Chapter VIII

Retailer Use of Permission-Based Mobile Advertising

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Abstract

This chapter shows how retailers – without any previous experience or education – utilize a new mobile advertising channel. The chapter focuses on permission-based mobile advertising and the specific features that should be considered when designing and targeting mobile advertising. The empirical part of the chapter analyzes data from a field trial where Finnish retailers were able to use mobile advertising. The empirical data
is obtained through the use of content analysis. Data analysis explores whether the retailers positioned the m-adverts to target either individuals or groups and whether the content of the m-adverts reflected and utilized the medium’s specific features. The results of this analysis suggest that both retailers and advertising agencies have to learn how to use m-advertising as a new media. Conclusions of the chapter suggest ways to fully utilize the potential of mobile advertising.

Introduction

M-advertising, or wireless advertising, has two different meanings in marketing literature. First, the term refers to advertisements that move from place to place. Buses, trucks, trains, trams, and taxis provide ideal settings for this type of m-advertising (Goldsborough, 1995; Hume, 1988). Second, m-advertising refers to adverts sent to and received on mobile devices (i.e., cellular phones, Personal Digital Assistants (PDAs), and other handheld devices that people carry with them). The context specificity allows advertisers to send targeted and personalized m-adverts to consumers on the move, hence an alternative term, location based commerce (Turban et al., 2002). In this chapter, m-advertising refers to the second meaning of the term.

M-advertising can be seen as a part of m-commerce (Clarke & Flaherty, 2003; Mennecke & Strader, 2003). M-commerce is referred to as a radically different direction away from traditional commerce (Choi, Stahl & Whinston, 1997), as it offers a way in which to sell and distribute the retailers’ digital products or services to customers through a mobile device. Thus, it can be argued that m-advertising is also radically different from traditional ways of advertising. M-advertising enables not only the sending of unique, personalized, and customized adverts (Turban et al., 2002) but also the ability to engage consumers in interaction with the sender of the message.

In the future, any retailer will be able to make use of m-advertising channel. With m-advertising, consumers can be reached quickly at anytime, although the commercial transactions would be limited to store opening hours. Thus, it is no surprise that m-advertising is predicted to become the second largest form of m-commerce in the year 2005, reaching more than $6 million in Europe alone (Durlacher, 2000).