

Mobile Marketing: A Synthesis and Prognosis

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Abstract

Mobile marketing refers to the two- or multi-way communication and promotion of an offer between a firm and its customers using a mobile medium, device, or technology. We present the conceptual underpinnings of mobile marketing and a synthesis of the relevant literature. We identify and discuss four key issues: drivers of mobile device/service adoption, the influence of mobile marketing on customer decision-making, formulation of a mobile marketing strategy, and mobile marketing in the global context. We outline research directions related to these issues and conclude by delineating the managerial implications of mobile marketing insights.

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Introduction

The demand for mobile devices – equipment such as cell phones, PDAs, and digital music players that are typically used on an anytime, anywhere basis without being connected by wires – and services that use these mobile devices (mobile services) is growing rapidly worldwide. The global market for mobile entertainment goods and services is expected to grow from \$17.3 billion in 2006 to \$76.9 billion in 2011 (Gibson 2006). Total non-messaging mobile content revenues are expected to increase from \$70.7 billion in 2007 to \$187.9 billion in 2012 (Uglow 2007). Furthermore, mobile services such as global positioning system (GPS) navigation, mobile email, and text and video messaging are growing at a significant pace.

Amid such a surge in markets for mobile devices and applications, mobile marketing – the set of marketing initiatives that use mobile devices and media (the vehicles of communication that involve mobile devices) – is gaining importance. For example, spending on mobile advertising in the U.S., now at about \$644 million, is anticipated to rise to over \$3.5 billion by 2011 (eMarketer 2007a). Similarly, spending on mobile message marketing in the U.S., now pegged at \$4.2 billion, is

expected to grow to \$12 billion in 2011 (eMarketer 2007b). Not surprisingly, mobile marketing is an emerging topic of interest to both academics and practitioners.

Formally, we define mobile marketing as the two-way or multi-way communication and promotion of an offer between a firm and its customers¹ using a mobile medium, device, or technology. Because it involves two-way or multi-way communication, mobile marketing is primarily interactive in nature, and could include mobile advertising, promotion, customer support, and other relationship-building activities. Such interactive marketing activities are becoming increasingly important in the changing business landscape (Ancarani and Shankar 2003; Bolton and Saxena-Iyer 2009; Deighton and Kornfeld 2009).

Research on mobile commerce has primarily addressed the role of technology in facilitating the growth of transactions through mobile devices. However, research on mobile marketing is nascent. Existing research has yielded some insights, but these remain scattered across disciplines.

In this paper, we provide an integrative framework for the analysis of mobile marketing, identify key issues of interest within this domain, delineate gaps in our knowledge of mobile marketing that require managerial and research attention, and outline managerial implications of insights related to mobile marketing.

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¹ For expositional ease, we use the terms, consumer and customer, interchangeably throughout the paper.

Synthesis of key issues: existing knowledge and knowledge gaps

To better understand mobile marketing, it is useful to briefly review the key characteristics of mobile media and devices, and to compare mobile and mass marketing. The mobile channel – the marketing channel involving mobile devices – is growing rapidly in the multichannel environment (Neslin and Shankar 2009). All mobile devices incorporate one or more of the following capabilities: audio, text/data, and video. Furthermore, the following properties of mobile devices have key marketing implications.

Location-specificity

Many mobile devices, including car navigation systems, have GPS capabilities to identify their physical location. This property provides marketers the opportunity to target location-sensitive promotional offers to mobile device users. Conventional marketing media such as billboards also allow location-specific messages, but with mobile devices, such information can be actually targeted at the location of the individual user based on their stated preferences and revealed behaviors. Such targeting raises some privacy concerns and must be carefully managed. Nevertheless, customers have rapidly adopted location-based mobile services, with the number of worldwide users of such services expected to increase from 61 million today to 329 million in 2011 (eMarketer 2008).

Portability

An important benefit of a mobile device to consumers is its ultra small size and the ease with which it can be carried (Balasubramanian et al. 2002). A mobile device is not only portable, but because it fits in a hand, it is a constant companion to the user and is used on a continuous basis. This property makes it easier for marketers to quickly communicate with the user at any point in time, but the small screen size does not allow information-intensive messages to be delivered.

Untethered/wireless feature

Unlike other frequently used devices such as the desktop PC, the typical mobile device is not tethered or connected by wires for the majority of the time that it is in use. This property promotes increased usage, creating more opportunities for marketers to convey marketing messages. At the same time, the short duration of the typical usage occasion forces marketers to be concise in their messages.

Based on these properties, the key differences between mass marketing (typically conducted through mass media such as magazines and television) and mobile marketing are detailed in Table 1. Mass marketing addresses a broad range of existing and potential customers. Mobile marketing, in contrast, is restricted to owners of mobile devices, and in many cases, to a subset of those owners who opt-in to receive communications from marketers. Bandwidth capacity and tight screen size constraints

Table 1

Differences between mass marketing and mobile marketing.

Dimension	Mass marketing	Mobile marketing
Scope of audience	All existing and potential users of the product	Existing and potential product users owing mobile devices who opt-in to receive communication
Potential type of communication	Text, voice, and video in rich formats	Text, voice, and video in very limited visual space with limitations in transmission speed
Typical direction of communication	Marketer-to-consumer	Interactive between marketer and consumer
Ability to deliver message by target location	Low	High
Ability to measure and track response	Low	High
Consumer targetability	Low	Medium
Cost per target audience	High	Low

related to mobile devices further restrict the types of communications possible in a mobile marketing context. However, the brevity of communication through a mobile device can also enable more frequent interactions between the marketer and the customer. Furthermore, with mobile marketing, the seller can more precisely target customers at a specific location and at a particular time, better measure and track consumer response, and have lower unit costs of communication with the target audience than those associated with mass marketing.

We now outline a set of key issues and discuss the relevant managerial and research questions. For each issue, we review existing knowledge and delineate the areas that need research attention. Table 2 presents a summary of these issues. In this summary, we outline the key issue and the critical questions, current knowledge, and the unexplored research questions related to the issue.

Customer adoption of mobile devices and services

Consistent with the drivers of the adoption of any innovation, the key drivers of a consumer's decision to adopt a mobile device or service include the relative advantage of the innovation, the innovation's fit with existing usage patterns, the perceived complexity of the innovation, the ability to try out the innovation, the perceived risk related to adoption, and the degree to which adoption and use of the innovation is observable by others (Rogers 1995). In addition, the Technology Adoption Model (TAM, Davis 1989), which is derived from the Theory of Reasoned Action/TRA (Fishbein and Ajzen 1975), posits that perceived usefulness and perceived ease of use influence attitudes toward an innovation, and ultimately, its adoption. Unlike the TRA, the TAM allows perceived usefulness and ease of use to directly drive adoption, reflecting the notion that a positive attitude may not be required for adoption to occur. For example, norms and pressures from a social group can induce customers within that group to adopt an innovation, according to the TAM2 model (Venkatesh and

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