Effectiveness of Mobile Social Media Advertising on Online and Offline Sales and Moderating Roles of Store Characteristics

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Abstract

Mobile social media advertising such as WeChat Local Moments Promotional Advertising (LMPA) becomes an emerging advertising tool. However, the effectiveness of such advertising on firms' offline and online sales and whether its effectiveness depends on store characteristics, are largely untapped. The authors analyze a daily (over 1,000 days) and recent data set from a fast-food restaurant chain in China, which launched LMPA campaigns in three stores. Using an interrupted time-series analysis with panel data, we reveal that LMPA increases offline sales on the day of launching LMPA (i.e., contemporaneous effects). We further identified that the contemporaneous effects are stronger for newer stores or stores with smaller online review volume. While there is no general contemporaneous effect of LMPA on online sales, stores with specific characteristics (e.g., older stores, and more online review volume) benefit somewhat more from LMPA. Our findings have important implications for marketing managers in deciding their mobile advertising spending, and provide answers to which stores are likely to achieve the best sales effectiveness via LMPA.