

# Chapter 15

## In Search of Successful Mobile Advertising: Consumer and Business Perspectives

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### ABSTRACT

*The deployment of SMS-based marketing campaigns has been noted as a very successful mean of reaching consumers. With this mind, this chapter reports on three different studies that we have conducted aimed at better understanding what makes SMS marketing campaigns successful. The studies were conducted in the past four years and they explore business as well as consumer perspectives: (i) a consumer scenario perspective, which examines the importance of three factors in SMS advertising acceptance; (ii) a consumer decision perspective, which analyses the opt-in decision for an SMS campaign; and (iii) a business perspective examining managers' perceptions of the critical success factors in advertising campaigns. The paper rounds off with conclusions and recommendation for future research and practice in the area of mobile advertising.*

### INTRODUCTION AND BACKGROUND

The tremendous global penetration of digital wireless telephony – estimated at more than 3.3 billion users worldwide – has provided an unprecedented

platform for new services delivered via mobile handsets (Scornavacca et al., 2006; Dow Jones Newswire, 2008). Since the average revenue per user from voice services has been declining for several years, operators have been keenly looking to data communications services as the new revenue stream. One key area is that of mobile marketing.

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Mobile or wireless marketing - a subset of electronic marketing - is defined as: "All activities required to communicate with customers through the use of mobile devices in order to promote the selling of products or services and the provision of information about these products and services" (Ververidis and Polyzos, 2002). Mobile advertising has typically been categorised into push- and pull-models (Barnes, 2002). In the pull-model campaign, the marketer sends the information requested by the consumer; whereas in the push-model campaign, the marketer takes the initiative to send messages to the consumer, such as via text messaging. A third type of campaign, as suggested by Jelassi and Enders (2006), revolves around the mobile dialogue model, where the marketer tries to build a long lasting relationship with the consumer.

The most prevalent mode of mobile advertising is SMS (Short Messages Service) to handheld devices, notably mobile phones (Barwise and Strong, 2002; Dickenger et al., 2005). SMS, known as text messaging, is a store-and-forward communication system for the mobile phone. Recent variants, such as MMS (Multimedia Message Service) have added multimedia capabilities. Barwise and Strong (2002) identify six ways of using SMS for advertising: brand building, special offers, timely media 'teasers', competitions, polls/voting, products, services and information requests. Text message ads have been found to boost consumers' inclination to purchase by 36%, which partly explains its growing popularity among marketers (Enpocket, 2005b) and the growing amount of related research (Bamba and Barnes, 2007; Bauer et al., 2005; Carroll et al., 2007; Haghirian et al., 2005; Haghirian and Inoue, 2007; Heinonen and Strandvik, 2007; Karjaluo and Kautonen, 2006; Kavassalis et al., 2003; Leppäniemi and Karjaluo, 2005; Merisavo et al., 2006; Nysveen et al., 2005; Scornavacca and McKenzie, 2007; Virtanen et al., 2005). According to Enpocket (2005a), text message campaigns also deliver a 15% response rate, which they estimate is twice

as much as direct mail or e-mail campaigns; apparently, text messages are 50% more successful at building brand awareness than TV and 130% more than radio (Enpocket, 2005b). Mobile advertising has clear potential for precise targeting and personalization, recognising social context, individual preferences, time and location.

The wireless channel benefits from the potential for detailed user information and personalization; the message can be tailored for each customer to enable better targeting. Since mobile phones are personal objects marketers can specifically address the person targeted, as well as recognising their social context, individual preferences, time, and location (Barnes, 2002; Barnes and Scornavacca, 2004; Dickenger et al., 2004; Hristova and O'Hare, 2004; Jelassi and Enders, 2006; Okazaki, 2004; Scornavacca and McKenzie, 2007).

The acceptance of SMS advertising has been examined by Bauer et al. (2005). Using a large sample and structural equation modelling they find that the most important factors that affect attitude toward mobile marketing are: consumers' attitudes toward advertising in general; perceived utility (in terms of information, entertainment, and social aspects); perceived risk (in terms of privacy and data security); consumers' knowledge about the technology; and social norms that impact on consumers' behaviour.

The aim of this chapter is to further understanding of the factors underpinning successful SMS advertising campaigns and to explore the different facets of the mobile advertising 'puzzle' that advertisers and operators have been keenly trying to solve in the last few years. In order to achieve these goals, in the following sections, we report three empirical studies that we have undertaken in the past four years. In these studies we explored consumers' as well as businesses' perspectives. The first study takes a consumer scenario perspective and, using qualitative and quantitative research examines the importance of four factors in SMS advertising acceptance (Carroll et al., 2007). The second study provides more depth on consumer

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