

## Chapter 109

# Mobile Advertising in Small Retailer Firms: How to Make the Most of It

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### ABSTRACT

*The mobile service landscape is changing quickly as a result of innovations in technology. Due to the emergent nature of the mobile business field, it is still unclear what kind of services will succeed and what will be the driving forces behind their success. In this study the authors identify the critical value elements of mobile advertising, in particular, and mobile services, in general. Moreover, the focus is on small retail firms that find the benefits of mobile advertising highly enticing, at the same time finding the full exploitation of this new communication medium challenging for many reasons. In line with the current understanding of value creation as a cooperative process between the service provider and the customer, the study highlights the perspectives of both advertisers and consumers. Unless both service provider (advertiser in the case of m-advertising) and customer actively engage in the co-creation of the mobile service, value creation will not reach its potential. These results also carry important implications for those managers dealing with mobile advertising and mobile services in general.*

### INTRODUCTION

Technological development, especially the rapid development of information technology, is one of the main forces changing the current business environment, regardless of industry. Companies are increasingly utilizing new mobile technologies in order to strengthen and facilitate their businesses

and to remain competitive in a turbulent business environment. The service landscape especially is changing quickly as a result of innovations in technology (Davis *et al.*, 2011). However, due to the emergent nature of the mobile business field, it is still unclear what kind of services will succeed and what the driving forces behind their success will be. Therefore, it is important to understand

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how the value of the new mobile services is created and what the value consists of.

The challenges relate to evolving mobile technologies (Andreou *et al.*, 2005), mobile business ideas (de Reuver *et al.*, 2009) and consumer adoption (Jaywarhena *et al.*, 2009; Kargin *et al.*, 2009; Lu *et al.*, 2008). Technological challenges include lack of uniform standards in network and device technologies, usability problems with mobile devices, and slow connections (e.g., Andreou *et al.*, 2005; Facchetti *et al.*, 2005). Owing to both technological issues and the novelty of the business field, it has been challenging to turn mobile service ideas into viable, profitable business (Barnes, 2002). The creation of mobile services requires different types of expertise; from network technologies to actual content creation (Heikkinen *et al.*, 2007; Möller & Rajala, 2007). In addition, the adoption of mobile services also takes place asynchronously with the development of technology, creating challenges from the business perspective.

Regardless of these challenges, mobile technologies enable the creation of various types of new context-dependent and personalized services, namely m-services (Haddadi *et al.*, 2010; de Reuver *et al.*, 2009; Wang & Liu, 2009). They include any services that can be operated on a mobile device, for example SMS and MMS, video streaming, location-based games and mobile payment systems. Advances in wireless technology have multiplied the number of mobile device users and given pace to the rapid development of m-commerce. Hence, services available on the Internet are increasingly accessed through a mobile device (e.g., Shankar *et al.*, 2010). According to estimates by Gartner Inc. (2011), worldwide mobile connections will reach 5.6 billion in 2011 and mobile data services revenue will reach close to 315 billion dollars. Furthermore, considerable growth is expected in the near future as worldwide mobile connections are expected to grow by 2015 to 7.4 billion (Gartner, 2011). Therefore, the future

of m-commerce is highly promising, if only business managers can understand the fundamentals of the technology (Hsieh *et al.*, 2008). The essence of m-services is the idea of reaching customers regardless of their location, and it is about delivering the right information to the right person at the right time (Rao Hill & Troshani, 2010; Siau *et al.*, 2001).

The technological convergence of mobile phones with audio, video, computing, telecommunications and television has made them effective media for mobile advertising (Kim & Jun, 2008). M-advertising refers to advertising messages that are sent to and presented on mobile devices through a wireless network, and is seen as one of the most promising forms of new mobile services (Kim & Jun, 2008; Peters *et al.*, 2007; Soroa-Koury & Yang, 2010). M-advertisements may range from simple text messages to intelligent interactive multimedia messages. The main parts of an m-advertising system include the advertiser, service provider, mobile network infrastructure, network operator, and the receivers of m-advertising (Komulainen *et al.*, 2006). The development of m-advertising is, however, still in its early stages and includes many different challenges in both technologies and business implications. In the worst case, the challenges can even slow the remorseless march of m-advertising (Facchetti *et al.*, 2005).

M-advertising will come in a variety of shapes. For example according to Nielsen (2010), m-advertising is increasingly finding its way into mobile applications, with teenagers being much more receptive than their elders. Fifty-eight percent of teens say they “always” or “sometimes” look at m-ads (The Nielsen Company, 2010).

M-advertising has received considerable research attention recently, and existing studies have discussed it from the perspectives of consumers (e.g., Carrol *et al.*, 2007; Hairong & Stoller, 2007; Moynihan *et al.*, 2010; Zhang & Mao, 2008), retailers (e.g., Okazaki & Taylor, 2008; Shankar *et al.*,

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