New study is first to test the actual impact of branded apps on consumers

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A new research study co-authored by an Indiana University professor suggests that interactive applications for mobile phones such as Apple's iPhone and Google's Android may be some of the most powerful forms of advertising yet developed.

The study confirms that using branded mobile phone apps increases a consumer's general interest in product categories and improves the attitude they may have toward the sponsoring brand. The researchers also found that mobile apps which are informational in nature or utilitarian were more likely to engage users than those where the app focused on entertainment or gaming.

Apps could be a way for advertisers to reach across traditional product or gender boundaries to appeal to new types of customers. Unlike viewing information through a print ad, media spot or a website, consumers will process a company's messages more deeply if they do so using an app that they've decided to download to their mobile device.

"You have a more personal connection with your mobile device than you will with a website," said Robert F. Potter, director of the Institute for Communication Research at IU Bloomington and an associate professor of telecommunications in the IU College of Arts and Sciences. "One benefit of the mobile app is that you go, you get it and you download the app -- it's now yours. It may be a deeper level of interactivity."

"The very personal nature of mobile phones, including the new

smartphones, which are practically extensions of their owners, means that advertisers need to adopt new rules of conversation with mobile phone users," said the research study, co-authored by Potter and four researchers at Murdoch University in Australia.

It is believed to be the first study to test the actual impact of branded apps on consumers and appears in the current issue of the *Journal of Interactive Marketing*. Previous research has focused on text messaging and Web advertising.

According to the researchers, retailers who develop apps overcome challenges being presented by dramatic shifts in television viewing and barriers to advertising on mobile devices. Using the app, consumers "talk to the brand, not the other way around," and consumers feel comfortable controlling how much information they reveal when they customize the app.

"We found a double benefit," Potter said. "First, the app increases the general interest in the product category that you're trying to sell, and then the app also improves the attitude that you have toward the sponsoring brand ... and the purchase intention that you have towards the product -- your product.

"You have a more favorable attitude toward the brand that's sponsoring the app when you go to think about where you shop," he added.

The researchers used eight branded apps. Half of the brands were in product categories that predominantly target men and the other half, women. The four male-targeted brands were Best Buy, Gillette, BMW and Weber. The four female-targeted brands were Gap, Kraft, Lancôme and Target.

About 225 people between the ages of 18 and 74, from the United States

and Australia, took part in the study. They generally were unfamiliar with the apps used. Respondents answered questions, and some had their psychophysiological data recorded, such as heart-rate and skin conductance, while they used the apps.

During a lab session, participants were presented with the apps in random order and were asked to interact with them for however long they chose. While they worked with the apps, researchers collected the participants' heart rate and arousal. Past research has shown that when people are asked to do something that requires introspection -- such as answering a question -- their heart rate goes up. Conversely, when doing something external, like playing a game, their heart rate goes down.

"We found through the physiology measures that when you have an app that provides people with information that it is something they internalize and personalize more than the external-based focus of the game-based app," Potter said. "You've invited the brand into your life and onto your phone. If it's an informational app, you're inviting that brand even deeper in, because now you're thinking about what's in your life and apply it to the things that the apps are presenting you with. With the experiential app, things are still kept at a distance -- you're still experiencing it on your phone and not in your life."

Apps that used an informational style were more effective at shifting purchase intention, compared to apps that used an experiential style, the paper added.

Examples of informational apps were the Kraft app, which provided useful tips about cooking and entertaining guests with their food products, and Target's app, which allowed shoppers to see the week's deals and clearance items and access product reviews by scanning bar codes. They were less affected by the Gap app, which enabled users to dress a virtual model, and BMW, which allowed users to configure a 3-D

replica of one of its cars and take it for a virtual test drive.

Respondents were unaware of the differences in how they reacted to various apps. When asked, people told researchers there was no qualitative difference between the various apps.

"This study also suggests that the most successful type of app is the one that is the most intensive to produce," Potter and his co-authors wrote. "Designing an informational app that consumers find useful in their daily lives is a lot more difficult than building an experiential app by creating or adapting an interactive game: It requires developing a whole suite of tools instead of just one."

As mentioned earlier, the experiment included apps that seemingly would appeal primarily to men or women. But the researchers found that involvement and interaction with the applications led people in the study to see new benefits of products targeted for those of the other gender.

Potter thinks that an important new strategy for many retailers will be to market their app as well as their product in order to reach new potential customers.

"Marketing their apps to consumers that aren't a natural target can be a way of broadening the tent," he said. "If you market apps to people who may have never heard of your product or who aren't familiar with the product category, then our research shows that if you can get them to download the app then you may be able to introduce a whole new audience to your product."

A challenge for many marketers is the success of Apple's App Store, which offers more than 100,000 such applications. Getting a widespread interest in an app will require a major, persuasive ad campaign.

Provided by Indiana University

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