in the overall advertising opportunities.

The study is significant to advance knowledge as it is the first of its kind in Ethiopia. Although there are plenty of studies regarding SMS advertisements they were mostly done in developed countries context .So this study makes cross comparison of findings possible and trigger further studies in the area. It enables the company to identify the dimensions that needs further enhancements so as to benefit from SMS advertisement at full scale. Additionally, it can be used as a reference for other researchers who want to make further investigation in the area.

### **1.8.** Definition of Terms

- (SMS) Short Message Service is a service for sending short messages of up to 160 characters
- Operational definition
- ETC (Ethiopian Telecommunications Corporation) is the previous name of Ethio telecom
- CRM (Customer relationship management)
- PDA= (personal digital assistant) is small electronic device that is used for storing and organizing information.
- SIM (subscriber identity module) card is inserted into a device and that is used to short data (as phone number or contact information.
- E-mail (electronic mail) is a means or system for transmitting message electronically.
- Attitude is a way you think and feel about someone or something.
- Perception is the ability to understand or notice something easily.

#### **1.9.** Organization of the paper

The study comprises five chapters. The first chapter presents introduction of the study whereby background of the study, statement of problem, objectives of the study, research questions, significance of the study, and definition of terms, scope and delimitations of the study were included. The second chapter devoted to reviewing related literatures followed by the third chapter that discusses the methodology used to undertake the study. In chapter four and five, the data analysis & discussion of results and conclusions & recommendations presented sequentially.

#### **CHAPTER TWO LITERATURE REVIEW**

#### 2.1 Theoretical Review

#### 2.1.1 Introduction to wireless advertisement

Wireless marketing is sending advertising message to mobile devices such as mobile phones (Tsang, Ho, and Liang, 2004). According to Anderson & Nilsson (2000), there are five platforms available of wireless advertisement, SMS and pagers, WAP and I- mode, PDA: s, voice/speech, and location-based technologies. Mobile advertising is the application of interactive wireless media to transmit advertising messages to customers personalized information with the overall goal to promote goods and services (Haghirianet al. 2005). According to DickingerA, et al., (2004), mobile marketing is an interactive wireless media to provide customers with time and location sensitive, personalized information that promotes goods, services and ideas, thereby generating value for all stakeholders. Mobile Marketing is the ideal instrument to improve customer relationship with the brand as consumers do have a continuous interaction with their mobile phones. Marketers thus can measure the distinct image that their brand has in the mind of customers by continuously following their reactions to their mobile advertisements. This represents an opportunity to build more meaningful Brand relationships than at any time in advertising history. Mobile marketing provides new revenue streams and opportunities for subsidized access, along with the potential for customers to experience more convenient and relevant content value, Sponsored by advertising. It also allows, through effective targeting and tailoring of messages to customers, enhancement of the customer- business relationship (Barnes & Scornavacca, 2004).

Mobile communication is a communication vehicle that possesses distinct characteristics when compared against other forms of communication. It allows the advertiser and the consumer to interact quickly and frequently (Pavlou and Stewart, 2000). Opportunities for direct contact with consumers are unprecedented (Hoffman and Novak, 1996). Consumers can be provided with information they are interested in, what gives marketers the chance to build customer relationships of a new dimension. As a result, modern advertisers are increasingly relying on various modes of interactive technology to advertise and promote their products and services (Pavlou and Stewart,

2000). Different advertising mediums have different capacity in accomplishing the strategies of a company. The major dimensions on which these qualities are measured are reach, bandwidth, customization and interactivity. Reach is the function of how many customers can be reached through a given media (Hoang NgaLoung, 2007).

Bandwidth refers to the amount of information that can be delivered from the sender to the receiver in a given time. Mobile media is weak in this regard because the content of the mobile advertisement is limited in amount. For instance, SMS advertisements mostly don't exceed 160 characters. Face to face interaction on the contrary accounts for a broad bandwidth as it allows for both verbal and nonverbal cues (Hoang NgaLoung, 2007).Customization refers to the ability to provide personalized service based on the needs and preferences of end users. Interactivity refers to the possibility for a bi-directional communication. Mobile advertising tends to be the most interactive media compared to other conventional media like TV, radio etc. Band width, customization and interaction constitute the richness of the media. Mobile advertising possesses a better richness and reach compared to other media (Hoang NgaLoung, 2007).

Jelassi and Enders (2004) identified four distinct characteristics of mobile advertising. These are Ubiquitous Access, Detailed User Information, Integrated Response Channel and Personal Channel. Companies can stay in touch with their customers through SMS. Jelassi and Enders (2004) especially emphasized the importance of timing to communicate via SMS. The ideal time to communicate is while people are in transport according to Jelassi and Enders (2004) with the presumption that they are free at such moments. Unlike the conventional medium which allows for limited access to customers' information mobile advertising helps to get in-depth information. This represents the detailed user information aspect of mobile advertising. Information such as demography, sex, and age and user profile can be accessed via SMS. By saying integrated response channel, it means that mobile advertising enables to receive customers' response via the same medium. With regard to this aspect two advantages are worth considering. These are the opportunity for interaction and the ability to precisely measure impact and effectiveness of advertising campaign. Finally, the personal channel aspect of mobile advertising indicates that mobile cell phones represent the very personal belonging of individuals (Jelassi and Enders, 2004).

According to Mirzan Kamran and Sadia Sharmin (2008) Mobile advertisement is characterized by personalization and interactivity. The earlier emphasizes that mobile advertisement allows for customization of messages based on the preferences of customers. The later refers to the possibility of having an instant and direct feedback from the customer and likelihood of higher interaction. Another characteristic stated by scholars is immediacy which underlines that mobile medium prompts the users to react immediately shortening the time needed to change the message into actual transactions (Preeta H. Vyas, 2011). Further, more mobile medium possesses multiple touch points that can reduce the time taken to transform from awareness to action. These include voice/video, web browsing, messaging, voice (Preeta H. Vyas, 2011). This scholar also emphasized the feature of mobile media as the most convenient for targeting due to the ease of developing customer profiles.

# 2.1.2. Strengths, weaknesses, threats and opportunities of wireless advertisement 2.1.2.1.Strengths

A clear strength of wireless advertisement over other advertisement types is the ease for personalization. AnnicaAndersson and Johanna Nilsson (2000) stated that wireless media are mostly tied to one specific individual, which is not always the case with regular phones or computers that are often tied to an entire family. This makes it possible to adapt messages for the particular individual. Strength of wireless advertisement media also includes its flexibility in production and cost effectiveness (OumVantharith, 2006; AnnicaAndersson and Johanna Nilsson, 2000). It is very easy to produce and deliver a message quickly and also to change it. Even "mass-customization" is possible to a low price. In general, production costs are very low in comparison with other media (AnnicaAndersson and Johanna Nilsson, 2000).

#### 2.1.2.2.Weakness

Limitation in graphics and exposure as the SMS advertisements are limited to 160 characters is one weakness stated by AnnicaAndersson and Johanna Nilsson (2000). This has also been stated by OumVantharith (2006). Another constraint as far as wireless media is concerned is the lack of standards and accepted metrics for measuring advertisement delivery and consumer responses (AnnicaAndersson and Johanna Nilsson,2000).

#### 2.1.2.3.Opportunities

The high penetration rate of mobile media combined with trends in the convergence of mobile with internet is promising trends for future prospects of mobile advertisement (AnnicaAndersson and Johanna Nilsson, 2000). The authors justified the importance of the later trend stating that it opens for more content and services.

#### 2.1.2.4.Threats

The major threats for the mobile advertisement media are three according to AnnicaAndersson and Johanna Nilsson (2000). These are the reluctance among end-users due to privacy fears or fear of being spammed with advertising, initial misuse of the channel in the form of spam, unauthorized use of personal information and finally the "WAP effect" which is the tendency for higher expectation at initial stages which may hinder development in the area. Forced exposure is another characteristic of SMS advertising. Users cannot avoid receiving short messages; at least they need to have the first sight of them. Although, forced exposure often interrupts a viewer's normal viewing process. Researchers found that the exposure to a stimulus can generate measurable effects such as attitude change, which may also affect the acceptance of SMS advertizing (Gavin *et al.*, 2000).

#### 2.1.3. Text messaging applications

SMS can be applied for many applications due to its inherent characteristics. Seven of them have been identified by Astrid Dickinger*et al.*, (2004);these are applications as mobile couponing, information services, mobile customer relationship management (CRM), entertainment, branding, location based services and new product launches.

Mobile couponing: rather than giving paper coupons companies have now started to send coupons to cell phones via SMS. According to Astrid Dickinger*et.al*, (2004) sending coupons provide three benefits. First it allows targeting based on customer numbers. Second it is time sensitive and lastly efficient handling by scanning the coupon's bar code at the cash desk. Information services: refers to relevant and personalized information for which the customers pay little or nothing (Astrid Dickinger*et.al*, 2004). It may include news, market rates, horoscopes, weather and soon.

Mobile CRM: refers to sending items which are not directly related to the core product for sale but related to supporting customer relationship. These include sending newsletters, pictures, ringtones, bonus points and coupons (Astrid Dickinger*et.al*, 2004). Branding: refers to the ability to link various emotions and feelings with the brand with the aim of obtaining a sustainable competitive advantage (Astrid Dickinger*et.al*, 2004). These emotions will enable customers to recall and recognize the brand easily. Entertainment: SMS advertisements do also provide entertainment values. According to Astrid Dickinger*et.al* (2004) entertainment services can increase customer loyalty and add value for the customer. Providing games and prizes via text messages yields high participation and is the ideal way to attract and keep customers. Product launches: mobile market also supports new product introductions especially services (Astrid Dickinger*et al.*, 2004).

Location based services: refers to localized advertising based on identification of distinct location of the target audience. Companies can send advertisements to a registered client when this client passes the point of purchase, illustrating the time sensitiveness of this approach (Astrid Dickinger*et.al*, 2004). For instance, if Ethio-telecom advertises EVDO (evolutionary data optimized) right at the point when the customer is near the sales offices where the service is available it elicits an intention to purchase the service.

#### 2.1.4. Types of Mobile Advertising Campaigns

According to Jelassi*et.al* as cited in Hoang Luong (2006) mobile advertising can be broken down into three categories, these are push, pull and dialogue. Mobile push advertisements are those messages that are sent proactively to customers without the consent of the customers relaying on data base containing information about existing customers (Caret, 2002) as cited in Hoang Luong (2006).

Mobile pull advertisements are those that are provided when the customers require some information from the provider. (Caret, 2002) as cited in Hoang Luong (2006). Messages that are sent in a pull message are highly welcomed. Mobile dialogue advertisements differ from push and pull advertisement campaigns in terms of duration and intensity of interaction between the customer and supervisor. In the word of Hoang Luong (2006): Simple push and pull campaigns are focused around themes such as games and raffles and may last only to two or four weeks. Dialogue campaigns on the other hand span for several months and include various themes that build on one another. The major aim for pursuing dialogue campaign is to establish long term relationship with consumers in order to have better insight about customers' preferences. According to Barnes (2002) mobile advertising is of two types push and pull. There is no problem with pull advertisement as it is based on customers' request. But care should be taken as far as push advertising is concerned to be sensitive in order not to disturb the activities of customer.

#### 2.1.5. SMS Advertising Business Actors and Their Roles

Major actors have been identified by researchers. These are advertiser, application provider, infrastructure provider, mobile network operator, mobile advertising agency, provider of context information, and end user (Kavassalis*et al.*, 2003; Leppäniemi*et al.*, 2004; Bulander*et al.*, 2005; Komulainen*et al.*, 2006) as cited in SeyedAlirezaMirbagheri, (2010).Advertiser is the seller of the goods and services who determines the content of the message. The advertiser uses SMS to reach its target audience at the right place at the right time. The source of revenue to this advertiser is the end users' acceptance to the SMS advertisement leading to intention to purchase (Seyed AlirezaMirbagheri, 2010). Mobile network operator provides access to wireless network and facilitates SMS advertising by renting the network from infrastructure provider (Komulainen, *et al.*, 2006) as cited in Seyed Alireza Mirbagheri (2010). Network operators earn money by charging

mobile advertising agencies in exchange for sending SMS ads. Mobile advertising agency is the central actor aggregating all business actors and offers appropriate to mobile advertising services. Provider of context information supplies contextual information like weather, traffic conditions, and results of particular events such as sport events (Bulander, *et al.*, 2005) as cited in SeyedAlirezaMirbagheri (2010). End user is a mobile subscriber receiving SMS advertisement.

#### 2.1.6. Attitude Towards Advertising

Attitude as simply defined is our predisposition toward things that is whether we like things or not (Severin and Tankard, 2001). Attitude toward an ad is defined as a learned predisposition to respond in a consistently favorable or unfavorable manner toward advertising in general (MacKenzie and Lutz, 1989) as cited in (Haghirianet al., 2005). Being a complex construct attitude has three components. These are the cognitive, the affective and the cognitive (Severin and Tankard, 2001). The cognitive refers to beliefs held by consumers associated with the object. The affective component refers to emotions and feelings that are associated with the object. Finally, the cognitive component deals with actions or intentions towards the object (Severin and Tankard, 2001).Coming to the more specific case of SMS attitude it is defined as a long-term cognitive evaluation, affect, and behavioral tendency in a consumer towards SMS; a consumer with a more favorable SMS attitude means that he or she is more used to and likes sending/receiving SMS. many studies in the past concerning subject matter of attitude towards SMS advertisement are based on different theories like theory of reasoned action, innovation diffusion theory, and technology acceptance theory (Muk, 2007; Tsang, Ho and Liang, 2004; Wu and Wang, 2005) as cited in H. Kemal SÜHER, N. BİLGE İSPİR, Eda ÖZTÜRK (2008). Innovation diffusion theory adoption behavior is related attributes of innovation like relative advantage, compatibility, complexity, trial ability, and observability (H. Kemalet al., 2008).

**Relative advantage**; refers to the degree to which an innovation exceeds what it precedes. In this case the mobile technology is much better than existing conventional media for the clear reason that it offers complete freedom at whatever location. It helps to avoid missing appointments and delayed schedules. (H. Kemal *et al.*, 2008).

Compatibility: a technology that can work in coherence with existing technology is more likely

to be perceived positively. The cell phone ensures greater compatibility with the fixed telephony making it a well adopted innovation. (H. Kemal SÜHER, N. BİLGE İSPİR, Eda ÖZTÜRK, 2008). **Complexity**: refers to the requirements of skills that are essential to work with the innovation. Mobile phones are not far from the regular phone in complexity. This has also contributed to their rapid proliferation (H. Kemal *et al.*,).

**Triability**: refers to the extent to which an innovation can be tried on a limited basis. Mobile phones can be borrowed from some another person for trial together with other incentives (H. Kemal SÜHER, N. BİLGE İSPİR, Eda ÖZTÜRK, 2008).

**Observability**: the extent to which the benefits of the innovation can be recognized, seen or felt. Mobile cell phone entails boundless benefits that have a significant impact as they are wherever you go.

The theory of reasoned action which is an attitude theory based on the cumulative works of constructs of attention, attitude, behavior is the other theory considered by other scholars (Tsang, Ho, and Liang, 2004).Finally, the technology acceptance model is a model that evolves from the theory of reasoned action which especially dictates that intention to use a technology is determined by attitude towards using it plus the perceived usefulness and ease of use (Muk, 2007). As cited in H. Kemal SÜHER, N. BİLGE İSPİR, Eda ÖZTÜRK (2008).

#### 2.1.7. Factors Affecting Attitude Towards SMS Advertisement

Personalization, in formativeness, credibility, irritation, monetary benefit and entertainment are the most important factors that have been proved to affect attitude towards SMS advertisement (Saadghvaiziri & hosseini, 2010). However these don't tell the whole story .time of transmission, consumer control, privacy and permission are the other factors that have been suggested by Kamran and Sadia (2008).Personalization: the fact that a specified target customer can be targeted at the right place, in theright time accounts for ease of tailoring the message to an individual's needs, activities and interest Saadghvaiziri & Hosseini (2010). Consequently, the operational definition that is adopted for personalization in this study is the extent to which SMS advertisements can be

tailored to the interests, activities and needs of individual audiences. Saadghvaiziri & Hosseini (2010) found a significant and positive relationship exist between personalization of SMS advertisement and attitude towards the advertisement. This implies that the greater the relevance of the SMS advertisement the more favorable will be customers' reaction towards that advertisement.

In formativeness is the ability of the advertisements to generate awareness about the product and how it is different from competitors' products (Sobberman, 2004). Kotler and Keller (2006) implied that SMS advertisements should inform audiences of new products, changes in new products and new features of existing products. This is the context in which the variable is used throughout this paper. With regard to findings about the relationship between in formativeness and attitude towards SMS advertisement (Ducoffe, 1995, Saadghvaiziri &Hosseini (2010), Faraz *et al.*, (2011) found out that in formativeness positively and significantly influences attitude towards SMS advertisements. Credibility has been defined by Mackenzie and Lutz (1989) as cited in Saadghvaiziri & Hosseini(2010) as consumers' perception of the truthfulness and believability of advertizing in general. Goldsmith et al., 2000 as cited in Saadghvaiziri & Hosseini (2010) defined credibility as the extent to which consumers believe that a firm can design and deliver products and services that satisfy customer needs and wants. Saadghvaiziri & Hosseini (2010), Pavlov and Stewart(2002) as cited in Mirzan Kamran and Sadia Sharmin (2008) found out that credibility is positively and significantly correlated with attitude towards SMS advertisement.

Entertainment is perhaps another most important factor affecting attitude towards SMS advertisement. According to Mcquail (1983) entertainment is the ability to fulfill customers' needs for escapism, diversion, aesthetic enjoyment or emotional release. D. L. R Van der Waldt, T. M. Rebello and W. J. Brown, 2009, Saadghvaiziri & Hosseini (2010), Mirzan Kamran and SadiaSharmin (2008) found that there exists a significant relationship between entertainment and attitude towards SMS advertisement. Irritation: When advertising employs techniques that annoy, offend, or are overly manipulative, consumers are likely to perceive it as unwanted and irritating influence (Ducoffe, 1996) as cited in Saadghvaiziri & Hosseini (2010). Mirzan Kamran and Sadia Sharmin (2008) found out that irritation is significantly and negatively correlated with attitude

towards SMS advertisement.

#### 2.2. Empirical Review

Liu and Jang, (2007) was used explanatory research design in order to assess consumer's attitude toward mobile advertisement. The aim of the study was to enlighten the role of company-factors and consumer-factors which may affect consumer's perceived advertising value and attitude. Based on the results of the study consumer's perceived advertising value, informativeness, entertainment and credibility affect their attitude toward mobile advertising as always. Thus, companies should never stop improving the quality of the advertisement sent to consumers to provide much more information, entertainment and credit. At present, different franchised stores of the same brand often send advertisements to consumers through different phone numbers. As a result, consumers are often confused because they would doubt that "it is 'False advertisement'?" That would lead to negative impact on perceived credibility. If possible, it is best to use one unified phone number or some related numbers.

Haider (2014) conduct a research on attitudes of customers of Sargodha city (Pakistan) towards mobile advertising applications. More precisely the study we examine different factors that affect consumer attitude towards mobile advertising. A set of 200 questionnaires was distributed among respondents of Sargodha city in a survey. The results revealed that message contents of advertisement strongly affect consumer attitude towards mobile advertising. The finding also shows that almost youth in Pakistan uses mass media especially cell-phones devices. Overall, comparative analysis reveals that mobile phone industry a blurring sector for business support that irritation is negatively influence consumer attitude of MA. The entertainment also has significance effect on respondent's attitude. The perceived credibility also has strong contingent effect on consumer attitude. The empirical evidence shows that antecedents of mobile messages contents have strong effect on attitude of consumers in terms of mobile advertising. Hence the study forwards a recommendation those managers to well design advertising campaigns through cell phones to achieve desired results

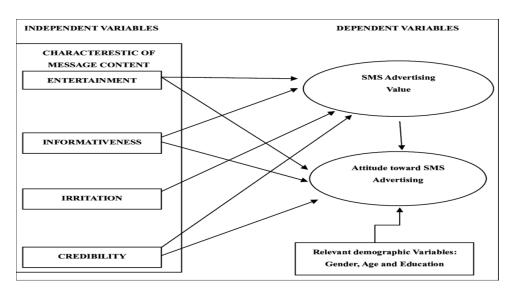
Huq, Alam, Aktar, & Alam (2015) assess Customer's Attitude towards Mobile Advertising in

Bangladesh. The main objective of the study was to examine the customer's attitude towards mobile advertising in Bangladesh. The study, descriptive in nature, has been conducted based on primary and secondary data. The study hypothesized on the five independent variables, these are: entertainment, informativeness, irritation, credibility and incentive have influenced on attitude towards mobile advertising. The study has been conducted among 130 respondents over fourteen (14) years old in Bangladesh, who own a cell phone. The survey questionnaire has been included 21 attitude measurement questions designed under seven (7) points semantic differential scale. The study shows that companies taking permission from only 17 percent of respondents that send mobile advertising. Most of the customers would like to receive mobile advertising in the morning and night. The factor analysis of the study also divided the predictors into six different factors those can be used for the further study. Customer's attitude towards the mobile advertising has explained 69.8% by the independent variables were entertained, informativeness, credibility and incentive have positive and irritation has negative influence on consumer attitude. It can help to take proper business decisions and making suitable competitive strategies about effective business communication and advertisement which can ensure its long term sustainable economic development in the competitive business world.

Dharmadasa & Alahakoon (2015) examines factors influencing consumer attitudes towards SMS advertising. The study's research framework was conceptualized using five predictor variables – informativeness, irritation, privacy, credibility, and incentives – and an outcome variable of consumer attitudes towards SMS advertising. The informativeness, irritation, and privacy were labeled as central route constructs and credibility and incentives were labeled as peripheral route constructs. Survey data collected from 251 mobile users selected from a cohort of undergraduates in business management from University of Colombo, Sri Lanka, were analyzed using the Structural Equation Method (SEM). Results suggest that the informativeness and incentive variables are positively associated with customer attitudes towards SMS advertising, whereas irritation and privacy are found to be negatively associated with consumer attitudes towards SMS advertising. Furthermore, credibility was found to be an insignificant factor predicting consumer attitudes towards SMS advertising. Several implications for consumer attitudes towards SMS advertising are discussed.

Lun *et al.*, (2014)analyze consumer attitude towards mobile advertising in Malaysia. The Purpose of the research was to investigate the elements affecting the consumer attitude towards m-advertising in Malaysia. The study has been mainly adopted from Brackett and Carr (2001) model. The focused factors will entertainment, informativeness, credibility, irritation and personalization. The total numbers of 450 survey questionnaires were collected data from mobile users in Malaysia. The data analysis techniques that used in the research were Pearson correlation test and multiple regression analysis. The result shows that personalizing Entertainment, informativeness and credibility influence positively customers attitude towards mobile advert sizing; on the other hand irritation affect negatively.





Abdulraheem. M. Ahmad. Zabadi, Mohammad Shura, E. A. Elsayed (2012)

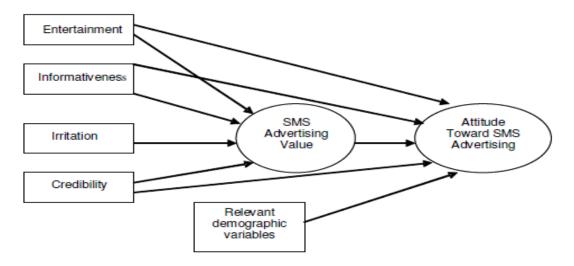


Figure 1. Model for testing consumer attitudes towards SMS advertisements. Source: Adapted from Brackett and Carr (2001:25).

#### CHAPTER THREE RESEARCH METHODOLOGY

The research approach has a quantitative nature and particularly causal research design was utilized. The purpose of the design is to correlate attitude of customers towards SMS advertisement with antecedents of attitude towards advertisements namely entertainment, in formativeness, credibility and irritation.

#### **3.1.** Population of the Study

All Ethio-telecom enterprise customers are the target population for this particular study. These are customers that subscribed for the service mainly for business purpose. Since the profiles of residential customers is not well developed by the company the researcher has exclusively opt to make enterprise customers his target population. Therefore, for the purpose of this study the target population of the study was Northern Addis Ababa enterprise customers. Totally in Northern Addis Ababa district there are 900 enterprise customers. Hence, the total population of this study was 900 enterprise customers.

#### 3.2. Sample size

A sample is a finite part of a statistical population whose properties are studied to gain information about the whole (Webster, 1985). According to Cooper and Schindler, (2001) cited on Njambi (2014) some of the principles which influence sample size comprise: the greater the dispersion or variance within the population, the larger the sample must be to provide estimation precision, the greater the desired precision of the estimate, the larger the sample must be, the narrower the interval range, the larger the sample must be, the higher the confidence level in the estimate, the larger the sample must be, the greater the sample must be, the greater the sample must be, as each sub group must meet minimum sample size requirements, and if the calculated sample size exceeds five percent of the population, sample size may be reduced without sacrificing precision. Yamane (1967:886) (cited by Israel 2013) provides a simplified formula to calculate sample sizes (equation 3.1). Therefore, using this formula a sample size of 276 was determined.

$$n = \frac{900}{1+900(0.05)2} = 276.92 \approx 277$$

Where n is the sample size, N is the population size, and e is the level of precision.

#### 3.3. Technique of Sampling

A simple random sampling technique is employed to identify members of the sample. The lists of all postpaid enterprise mobile subscribers from Ethio-telecom data base are used for the selection. A table of random numbers is employed to identify participants. This ensures less bias and the chance for the selection of one member is independent of the other. The population of the study encompasses all enterprise customers of Ethiopia found in Addis Ababa.

#### **3.4. Method of Data Collection**

Structured questionnaires were used to get primary data from Ethio-telecom enterprise customers. As secondary sources of data published journal articles, publications, books, websites and others will be used as found appropriate to the study.

#### 3.5. Procedure for Data Collection

First a letter requiring the cooperation of the company (Ethio-telecom) to allow for the telephone survey is submitted. Upon getting their reply respondents are informed of the purpose of the survey. Based on their permission the respondents are asked to respond and to state their level of agreement to the statements in the survey. Simultaneously their answer is marked in the hard copy of the instrument. Much precaution is taken to help respondents by briefing them on any possible ambiguities regarding the survey instrument.

#### **3.5.1.** Instrument of the Study

For the purpose data collection semi-structured questionnaires were employed. The instrument for this study consists of two parts. The first part consists of demographic questions like age, gender and level of education. The second part consists of statements in a five point Likert scale that are rate

### 3.6. Method of Data Analysis

The study employed both quantitative qualitative data analysis techniques. Descriptive statistics were employed to describe the characteristics of the sample respondents and other given data. Inferential statistics such as Pearson Correlation analysis and Ordinary Least Square (OLS) model were employed in order to test hypotheses and determine whether significant relationships exist between attitude of customers toward SMS advertisement and the antecedent variables like entertainment, in formativeness, credibility and irritation. Further Statistical Package for Social Science (SPSS) was employed for the purpose of analyzing the data. Furthermore, In addition to this Cronbach's Coefficient Alpha method was also used to test the reliability of the data, therefore, the data was 69% reliable.

### **Research Ethics**

The respondents were informed of the purpose of the study and based on their permission the respondents were asked to respond and to state their level of agreement to the statements in the questioner. Simultaneously The respondents were assured of that their responses were used only for academic purpose and kept confidential.

### CHAPTER FOUR DATA ANALYSIS AND INTERPRETATION

In this section the results of the analysis would be discussed, in order to answer the objectives 276 questionnaires were distributed for randomly selected respondents however, only 246 were returned, hence the analysis is done based on the returned questionnaires. Further, in this part the demographic features of respondents, descriptive and inferential statistics of customer's attitude towards SMS advertisement would be discussed consecutively.

### 4.1. Demographic Characteristics of Respondents

### 4.1.1. Gender and Age of respondents

The total number of respondents employed for this analysis was 246, out of this 55.28 percent of the respondents were male and the rest 44.72 percent of the respondents were females. The age groups of respondents were classified in to three. Accordingly, 51.63 percent of the respondents were in the age group of 18 to 30, 42.68 percent of the respondents were belongs to the age group of 31 to 45 and the rest 5.69 percent of the respondents fall in the age group of 46 to 60 (table 4.1).

		Age of r	esponde	ents		
Gender of	respondents				Total	
		18-30	31-45	46-60	Count	%
Male		67	59	10	136	55.28%
Female		60	46	4	110	44.72%
	Count	127	105	14	246	100%
Total	%	51.63%	42.68	5.69%	100%	

Table 4.1 Gender vs. Age of respondents

Source: Own computation

### 4.1.2. Education level of respondents

Under this topic the education level of the respondents would be discussed. Accordingly, out of the total respondents more than 85 percent of them were degree and above holders. 10.98 percent of the respondents were Diploma holders. Moreover, 2.85 and 0.81 percent of the respondents were at the level of primary and secondary education.

Table 4.2 education status of respondents

Education level of respondents	Frequency	Percent
Primary education	7	2.85%
Secondary education	2	0.81%
Diploma	27	10.98%
Degree and above	210	85.37%
Total	246	100%

### 4.1.3. Usefulness and Frequency of SMS

Respondents asked how far the SMS advertisement was entertaining them, accordingly, only 3.66 percent of the respondents were replied that the SMS adverts were entertain them. However, 23.17 percent of the respondents replied that the SMS advert were not entertain them and 36.18 percent of the customer respondents said that the advert somehow entertain them. The rest 36.99 percent of the respondents replied that they don't know whether the advert entertain them or not. In addition to the above points respondents were also asked to what extent the SMS advert were useful to them. Accordingly, 17.89 percent of the respondents confirmed that the SMS were useful, 36.18 percent of them said that the advert were somehow useful. The rest 12.60 and 33.33 percent of the respondents replied that the SMS advert were not useful and don't know about it respectively. Those respondents who replied "I don't know", is may be because of most of the customers discard the text advert without reading what it is inside the message just via looking the number only.

How frequently is SMS advertisement of ethio telecom entertaining	Freq.	Percent	Cum.
Entertaining	9	3.66	3.66
Somehow entertaining	89	36.18	39.84
Not entertaining	57	23.17	63.01
I don't know	91	36.99	100.00
Total	246	100.00	

Table 4.3 entertaining level usefulness of the SMS advertisement

How often is the SMS advertisement of	Freq.	Percent	Cum.
ethio-telecom useful			
Useful	44	17.89	17.89
Somehow useful	89	36.18	54.07
Not useful	31	12.60	66.67
I don't know	82	33.33	100.00
Total	246	100.00	

Apart from the abovementioned points respondents were also asked how many SMS advert they receive per day. Accordingly, 21.95 percent of the respondents replied that they only receive one SMS advert per day, the same (21.95) percent of respondents also said that they receive two SMS adverts per each day. Moreover, 17.48 percent of the sample respondents replied that they receive more than three adverts per day and the rest 15.04 percent of respondents confirmed that they have no idea how many adverts they receive per day. In order to support the figure respondents were also asked how many SMS advert they would like to receive within some period of time, according to the respondents majority of the respondents replied that they would like to have one to two advertisements within a week or two weeks; the frequency of the advert make them to get board and even some of the respondents black listed any advert numbers of Ethio-telecom.

Table 4.4 frequency of Sivis advert derivered		1	a
How frequently do you get SMS advertisement of ethio	Freq.	Percent	Cum.
telecom per day	•		
1 times	54	21.95	21.95
2 times	54	21.95	43.90
3 times	43	17.48	61.38
More than 3 times	58	23.58	84.96
I don't know	37	15.04	100.00
Total	246	100.00	

Table 4.4 frequency of SMS advert delivered to customers

### 4.2. Factors Affecting Customer Attitude Towards SMS Advert

Under this sub-section the expected variables that may affect the attitude of customers would be discussed. Here, the response of respondents towards each variable would be discussed in detail; the variables are entertainment, informativness, irritation and credibility.

#### 4.2.1. Entertainment

In order to measure to what extent the SMS advertisement of Ethio-Telecom is entertaining customers six question were employed; accordingly, 9.14percent of the respondents were strongly agreed that the SMS advertisement were entertaining, 22.36 percent of the respondents replied at agree level that the SMS advertisement is entertaining, 29.61 percent of the respondents neither agree nor disagree regarding the entertaining level of the advertisement. The rest 29.2 and 9.69 percent of the sample customer respondents were replied their response at disagree and strongly disagree level. Although, considerable (31.89%) amounts of the respondents had positive response regarding the entertaining level of the text message advertizing, however, on some particular responses respondents had reservation, accordingly, around 49 percent of the respondents confirmed that SMS advertisement of Ethiotelecom doesn't has emotional appeal, and close to 42 percent of them also confirmed that SMS advertisement of Ethiotelecom is not attractive to (table 4.5).

	Strongly	Agree	Neutral	Disagree	Strongly
Item	agree				disagree
SMS advertisement of ethio telecom has	0.81	14.23	35.77	34.96	14.23
emotional appeal					
It is enjoyable to receive SMS advertisement	14.23	25.61	22.36	30.89	6.91
from ethio telecom					
SMS advertisement of ethio telecom has	3.66	15.04	38.62	29.67	13.01
attractive to read					
It is fun to receive SMS advertisement from	17.48	36.99	18.70	18.70	8.13
ethio telecom					
SMS advertisement of ethio telecom have	11.38	23.17	28.05	27.64	9.76
psychological benefit					
SMS advertisement of ethio telecom is	7.32	19.11	34.15	33.33	6.10
satisfactory					
Total	9.14%	22.36%	29.61%	29.2%	9.69%

Table 4.5 entertaining

### 4.2.2. Inforamativenes

The other important variable was how much the SMS advert were informative, regarding this nine items were employed in order to measure the extent of customers agreement; accordingly, 11.11percent of the respondents strongly agree that the advert were informative, 39.21 percent of the respondents were replied and confirmed at agree level that the SMS advertising were informative. Conversely, 18.79 percent of the respondents replied at a disagree level that message was informative, and 5.23 percent of them responded at strongly disagree level that the SMS advertising were informative. In addition to these 25.65 percent of the sample respondents neither agrees nor disagrees regarding the informativness of the SMS advertising. The above mentioned information is the average response of the all relevant questions, however, in particular, significant (>30%) percent of the respondents were not comfortable with the relevance of the SMS advertisement to their job and other related personal activities of the customers.

Tem	Strongly	Agree	Neutral	Disagree	Strongly
	agree				disagree
SMS advertisement of ethio telecom are relevant to my job	5.69	31.71	20.71	35.37	6.50
SMS ads of ethio telecom are tailored to my personal interests	7.32	24.39	37.80	27.24	3.25
SMS advertisement of ethio telecom are informative of new products and services	11.79	57.72	18.29	11.38	0.81
SMS advertisement from ethio telecom are informative of changes in product, prices and discount	8.94	47.97	22.76	17.89	2.44
I do always look at SMS advertisement from ethio telecom favorably	15.04	32.93	25.20	16.67	10.16
SMS advertisement of ethio telecom are relevant to my activities	5.69	35.37	23.58	26.02	9.35
SMS advertisement of ethio telecom appears readable ,clear and well formatted	15.04	43.09	27.24	9.35	5.28
SMS advertisement of ethio telecom are informative about the upgrade in the system and services	16.67	47.15	23.17	12.60	0.41
SMS advertisement of ethio telecom update its profile to customers	13.82		32.11	12.60	8.94
Total	11.11	39.21	25.65	18.79	5.23

Table 4.6 informative

Source: Own computation

### 4.2.3. Irritation

Five different questions and items were employed in order to measure to what extent the SMS advert is irritating. Accordingly, the average analysis indicates that 10 percent of the sample customer respondents confirmed at strongly agrees level that the SMS advert were irritating, 31.30percent of the sample respondents concur at agree level that the SMS advertising was irritating. On the other hand, 23.25 and 6.34 percent of the respondent's insight disagree and strongly disagree respectively for the issue of the SMS advert was irritating. Furthermore, more than 40 percent of the sample respondents agreed that they don't like and not interested to receive the advertisement message of Ethio-telecom.

Table 4.7 irritating

	Strongly	Agree	Neutral	Disagree	Strongly
Item	agree				disagree
SMS advertisement of ethio telecom are	17.07	29.69	24.39	19.51	9.35
boring and irritating					
SMS advertisement of ethio telecom are	6.50	28.86	28.05	30.49	6.10
interesting					
I don't like to receive SMS advertisement	12.20	37.40	25.20	17.89	7.32
from SMS ads of ethio telecom frequently					
I don't want to receive SMS advertisement	8.54	23.17	38.62	26.42	3.25
from ethio telecom					
I am not interested to receive SMS	5.69	37.40	29.27	21.95	5.69
advertisement from ethio telecom					
	10				( ) (
Total	10	31.30	29.10	23.25	6.34

## 4.2.4. Credibility

In order to find out how much the SMS advertising is credible the researcher employees sex questions. The overall statistics indicates that 3.11 percent of the respondents strongly agreed that the SMS advertising were credible, 16.53 percent of the respondents agreed that the advert were credible. However, 37.53 and 14.63 percent of the respondents disagree and strongly disagree respectively that the SMS advert were credible. In addition to these 28.18 percent of them neither agrees nor disagrees with regard to the credibility of the SMS advertisement. In line with this more than 59 percent of the respondents replied that SMS advertisement of ethio telecom was not believable and 58 percent of them confirmed that SMS advertisement of ethio telecom lacks creativity.

Table 4.8 credible

	Strongly	Agree	Neutral	Disagree	
Item	agree				disagree
SMS advertisement of ethio telecom are necessary and have creativity	0.41	7.72	32.11	43.90	15.85
SMS advertisement of ethio telecom are believable	2.85	13.01	23.58	42.68	17.89
ethio telecom is a company that is always providing and confirming to its Promises	0.41	15.04	32.52	37.80	14.23
SMS advertisement from ethio telecom is easy to understand	14.23	56.918	19.92	.94	0
SMS advertisement from ethio telecom is truthful	6.50	30.49	38.62	14.23	10.16
SMS advertisement from ethio telecom is always timely	8.54	23.98	22.36	29.67	15.45
Total	5.49	24.52	28.18	28.20	12.26

#### 4.3. Overall Perception of Customers towards SMS advertising

Respondents were also asked towards their perception and feeling about the general service level of SMS advertising. Accordingly, 15.85 percent of them strongly agreed that they have positive perception towards the SMS advert of Ethuo-telecom, 21.21 percent of them replied at agreed level that they have positive intention towards the service. On the other hand, 28.86 and 14.47 percent of the respondents confirmed that they disagree and strongly disagree towards the intention said there is good service at Ethio-telecom. The rest 19.59 neither agrees nor disagrees regarding the positive service of the Ethio-telecom SMS advert. Although around 36 percent of the respondents had positive response toward the overall SMS advert service; however, more than 38 percent of the respondents comply particularly the service was not helpful and valuable, and more than 45 percent of them also said that the overall service of SMS advert service is not very satisfactory

Item	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Overall, I am very satisfied with the quality of SMS advert service offered by ethio-telecom	15.85	29.27	16.67	21.14	17.07
The overall service of SMS advert service is very satisfactory	13.01	23.98	17.07	24.80	21.14
In general, I am very happy with my overall SMS advert service experience	19.92	23.98	22.76	21.14	12.20
the SMS advertisement of ethio-telecom is helpful and valuable	28.46	13.41	18.70	28.46	10.98
I feel pleased with my decision to use the SMS advert services of this company	2.03	15.45	22.76	48.78	10.98
Total	15.85	21.21	19.59	28.86	14.47

Table 4.9 perceptions towards SMS advert

### 4.4.Mean Summary of the Descriptive Statistics

The interpretation for the inclination of the perception of respondents towards the stated variables is based on the mean score generated from the statistics; the rate of perception is between 1 and 5, where, 1 represents the scale of Strongly Agree and 5 stands for Strongly Disagree; hence since the mean score lies between 1 and 5, if the mean approaches to 1 the conclusion would be the respondents has positive response on the selected issue and if it approaches to 5 the reverse would be true. Accordingly, the grand mean score of the variable entertainment was 3.91 which lie between neutral and disagree level with a standard deviation of 1.086, it almost approaches to disagree level. Furthermore, the grand mean of 3.91 implies the provided service didn't entertain well the customers. The second variable which was selected as a determining factor of customer attitudes towards of SMS advertisement was informativeness of the advert. Which means to what extent the advertisement was informative; accordingly, the mean score of this particular variable was 2.67, also it is between Agree and Neutral level and it approaches to agree level. The mean score indicated that the SMS advert was informative and updates information for customers.

The other variable was irritation, to what extent the SMS advert was irritate customers, accordingly, the mean score of this particular variable was 2.84, which lies between agreed and neutral level. According to Scott (1999), for likert scale data from 1 Strongly Agree to 5 Strongly

Disagree, the interpretation should be for mean up to 2.8 is Agree, mean between 2.9 and 3.2 is Neutral, and mean above 3.2 is Disagree. Therefore, the mean score of the variable irritation is 2.84, which fall at agree level implies that the SMS advertisement of Ethio-telecom is to some extent irritate customers. The last determining factor was to what extent the SMS advert was credible by the customers, this particular variable got a mean score of 3.63 which lies between neutral and disagree level, however, it approaches to disagree level; this indicates the SMS advert was not as such credible by the customers. Apart from these, respondents was also asked to rate their perception towards the overall SMS advert service delivery, according to the mean statistics, the overall perception of customers fall at neutral level, the grand mean score was 3.04; this indicate respondents slightly agreed that they have positive perception toward the overall SMS advert services.

Variable	Obs	Mean	Standard deviation
Entertainment	246	3.91	1.086
Informative	246	2.67	1.0272
Irritation	246	2.84	1.0772
Credibility	246	3.63	0.9957
Overall perception	246	3.04	1.27278

Table 4.10 Mean summary of independent and dependent variables

### 4.5.Correlation and Regression Analysis

### 4.5.1. Correlation Analysis

The correlation analysis is done to test whether a two-way association between the dependent and each independent variable is exist or not. The test is performed using Pearson correlation coefficient; accordingly, the analysis depicts that there was weak, significant and positive association between entertainment ( $r = 0.3617^*$ , p < 0.001) and customers attitude towards SMS advertising; this indicates although the association is weak, the more the advertisement entertain customers the more customers attitude becomes good towards SMS advertisement. It is also found out that there was moderate, positive and significant ( $r = 0.4619^*$ , p < 0.001) relationship between customer's attitude and information's, this implies when the SMS advertisement become more informative the customers attitude towards SMS advertisement is going to be better. Unlike the above variables there was moderate, negative and significant ( $r = -0.5263^*$ , p < 0.001) association between irritation and SMS advertisement; one can understand from the analysis, when the SMS

advertising becomes more boring and irritative the customer's attitude towards SMS advertisement become lower and lower, or customers may develop negative thought about SMS advertisement. The other variable was the credibility of the SMS advertisement; this particular variable didn't show significant association with attitude of customers towards SMS advert.

	Percep~n	Entert~t	Infora~s Irrit	a~n Credib~	·y
Perception	1.0000				
Entertainm~t	0.3617* 0.0000	1.0000			
Inforamati~s	0.4619* 0.0000	0.2003* 0.0000	1.0000		
Irritation	-0.5263* 0.0000	0.1150 0.6390	0.0404 0.1033	1.0000	
Credibility	0.0967 0.7937	0.0531 0.7810	0.2090* 0.0000	0.0315 0.1041	1.0000

Table 4.11 correlation analysis between dependent and independent variables

#### **4.6.Regression Analysis**

### 4.6.1. Assumption Tests/Pre-regression tests

## 4.6.1.1.Multicollinearity and Heteroscedasticity test

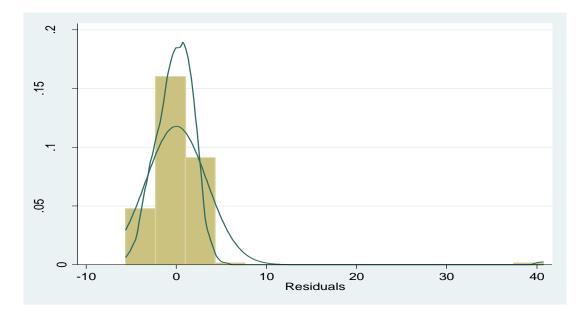
Multicollinearity stands for the correlation between independent variables of the regression model. Therefore, this test is performed in order to check if there is a linear relationship between the independent variables, which is between Entertainment, Informativeness, Irritation and credibility. The analysis is done using a Tolerance and variance inflation factor; according to Gujrati (2003), the larger the value of VIF*j*, the more "troublesome" or collinear the variable *Xj*. As a rule of thumb, if the VIF of a variable exceeds 10, which will happen if  $R^2j$  exceeds 0.90, that variable is said be highly collinear. Accordingly, the VIF test shows below that none of the variable VIF exceeds 10; and hence, the model is free of multicollinearity. In addition to this, Heteroscedasticity test was performed, one of the important assumptions of the classical linear regression model which explain that the variance of each disturbance term *ui*, conditional on the chosen values of

the explanatory variables should be some constant number equal to  $\sigma 2$ . Therefore, in order to check whether this assumption is violated or not Breusch–Pagan Test was performed and the test indicates that variance of each disturbance term is not heteroscedastic, which is, it is free of Heteroscedastic problem.

Furthermore, determinants of customer attitudes towards of SMS advertisement were estimated using the OLS method. The coefficient of determination ( $R^2$ ) for the model is 0.470 (F= 14.53, *p* < 0.005) showing that the model explained 64% of the variation in the level of customer's attitude and the overall model is statistically significant.

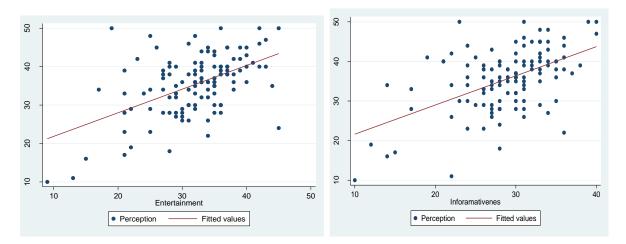
### 4.6.1.2.Test of Normality

In order to run ordinary least square method the error term or residuals must be normally distributed; therefore, in order to test the normality histogram map was used; and as shown in the graph below the residuals are normally distributed.



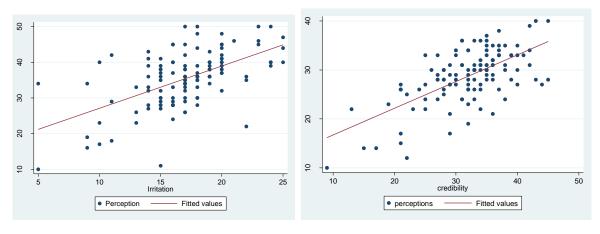
## 4.6.1.3.Linearity assumption

As observed in the graph shown below the assumption of linearity says the dependent and each independent variable should have a linear relationship. Therefore, scatter plot technique was employed to test the linearity assumption and as shown in the graph below the assumptions are fulfilled.



**Attitude vs Entertainment** 

Attitude vs informativness



Attitude vs irritation

Attitude vs credibility

#### 4.6.1.4.Regression Analysis Result

The results of the econometric model estimation revealed that Entertainment and informativness was found to increase customer's attitude. In contrast, irritation was linked to reduce customer's attitude. Entertainment had a positive and significant effect (p<0.05) on customer's attitude towards SMS advertisement, indicating that as the SMS advertisement become more entertainer the more will be positive attitude of customers towards SMS advertisement. Whenever the level of entertainment increases so do the satisfaction of customers which leads to increase the rate of using the SMS advert service. The same as the findings of this study Tsang *et al.*, (2004) and David (2006) found that entertainment is the influential factor in consumer attitudes toward mobile advertising. Liu and Jang (2007) also verified and emphasized that consumer attitude toward mobile advertising is significantly affected by the perceived entertainment, since entertainment Services can increase customer loyalty and add value for the customer. As most people have a natural Playfulness, providing games and prizes via text messaging (SMS) yields high participation. Delivering games and prizes to the customer's cell phone is a successful way to attract and keep customers (Zabadi, Shura and Elsayed, 2012).

The other significant variable was informativness, this particular variable had positive and significant (p<0.05) effect on customers attitude. When the SMS advert become more informative and deliver better information to customers the more will be customer's positive attitude towards SMS advertisement. This finding is consistent with Huq *et al.*, (2015), which argues informativeness has a positive impact on consumer attitude towards mobile advertisement. According to Hoffman (1996) people aspire to accomplish a certain degree of stimulation and collect information with intrinsic motivation, informativeness of the advertising is strongly related to the attitude toward the advertising when it is transferred via traditional media (Ducoffe, 1995). Tsang et al., (2004) also argues that Informativeness affects consumer's attitudes toward mobile advertising in general. So it can be concluded that informativeness of mobile advertising message positively influences attitude.

Irritation was found to have a negative and significant (p<0.05) effect on customers attitude towards SMS advertisement. Whenever the nature of the SMS advert become more irritative and annoying customers the more will be customers develop a negative though and attitude towards the SMS

advertising. This is because the SMS advert lacks creativity; it is not attractive and doesn't create fun & entertainment for the reader. In line with this study Zabadi et al. (2012) discovered that there is a relationship between consumer attitude of the irritation of SMS advertisement and consumer attitude towards SMS advertisement in Jordan, the finding indicated that m-advertising are irritating the consumers. Unwanted mail received through aggressive promotional campaign is the biggest privacy issue in terms of direct mails (Milne & Gordon, 1993), feeling of irritation can occur against these aggressive promotional campaigns. The consumer can get a provoking feeling, causing displeasure and momentary impatience from irritating advertisement (Aaker &Bruzzone, 1985). Since consent decreases the level of customer irritation, it is observed as a substantial notion in mobile marketing (Smutkup, Krairit and Khang, 2012: 541).

Furthermore, the variables credibility didn't show any significant relationship with customer's attitude.

Model Summary			
Multiple R	.682		
R Square	0.670		
Adjusted R Square	0.645		
Std. Error of the Estimate	.292		
Log-likelihood Function Value	-385.474		

As we can see from the R square results the four variables that is informative, irritation credibility and entertained are significantly determine SMS advertisement with r square value of 0.670 which is 67%.

ANOVA						
Sum of Squares df Mean Square F Sig.						
Regression	4.8696	4	1.924	14.53	0.0015	
Residual	7.794	237	.037			
Total	12.565	241				

	Unstandardized Coefficients standardized Coefficients					
Perception	B.	Std. Err.	Beta	Beta Std. Error		Sig.
Entertainment	.0677541	.0286922			2.36	0.019
Informativeness	.1111107	.0581467	.184	.066	1.91	0.047
Irritation	1123708	.0466463	.283	.055	-2.41	0.017
Credibility	.1008228	.0947933	.173	.055	1.06	0.289
_cons	2.197893	1.950645	.522	.057	1.13	0.261

Table 4.12 OLS Regression Result

### CHAPTER FIVE SUMMERY, CONCLUSION AND RECOMMENDATION

### 5.1. Summary of Major Findings

The main purpose of this research was to investigate the determinants of customer attitude towards SMS advertisement at Ethio-Telecom. Data were collected from 246 enterprise customers and analyzed accordingly. Based on the analysis result the following are the major findings of this study:

- This research was conducted using a data collected from 136 male and 110 female enterprise customers, where majority of customers were youth and degree holders.
- Although the SMS adverts were to some extent useful, however, it is less entertaining to customers. Further, on average customers are receiving one to three SMS messages per day, however, they would like to receive the SMS advert at least one to two per weeks.
- Even though considerable (31.89%) amounts of the respondents feel that the advert is entertaining, however is it is not as it is expected as entertaining, it lack may features such as doesn't has emotional appeal and lacks attractiveness
- The SMS advertisement was informative, implying that it gives information to customers, although the relevance of the message is in question and its irritation level is high. Furthermore, according half of the respondents the SMS advert was not credible.
- The mean statistics also indicated that the SMS advertising service didn't entertain well; however, the SMS advert was informative and updates information for customers.
- Entertainment and informativeness had positive and significant association with customer's attitude towards SMS advertising; however, there was, negative and significant association between irritation and SMS advertisement.
- Entertainment had a positive and significant effect on customer's attitude towards SMS advertisement, indicating that as the SMS advertisement become more entertainer the more will be positive attitude of customers towards SMS advertisement

informativeness had a positive and significant effect on customer's attitude towards SMS advertisement, indicating that as the SMS advertisement become more informative the more will be positive attitude of customers towards SMS advertisement

### 5.2. Conclusion

The intention of this research was to analyze the determinants of customer's attitude towards SMS advert in Ethio-telecom; as a design, causal research design and structured questionnaires were employed in order to collect the data; the findings are based on studies made on only northern district of Addis Ababa enterprise customers. The findings of the study verified the direct influence of entertainment and informativeness on consumer attitude towards SMS advertising. On the other hand, the predictor named irritation has shown negative and significant influence on consumer attitude towards SMS advertising. Furthermore, the study has also found out that customers are receiving frequent advert without considering the interest and willingness of them. Further, the advertisements also lack creativity and doesn't attractive and entertain the reader.

## 5.3. Recommendation

This study was conducted to measure the response of customers towards SMS advertisements of ethio-telecom. Therefore, based on the observed gaps the researcher forwards the following recommendations

- More or less majority of the respondents perceive negatively to wards this service due to the fact that the message content of the advertisements are of poorly decorated not as such informative, lack creativity, doesn't entertain, deliver with high frequency without the consent of customers and this makes it highly irritative. Therefore, the advertising content, format and structure must be accurate, attractive and accepted by the target receiver customer.
- The nature of the advert should be more informative that contain relevant information uploaded based on customer need assessment.
- The frequency of messages that delivered to customers should be based on need assessment and consent of customers

• The findings of this study represent the attitude and perceptions of Northern district customers of Addis Ababa, hence, it doesn't represent and couldn't be generalized to related companies and other districts; further researches can incorporate more variables that is not considered on this research in order to substantial and crystallize the problem and findings more better.

### Limitation of the Study

Cross-sectional study technique is used in this research. Therefore, the result of this data will not include the changes of the targeted respondent characteristic over time; and Generalization has become the limitation to this study because it did not include other districts of the organization. However, the findings of this study are able to give some dimensions and items for practitioners and researchers to measure customer's behavior in future research. Lastly, the targeted respondents may provide unreliable data due to the intention of respondents to satisfy the researchers. Further risk might occur as respondents may hastily answer the questionnaires without giving further thoughts in their answers.

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## APPENDIX

# ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDY MASTER OF MARKETING MANAGMENT PROGRAM

## A survey on customer attitudes towards of SMS advertisement Dear Respondents,

This questionnaire is prepared to solicit primary data from the Customer of ethio-telecom to assess

## the level of Customer attitudes towards of SMS advertisement - for the partial-fulfillment of

MA in Marketing Management from St. Mary's University.

The responses are to be kept confidential and will be used for academic purpose only.

## Instructions;

- There is no need of writing your name.
- In all items where answer options are available, please select the appropriate number by encircling it.

Thank you for your co-operation! Researcher: -Hayat Tadele Contact address: -+251911525526/913697474 E-mail: - haya.tadele@ethiotelecom.et

Part I. General and Demographic Information					
1. Please indicate your gender.1.	Male 2. Female				
2. Please indicate your Age	a.18-30 🔲 b.31-45 🔲				
	c. 46-60 d. above60				
3. Please indicate your Lev	el of education.				
a. primary education 🔲	b. secondary education				

c. diploma 🥅

d. Degree and above

# Part II. The level of Customer attitudes towards of SMS advertisement in ethio telecom.

Instruction: - please suggest your level of agreement to the statements listed below by choosing & one ( $\sqrt{}$ ) check box per question from the alternatives strongly agree, agree, neutral, disagree and strongly disagree from Category 1 to 4 as below.

## **Category 1; Entertainment**

	Level of Agreement						
List of statement	Strongly agree(5)	Agree(4)	Neutral(3)	Disagree(2)	Strongly disagree(1)		
SMS advertisement of ethio telecom has emotional appeal.							
It is enjoyable to receive SMS advertisement from ethio telecom							
SMS advertisement of ethio telecom has attractive to read							
It is fun to receive SMS advertisement from ethio telecom							
SMS advertisement of ethio telecom have psychological benefit							
SMS advertisement of ethio telecom is satisfactory							
Category 2 Inforamativenes							
1. SMS advertisement of ethio telecom are relevant to my job							
2. SMS ads of ethio telecom are tailored to my personal interests							
3. SMS advertisement of ethio telecom are informative of new products and services							
4. SMS advertisement from ethio telecom are informative of changes in product, prices and discount							

		-	 	
5.	I do always look at SMS advertisement from ethio telecom favorably			
6.	SMS advertisement of ethio telecom are relevant to my activities.			
7.	SMS advertisement of ethio telecom appears readable ,clear and well formatted			
8.	SMS advertisement of ethio telecom are informative about the upgrade in the system and services.			
9.	SMS advertisement of ethio telecom update its profile to customers		 	
Ca	tegory 3 Irritation			
1.	SMS advertisement of ethio telecom are boring and irritating			
2.	SMS advertisement of ethio telecom are interesting			
3.	I don't like to receive SMS advertisement from SMS ads of ethio telecom frequently			
4.	I don't want to receive SMS advertisement from ethio telecom			
5.	I do like to receive SMS advertisement from ethio telecom			
Ca	tegory 4 Credibility			
	SMS advertisement of ethio telecom are redundant and lack creativity			
2.	SMS advertisement of ethio telecom are believable.			

3. ethio telecom is a company that is always providing and confirming to its Promises					
4. SMS advertisement from ethio telecom is easy to understand					
5. SMS advertisement from ethio telecom is misleading					
6. I think SMS advertisement of ethio telecom are not believable					
7. SMS advertisement from ethio telecom is always timely					
	1	2	3	4	5
Overall, I am very satisfied with the quality of service offered by my service provider					
The overall service of SMS advert service is very satisfactory					
The overall service of SMS advert service need improvement					
In general, I am very happy with my overall service experience					
The service is always good					
I don't feel pleased with my decision to use the services of this company					

# Endorsement

This thesis has been submitted for examination with my approval as the university advisor.

Main advisor: Name \_\_\_\_\_

Signature \_\_\_\_\_

Date\_\_\_\_\_

## Declaration

The researcher here by declares that the thesis on the title, "Determinants of Customer Attitude towards SMS Advertisement at Ethio-Telecom", is his original work and that all sources that have been referred to and quoted have been dully indicated and acknowledged with complete references Name:

Signature:	
U	

Date: \_\_\_\_\_