

Chapter L

The Mobile Network as a New Medium for Marketing Communications: A Case Study

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ABSTRACT

This chapter discusses the mobile network as a new medium for marketing communications. It illustrates that the mobile medium, defined as two-way communications via mobile handsets, can be utilized in a company's promotion mix by initiating and maintaining relationships. First, by using the mobile medium companies can attract new customers by organizing SMS (short message service) -based competitions and lotteries. Second, the mobile medium can be used as a relationship building tool as companies can send information and discount coupons to existing customers' mobile devices or collect marketing research data. The authors explore these scenarios by presenting and analyzing a mobile marketing case from Finland. The chapter concludes by pondering different future avenues for the mobile medium in promotion mix.

INTRODUCTION

In the repercussion of the mobile hype around wireless access protocol (WAP), followed by the launch of third-generation (3G) networks/ Universal Mobile Telecommunications System (UMTS), the debate over the role of the mobile medium in promoting goods and services has emerged as a topic of considerable magnitude that echoes across different academic disciplines. The burst of the telecommunications bubble in 2000 eventually led telecommunications companies and information technology firms to change their way of thinking, from a technology-driven viewpoint to a more user-oriented perspective. In Europe, only a few mobile services have prospered, while others like many WAP-based services have proved to be unpopular (e.g., Williams, 2003). In fact, only ring tone downloading, logo services, and Short Message Service (SMS) can to date be considered as successful mobile services. The reasons underlying the success of these services fundamentally lie with the strong market demand and easy-to-use technology. When thinking about future mobile services, the *Mobile Internet* is often seen as a messiah of the 3G. Third-generation mobile telephony protocols support higher data rates, measured in kbps (kilobits per second) or Mbps (megabits per second), intended for applications other than voice-centric (3GPP, 2005; Symbian Glossary, 2005). The underlying idea of the 3G/UMTS networks is that mobile phones are always connected to the best available network ranging from 2G GSM networks to EDGE (General Packet Radio Service), HSCSD (High-Speed Circuit-Switched Data) to WLAN (Wireless Local Area Network), and 3G networks. However, many companies operating in the telecommunications field are facing the same challenge when thinking about the right mobile services to the right mobile users. Recently, a

project led by Nokia and a couple of other Finnish companies announced that television will find its way on mobile phone screens. Consumer acceptance of mobile TV services as well as the underlying technology will be tested and developed with 500 users in Finland (Nokia, 2005).

Since the future of mobile services is still unpredictable, this chapter will not speculate on new mobile services that might take off in the next few years. Instead, we will focus on technologies and applications that are already here and in use, which allow us to examine the utilization of text messaging (SMS) in managing customer relationships in the business-to-consumer markets. In this chapter, we will present a mobile marketing case in a Finnish general store that integrated mobile media in its marketing communications mix as shown in Figure 1.

BACKGROUND TO THE RESEARCH PROJECT

This research is based on a project called PEAR, Personalized Mobile Advertising Services (www.pear.fi), which aims at developing a multi-channel mobile marketing service system for planning, implementing, and analyzing mobile marketing that utilizes value-added features such as personalization, user grouping, presence, profile, and location information. The service system will be tested and developed with end users in real-life settings. The results are expected to contribute to the invention of new customer-oriented service concepts and business models, which can open up potential new business opportunities in global markets. Mobile marketing is in this project defined as marketing communications sent to and received on smart phones, mobile phones, or personal digital assistants (PDAs).

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