

Chapter 20

Designing Effective Mobile Advertising with Specific Reference to Developing Markets

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ABSTRACT

Mobile advertising is a potentially powerful tool for direct and interactive marketing. Unlike e-commerce, the acceptance of m-commerce by customers has seen only modest growth, especially in Third World countries. The reason is lack of consumer responsiveness. This study aims to propose a hierarchical utility package (in the consumers' perception) with reference to mobile advertising, thus aiming to enhance its acceptance amongst the consumers. Customization of messages and location based messaging are the strongest positive drivers of consumer acceptance of mobile advertising, followed by inclusion of incentives and self deleting advertisements. Firms making use of the mobile channel as part of their promotional strategies should take into cognizance the perceived usefulness that the addition of the channel brings, and consumer preferences with reference to their information needs. Thus by incorporating the utility package in the mobile advertising format, the mobile phone as an information channel might result in a symbiotic bonding relationship with its customers. Thus a marketer, by incorporating the utility package in the mobile advertising format, can not only ensure its greater acceptance (among consumers) but also develop a leverageable, competitive advantage.

INTRODUCTION

The internet-enabled mobile handset has rapidly achieved worldwide penetration, due to its very personal nature and sophisticated communica-

tion technologies. However, unlike e-commerce research, empirical explorations of m-commerce have seen only modest growth, because of the considerable uncertainties involved in mobile research. One major problem in m-commerce

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research is the lack of standards in terms, concepts, and theories. Current mobile internet applications enable consumers to access a variety of services: Web information search, SMS (short message services), MMS (multimedia message service), banking, payment, gaming, e-mailing, chat, weather forecast, GPS (global positioning service), and so forth. Collectively, we denominate this wide array of services as “m-commerce” (Tripathi & Siddiqui, 2008). These digital media are considered to potentially improve the possibilities to reach consumers by allowing personalization of the content and context of the message (Forrester Report, 2001).

Mobile advertising, which is an area of mobile commerce, is a form of advertising that targets users of handheld wireless devices such as mobile phones and Personal Digital Assistants (PDAs). In comparison with traditional advertising, the main advantage of mobile advertising is that it can reach the target customers anywhere anytime. In order to promote the selling of products or services, all the activities required to communicate with the customers are transferred through mobile devices. Combining with the customers’ user profile and context situation, advertising companies can provide the target customers exactly the advertisement information they desire, not just “spam” them with advertisements they are not interested in (Tripathi & Siddiqui, 2008).

Mobile media transcend traditional communication and support one-to-one, many-to-many, and mass communication. Phones and personal digital assistants increase the availability, frequency, and speed of communication. Yet the technology associated with these devices, which let marketers personally communicate with consumers, continues to evolve. The most popular mobile application is referred to as text messaging or Short Message Service (SMS). Studies on this new advertising medium indicate that mobile advertising campaigns can generate responses that are as high as 40 percent, compared to a 3 percent response rate

through direct mail and 1 percent through internet banner ads (Jelassi & Enders, 2004).

Researchers and practitioners agree that the most explosive growth in telecommunications has occurred in internet and mobile telephone services (Lehr & McKnight, 2003). Combining these two technologies, the internet-enabled mobile device has become one of the most promising advertising media around (Okazaki, 2006). For example, SMS (short message service) direct marketing is a popular campaign method worldwide. The Wireless Industry survey results by the Wireless Association (2010) have revealed that the consumer spending on text messaging in the United States crossed 600 billion messages reported in the year 2010. This represents an increase of 110% over the last year (Wireless Association, 2010). Consumer adoption of digital mobile telecommunications has in most countries been even faster than that of the Internet (Perlado & Barwise, 2005). The number of cell phone subscriptions across the globe has crossed 5.5 billion (80 percent of the world population) by the end of 2010. This growth is led by China and India. It is forecasted that around 8 trillion SMS will be sent in 2011 (<http://mobithinking.com/mobile-marketing-tools/latest-mobile-stats>).

In Western Europe, mobile phone penetration reached 100% by the end of 2007. Whereas penetration had already exceeded 100% in several countries including Italy, Sweden, and the United Kingdom by the end of 2004, as consumers own multiple phones and/or SIM (Subscriber Identity Module) cards (Analysys, 2005). Despite the high penetration of personal computers and broadband Internet access, the United States has been slower to adopt mobile phones than Europe (Economist, 2005). At the end of 2009, mobile penetration in US was 91% with 285.6 million subscriber connections according to the International Association for the Wireless Telecommunications Industry (CITA) (http://www.ctia.org/media/industry_info/index.cfm/AID/10323). It is expected to reach 100% by 2013 according to SNL Kagan (SNL

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