

Chapter 5

Advertising Challenges in Ubiquitous Media Environments

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ABSTRACT

Mobile advertising opportunities have attracted interest from industry and academics as a response to the trend of diffusion of new mobile technology. One industry particularly interested in new advertising opportunities is the newspaper industry. Many media houses envision a future multi-channel media environment supporting device independent, anytime, anywhere publishing, i.e. a Ubiquitous Media Environment (UME). In this chapter we explore how ubiquitous advertising challenges the role of media houses. Ubiquitous advertising refers to advertising in a UME, anytime, anywhere and in any device. Based on results from interviews and workshops with advertisers and publishers we discuss how media houses traditional role is challenged. We contribute with an understanding of how media houses can develop their role to succeed with ubiquitous advertising and to m-advertising literature with insights into the dynamics of balancing consumer and advertiser value of ubiquitous advertising.

INTRODUCTION

The diffusion of new mobile technology, rapid growth of mobile phone penetration and the improvements of mobile device capabilities are trends that have led to an increased interest in mobile advertising (m-advertising). The unique features of mobile devices such as their mobility, personalization, interactivity, and location aware-

ness enable advertisers to reach consumers anytime and anywhere with targeted advertising adapted to consumers preferences and location. Indeed, this phenomenon has attracted the interest of academia as well as industry.

The interest of academic scholars has led to numerous studies of mobile marketing and advertising. Commonly, studies have been focused on the effects of m-advertising and consumer attitudes and behavior (see e.g. Bauer *et al.*, 2005; Heinonen & Strandvik, 2007; Läppäniemi, 2007; Merisavo *et al.*,

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2007; Okazaki, 2004; Scharl *et al.*, 2004; Tsang, 2004). Research representing the advertiser point of view is not as common, examples are studies on m-advertising success factors (Vatanparast & Butt, 2009), mobile marketing strategy (Okazaki, 2005), challenges for ubiquitous advertising (Ihlström Eriksson & Åkesson, 2008) and factors influencing m-advertising value from an advertiser as well as a consumer point of view (Komulainen *et al.*, 2006; Vatanparast, 2007).

One industry that has shown special interest in m-advertising is the newspaper industry. The digitization of news media has led to the emergence of new opportunities but also to disruptive implications for traditional media (Christensen & Davis, 2006). Lately, the newspaper industry has experienced declining circulation and advertising revenues of their printed editions forcing them to seek new opportunities in digital media (The Economist, 2006). Many newspaper organizations have met this changing media landscape by organizing themselves as media houses publishing in multiple channels such as print, online, PDAs, and mobile phones. The vision is a future media environment supporting device independent, anytime, anywhere publishing, i.e. a Ubiquitous Media Environment (UME) (Åkesson & Ihlström Eriksson, 2008).

However, the digitalization of news publishing has not been trouble-free to the newspaper industry. It has been very difficult to identify business models and value networks that enable profitable online business. The same difficulty is now experienced in publishing mobile services. Now yet another mobile device, the e-reader with e-paper displays (for example the iRex iLiad or the Amazon Kindle) is introduced as a digital publishing channel. Indeed, mobile devices and wireless access to content do not only offer new opportunities but also challenges the core business of the newspaper industry. Since the revenue from advertising is the backbone of newspaper economy, there is a need to innovate advertising models in order to offer new values to advertisers

and maintain a strong position on the advertising market.

The traditional business model in the newspaper industry has long been to sell content to media consumers and exposure to advertisers. In digital media, the advertising opportunities are built on the possibility of getting closer to individual consumers. Thus, there are inherent risks of violating consumers' integrity, risk of SPAM effects and irritating the consumer (Vatanparast & Butt, 2009; MMA, 2008a). Balancing these risks with advertiser values will demand that media houses develop their role in the value network. In this chapter we will address the question of how ubiquitous advertising challenges the role of media houses. We focus on the relationships between media houses, consumers and advertisers. The aim is to provide an understanding of how media houses can develop their role to succeed with ubiquitous advertising and to contribute to m-advertising literature with insights into the dynamics of balancing consumer and advertiser value of ubiquitous advertising.

Background to Newspaper Industry and Research Setting

In this section we present a short background to the newspaper industry interest in m-advertising and some background statistics about the advertising market. Thereafter a presentation of the setting in which the research reported in this chapter was conducted is given. Finally, we give a brief description of the method for analyzing the material on advertising.

As described in the introduction, newspaper industry has a long tradition of selling content to an audience and selling access to this audience to advertisers. This model was not challenged until the introduction of the internet. Since then, the newspaper industry is undergoing disruptive change. Constant introduction of new digital technology, increased mobility, changing media consumption and advertising patterns, as well as

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