Mobile Ad Effectiveness: Hyper-Contextual Targeting with Crowdedness

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Michelle Andrews
Emory University

Xueming Luo
Temple University

Zheng Fang
Sichuan University

Anindya Ghose
NYU

Motivation

Mobile advertising is becoming increasingly popular nowadays.

Marketers are using contexts such as location to target consumers.

> Examples of such contextual targeting include geofencing (i.e., sending mobile coupons to people within the virtual perimeter of a store) and Bluetooth-based beacons (i.e., sending deals to devices within venues)

But what makes contextual targeting more effective?

Motivation

Crowdedness!

Advertising may be more effective in a crowded environment.

Motivation

Why?

In a crowded environment, people can immerse themselves in their private mobiles “as a means of escape, a way by which a person can avoid unwanted encounters” and gain a sense of control over her space and privacy

Data

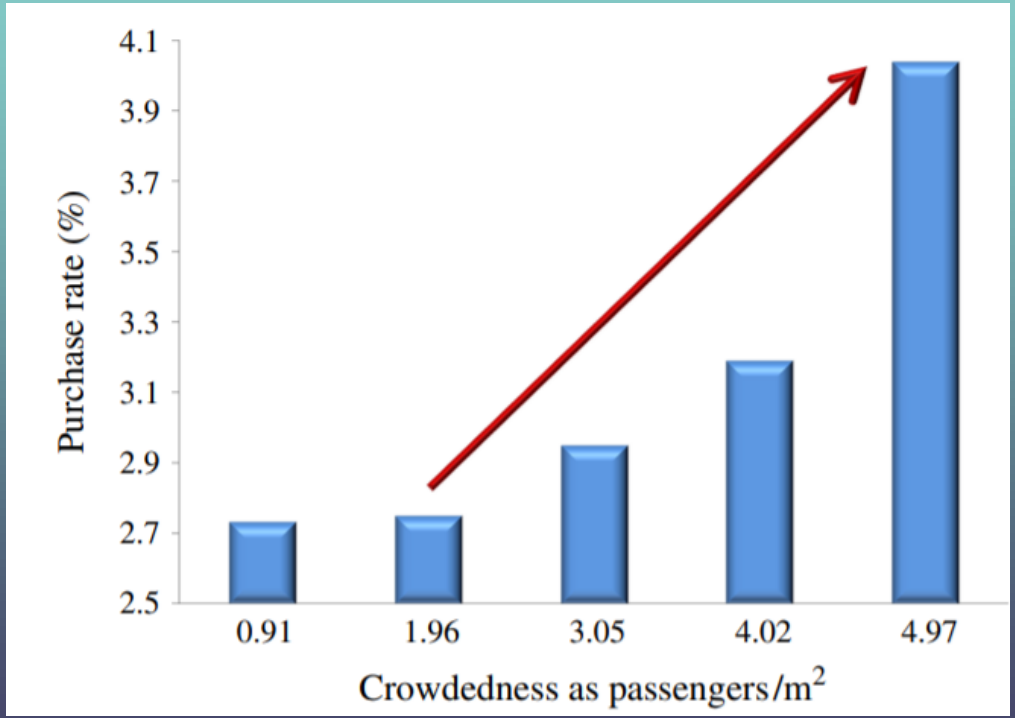
The researchers did a field experiment in subways in Shanghai, China.

They collaborated with telecommunication companies in China, and randomly sent promotional SMS to subway users.

Sometimes the train is very crowded, sometimes it is not so crowded.

They see whether consumers are more likely to make a purchase in a crowded environment.

Results


4.1
3.9
3.7
3.5
3.3
3.1
2.9
2.7
2.5
Purchase rate (%)
0.91
1.96
3.05
4.02
4.97
Crowdedness as passengers/m2

Implications

Marketers should recognize that a crowded environment is a great resource for marketing activities. For example, the average public transportation commute time for Americans is 48 minutes each way.

A gold mine for marketing!

Grocery retailers in South Korea have created virtual stores in underground subways by superimposing product images with Quick Response (QR) codes over the platform walls.

Retailers can send within-store mobile promotions to connect with shoppers in real time.

Implications

Policymakers may think about whether or not we should regulate mobile advertising in public transportation to give consumers more privacy.