Chapter 5.10
Identified Customer Requirements in Mobile Video Markets—A Pan–European Case

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ABSTRACT

Due to a significant cost advantage, mobile multicasting technology bears the potential to achieve extensive diffusion of mobile rich media applications. As weak performance of previous mobile data services suggests, past developments have focused on technology and missed customer preferences. Mobile multicasting represents a radical innovation. Currently, little insight on consumer behaviour exists regarding such services. This chapter presents results of qualitative and quantitative field research conducted in three countries. It provides a continuous customer integration approach that applies established methods of market research to the creation of mobile services. Means-end chain analysis reveals consumers' cognitive reasoning and conjoint analysis drills down to the importance of service attributes. Desire for self confidence and social integration are identified key motivators for consumption of mobile media. Services should aim for technological perfection and deliver actual and entertaining content. Interestingly, consumers appreciate reduced but tailored contents and price appears not to be a superseding criterion.

INTRODUCTION

After its first years of existence, the still emerging mobile telecommunications industry is undergoing a period of fundamental change. Since previously high growth rates of voice revenues started to decrease, the industry is looking for additional sources of revenue, such as mobile data services. However, the development of marketable services proves to be far more challenging than the one of stable, high-quality voice services.

Immature technologies are often blamed to be the reason for bad performances. Undoubtedly, the technological development is dynamic and, in fact, we argue that the intense focus on technology push has been one key factor of the

misfortune with mobile data services, as it detracts from customer needs. Furthermore, since vertical integration in the mobile telecommunication industry is low, product development is often organized in cooperative forms (Hagedoorn & Duysters, 2002). Coping with the complexity of innovation network management additionally detaches actors from actual customer needs.

Based on this, we see a need for a thorough understanding of the consumer behaviour side of mobile data services. Numerous studies have addressed issues of adoption and diffusion of mobile data services with the aim to identify diffusion barriers (e.g., Pedersen & Ling, 2003; Pousttchi & Schurig, 2004). However, such research seldom results in operational recommendations for companies on how to align their services with customer needs. We chose to focus on a specific range of services that exploit the investments in larger bandwidths and to develop a thorough understanding of the relations between service characteristics and fulfilment of customer needs and desires.

Since mobile multicasting services are based on a new technology and address a new market, they are termed a radical innovation (Veryzer, 1998). Thus, customer preferences can hardly be drawn from existing resources. By participating in the European "mobile multicasting service development and field trial project" MCAST (www.mcast.info), we were able to conduct the necessary market research.

Within a new product development process, customer integration is best realized after a first internal clarification of product ideas and possibilities, and subsequently after the technical engineering phase before market introduction (Gruner & Homburg, 2000). For this purpose, we integrated qualitative and quantitative methods to explore and formally describe customer needs. In the early stage we aimed to decrease uncertainty by conducting focus groups. We complemented the results by conducting individual laddering interviews following the means-end chain

framework (Gutman, 1982). With both methods we were able to obtain a complete set of service characteristics and the underlying cognitive reasoning. In the later stages of development, we conducted a prototype-based adaptive conjoint analysis to quantify relative importance and the preferred levels of service characteristics. These analyses were conducted in Switzerland, Israel, and Greece.

We claim three major contributions to extant research. First, our results provide information on what consumers expect of mobile video services and which reasons drive these expectations. Second, our results quantify the relative importance of service attributes, for example price vs. context dependency. Third, we provide a methodology on how customer needs for break-through mobile service innovations can be obtained. This enables a customer-centric development of radical innovations.

BACKGROUND—MOBILE MULTICASTING

MCAST's multicasting technology enables cellular operators to use shared channel resources for broadcasting video and any other data over 2.5G and 3G networks. MCAST also yields a seamless roaming to WLAN networks. Therefore, MCAST aims at supporting cellular operators to establish affordable flat-fee services for end users and increase operators' revenues per channel resource, allowing economic delivery of media to an unlimited number of cellular and WLAN devices.

Current Technology Constraints

Currently, rich media content can be delivered over cellular networks using unicasting (one-to-one) technology. This has two major shortcomings: high delivery cost and limited cell capacity. Delivery cost is high, since each mobile terminal

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