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A Lesson for Marketers on Mobile Advertising

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***Bottom Line****: Advertising through mobile devices could be the way of the future, but so far marketers have been largely frustrated in their efforts to take advantage of the medium. Some types of products may be more suited to mobile ads than others, and their appeal rests on an unconventional approach that contrasts with traditional advertising methods.*

There’s no question that mobile phones have become an indelible facet of modern life. Surveys conducted in 2013 showed that 91 percent of adults in the United States use some type of mobile phone and about 61 percent have a smartphone; the numbers are even higher among people in the 18-to-34 age range and households that have incomes of more than US$75,000—the very demographics that make marketers salivate.

Accordingly, U.S. companies’ annual spending on advertising via mobile devices—usually in the form of a small banner on a Web browser or smartphone app—skyrocketed from $770 million in 2010 to $4.1 billion in 2012 . Industry forecasters think the number could top $32 billion in the U.S. by 2017 and more than $62 billion in the global market.

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But despite all the money flowing toward mobile campaigns, a 2012 questionnaire of global marketing executives revealed that only 14 percent said they were content with their use of mobile advertising channels. One of the key challenges is the medium: The ads must display quickly regardless of a consumer’s Wi-Fi strength, so they tend to contain relatively little information—maybe a logo, slogan, or snappy message. But despite the limitations, 69 percent of brand marketers surveyed in 2013 planned to escalate their use of mobile ads.

To get a better understanding of whether these ads can actually make consumers more likely to buy a product, the authors of a new [study](http://journals.ama.org/doi/abs/10.1509/jmr.13.0503) collaborated with a market research agency to analyze the responses from nearly 40,000 consumers to 54 real-world mobile ad campaigns that ran during a recent three-year period. The overall results were disheartening—fully two-thirds of the campaigns failed to move the needle in persuading consumers to purchase the product. But they nonetheless revealed that mobile ads could be worthwhile for specific types of products that appealed to consumers’ memory and information recall.

The advertised products came from a wide range of industries, including the automotive sector, consumer packaged goods, entertainment, financial services, and health and pharmaceuticals. Participants in the study surfed to one of the many Web pages included in the agency’s network and were shown an ad for a national brand, or randomly assigned to a control group that saw no advertisement. In either case, they were invited to complete a short questionnaire that measured several aspects of their attitude toward the product in question, including their prior knowledge of the brand, how much they used items in that category, and the likelihood they would purchase the product.

The results revealed significant room for improvement: 36 of the campaigns (or 66.7 percent) had either negligible or negative effects on customers’ attitudes toward the products and their intentions to purchase them, meaning consumers who never even saw an ad on their mobile device had a better regard, or roughly the same regard, for the product. Perhaps the invasiveness of mobile advertising largely undercuts its intimacy.

Delving deeper, the authors next classified the campaigns in terms of the product type—whether the campaign was for a luxury item or for a more utilitarian one. They also determined how much the products would affect consumers’ lives. Buying a higher-involvement product, such as a car or a computer, carries more consequences and entails more deliberate decision making. Evaluating lower-involvement products, such as household goods or common retail items, doesn’t require as much critical thinking.

A major wrinkle emerged. Ad campaigns on mobile devices were effective only for products that were both higher-involvement *and* functional—in other words, products that consumers used on a regular, goal-oriented basis but nonetheless considered carefully before purchasing. Examples include medication, the family car, a bank account, or (appropriately) a mobile phone.

Drawing on psychological research, the authors posit that in the mobile format, when people are likely to be distracted, ads work better for products that strike an immediate chord with consumers and contain relatively little hard information. These ads trigger memory cues that lead consumers to quickly recall their stowed-away thoughts about brands, products, or industries, rather than making them focus on overwhelming amounts of new information. This triggering is likely to occur more for everyday products that mean a lot, emotionally and pragmatically, to consumers, than for items they regard as special or far removed from their regular lives.

And the findings also indicate, on a broader scale, that the proliferation of mobile devices has ushered in a new way of thinking about advertising. Historically, marketers have tried to persuade consumers with new information or unique claims about their products. Either that, or they’ve hit consumers over the head with repetitive commercials that try to seep into their consciousness over time. Instead, to exploit the small and intimate appeal of mobile display ads, advertisers should try to appeal to consumers’ memory and thought processing—in this medium, a simple slogan might lead to a deep rethink.

But there’s still hope for marketers of products that are more hedonistic or that involve less rumination in purchasing decisions. When utilizing this kind of advertising, they should emphasize the functional and thought-provoking aspects of their brands. The authors cite the example of a luxury car—it’s a self-indulgent acquisition. Mobile ads should therefore underscore its safety features, in a nod to functional and high-involvement aspects, instead of its top speed, sporty design, or one-time-only sales price.

Source: [Which Products Are Best Suited to Mobile Advertising? A Field Study of Mobile Display Advertising Effects on Consumer Attitudes and Intentions](http://journals.ama.org/doi/abs/10.1509/jmr.13.0503), by Yakov Bart (INSEAD), Andrew T. Stephen (University of Pittsburgh), and Miklos Sarvary (Columbia University), *Journal of Marketing Research*, June 2014, vol. 51, no. 3