



Personalized mobile advertising: Its key attributes, trends, and social impact

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ABSTRACT

Advertising media are a means of communication that creates different marketing and communication results among consumers. Over the years, newspaper, magazine, TV, and radio have provided a one-way media where information is broadcast and communicated. Due to the widespread application of the Internet, advertising has entered into an interactive communications mode. In the advent of 3G broadband mobile communication systems and smart-phone devices, consumers' preferences can be pre-identified and advertising messages can therefore be delivered to consumers in a multimedia format at the right time and at the right place with the right message. In light of this new advertisement possibility, designing personalized mobile advertising to meet consumers' needs becomes an important issue. This research uses the fuzzy Delphi method to identify the key personalized attributes in a personalized mobile advertising message for different products. Results of the study identify six important design attributes for personalized advertisements: price, preference, promotion, interest, brand, and type of mobile device. As personalized mobile advertising becomes more integrated in people's daily activities, its pros and cons and social impact are also discussed. The research result can serve as a guideline for the key parties in mobile marketing industry to facilitate the development of the industry and ensure that advertising resources are properly used.

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1. Introduction

Advertising media plays an important role for advertisers in product sales and marketing. Different media will create different marketing and communication results for consumers. In general, there are five major advertising media categories: magazine/newspaper, TV, radio broadcast, Internet, and mobile communications.

The traditional forms of advertising media are passive in nature. In other words, advertising messages are displayed in text, pictures, or graphics in media forms such as magazines and newspapers. In contrast, radio broadcasting and TV are dynamic media that can deliver voice and video advertising messages to consumers. However, magazines/newspapers, radio broadcasting, and TV advertising media cannot deliver personalized advertising for different target markets. Given the high penetration rate of the Internet and its interactive nature, instead of only receiving advertising messages, consumers can now proactively search for necessary advertising information. Furthermore, personalized advertising can also be accomplished through interactive Internet communications.

In 2G mobile communications, the typical data transfer rate achievable on a Global System for Mobile Communications (GSM) network is 9.6 kilobits per second, which leads to user frustration because of long download times. The low transfer rate also severely limits the richness of information and complexity of the wireless data services and applications that can be offered [1]. With the wide deployment of mobile communications and in the advent of 3G mobile communication systems, increased bandwidth enables mobile advertisers to deliver multimedia advertising information to consumers. In addition, the enhanced communication speed and

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bandwidth allow mobile consumers to surf the Internet for advertising information. Consequently, the possibility of delivering the correct advertising message to the right people at the right time has become possible [2]. With the availability of mobile broadband communication, mobile carriers and advertisers are all aggressively preparing for multimedia-related applications and services [3,4].

The number of handset subscribers worldwide exceeded 5 billion by the end of 2010 [5]. In Taiwan, there were 17.84 million handset subscribers by the end of the fourth quarter of 2010, resulting in an overall 120.2% mobile communication penetration rate [6]. Among these handset subscribers, 18.2 million subscribers subscribed to Internet access service. These data show that mobile devices not only serve as personal communication devices but have also become important Internet access devices. Therefore, mobile handsets can potentially serve as a new advertising channel. Advertising messages are also displayed in a multimedia format as a result of the advancement of mobile communication. Right now mobile advertising only represents around \$2.7 billion of the global \$500 billion advertising market based on Interpublic Group of Cos.' ad forecaster Magna. According to eMarketer, in the US alone, mobile advertising spending is expected to be more than doubled by 2014 to \$2.6 billion, from around \$1.1 billion in 2011 [7]. In the past, because they were limited by mobile bandwidth, mobile advertising messages were typically in the short message service (SMS) text format. Given that SMS is not designed for personal consumer needs, it usually creates annoyance among SMS receivers and also gives a negative impression on the advertiser. With the development of global position system (GPS) location services, bandwidth availability, and smartphone handsets, advertisers now have the capability to provide personalized advertising messages to consumers at the right time and place. In light of this new mobile capability, how to design a personalized advertising message to meet consumers' needs has become a critical issue.

There is little research on the subject of designing a personalized mobile advertising message. Not only is there a lack of study on the attributes of personalized mobile advertising, but there is also a lack of study on its application, trends, and social impact. Therefore, the goals of this research are to identify the important attributes in designing a mobile advertising message for products (goods and services), explore the potential applications of these attributes, and understand their trends and social impact. The research results can serve as a guideline for the members in the mobile advertising industry to assist the industry in allocating that advertising resources.

To ensure the practicality of the research results, this analysis researched mobile advertising attributes from academic studies and industry case studies. We also conducted surveys among different parties in the mobile advertising value chain to solidify the results. The traditional Delphi research method inherently has the limitation of experts' opinions not easily converging, high survey cost, and true expert opinion being eliminated by survey analyzers [8]. Therefore, this research used the fuzzy Delphi research method to collect, analyze, and identify the important mobile advertising attributes in designing an advertising message. The advantages of using the fuzzy Delphi research method include reducing the number of survey iterations, reducing survey cost, increasing survey return rate, effectively capturing and analyzing expert opinions on the questionnaires, and capturing the fuzzy nature of expert estimation and predictions in answering the questionnaires [9–11].

This paper is organized as follows. Section 2 reviews the development history of advertising media. Section 3 summarizes advertising literature review and discusses the trend in personalized advertising. Section 4 describes relationship among the players in the mobile advertising industry value chain. Section 5 establishes the fuzzy Delphi model and the survey questionnaire. Section 6 shows the practicality and usefulness of this method and its empirical results, and discusses the issues and social impact of personalized mobile advertising. The last two sections conclude and offer some recommendations, respectively.

2. Overview of advertising media development

The American Marketing Association [12] defines advertising as “the placement of announcements and persuasive messages in time or space purchased in any of the mass media by business firms, nonprofit organizations, government agencies, and individuals who seek to inform and/or persuade members of a particular target market or audience about their products, services, organizations, or ideas.” Given the different unique media characteristics, each advertisement medium conveys different marketing messages to consumers. There are five advertisement media categories: magazines/newspapers, TV, radio, Internet, and mobile advertisement.

Newspapers and magazines are a traditional and primary form of advertising media; they also have a long history. Generally, advertisements in newspapers or magazines are of a pull type because the message is transferred by the free will of the audience. This creates a high involvement level with audiences. TV and radio are a push type of advertisement medium. The audience sits in front of a TV and views what appears on the screen. The audience has less involvement during the process. Nonetheless, newspapers, magazines, TV, and radio have been the primary advertisement media for advertisers to promote their products. However, in using the aforementioned advertisement media, if a consumer is interested in purchasing the advertised product, another commercial medium is required to complete a business transaction.

Compared with traditional TV commercials, online advertising works interactively, which has been found to be more efficient than one-way advertising because interactivity improves the comprehension of the message the advertisement tries to convey [13,14]. With the help of individual and interactive connections, an advertising agency can easily personalize the contents of the advertisement. By coupling with traditional advertisement media, the Internet allows the sender and receiver to manage the advertisement information effectively.

With the emergence of mobile communications, mobile advertisement enables advertisers to deliver personalized advertising information to consumers at the right time and place. Consumers can not only receive advertisement information through the push-type delivery method but can also proactively retrieve advertisement information via the pull-type delivery method. Mobile carriers typically have personal information on their subscribers; therefore, designing a personalized advertisement based on a

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