Mobile marketing: A literature review on its value for consumers and retailers

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ABSTRACT

The article describes the existing knowledge of how mobile marketing can increase the value for consumers and retailers. Mobile device shopping, and consumers' use of mobile devices while shopping is shown to be both an extension of consumers' shopping behaviours developed on Internet-connected desktop and laptop computers (PC), and potentially new behaviours based on a mobile devices' uniquely integrated features such as camera, scanners and GPS. The article focuses on how mobile marketing creates value for consumers and retailers, enabling more precise research and development of managerial concepts and tools while providing both managers and academics with increased understanding of mobile marketing and its value outcomes for retailers.

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1. Introduction

Mobile devices and mobile applications offer retailers more than just the opportunity to exploit a new channel to reach customers. Mobile devices offer opportunities to combine information search, phone functionality and interaction while shopping in-store or using a product. A mobile device is a constant companion to the consumer, a gateway to a relationship between the consumer and the retailer, making it an ideal supplementary channel for distance selling and physical retailing (Shankar et al., 2010). An industry study showed that half of US mobile consumers are mobile device shoppers, 10% heavy and 40% light users (Leo Burnett and Arc Worldwide, 2011). But mobile devices are different from desktop and laptop computers (PC) due to a limited keyboard and screen size (Mahmoud and Yu, 2006), and offer functions such as camera, scanners and Global Positioning System (GPS). This makes mobile marketing potentially different from PC Internet and traditional marketing. The Mobile Marketing Association definition of mobile marketing is "a set of practices that enable organizations to communicate and engage with their audience in an interactive and relevant manner through any mobile device or network".[1]

The major impacts of the Internet on retailing are the reduced search costs for the consumer (Bakos, 1997; Lynch and Ariely, 2000), an increasing variety of products offered (Brynjolfsson et al., 2003) lower prices (Brynjolfsson and Smith, 2000), empowering consumers to make better choices for themselves, and increasing the relationship with the purchased brand after purchase (Edelman, 2010). As an example, Court et al. (2009) found that 60% of consumers of facial skin care products conducted online research after purchase. But in purchasing situations when consumers want an experience, a product trial, in-store atmosphere, or interaction with a salesperson, the Internet distance selling falls short of expectations (Daugherty et al., 2008).

In conceptual studies, the additional value created by mobile services for consumers derived from being accessible independent of time and place (Balasubramanian et al., 2002; Chen and Nath, 2004), and being customized based on time, location and personal profile (Figge, 2004), self-ascribed roll categories (professional (on duty), private (off duty)) and stance categories (busy, time on hand, waiting) (Dholakia and Dholakia, 2004). According to Kumar and Zahn (2003), the real business drivers for mobile technology were customer interaction and operational efficiency, potentially increasing retailer effectiveness and efficiency. Conceptual studies presented suggestions on mobile marketing value chains consisting of several activities performed by multiple actors (Barnes, 2002; Buellingen and Woerter, 2004), improving communication and sales (Mamaar, 2003; Shankar and Balusbramanian (2009)). However, the consumer's role as a co-creator of value was neglected in these studies. For instance, Prahalad and Ramaswamy (2003), see much of future innovations spurred from consumers involvement in co-creation of value. An assumption is that mobile marketing may serve as a tool for involving consumers in co-creation activities

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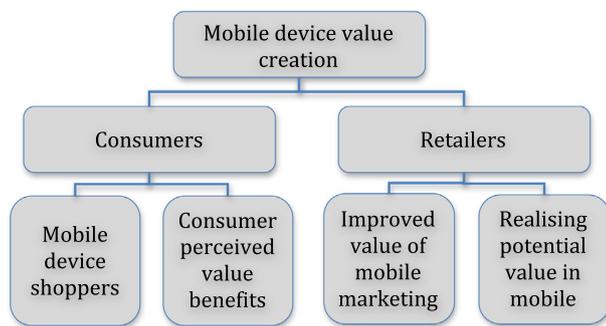[1] http://mmaglobal.com/wiki/mobile-marketing (2011-12-21).

Fig. 1. Discussion topology.

independent of time and place. Value for consumers is then assumed to drive adoption, use and loyalty to retailers′ mobile marketing applications, and then affect recruitment and loyalty to the firm.

Based on the above there are some concerns that require discussion. Unexplored questions include: who are the mobile device shoppers, what is the value of mobile marketing for retail consumers, what is the value of mobile marketing for retailers, and how can retailers realize the potential of mobile marketing? The purpose of this study is to describe existing knowledge on how mobile marketing can increase value for consumers and retailers. Value for consumers is assumed to drive adoption, use and loyalty to retailers′ firm and mobile marketing applications, and recruitment. These factors create the foundation of competitiveness for retailers (Porter, 1985). This paper will proceed as follows: the methodology of the literature search is presented followed by the literature review. Next, the findings of the review are discussed. Finally, conclusions, managerial implications and implications for further research are presented. Fig. 1.

2. Methodology

A preliminary literature search was conducted during April 2010 using the ISI Web of Knowledge database. The literature search was limited to peer-reviewed journals and was based on keywords such as: "mobile marketing", "m-marketing", "mobile commerce", "m-commerce", "mobile advertising", "m-advertising", "mobile loyalty" and "m-loyalty". The 50 most cited articles were selected (cited five times or more). Several conceptual studies and some best demonstrated practice/output value studies covered topics as mobile value creation and mobile value chains, while a limited number of studies were related to consumer perceived value in mobile contexts.

An additional literature search was conducted during September and October 2011, using the ISI Web of Knowledge database with the above search words in combination with "value", "value chain", "strategy" and "perceived value". A search was also conducted in International Journal of Mobile Marketing and International Journal of Mobile Communications, as the majority of articles covering mobile marketing were published in these journals (Varnali and Toker, 2010). Assuming differences in consumer behaviour on a more general technology level (devices and services) compared to the specific mobile marketing level, the search was expanded due to the low number of studies. Search words of closely related constructs to perceived value such as "attitude", "perceptions", "satisfaction" and "trust" were used in combination with the search words from the 2010 search. A total of 64 empirical studies were selected for a qualitative content analysis, categorized based on research themes, and then

discussed within and between categories. For an overview of the reviewed studies see Tables A1–A4 in Appendix A.

3. Literature review

In this review, value creation in mobile contexts are described from both a consumers′ and the retailers′ perspective as the value of mobile marketing for consumers, and the value of mobile marketing for retailers. The value of mobile marketing for consumers is further divided into mobile device shoppers and consumer perceived value benefits and sacrifices of mobile marketing. The value of mobile marketing for retailers is divided into the improved value of mobile marketing, and realizing potential value in mobile marketing.

3.1. Mobile device shoppers

Two studies from the Japanese market revealed segments of mobile and fixed internet users (Okazaki, 2007b; Okazaki and Romero, 2010). The studies were based on surveys only. Adding mobile Internet clickstream data to the surveys would have increased the knowledge of the segments detailed usage of mobile Internet and may have resulted in even more narrow segmentation models. Though the studies identified segments of different usage levels of mobile pull advertising users, it revealed limited knowledge about mobile device shopping behaviours.

Mahatanankoon et al. (2005), identified valuable m-commerce operation modes and potential consumer-based applications. Applications of a certain interest for mobile device shoppers seemed to be content delivery (searching and receiving information about retailers, assortments, brands, prices etc.), transaction-based (order and payment services), location based (receiving personalized, location based and time sensitive offers, advertising, map and route to closest store (GPS Location), finding products in-store and usage instructions). Other mobile functions, potentially valuable for mobile device shoppers, may be memory support (shopping lists, pictures of products and brands and bookmarks on web browsers), administration of loyalty benefits, and sharing of information and content. This additional functionality drives different behaviours as there are more uses for the device as compared to a PC or Internet website. The camera function used for comparing products, scanning, or using GPS location or using apps that augment the experience and provide additional information. So, at times it could be a companion to another channel, for example the retail store; or it could be the channel that a user is most engaged with at the time. The value lies in providing a satisfying experience.

Okazaki (2007b) suggested that Japanese mobile Internet users could be classified into three segments in terms of their demographics and life-styles. The literature also indicated that mobile device shoppers might be further segmented based on multiple variables (Table A1). The only segment that seemed to fit into the classification of mobile device shoppers were students and young unmarried office workers, as they exhibited higher usage of mobile Internet and using mobile pull advertising to a higher degree to search for new information.

Okazaki and Romero (2010) also identified segments of dual Internet media users. Four different Internet user segments in the Japanese market were identified: segments of moderate fixed and mobile Internet users, heavy fixed Internet users, and two segments of heavy mobile Internet users. Among the heavy mobile Internet users one segment was also heavy dual Internet users, while the other segment only used Fixed Internet moderately. The dual Internet users were of certain interest as it indicates that mobile device shopping was a learnt behaviour from fixed Internet