Chapter 5.11
Special Features of Mobile Advertising and Their Utilization

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INTRODUCTION

Mobile advertising, or m-advertising, refers to ads sent to and presented on mobile devices such as cellular phones, PDAs (personal digital assistants), and other handheld devices.[1] M-advertising can be seen as a part of m-commerce (e.g., Mennecke & Strader, 2003), which is seen as radically different from traditional commerce (e.g., Choi, Stahl, & Whinston, 1997). Thus, it can be argued that m-advertising is also different. M-advertising enables the advertiser not only to send unique, personalized, and customized ads (Turban, King, Lee, Warkentin, & Chung, 2002), but also to engage consumers in discussions and transactions with the advertiser.

Any retailer can make use of m-advertising. Thus this study focuses on the brick-and-mortar retailers' use of m-advertising in Finland. In Finland, mobile phone subscriptions reached 84% of the population at the end of the year 2002 (Ministry of Transport and Communications Finland, 2003), and more than 30% of the users under 35 years and over 20% of all users have received m-advertising in the form of SMS (www.opas.net/suora/mob%20markk%20nous.htm). However, there are no commercial solutions available for the MMS type of m-advertising. Therefore, the empirical setting of this study is a service system SmartRotuaari, which is a part of a research project (see Ojala et al., 2003; www.rotuaari.net) offering the retailers an infrastructure and a service system for context-dependent m-advertising in the city of Oulu in Northern Finland.

This study focuses on permission-based m-advertising. In Finland, that is the only form of m-advertising that is legal. Firstly, we will discuss the features of m-advertising that make it unique.

Secondly, we will present some empirical results from the SmartRotuaari case. Based on the recognized features, we study which of them retailers utilized in their m-ads, as well as those remaining unused. The aim is to find out how well the uniqueness of m-advertising was portrayed in the m-ads. The study concludes by suggesting how retailers could improve the use of m-advertising in order to fully harness its power.

DESCRIPTION OF MOBILE COMMERCE

Based on existing research and the empirical data gathered for this study, we suggest a framework that describes the factors that influence the success of retailers' use of m-advertising. The factors are related to the media or advertising channel itself and its special features, and to the receiver of the messages—that is, the individual customer and her/his goal in using the mobile device.

Factors Influencing the Success of Permission-Based M-Advertising

Because of the special features, m-advertising can and should be used to deliver ads which are different from the traditional ones. The special features include: the personal nature of the device, the interactivity that the device enables, and the context dependency that the infrastructure enables. The features influence the type of content that permission-based m-advertising should offer to the consumer in order to be perceived as valuable and/or entertaining. The value of the content is also related to the individual's needs and reasons for using the media, such as media goals (Juntunen, 2001). A person may use a mobile device to receive information, but also for the purpose of personal entertainment. Both these goals influence the expectations she/he has for the mobile ads. Unless the consumer perceives permission-based m-advertising positively, she/he can deny the company or any company the permission to send ads to her/him. Thus it is vital for a m-advertiser to be aware of the special features and the requirements that the features set for the content of the ads, as well as for the segmentation or almost individual targeting of the ad. In the sections below we will take a closer look at each of the features depicted in Figure 1.

Personal Nature of M-Advertising

M-advertising is as personal as personal selling. Mobile devices, especially mobile phones, are highly personal devices, with personally selected or even self-composed ringing tones, individually tailored covers or general appearance, and additional decorations, not to mention the 'content' of the phone, including information on personal friends as well as a personal calendar. Moreover, the users wear their device almost everywhere and at all times. Thus the personal nature of the device is transferred to the information that is sent and received through the device (see also Barwise & Strong, 2002). Therefore, m-advertising is not for the masses, but for individuals.

Interactive Nature of M-Advertising

The mobile device allows m-advertising to be highly interactive—that is, the parties can act on each other, on the communication medium, and on the messages (Liu & Shrum, 2002). A customer may reply to an ad by phoning; sending an SMS, MMS, or an e-mail; or logging into the advertiser's Web page by using the mobile device. In addition, a customer may distribute the ad to her/his friends. Such viral marketing is very beneficial for the advertiser, as the customer forwarding the ad her/himself becomes the sender of the message and therefore the message gains in credibility.

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