



Why smartphone advertising attracts customers: A model of Web advertising, flow, and personalization



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ABSTRACT

Thirty-five percent of US adults own a smartphone and more than seventy-three percent of the population in South Korea owns a smartphone in the first quarter of 2013. The number of people that use a smartphone has radically increased. Smartphone users always maintain connectivity, and frequent and swift communication with others. As the mobile advertising market is drastically expanded, advertisers and companies should be more attentive to effective smartphone advertising. This study suggests a comprehensive advertising model that combines a Web advertising model, personalization and flow theory in understanding the antecedents of purchase intention and influence processes in the context of smartphone advertisements. The results show that personalization has a positive association with informativeness, credibility, and entertainment of the advertising message while having a negative association with irritation. Purchase intention is increased by advertising value and flow experience. Advertising value has a positive relationship with credibility, entertainment, and incentives. Flow experience is positively associated with credibility, entertainment, incentives. Irritation negatively affects flow experience but advertising value. This study theoretically contributes to the application of the smartphone advertising model and practically contributes influential factors for effective advertising to marketers and advertisers.

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1. Introduction

Global mobile advertising revenue was \$9.8 billion in 2012. According to [Gartner \(2013\)](#), global mobile advertising revenue is expected to rise to \$11.4 billion in 2013 and \$24.6 billion in 2016 ([Mobithinking, 2013](#)). For example, mobile advertising revenue for Facebook accounted for approximately 49% of \$1.8 billion in advertisement revenue in the third quarter of 2013 ([the Guardian, 2013](#)). These figures show that smartphone advertising can be an extremely promising advertising market. A monthly report by the Korea Communications Commission (KCC) illustrates that more than 50% of the population in South Korea own a smartphone ([KCC, 2012a](#)). Google Korea reported that the smartphone penetration rate in Korea reached about 73% in the first quarter of 2013, which is the highest growth rate among forty-three countries that Google surveyed ([The Korea Economic Daily, 2013](#)). Such a high smartphone penetration rate and 3.5G/4G technology enable users to conveniently use mobile Internet services at anytime and anywhere without limitations to the type of handset and mobile

communication provider in Korea. South Korea's mobile advertising market, which is composed of SMS, mobile Web, and mobile application advertising, increased 184% in one-year to \$198.32 million in 2012, and is expected to rise 93% to \$416 million in 2013 ([KCC, 2012b](#)). In addition, 60% or more smartphone users have encountered smartphone advertising while 69.5% have viewed smartphone advertisements, and 62.3% have purchased advertised products or services ([KISA, 2012](#)). Such phenomena demonstrate that customers are increasingly dependent on mobile devices such as a smartphone and tablet PC to search information on products or services to purchase. Smartphone advertisement plays an increasing role in the decision-making process in helping customer purchases.

In contrast, some customers want to use the functionality of advertising blocking and have the intention to pay for the blocking advertisements ([Hill, 2013](#)). Consumers want to avoid invasive advertisement and do not want to be interrupted. Therefore, a key challenge is to identify the underlying process for how smartphone advertising influences customer's intention to purchase products.

An adaption or extension of the Ducoffe's Web advertising model (1995) could provide an understanding of the underlying process of how smartphone advertisements influence customer purchasing behavior. [Ducoffe \(1995\)](#) stated that advertising value is a measure of advertising effectiveness. He emphasized the role of advertising

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value in Web advertising context and examined the determinants of advertising value. In prior studies, advertising value is conceived as a predictor for intention and attitude related to advertising (Beatty, Kahle, Homer, & Shekar, 1985; Liu, Sinkovics, Pezderka, & Haghirian, 2012). Because of the sophisticated mobile Web features and popularity of smartphones and empowered customers, advertising value could be a major predictor of purchase intention in the context of smartphone advertisements.

Flow could also be included as a crucial predictor of purchase intention in the advertising model (Hausman & Siekpe, 2009; Hsu & Lu, 2004). Flow refers to a fully immersed state that people experience when they act with total involvement (Csikszentmihalyi & LeFevre, 1989). Flow is also the central process in consumer Web browsing or navigation (Huang, 2006; Noort, Voorveld, & Reijmersdal, 2012), and is one of the key factors for leading customers to purchase intention in the context of online services (Hausman & Siekpe, 2009; Korzaan, 2003; Luna, Peracchio, & de Juan, 2003; Richard & Chandra, 2005).

Perceived control, curiosity, intrinsic interest, interactivity, and focused attention are the main characteristics of flow (Hoffman, Novak, & Peralta, 1999; Hsu & Lu, 2004; Koufaris, 2002). Smartphone and advanced 4G technology have caused customers to experience push-type advertising that push messages containing advertisements without customer's permission (i.e., SMS, MMS), and the high quality of pull-type advertising that allows customers to browse contents and select mobile advertisements on their own (i.e., keyword search, display, mobile game, and rich media advertising) (Liu et al., 2012; Xu, Liao, & Li, 2008; Yang, Kim, & Yoon, 2013). In particular, rich media advertising are real time interactive multimedia advertisement in which advertising image changes or video is played when customers put their mouse on or click the advertising message. Sophisticated mobile advertising features create controls, curiosity, focus, and interest by the customers. This means that customers can have flow experience with smartphone advertisements while browsing or viewing mobile Web or application advertisements on a smartphone. Thus, the effect of flow on purchase intention is more crucial in the context of smartphone advertisements. To the best of our knowledge, no studies have examined the relationship between flow experience, advertising value, and purchase intention nor have identified predictors for these relationships.

It is important to identify the antecedents of advertising value and flow experience more rigorously, and to integrate these antecedents into a comprehensive model that can provide a clear understanding of how those factors influence advertising value, flow experience, and purchase intention in a systematic way. However, most studies on mobile advertising have examined cognitive, affective, and economic factors as predictors of attitude toward mobile advertising or intention to read or click (Blanco, Blasco, & Azorin, 2010; Chowdhury, Parvin, Weitenberner, & Becker, 2006; Liu et al., 2012; Standing, Benson, & Karjaluoto, 2005; Tsang, Ho, & Liang, 2004; Wang & Sun, 2010; Xu et al., 2008; Yang et al., 2013; Ünal, Erci, & Keser, 2011). Investigation into the effects of cognitive, affective, and economic factors on advertising value, flow experience, and purchase intention have received minor attention. Furthermore, it would be valuable to incorporate the concept of personalization into a comprehensive model for smartphone advertising. The integrated model could explain how cognitive and affective qualities of smartphone advertising messages can be increased by personalization. Even though prior research suggested that personalized advertising has positively affected customer response (Milne & Gordon, 1993; Robins, 2003; Tsang et al., 2004), few studies explained a process for how personalized advertisement messages influence advertising value and purchase intention (e.g., Xu, 2006). Applications of personalization can be advanced greatly in conjunction with the advent of mobile broadband communication systems and smartphones.

Personalized smartphone advertising can enhance informativeness, credibility, and pleasure. However, personalized smartphone advertising can reduce irritation because advertising messages are well customized to meet customer's preference and interest using such a state-of-the-art technology and mobile infrastructure. Thus, a process for how personalized advertisement messages affect customer valuation and intention needs to be investigated by combining personalization with cognitive and affective factors.

The purpose of this study is to provide and examine a comprehensive and integrated model for smartphone advertisements by overcoming the limitations of previous studies on mobile advertising. Specific research questions for this study are:

1. Do advertising value and flow experience play an important role in forming purchase intention in smartphone advertisements?
2. What are the cognitive, affective, and economic factors that influence advertising value and flow experience in smartphone advertisements?
3. Does personalization make a pivotal contribution for increasing cognitive and affective qualities, advertising value, and flow experience?

This study provides a theoretical understanding and extension of the advertising model, and sheds light on how cognitive, affective, and economic factors that contribute to customer's intention to purchase product or service in the smartphone advertisements context.

2. Theoretical background and hypothesis development

2.1. Theoretical background

2.1.1. Advertising model

The represented theories which are employed for the advertising model, are the Theory of Reasoned Action (Fishbein & Ajzen, 1995; Lee, Tsai, & Jih, 2006; Lutz, MacKenzie, & Belch, 1983; Tsang et al., 2004), Technology Acceptance Model (Yang, 2007; Zhang & Mao, 2008), and Web advertising model (Choi & Rifon, 2002; Ducoffe, 1995; Wang & Sun, 2010). Among these advertising models, only Ducoffe's Web advertising model focused on the advertising value rather than attitude toward advertisement. Ducoffe's model is derived from the Uses and Gratifications Theory (UGT). UGT was developed in a study on the effectiveness of the radio medium in the 1940s (Liu et al., 2012). Following UGT, Ducoffe highlighted advertising value, which refers to "a subjective evaluation of the relative worth or utility of advertising to consumers" (Ducoffe, 1995, p. 1). Studies on advertising value have showed how advertisements work and what factors determine the worth of advertising from a customer perspective (Ducoffe, 1996). In Ducoffe's model (1995), cognitive and affective factors as predictors of advertising value are suggested. The cognitive factor includes the perception of informativeness and credibility on advertisement.

Informativeness refers to the extent to which the advertising message includes informational contents (Aaker & Norris, 1982). Advertising credibility refers to "consumers' perception of the truthfulness and believability of advertising in general" (MacKenzie & Lutz, 1989, p. 51). The affective factor includes perceptions of entertainment and irritation (Ducoffe, 1996). Entertainment denotes the ability to fulfill consumers' needs for diversion, esthetic enjoyment or emotional release (McQuail, 2005). Irritation in a commercial is one that is provoking, causing displeasure and momentary impatience (Aaker & Bruzzone, 1985). Irritation can be defined as the extent to which the advertising message is messy and irritating to consumers.

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