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Diffusion and success factors of mobile marketing

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Abstract

Mobile marketing offers direct communication with consumers, anytime and anyplace. This paper reviews mobile marketing and then investigates the most successful form of mobile communication, short message services (SMS), via a quantitative content analysis of the Fortune Global 500 Web sites and qualitative interviews with European experts. The content analysis explores the diffusion of SMS technology and sheds light on mobile marketing campaigns of large multinational organizations. Combining a literature review with results from the qualitative survey leads to a conceptual model of successful SMS advertising. The paper closes with future research avenues for this emerging marketing tool.
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1. Introduction

Innovation creates marketing opportunities and challenges. Mobile media, for example, transcend traditional communication and support one-to-one, many-to-many and mass communication [1,2]. Phones and personal digital assistants increase the availability, frequency and speed of communication. Yet the technology associated with these devices, which let marketers personally communicate with consumers, continues to evolve.

The most popular mobile application, referred to as text messaging in the UK or Short Message Service (SMS) in most other countries, attracted 580 million users who sent 431 billion messages in 2002 [3]. In the first quarter of 2004 users sent 135 billion SMS messages [4] and predictions are

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that 94.9 million mobile commerce users in 2003 will grow to 1.67 billion users by 2008 [5]. SMS will account for the bulk of mobile telephone companies' revenues from data services until 2006 [6,7]. This high diffusion of SMS facilitates analyzing usage behavior and hints at the commercial potential of future communication services. Multimedia Messaging Services (MMS), for example, will build on the success of SMS [8] but allow for richer content based on similar asynchronous, digital and interactive communication.

Studying interactive mobile services such as SMS and MMS suggests drawing upon theories in marketing, consumer behavior, psychology and adoption to investigate their organizational and personal use [1,9–11]. But research on mobile marketing via SMS is scarce [12–14]. This paper uses two complementary techniques – quantitative Web content analysis and qualitative interviews – to help fill that void and address four research questions. What mobile marketing insights does Web coverage by the world's leading companies provide? What do European experts conclude about mobile advertising via SMS? What model helps explain effective mobile advertising? Finally, what future research avenues merit exploration?

This paper opens with a quantitative analysis of mobile marketing terminology used on the Fortune Global 500 Web sites. After this snapshot of mobile marketing, the subsequent section presents the second major contribution of the paper. Qualitative interviews with European experts on a subset of mobile marketing, SMS, yield proposed success factors and a conceptual model of mobile advertising. The paper closes with an analysis of the findings and their implications, as well as future directions for research.

2. Corporate Web sites reflecting mobile marketing trends

Consumer trends and increased Internet usage shape the evolution of mobile marketing. Corporate Web sites often serve as the primary point of contact, asking consumers for permission to receive SMS and participate in campaigns. Past research has shown that personal innovativeness increases the rate of adoption of mobile services [15]. Given their familiarity with interactive technologies, acceptance of mobile marketing campaigns should be higher among Web users than among the overall population. Furthermore, text messaging is an additional communication channel for marketing campaigns that integrates easily into the media mix [16]. Several software packages combine SMS and Web-based channels – e.g., Flytxt's *FXTrinity*, Mindmatic's *Wireless Interactive Box*, UCP's *Mobile Media Platform*, and the *Chordiant Marketing Director* [17] illustrated in Fig. 1.

The growing interest in Web services [18], remote resources accessible via the Internet, contributes to this convergence of SMS and Web channels. Sharing information across applications and devices regardless of hardware, operating systems or software, Web services bridge traditional computing and mobile networks [19]. Examples of Web services range from simple phone directories or postal code lookup services to package tracking, stock quotes, and Microsoft's Passport initiative (www.passport.net) [20]. Investments by the software industry to lay the foundation for Web services should fuel the diffusion of mobile technology.

2.1. Quantitative research methodology

To investigate the diffusion of mobile marketing among major corporations, this research studied the Web sites of the world's leading companies according to the 2002 edition of the Fortune Global 500 (www.fortune.com). Researchers have used Fortune Magazine's rankings of top companies in disciplines such as business ethics [21], health care [22], human resources [23], quality management [24], international business [25], and Web site evaluation [26,27].

Previous research has built a foundation for analyzing the structure and content of large samples of Web-based information systems [28,29]. Textual data gathered from Web sites contain valuable information about industry trends and competitive strategies. Approaches to analyzing and visualizing such data stem from corpus linguistics, textual statistics, discourse analysis, computer science, Web engineering and socio-economic survey analysis [30,31].