

# Exploring the Value of Mobile Advertising for Retailing from an Integrative Perspective.

## Findings from a Field Experiment in Finland

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### **ABSTRACT**

Mobile advertising (m-advertising) is a subset of mobile marketing and refers to all forms of advertising via mobile phones or other mobile devices. M-advertising is becoming an important marketing channel for any type of company, notably for SMEs and small entrepreneurial start-ups and their media and communications portfolio. However, it is still unclear how to best use m-advertising for the benefit of both end-consumers and advertisers. This study explored a field experiment of new m-advertising system conducted in Finland and based on a qualitative explorative study critical value elements of m-advertising were identified. The findings show that the active participation of both the advertisers and end-consumers is a key determinant in making m-advertising a viable service; unless both advertiser and end-consumer actively engage in the co-creation of a m-advertising service, value creation will not reach its full potential. In addition, this study provides practical implications for the retailers on how to use m-advertising service successfully in their marketing.

Keywords: Advertisers, End-consumers, Field Experiment, Finland, Mobile Marketing Management, Mobile Media, Mobile Service, Value Creation, Value Elements.

### **INTRODUCTION**

Mobile devices and mobile media technologies are playing an ever-bigger role in the everyday lives of millions of people (Goh et al., 2015). Consequently, new technology and changing consumer behavior offer unlimited opportunities for firms to re-organize and enhance marketing and related media management operations. For example, technological convergence of mobile phones with audio, video, computing, telecommunications and television has helped mobile media advertising to become a reality (Kim & Jun, 2008). By definition, mobile advertising (in the following abbreviated as m-advertising) refers to advertising messages that are sent to and presented on mobile devices through a wireless network, and it is seen as one of the most promising forms of new mobile services (Kim & Jun, 2008; Peters et al., 2007; Soroa-Koury & Yang, 2010).

Effective use of m-advertising is now also becoming a “natural” part of strategic media planning which itself is playing a key role in facilitating the company’s marketing activities. There are more options for media advertising than ever before and m-advertising as a growing, interactive and multifaceted marketing communication channel has received considerable attention among both marketers and researchers in recent years (e.g. Enwereuzor, 2017; Goh et al. 2015; Komulainen et al., 2016). M-advertising allows firms to provide consumers with increasingly relevant offers as it enables reaching consumers more directly and constantly compared to many other advertising channels (Grewal et al. 2016). A current example of m-advertising is mobile app-install ads which are becoming very popular among different types of app publishers because they result in significant downloads and easily measurable return on investment (Hoelzel, 2015). Existing studies within various academic fields such as marketing, information technology and psychology have discussed m-advertising mostly from the viewpoints of consumers (e.g., Enwereuzor, 2017; Moynihan et al., 2010; Zhang & Mao, 2008) but also the retailers’ (e.g., Okazaki & Taylor, 2008; Shankar et al., 2010) and advertising agencies’ (e.g., Komulainen et al., 2016) perspectives have been explored. However, as Enwereuzor (2017) pointed out, most of the extant studies are quantitative in nature, focusing merely on SMS-based m-advertising and involve students as samples. To create a comprehensive understanding of m-advertising, more qualitative research aimed at in-depth understanding of the use of this communication channel and also involving broader range of actors and different types of m-ads is needed. In addition, although m-advertising has been studied from many different angles, it is still unclear how to optimally use it so that it would create value for both end-consumers and advertisers.

Traditionally, media markets have been classified into two main categories: (1) non-electronic media markets including e.g. newspapers, magazines and books, and (2) electronic media markets such as TV, radio, music, video and computer game and internet markets (Wirtz, 2011). However, along with digitalization, the media industry is continuously growing and consists more and more of different kinds of firms operating in various fields such as digital platforms, social media and entertainment business. Along with this development, m-advertising as an efficient means of reaching consumers has been growing in importance (Grewal et al. 2016). Due to the various opportunities provided by digitalization, major players of media industry are small entrepreneurial firms and often also individual entrepreneurs. For them m-advertising is appealing but at the same time, there are diverse challenges in fully exploiting it. This study explores m-advertising as a new and growing platform for advertising among small firms who conducted their very first m-advertising campaign in a field experiment. The study sheds light on how advertisers and end-consumers perceive value in this increasingly important type of mobile service, an area that needs further research attention (Dube & Helkkula, 2015).

In the service marketing research, the role of the customer as an active participant in the service process has been widely acknowledged (e.g., Grönroos, 2011; Heinonen & Strandvik, 2015; Vargo & Lusch, 2004, 2008). In value co-creation, the customer is participating in the creation of the service and the attached value. Furthermore, service providers become value co-creators through their direct engagement and interactions with customers in their value-creating processes (Grönroos, 2011; Grönroos & Voima, 2013). This means that the value created by the service is a joint effort by the parties involved. Therefore, to understand the full potential of m-advertising, the perspectives of both parties need to be examined. Research concerning both senders’ and receivers’ views in m-advertising, is to a large extent lacking, even though it is crucial that the both parties actively engage in co-creating the service and that the perceptions of advertisers and end-consumers meet so that m-advertising fulfills the requirements of them both.

The **purpose** of this study is to identify the critical value elements of m-advertising. To do so, both end-consumers’ and advertisers’ perceptions towards m-advertising in the retailing context are explored. Hence, the **research question** is as follows: RQ<sub>1</sub>: *What are the critical value elements of m-advertising for retailing from an integrative perspective of both end-consumers and advertisers?* As for methodology, this study is conducted as a qualitative, explorative research. The data consists of altogether 29 interviews with advertisers and end-consumers who tested m-advertising for the first time in the field experiment organized in Finland.

The study contributes to existing research on customer-centered service marketing as well as research on media management and mobile advertising by providing a framework that identifies value perceptions of both advertisers and end-consumers in new m-advertising service. Findings will help service providers to develop their strategies and operations towards customer-oriented thinking that will further help them to create long-

term, profitable customer relationships and improve their future use of m-advertising as a part of their media management portfolio.

This paper is organized as follows: First, the existing literature on value creation and m-advertising in the field of service marketing is reviewed. Then, the empirical study methods and data are described and analyzed. Further, a categorization of critical value elements of m-advertising that play an important role in making it commercially is achieved and, finally, key issues for advertisers in managing m-advertising as a part of their media portfolio are presented and critically discussed.

## **VALUE CREATION IN MOBILE ADVERTISING**

The concept of "value" has been studied extensively over the past decade in the field of marketing, especially related to services marketing (see e.g., Vargo & Lusch, 2008; Grönroos, 2011; Heinonen et al., 2013). Traditionally, there has been numerous ways of researching value, such as value component models (focusing on product or service features), benefits/costs ratio models (exploring trade-offs customers are expected to make between benefits and sacrifices) and means-end models (based on the assumption that customers acquire and use products/services to accomplish favorable ends) (Khalifa, 2004).

The definition of value adopted in this study is probably the most commonly shared view on customer perceived value: it is a subjective perception of the trade-off between multiple benefits and sacrifices (or "give and get" components), relative to the net value of an alternative (or the competition) (e.g., Ulaga, 2003; Walter et al., 2001; Zeithaml, 1988). This study uses the term "value element" and analyzes perceived value as consisting of the trade-off between two basic value elements: (1) benefits and (2) sacrifices (e.g., Kothandaraman & Wilson, 2001; Menon et al., 2005). According to this definition, value can be increased in two ways. Firstly, by increasing the perceived benefits, and secondly, by reducing the perceived sacrifices (e.g., Ravald & Grönroos, 1996).

Identifying the value elements in different mobile service contexts can offer firms valuable insights regarding on which aspects of the offering to focus in order to improve customer satisfaction, loyalty, and commitment to the firm. Existing research proposes various examples of categorizations of value in mobile services and mobile advertising service in particular. For example, in technology-based self-services value relates to technical (outcome of the service interaction) and functional (functional aspects of service delivery process) dimensions and includes time and location as important elements (Heinonen, 2004). When studying value in location-based mobile services it consists of six socio-psychological sources: convenience (ease and speed of achieving a task conveniently), social value (social approval and increased self-image), emotional value (feelings aroused by a service), epistemic value (experiences of curiosity, novelty or knowledge gained), conditional value (exists only in a specific situation) and monetary value (derived from task fulfillment) (Pura, 2005; Pihlström & Brush, 2008). In addition, there has been a large number of studies exploring consumers' attitudes specifically toward mobile advertising. Key factors here can be summarized as permission, perceived usefulness, credibility, information, entertainment and personalization (see e.g. Enwereuzor 2017; Izquierdo-Yusta et al., 2015; Martinez-Ruiz et al. 2017). However, none of the studies has addressed value perceptions of both the customer and the advertiser. We believe that in order to develop m-advertising service to the point of further commercial success, it is imperative to understand the value perceptions of both sides. Creating value in m-advertising is not merely about service providers being active and the customer passive, but about both being active contributors to the value creation process.

The increase in self-service, automation, globalization, information and the power of customers is causing significant changes in the ways services are designed and delivered (Davis et al., 2011). The role of the customers in co-producing new services has been increasingly acknowledged (Matthing et al., 2004). Instead of being given a passive role, the customer is more and more seen as a co-creator of value and co-producer of a service (e.g., Vargo & Lusch, 2008). Value co-creation can be defined as joint, collaborative, concurrent, peer-like process of producing new value, both materially and symbolically (Galvagno & Dalli, 2014). It occurs at the intersection of the actions of the supplier and the customer either directly or as mediated by a product. In the case of m-advertising the mediator is not a good, but a self-service technology, a customer interface on the Internet.

The notion of value co-creation in terms of m-advertising becomes highly important as the active participation of both the advertiser and the consumer is crucial in the successful implementation of m-advertising. Traditionally, advertising was one-way communication from the advertiser to the consumer, but in a mobile context, this has radically changed. To receive m-ads that provide value, the specific consumer needs to have actively communicated their preferences and other personal information to the advertiser. On the other hand, the advertiser needs to utilize this information appropriately and design m-ads that are beneficial to the receiver. Without this interaction, it is impossible to utilize the special features of m-advertising that make it such a unique form of marketing communication. Hence, the value perceptions of both parties represent a key aspect in understanding how m-services can become viable business. Next, we will describe the field experiment through which we identified the value elements from the perspectives of both parties in the empirical part of this study. Before that, the research design of the study is shortly described.

## **RESEARCH DESIGN**

### **Empirical setting**

The empirical setting of this study is a research project that organized real-life field experiments to evaluate technology and new context-aware mobile services in a real end-user environment in a town in Finland. The empirical data for the present study were collected during one such field experiment. The focus of the particular field experiment was on testing a mobile service system that included different types of m-services such as a service directory, a cultural database, an event calendar, mobile flyers and an m-advertising service, the subject of this study. The field experiment was coordinated from a field-office where volunteer users tested the services.

The project provided an infrastructure and service system for permission-based m-advertising for the use of local retailers and consumers. The project hosted the system and gathered and updated databases of consumers. The m-advertisers (i.e. retailers) or their advertising agencies created and sent the m-ads using an advertising tool. In the advertising tool they defined the criteria of their m-ads to be targeted at the consumers. Criteria included gender, age and interest areas, as well as the sending times and dates of the m-ads. The consumers registered onto the system and provided similar personalization criteria. What should be noted is that the m-advertising service system required that the end users opted in to receive the m-ads, which was also a legal requirement. The service system searched for m-ads that matched the consumers' interests and sent them to the receivers in the form of SMS or MMS. This way the system enabled the advertiser to send accurately targeted m-ads to those consumers it sought to reach, and the consumers in turn could define what kind of m-ads they really wished to receive. During the field experiments a total of 12,190 m-ads were delivered by m-advertisers to consumers.

### **Data collection and analysis**

The empirical data for this study were collected using qualitative methods. Data on m-advertisers were gathered through thematic interviews with 13 retailers who participated in the field experiment. The retailers involved represented a large variety of different businesses, such as restaurants, clothing stores, insurance companies, gift and decoration shops, nightclubs, hairdressers, book stores and travel agencies, most of them being small entrepreneurial firms or single entrepreneurs. Selection of the interviewees was based on the theoretical sampling aimed at maximizing the differences between the interviewees. Hence, the 13 m-advertisers selected represent a variety of experience of, and thoughts on m-advertising. Researchers interviewed the representatives of the m-advertisers after the field experiment had ended. The interviewees were those responsible for the firms' m-advertising, and the themes of the interviews covered six general areas: background information on the company, objectives for and expectations/assumptions of m-advertising, experiences in m-advertising, effectiveness and usefulness of m-advertising, proposals for improvement of the service, and interest in using this kind of service again. The interviews lasted approximately 45 minutes and were tape-recorded. Soon after the interviews ended, they were transcribed verbatim, resulting in 126 pages of transcriptions.

The data on consumer perceptions of m-advertising was collected by interviewing 16 randomly selected consumers who participated in the field experiment as end users. For many of the interviewees, m-advertising

was a relatively unknown phenomenon. In the field experiments they were able to test and form their perceptions about it. Some of the interviewees did have previous experience of m-advertising aside from the field experiment. The interviews were conducted after the consumer had sampled the different kinds of m-services provided in the field trial – including receiving m-ads. Semi-structured interviews ranging from 20 to 50 minutes in length were conducted with 16 consumers; half of them were male and half female. Their ages ranged from 21 to 50, and all were Finnish with a wide range of occupations (e.g., student, manager, social worker). However, the demographics were not a defining factor when selecting the participants. For reasons of confidentiality, all participants were guaranteed anonymity. The purpose of the interviews was to attempt to follow the consumers' descriptions of the experience of receiving m-ads by discussing the following topics: expectations of m-advertising, usefulness of m-advertising, learning to receive and use m-advertisements, attitudes towards m-services in general, understanding the m-advertising process, the ease of using m-advertising, negative and positive feelings toward m-advertising, and interest in receiving m ads in the future.

The data was analysed using content analysis method. Following Miles and Huberman (1994), the analysis was implemented through phases of data reduction, data display and drawing conclusions. NVivo 8 software was used to facilitate the content analysis and stimulate the researchers' interaction with the large amount of data.

## **EMPIRICAL STUDY: A FIELD EXPERIMENT IN MOBILE SERVICES**

Next, we will discuss the findings of the empirical data, and introduce both advertisers' and consumers' perceptions of the value of the m-advertising in the experiment.

### **Value perceptions of the advertisers**

In our field study, the advertisers (i.e. retailers) were only experimenting and introducing themselves to the new way of communicating with their customers through m-advertising. As a result, the whole process was very challenging for them as they were attempting it for the first time.

In terms of planning the m-advertising, one of the most essential elements is the possibility of tailoring the m-ad according to the personal preferences of the receiver. Personalization has been acknowledged as being one of the most distinctive features of m-advertising compared to the more traditional advertising media. Advertisers raised the tailoring possibilities as a key issue in the experiment. The m-advertising service was considered as a useful tool to reach a specific group of customers at a specific point of time. However, personalization, although being the main point of the m-advertising, was also the one that was found to be most troublesome.

*You can easily define, for example, a certain target group [at whom] you want to direct it (the m-ad)... [so] that you don't, for example, send a perfume advertisement to some IT-engineer. (Representative of Advertiser 1)*

The possibility of reaching specific customers also leads to issues of permission and control. The mobile device represents highly personal equipment to most consumers nowadays, and in many countries the sending of the various types of commercial messages related to m-advertising or services in general, imposes a legal requirement on the sender to have obtained permission from the receiver. Thus, the first set of challenges is related to: how to reach the target customers in terms of getting their permission?

*The problem is how to collect the consumers (for the database). How should we get the (profiling) information and get people interested in [being involved in] advertising? I mean how can we make it get through to them? (Representative of Advertiser 2)*

As mobile phones are considered such personal devices, it is very important to consider carefully what kinds of m-ads are sent to the consumers. In our experiment, the advertisers seemed to worry that m-advertising might become spamming; only irritating the consumers instead of creating value for them. They stressed that mobile phone users are conscious of the contents of their phones. This raises the question of how consumers could be convinced of the benefits of m-advertising, and even more importantly, how to persuade them to give their permission for m-advertising. The important question then is how a database of the willing receivers could be constructed?

*The mobile phone is such a personal device. I mean how many of us will eventually give permission for advertising? And how is it ensured in practice that if you give your permission you will not get an enormous amount of m-ads (Representative of Advertiser 3)*

Of course, existing loyal customers are an obvious group as they have expressed their interest in the company and its products. However, it presents a challenge for the company to manage such a database and make the most of it.

*In my opinion, it will be excellent in loyal customer advertising. [...] It is its strength that you reach your existing customers and can give them personal notices (via m-advertising). (Representative of Advertiser 4)*

In addition to the considerations of the target group and reaching them, the content of the advertising also needs careful planning. M-ads can of course be used for several purposes, as any kind of advertising (e.g., creating brand awareness or informing about special offers thus creating instant increases in sales). However, the utilization of context-sensitivity and especially the time and location sensitivity of m-advertising were considered to be important elements of m-advertising in our experiment. Many of the respondents put themselves in the shoes of the consumer and highlighted the importance of the context in which an m-ad is received since it significantly affects the mood the receiver is in. For example, a consumer who is already shopping is probably much more willing to receive m-ads than one who is not. Furthermore, sending an m-ad at the very moment the retailer wishes to reach the consumer was highlighted by the respondents. In a related point, some respondents noted how the time-sensitive nature of m-advertising can also be utilized by modifying the m-ads according to conditions such as the weather or the time of day.

*If a person is in a certain area, for example in the shopping mall. There I could imagine I would like to get m-ads [...] It should be in that particular environment where I'm already oriented to do shopping or I'm otherwise receptive. (Representative of Advertiser 5)*

There were also many technological issues that were emphasized. In line with this, it became evident that small companies do not necessarily possess a high level of technological knowledge and thus the m-advertising service system needs to be easy to use for the advertiser. Also, the integration of the m-ads with the firm's other marketing communication is essential as m-advertising was seen as an important part of the whole media management portfolio.

## **Value perceptions of the consumers**

The testers of the m-advertising system represented the consumers present in the shopping street where the experiment took place. They can therefore be assumed to be the real customers of the retailers operating in the area. Similar to the retailer's perceptions, one of the main concerns of the users was the issue of permission.

Mobile phones were indeed regarded as highly personal devices that contain personal content and are tightly integrated into the everyday operations of consumers. Consequently, the respondents were very concerned about retaining the power to decide what is being sent to their mobile phones, as too many m-ads would only irritate them or cause them to feel as if they were being "spammed." Notably, the definition of "too many ads" seems to be subjective. It seems that ad overload may undermine the consumer's trust in the service and decrease the probability of future willingness to receive m-ads. This brings forth the notion of co-creation of the service; the active participation of the service user is required to enable the value co-creation. It is, then, the customers who need to decide on receiving the advertisements and this exemplifies the active role of the customer.

*It's a really interesting way to advertise, but of course you immediately think of the privacy issues; so that [by choice] you wouldn't receive ads just whenever but could decide yourself when the ads are sent. (Man, 26 years)*

The respondents also discussed the times of receiving m-ads and the locations involved. Notably, however, it was once again evident that respondents' opinions on the right time to receive m-ads varied greatly. The respondents also varied in their opinions regarding the location; some said they would prefer to receive the ads when they were near the shops, while others doubted that they would have time or interest to browse through the ads when walking on crowded streets. Overall, the respondents had similar opinions in that the situations and contexts differ, and m-advertising should be adjusted accordingly. In an ideal case, m-ads that function in a certain context can bring added value to consumers.

*I want to receive the ads while I am shopping. If the ad comes when I'm at home, it has to be really good to make me react to it. I could receive as many ads as possible when downtown; they wouldn't bother me that much there. I would pay attention to them especially if I knew they would come from a certain shop. (Woman, 20 years)*

In our experiment it became clear that there are some common positive features in m-ads. Advertisements that contained special offers or some other kind of benefit were in most cases seen as preferable. The usefulness of the m-ad seems to be an essential part of the future of m-advertising, as consumers have come to understand the dangers of increasing information flow. In addition to monetary benefits, some of the respondents referred to the entertainment value of m-ads (stories, humor, etc.). The clarity and simplicity of m-ads were also seen as positive features. The respondents explained that simple m-ads were often easier and quicker to browse through, especially in the context of a crowded downtown location. Consumers are not willing to engage in interactions with m-ads that they deem too complex. Respondents were positively surprised when the use of m-ads proved to be effortless, and their attitudes were positively affected.

*They [m-ads] were quite good, simple. The information was set out shortly and concisely. They had only the essential information. (Man, 39 years)*

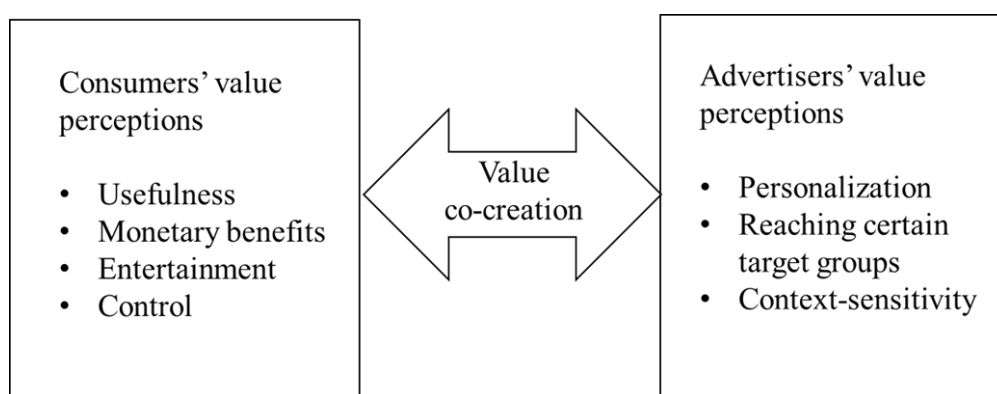
*They need an idea. I mean, something that makes you laugh, or have some real offering, which really...which I really would bother to receive and really could utilize the benefits. (Woman, 22 years).*

The user experience is highly individual and therefore it is essential that consumers are able to use m-ads for the purposes they want and in the way they want. This also indicates the essential role of the user of these kinds of services. Due to the heterogeneity of user needs and competencies, personalization – not only in terms of the content of the m-ad but also with respect to the other essential aspects of the m-ad – becomes more important.

## DISCUSSION

### Critical value elements of m-advertising

On the basis of our study, we can assert that the active participation of both the advertisers and consumers is a key determinant in making m-advertising a viable service capable of being utilized effectively. This refers to the value co-creation based on interaction between the parties. In Figure 1 we have illustrated the different value perceptions of the customers and advertisers and how they are interconnected.



*Figure 1. Identified value elements of mobile advertising and their interconnectedness*

From the customer's perspective, the value is essentially created through four elements including perceived usefulness, which in turn includes various aspects such as monetary benefits or entertainment. In addition to usefulness, a crucial value-creating element from the customer's perspective is control; it is important that the customers perceive that they are in control of the commercial messages that are sent to their personal mobile

phones. The issues of control and privacy have also been acknowledged for example by Facchetti et al. (2005) as being essential aspects of successful m-advertising. We would stress the vital importance of taking all these elements into account as early as in the planning phase of m-advertising.

The value perceived by the advertisers experimenting m-advertising can be summarized as the way m-advertising enables tailoring of customer-specific messages. The key elements in this are personalization, reaching certain target groups and context-sensitivity. They have been identified as important elements in the existing literature on m-advertising too (e.g., Scharl et al., 2005; Shankar et al., 2010; Vantanparast & Butt, 2010). Therefore, we suggest that these three elements are the ones that actually make the value creation possible from the advertiser's point of view.

However, the elements identified from both counterparts also require the essential elements of interaction and co-creation to be activated. On the basis of our study, we argue that for the different value elements to create value for the counterparts, interaction between both parties is essential. This finding is in line with the existing research (e.g., Edvardsson et al., 2005; Grönroos, 2011) emphasizing the active cooperation of both parties in co-producing the service. Thus, based on this study we can confirm that the interaction between the advertiser and the receiver is at the heart of successful m-advertising.

### Managing m-advertising in small firms

In terms of managing the m-advertising in small retailer firms certain key issues can be highlighted (see Table 1).

*Table 1. Key issues for small firms in managing mobile advertising*

<b>Key issues for small firms in managing mobile advertising:</b>	
1. Managing the database of m-advertising receivers	<ul style="list-style-type: none"> <li>• Managing the expectations of customers and activating the receivers</li> <li>• Acquiring new vs. utilizing existing customer base</li> </ul>
2. Planning the m-advertising	<ul style="list-style-type: none"> <li>• Using personalization and context-sensitivity to create customer perceived value</li> <li>• Reaching the right target groups</li> </ul>
3. M-advertising system	<ul style="list-style-type: none"> <li>• Ease of use &amp; correct functionality</li> <li>• Reliable technology</li> </ul>
4. Delivering the value	<ul style="list-style-type: none"> <li>• Using mobile advertising as a part of the overall customer value strategy</li> </ul>



First, managing the database of the receivers of the m-advertising is highly important. Of course, advertisers need to have the receivers' permission for m-advertising, as discussed above. However, in addition to permission, an even more critical factor in the success of m-advertising is persuading the customers to provide information about their preferences to the advertiser. If the customers do not provide timely information about their preferences (i.e., regularly update their profile information in the system) it is impossible to send them valuable m-ads from the advertisers they are interested in. But how can the advertisers stimulate the customers to do this? Customers need to have an understanding of the expected value of the m-advertising, why would they bother otherwise? This reinforces the importance of managing the expectations of the potential customers in relation to m-advertising in general and to the m-advertising of a particular company in particular. Of course, if using existing databases of regular customers, convincing the customers of the potential value of receiving m-ads is simpler than in the case of new customers. Customer "activeness" is therefore required to make m-advertising a service useful in marketing communications.

Second, planning the m-advertising – its content and target groups – is important in many respects. M-advertisers need to be well aware of the preferences of their customers and carefully utilize this information in implementing their m-advertising campaigns. In other words, m-advertisers have to send m-ads that are accurately tailored, personal, and targeted to the right consumers at the right time. An essential factor here is the competency of the advertisers. M-advertising requires a different set of marketing competencies than have typically been required of small retailers. M-advertising is much more than merely changing the media for your marketing messages, but it needs to be in line and support other advertising media as well. However, the integration of m-advertising into the other forms of marketing in the firm appeared to be rather challenging. M-advertising is not as effective as a separate function but should be carefully blended into all aspects of marketing and customer interface.

The third key issue in managing m-advertising is the importance of the advertising system itself. During our experiment, it became clear that the advertising system, meaning the system through which the m-ads are made, transferred into mobile form and delivered to the receivers' mobile phones needs to be easy to use and employ reliable technology. In other words, the system must function flawlessly and efficiently.

Last, but by no means least, we would emphasize that in the end what matters most is being able to deliver the value promised by the m-advertising. M-advertising is best considered as just one tool in the actual value creation that the advertiser is attempting to provide to its customers. M-advertising is valuable to customers and advertisers alike only when it facilitates value creation in relation to the actual products and services provided by the advertiser.

## **CONCLUSION**

This study explored value of mobile advertising from the perspective of both advertisers and consumers. Although the advertisers in this case were small retailers and not entrepreneurial advertising/media companies, the same principles of effective media management and m-advertising in particular, apply to both. We share the view with e.g. Macdonald et al. (2011) and Niemelä-Nyrhinen & Uusitalo (2013) suggesting that developing approaches to better understanding value creation is of great importance for managers and scholars and this study offers important implications for both. In spite of the increasing amount of research highlighting the importance of different aspects of value, it still remains understudied in the emerging contexts (see Dube & Helkkula, 2015) such as m-advertising. This study contributes to the research on customer-centered service marketing and to the research on media management and mobile advertising by providing a framework that identifies value perceptions of both advertisers and end customers in new m-advertising service. This study highlights that the value of m-advertising originates from the critical attributes that foster the processes of both the advertisers and end customers. By understanding the value perceptions of each other and aiming at creating value together both the small firms and their customers can get the most out of the m-advertising as a modern and multifaceted marketing communication channel that is an important part of their media management operations.

For managers dealing with m-advertising and m-services in general, we suggest several practical implications. Consumer expectations and perceptions can vary significantly and therefore it is crucial to be aware of the

different needs of different customers. For example, segmentation could be used to identifying customers with different needs and categorizing them, thus being able to plan m-advertising according to their specific needs. In addition, firms must develop new ways of adding value for customers by keeping up with new and constantly advancing technologies and understanding the various opportunities they offer. In m-services, and specifically in m-advertising, it is crucial to provide high-quality content for the customers. The content has to be tailored to fit onto the display of a mobile phone, and careful attention should be paid to the technical quality as well as to the value of the content for the receiver. Furthermore, an essential prerequisite for fully utilizing m-services is the formation of new practices enabling individuals to independently produce content. Their own independent activity is what makes things more meaningful. In relation to this, firms must involve customers more effectively in co-creating value. Both should be actively involved to take full advantage of the opportunities m-services provide. With regard to the co-creation perspective, consumers would have to be informed of, and accept, the advantages of using m-services and receiving m-ads. Only then will they be ready to participate in value co-creation and be prepared to make sacrifices in order to obtain greater value for themselves. Finally, it is important to actively search out new ways to reach existing and potential customers, for example by developing customer relationship management databases and loyal customer records.

As all studies, also our research has some limitations. Although the research process was conducted so that the quality of the study was carefully considered and fostered, the study and research strategy certainly involved some limitations. Firstly, concerning the applicability of the conclusions offered in the present study, it is essential to point out that the advertisers and consumers acting as informants were only testing an m-advertising service that was under development. However, the research setting enabled us to look into the perceptions of the actors at the specific point when they were in the early stages of the adoption process of such a service. Consequently, our conclusions can be argued to provide useful insights, particularly into the way advertisers and consumers who are not at the cutting edge of technological development or lead users of new technology, adopt such new services. Secondly, the phenomenon under scrutiny, the value perceptions of advertisers and consumers, represents a highly subjective and context-dependent theme to study which represented challenges in terms of data collection (e.g., question setting) and analysis (e.g., interpreting subjective experiences) and drawing conclusions (e.g., combining multiple subjective experiences). This was also related to the newness of the topic and the service in question. Finally, although we claim that our findings on m-advertising services also hold value for other types of m-services, the specifics of m-advertising do to some extent limit the generalizability of our findings. M-advertising differs from other types of services particularly in the sense that not all consumers consider it a valuable service, and some may see it as merely a means for companies to trick them into buying something. However, in the sense that the interactivity of both consumers and advertisers is emphasized in the present study, m-advertising actually comes very close to any other kind of m-service.

This study suggests that m-advertising has the potential to significantly and positively impact and complement marketing communication and media management. Regardless of social, regulatory, and technical challenges, m-advertising will continue to gain importance in multi-channel marketing. Besides the benefits, there are, however, several challenges of using m-advertising as a new marketing communication medium. Our study indicated that co-creation of m-services is an essential factor in enabling value creation. Currently there is a large body of knowledge in relation to services and value co-creation, and this should be applied to the study of m-services more closely in future research. Interestingly, the interactive characteristic of m-advertising did not emerge strongly from our study, other than in terms of enabling personalization. However, interactive elements and co-creation of value are closely related issues. In summary, value co-creation in the context of m-services merits more attention in future research.

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