The Impact on Consumer’s Permission, Trust Towards Intention of Using LBS in Customer’s Prospective: An Emerging Market

Wijesinghe Thivanka Chamith* Zhang Jing
School of Management, Hua Zhong University of Science and Technology, Wuhan, China
Tel:008615071353125. E-mail: thivankachamith@gmail.com

Abstract
Location based services are one of the key innovative models that marketers using modern world. Without physical effort, marketers simply connected to consumers to formulate profits by making bigger margins than others tangible shops in the diligence. This research integrates the connection between consumer permission towards the intention of using location based services and consumer trust towards the intention of using LBS. The industry has to look for some innovative strategies to full-field consumer fundamentals by way of location based services. As the bulk of the consumers are young in the age range, consumer knowledge can be a hard task to achieve. According to this research, it showed a positive relationship towards the intention of LBS by both factors. The research will give an idea about how to handle consumers when consider about LBS Strategies.

Keywords: Location based services, consumer permission, consumer trust

1 Introduction
Mobile production industry has rapidly increased in recent. The fast production of mobile phones and other mobile devices has fashioned a new channel for marketing, which called mobile marketing industry. The use of location based services provide an access customers through their handheld devices (Amen, 2010). The research investigated consumer attitudes toward mobile advertising and the relationship flanked by attitude and behavior a instrument for measuring attitudes toward mobile advertising in location based marketing. According to the Amen, The consequences of a survey spot out those consumers usually have unconstructive attitudes toward mobile advertising unless they have deliberately consented to it, and there is a circuitous relationship between consumer attitudes and consumer behavior. consequently, it is not a good initiative to send any mobile marketing advertisements to potential customers without earlier permission.

The idea of trust has been considered in disciplines ranging from business to psychology, the definition highlights three characteristics of trust. Foremost, a trust relationship requires two parties: the tractor and the trustee, reliant on each other for mutual welfare. (Siau & Shen, 2003) In location based marketing, consumer, LBM companies, supplier are having inter-relationship, which provide many impact on trust factor. Trust can be a factor for relationship commitment. sympathetic relationship marketing is articulate productive, effective, relational exchanges from those that are unproductive and ineffective (Sherman & Sookdeo, 1992) that is. Whatever creates affiliation marketing successes instead of failures. Though no hesitation that there are abundant suitable factors that donate to the achievement or disintegrate of comprehensive relationship marketing efforts, it implies that the presence of relationship obligation and trust is essential for triumphant relationship marketing, it is not to control others to condition others. Commitment and trust are factors that help marketers to understand where they stand currently and where they should, because it encourage marketers to (1) work at preserving relationship investments by cooperating with exchange partners, (2) resist attractive short-term alternatives in favor of the expected long-term benefits of staying with existing partners, and (3) view potentially high-risk actions as being prudent because of the belief that their partners will not act opportunistically. (Morgan & Hunt, 1994a)

1.1. Research Objectives
To investigate the Sri Lankan young consumer’s permission towards Intension of using Location based services
To investigate the Sri Lankan young consumer’s Trust towards Intension of using Location based services

1.2. Problem Statement and Importance of the Study
The main purpose of this paper is to explore Location based services consumer’s intention. Accordingly, for More understanding in regards the intention of using Location based services, this paper will address Location based services and determine the most influential factors from a consumer’s perspective. This study contributes to increase the understanding of the important factors that affect location based marketing, the intention of using LBS. Permission and the Trust. Hence, this study considered the first attempts to identify factors that affect the intention of using LBS in Sri Lanka. This study also contributes to the growing literature on mobile marketing by Investigating the intention of using LBS in mobile marketing. Finally, this study will provide Empirical evidence of factors affecting towards of using LBS the Sri Lankan context. This paper proceeds as follows: in the next section, a literature review of the study variables will be presented Followed by conceptual background
and hypotheses, a description of the method used, data collection method, Sampling framework, and measurable description will be addressed. Finally, data analysis and study results Followed by a conclusion and study limitation will be provided.

2 Literature review and hypothesis development

![Research framework](image)

Fig. 1. Research framework.

(Jayawardhena, Kuckertz, Karjaluoto, & Kautonen, 2009),(Gazley, Hunt, & McLaren, 2015)

2.1 Customer adoption intention of LBM

Customer adoption intention of LBM can be mostly depending on the company which provides location based services. To get customer intention, Location based services should need to fill and refill many aspects of customer trust. At the same time winning customer trust can be done by providing better products and services. Conventionally, service quality has been conceptualized as the difference between customer expectations concerning a service to be received and perceptions of the service being received.(Grönroos, 1984). In industry trust is viewed as one of the most appropriate qualifications of constant and mutual relationships. Researchers had recognized that trust is necessary for building and maintaining long-term relationships (Rousseau, Sitkin, Burt, & Camerer, 1998) From (Jc Anderson & Narus, 1990)it can be securely deduced that if one party believes that the actions of the other party will bring optimistic outcomes to the first party, trust can be developed.(Doney & Cannon, 1997) added that the concerned party also must have the capability to carry on to congregate its obligations towards its customers within the cost-benefits relationship; the customer should not merely predict the positive outcomes but also consider that these constructive outcomes will persist in the future. (Morgan & Hunt, 1994b)

2.2 Consumer Permission

According to (Jayawardhena et al., 2009) conceptual model postulated that personal trust, institutional trust, perceived control and experience of mobile marketing services are antecedents of permission. Of the two dimensions of trust, i.e. personal and intentional trust, it expressed that institutional trust is the most important antecedent of mobile marketing permission. The leading persuade of institutional trust is also equally evident at individual country level. Permission from the customers can be either positive or negative. The advantages of Location based services will highly benefit from the consumer when the consumer is in an appropriate mood to click and see. The main reason is to get permission from the customers are the consuming desire on the items in the system. Consumer desire will drive into consumer perception by making full use of loyalty to location based services. When it happens, LMB will take pleasure in the loyalty from the particular customer segments.

Permission marketing implied an advancement of direct marketing, mostly used with pop ups, SMS, application advertisement. It combines databases of customers who concur to dispatch marketing messages with low-cost, personalized ads that endeavor to segment through advertising clutter, attract enlarged customer support, and transform behavior. (Cengiz, Tetik, & Yuan, 2010)

(Leppaniemi & Karjaluoto, 2005) state that permission marketing is a door to mobile marketing. Permission marketing has been regarded as an essential part of relationship marketing to assist developing consumers’ loyalty for a long period of time. (Dufrene, Engellant, Lehman, & Pearson, 2005). According to (Godin, 1999), permission marketing refers to the situation where

Consumers are asked to grant an endorsement with companies in order to send adds promotional communications with regard to products or service. (Youn & Hall, 2008) mentioned that consumers were more likely to be anxious about the invasion of their privacy when that company had obtained their e-mail addresses or any kind of information without their permission to send unwanted advertising notification. (Sultan & Rohm, 2008) pointed out that established permission from the recipients before sending messages had resulted in higher
acceptance and effectiveness of mobile advertising.

H1: predictive association between permission and intention to use LBS is positive

The relationship between permission and intention of using LBA has a positive relationship. When the consumer permission has higher status, it will affect intention positively. As when consumer permission has lower margin, it interpret a negative relationship. According to this hypothesis, if the consumer willing to let LBS companies to retrieve or create information on their profile, it will directly affect consumer intention. Such as consumer willing to share their personal information as Phone number, age, ID number so on. But for that the industry may need to make a trust for them.

2.3 Consumer trust

Building customers' trust is an important field of mobile commerce and also focuses on concepts relating to trust building can be very supportive for marketers. Because trust is not only time-consuming to engender, but also easily broken and easily fractured, the procedure of continuous trust enlargement deserves exceptional concentration. Numerous flourishing methods adopted by e-commerce companies to beat trust barriers are also related to mobile commerce. Mobile commerce, the promising separation of e-commerce also known as mobile e-commerce or m-commerce, faces the same problems disconcerting e-commerce--plus a few of its own. (Siau & Shen, 2003) Gaining customer trust in Location based services is a particularly frightening mission because of its distinctive features. Customer trust is crucial for the expansion and success of Location based services system. However, structuring customer trust is a compound procedure that involves technology and business practices, as well as changing trust factor from initial trust configuration to constant trust growth. Customer trust has a positive relationship. (Morgan & Hunt, 1994b)

Almost all the theoretical efforts in the area of marketing trustworthyness have been normative, not positive. That is, almost all theoretical works have focused on developing guidelines or rules to assist marketers in their efforts to behave in an ethical fashion (Hunt & Vitell, 1986). The practice and discussion of ethical behavior in business has been going on since the inception of trade in the American colonies. There has been much debate over whether or not socially responsible behavior is counterproductive to an organization's goal of increasing profits. Many believe that social responsibility and ethical behavior can not only contribute to a firm's bottom line, but can also provide competitive advantage and growth in market share (Hubbard, 2002). (McKnight, Choudhury, & Kacmar, 2002) found in their study about E-Commerce that trust was an considerable factor which had a significant influence on consumers' intention to build online transactions. Therefore, it is predictable that in mobile marketing, where the apparent danger and hesitation is high, trust will influence consumers' intention.

H2: predictive association between trust and intention to use LBS is positive

The relationship between consumer trust will affect Intention positively. When the consumer creates higher trustworthiness in the minds, the intention of using LBS will increase, which indicates a positive relationship. If the consumer trusts of app, the brand name or any sort of attitude of the service, the intention will be higher by using LBS.

3. METHODOLOGY

Purposive sampling technique was used in a survey to collect data to test the above hypotheses. The subjects were filtered by the question item adoption intention of Location based marketing. 210 respondents were eligible collected. The questionnaire consists of four parts. In part I four demographic factors are included. Four question items are used as measurements of customer permission. In part II, four questions used to measure the Location based marketing, customer trust towards customers. In part III, eight questions is included to measure adoption intention of LBM. The data have been collected in Sri Lanka. Young generation between 20-30 years has taken in this research. The questionnaire has used to collect data among 210 respondents. 15 data have been rejected as invalid.

Questions asked respondents to rate their degree of agreement using a 5-point Likert scale. All elements had been measured with single items to maximize completion. Questions were set based on previous literature with regard to Location based marketing, direct marketing, mobile marketing, permission, personal use and privacy concern. (Ajzen, 2011)In the analysis stage confirmatory factor analysis and structural equation modeling were used. Testing reliability and validity for single items was difficult, as (James Anderson & Gerbing, 1988) indicated.

Measurements
Table 1: Measurements Scale

<table>
<thead>
<tr>
<th>Variables</th>
<th>Operational definitions</th>
<th>Measurement</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer permission</td>
<td>Share the personal information with the Location based services company</td>
<td>5 likert scale</td>
<td>(Barwise &amp; Strong, 2002)</td>
</tr>
<tr>
<td>Consumer permission</td>
<td>Consumers intention of participating LBS activities</td>
<td>5 likert scale</td>
<td>(Ponnu, 2012)</td>
</tr>
<tr>
<td>Consumer trust</td>
<td>Consumer’s relationship towards mobile marketing assessment</td>
<td>5 likert scale</td>
<td>(Jones et al., 2015)</td>
</tr>
<tr>
<td>Consumer trust</td>
<td>Consumers’ continuance intention towards mobile purchase</td>
<td>5 likert scale</td>
<td>(L. Gao, Waechter, &amp; Bai, 2015)</td>
</tr>
<tr>
<td>Intention of using LBS</td>
<td>Consumer’s expectation on mobile marketing /LBS</td>
<td>5 likert scale</td>
<td>(T. (Tony) Gao, Rohm, Sultan, &amp; Pagani, 2013)</td>
</tr>
<tr>
<td>Intention of using LBS</td>
<td>Consumption values to understanding the use of location-based services (LBS) on smart phones</td>
<td>5 likert scale</td>
<td>(J Zhang &amp; Mao, 2012)</td>
</tr>
<tr>
<td>Intention of using LBS</td>
<td>Consumer satisfaction on location based services apps</td>
<td>5 likert scale</td>
<td>(Deng, Lu, Wei, &amp; Zhang, 2010)</td>
</tr>
<tr>
<td>Intention of using LBS</td>
<td>Concerned of online payments methods</td>
<td>5 likert scale</td>
<td>(See-To, Papagiannidis, &amp; Westland, 2014)</td>
</tr>
</tbody>
</table>

4. Hypothesis Testing and Analysis

Table 2: Age

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>47</td>
<td>23.6</td>
<td>23.6</td>
<td>23.6</td>
</tr>
<tr>
<td>2</td>
<td>82</td>
<td>41.2</td>
<td>41.2</td>
<td>64.8</td>
</tr>
<tr>
<td>3</td>
<td>40</td>
<td>20.1</td>
<td>20.1</td>
<td>84.9</td>
</tr>
<tr>
<td>4</td>
<td>16</td>
<td>8.0</td>
<td>8.0</td>
<td>93.0</td>
</tr>
<tr>
<td>5</td>
<td>14</td>
<td>7.0</td>
<td>7.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>199</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

According to statistics the age level 22-25 has the highest range of intention using LBS (41.2%), secondly age range of 18-22 has 23.6% of intention using LBS. By examining the data, able to declare young generation age level 22-25 is using and intended to use Location based service applications.

4.1 Correlations among Variables

Significant correlations between dimensions or variables are the prerequisite to carry out a regression analysis to test hypotheses. Thus, Pearson correlations were tested for the relationships between variables prior to test hypotheses. Coefficients of correlations acquired by each relationship between dimensions are illustrated in Table 1. The correlation between all dimensions and intention to use LBM are shown to be significant at 0.001 level.

Table 3: Coefficients of correlation between variables

<table>
<thead>
<tr>
<th>PERM</th>
<th>TRST</th>
</tr>
</thead>
<tbody>
<tr>
<td>.166**</td>
<td>.370**</td>
</tr>
</tbody>
</table>

Independent Variables: PERM= Permission, TRST= Trust
Dependent Variables: INT= Intention to use LBM

4.2 Hypotheses Testing

- H1: Permissions of consumers positively related to consumers’ intention to use location-based marketing

Statistics of regression analysis conducted to test the hypothesis H1, provide sufficient evidence to accept the hypothesis (Table 2). The association between permission of consumers’ and intention to use LBM is supported by β value of 0.277 which is significant at 0.000 levels (p=.000). Thus, it is concluded that there is a positive and strong relationship between permission of consumers’ and intention to use LBM of respondents.
It has been evidenced that the statistical outcome of the regression analysis to discover the relationship between trust of consumers’ towards location-based marketing and intention to use such is significant. $\beta = .339$, which is significant at 0.001 levels ($p=.000$) (table 3) provide sufficient statistical evidence to accept the hypothesis $H_2$.

Further, interestingly the trust of consumers’ towards location-based marketing accounts for a 25% variance in changes in attitudes and is the largest variance accounted for. Therefore, it is accepted that there is a positive relationship between the trust of consumers and their intention to use location-based marketing.

**Table 4: Relationship between permission and intention to use LBM**

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>$\beta$</th>
<th>$t$</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERM</td>
<td>.2723</td>
<td>.973</td>
<td>.000</td>
</tr>
<tr>
<td>$R^2$</td>
<td>.074</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>15.784</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig.</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Independent variables:** PERM=Permission, TRST=Trust

**Dependent Variable:** INT=Intention to use to LBM

- $H_2$: Trust of consumers’ is positively related to consumers’ intention to use location-based marketing.

It has been evidenced that the statistical outcome of the regression analysis to discover the relationship between trust of consumers’ towards location-based marketing and intention to use such is significant, $\beta = .339$, which is significant at 0.001 levels ($p=.000$) (table 3) provide sufficient statistical evidence to accept the hypothesis $H_2$. Further, interestingly the trust of consumers’ towards location-based marketing accounts for a 25% variance in changes in attitudes and is the largest variance accounted for. Therefore, it is accepted that there is a positive relationship between the trust of consumers and their intention to use location-based marketing.

**Table 5: Relationship between trust and intention to use LBM**

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>$\beta$</th>
<th>$t$</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRST</td>
<td>.3395</td>
<td>.052</td>
<td>.000</td>
</tr>
<tr>
<td>$R^2$</td>
<td>.115</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>25.519</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig.</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Independent variables:** TRST=Trust

**Dependent Variable:** INT=Intention to use to LBM
5 Discussion and Conclusion

5.1 Trust

Trust is an important and essential component in maintaining relationships. To initiate a relationship favorably trust should be implanted first. Trust is defined as one’s confidence in another party’s reliability and integrity (Morgan & Hunt, 1994c). In marketing, trust is broadly defined as “a willingness to rely on an exchange partner in whom one has confidence” (Moor, Zaltman, & Deshpande, 1992). Trust has always been an important issue in studying advertising, either for an ethical or for a practical concern (Jing Zhang & Mao, 2008).

Trust in online environment is characterized by greater complexity (e.g. trust in the web site vs. trust in technology), need for structural assurance of security and privacy, and the lack of tangible brand cues (Pentina et al., 2013). Authors state that the impersonality, anonymity and automation of electronic transactions and communications make it difficult for consumers to evaluate the trustworthiness of online vendors and other consumers. Literature in m-ads gives proof that trust has been applied directly in m-ads research studies to determine the relationship with the m-ads adoption intention (Jayawardhena et al., 2009). Proving the literature, the present study too confirms that consumers’ trust has a positive relationship with their intention to use location-based marketing. The findings imply marketers that it is compulsory to acquire consumers’ trust to promote location-based marketing among them. In other words, marketers should deliver the expectations which are in line with the promised offer on location.

5.2 Permission of the consumer

Since the handheld devices are personal and private in nature consumers show strong willingness to control the advertisements that come with their mobile phones. The studies revealed that there is a strong correlation between permission of the consumer/perceived control with the positive attitudes of m-ads. Unal and associates (2011 in Turkey) stated consumers highly care permission when accepting M-ads. Similarly, Taiwan consumers too have high concerns about permission in accepting SMS ads (Tsang, 2004). Carroll and others (2007) and Maneesoonthorn & Fortin (2006) reported permission-based SMS ads yields high positive results in New Zealand context as well. The above results are valid for M-ads in North American, European and Asia context too (Vatanparast & Ali Hasan, 2010). Furthermore, (Ul Haq, 2012) showed once permission is obtained results are positive for M-ads in India. This particular scenario is comparable among Chinese consumers too (Q. Gao, Rau, & Salvendy, 2009).

As far as the result of the present study is concerned, it confirms the above mention literature. To present the findings confirm that consumers’ intention to use LBM is positive when marketers obtain their prior permission to send the LBM message. When prior permission is acquired, consumers would not perceive the LBM message as spamming and the acceptance rate of the LBM message would be high. Hence, the study confirms that obtaining users’ prior permission is highly essential in stimulating positive intention of using LBM.

Infected this research provide marketers in Sri Lankan to have a better look at the location based services sector. It can provide the general idea of what type of location based services that needed by consumers in Sri Lanka. It provides both consumer and LBS companies to have a good identification. As a result of that, companies may will provide better service to consumer by protecting their trustworthiness of the industry. It’s one of the key factors in Sri Lankan context. Meanwhile company may look into the permission of the customers. Which means companies should more consider about consumers’ privacy, such as keeping their information secret and use them in effective ways to promote their services. As the industry is new to Sri Lanka, Permission will be a key role to get used by the companies. In order to provide better service, customer may have to provide accurate feedbacks of LBS. Permission can be an indication to the open the door for LBS. LBS companies should give attention to customer’s permission and obey their values in order to achieve better customer relationship. LBS companies may have to listen or pay attention to the customer’s views to create permission patterns. Companies may look to grab much information from the consumers as it’s very important for them in the future to make decisions. Customer’s permission can be defined as the gratitude which is given by the company to the clients. As LBS are highly depending on the information’s based, maintaining a better customer relationship is highly important. Companies may need more attention on customers of their ideas and values. LBS are a special service that consumers expect it to be more than they pay. Customers expect that LBS have lower cost than other window services. In case of that, customers will always look for cheaper and better quality services with excitement. Consumer permission can be negative sometimes in some cases. Companies may have to look for better customer relationship strategies to promote customers to get details from them. Unwanted reactions by the companies such as unwanted or fake pop ups can make customers more frustrated with Location based services. The whole industry should have the respect of customers to get benefit out of it.
6 Limitation of the study
This research has been limited to young consumers in Sri Lanka which is in 19-30 Age range. Data collection has been done on a selected university premises. There are other factors that can be affected to the intention of using LBS services. But in the research had used only two main factors to investigate customers’ views. There are many other factors can be affected towards the consumers’ intention of using LBS. According to the literature, found the author has selected the most reasonable factors that affecting towards using LBS in consumer’s point of view. There are many other conceptual frameworks that have used for testing the intention of the consumers.

7. FUTURE RESEARCH
Our research showed that use behavior of consumers towards using LBS had significant impacts on consumers’ consumption values, which further predicted their future use of LBS and willingness to spread the positive impact on LBS app its concerned. In light of the current findings, we suggest future research in two different directions. First, we measured use behavior by using Likert scales. Future research may want to use actual user data to reveal the impact of user behavior. Findings based on the actual user data may prove to be more robust than those based on self-report data. Second, although we did not study other factors affecting towards consumer’s intention, it is possible that there are other direct or non-direct influences. We also plan to identify individual factors that may affect the intention of using LBS.

References