

Handbook of Research in Mobile Business: Technical, Methodological, and Social Perspectives

Second Edition

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Chapter XXV

Mobile Direct Marketing

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ABSTRACT

The role of mobile terminals such as mobile telephones, or PDAs, is shifting from gadgetry to serious platforms for direct marketing actions. The ubiquitous use of these devices offers companies a perfect medium through which to promote their products and services in a personalized and interactive way. Since mobile phone users are rarely without their mobile phones, mobile electronic devices provide marketers with almost permanent contact opportunities to introduce their products directly to potential clients. Although potential customers are attracted by the promotion of appealing technologies and sophisticated products and services via mobile communication, the intended impact of this direct marketing approach is often thwarted as it is seen by some as invasive and an infringement of privacy. This chapter outlines the opportunities and challenges of mobile technology applications for direct marketing and relates mobile technologies to a scheme of tasks for successful direct marketing. The chapter concludes by highlighting examples to demonstrate ways of conducting successful mobile direct marketing.

INTRODUCTION

Direct marketing activities, by means of communication via mobile devices, can be used either as a self-contained measures or they can be integrated in comprehensive campaigns utilizing several communication channels. In contrast to classic marketing activities, mobile direct marketing benefits from frequent and exclusive attention from the recipients. Early direct marketing applications using mobile devices, listed by Yunos, Gao, and Shim (2003), comprised simple functions providing local entertainment information, stock quotes, dining and restaurant reservation ser-

vices, and wireless couponing (transmitting coupons to the mobile devices). Although vendors' mobile marketing efforts are increasing worldwide, the greater part of their impact is not overwhelming. Currently, the full potential of mobile direct marketing cannot be achieved, as technical, legal, and psychological barriers have yet to be overcome. Indeed, overcoming these barriers is critical for all activities because the exclusive attention of recipients entails an increased likelihood of reactance behavior on the part of the recipients if they feel annoyed by this marketing approach (Li, Edwards, & Lee, 2002; Wehmeyer, 2007). Clearly, to provoke a positive response, the measures

need to fit directly with the interests and preferences of the recipients.

In order to guide the development of innovative mobile direct marketing, this chapter is structured as follows: The next section gives an assessment of the relevance of mobile devices for direct marketing purposes, provides a definition of mobile direct marketing and outlines its features. Subsequently, a comparison is made between mobile devices and classic channels of marketing communication. The different services which have turned out to be relevant for direct marketing are outlined and the distinction between push and pull campaigns is introduced. The psychological theories that have been found to explain aspects of users' acceptance of mobile direct marketing measures are briefly summarized in the subsequent section. Building upon these criteria, a four-stage scheme of implementing successful mobile direct marketing campaigns has been derived and this scheme is illustrated with two empirical examples. The last section focuses on the current trends which might affect and shape the future of mobile direct marketing, and draws some final conclusions.

BACKGROUND

Both direct and mobile marketing are becoming more important in terms of marketing budgets (Barwise & Farley, 2005), a tendency which is supported by the increasing popularity of mobile devices. In June 2007, the number of mobile telephone contracts worldwide exceeded the three billion mark, a figure that had trebled since 2001 (EITO 2007). Statistically, almost half the people in the world will be mobile connected by the end of the year. Phenomenally, in some industrial countries like Italy, Sweden and Germany, the number of mobile phones outstrips the number of inhabitants. However, in these countries, mobile services in general have not taken off as expected; their popularity is still restricted to narrow segments of users (Åkesson & Ihlström, 2007). Thus, direct marketing contents have to find and establish their way to the mobile respondents.

The purpose of direct marketing is to establish a relationship with a customer in order to initiate an immediate and measurable response (Kraft, Hesse, Höfling, Peters, & Rinas, 2007; Wagner & Meißner, forthcoming). According to the Mobile Marketing Association (2004), mobile marketing is the use of any mobile medium as a communication and enter-

tainment channel between a brand and an end-user. Mobile marketing is the only personal channel enabling spontaneous, direct, interactive, and targeted communications at any time and anywhere.

Consolidating these two definitions, we refer to mobile direct marketing as follows:

Definition 1 (Mobile Direct Marketing): Mobile Direct Marketing (MDM) is the usage of digital mobile devices to communicate with (potential) customers in a personalized and individual way, anytime and anywhere, in order to stimulate an immediate and measurable response.

From a users' perspective, this way of marketing communication differs from conventional marketing mass communication as well as marketing on the WWW with respect to (Facchetti, Rangone, Renga, & Savoldelli, 2005):

- **Accessibility:** Mobile devices accompany the users most of the day.
- **Personalization:** Mobile devices are usually used by only one identified individual.
- **Location awareness:** Mobile devices are connected in geographic call to a wider telephony network and/or via Bluetooth© to a local area network. This enables a track-down to a user's physical location.

These features give rise to scepticism on the part of many customers toward mobile marketing measures because they increase feelings of intrusiveness perceived by the recipients.

From a technical perspective, mobile devices provide advantages in comparison to e-marketing on the WWW:

- **No booting:** The system is usually in sleep mode (on standby) and immediately available, if needed.
- **No installation or configuration of applications:** The Java standard enables the execution of all programs, regardless of the technical sophistication of the mobile devices.
- **No media change needed:** The recipients might react or interact using the mobile device, if they wish.

However, mobile devices also incur some technical disadvantages:

- The display screens are small and could cause inconsistent formatting as well as color distortion.
- The user frequently has no full keyboard and, consequently, is likely to refuse to complete detailed ordering forms, and so on.
- Depending on the transmission protocol and the capacity of the service provider, the download might be slow. Moreover, the memory and processor power are lower than the capacity of fully equipped personal computers.

Nevertheless, MDM provides vendors with increasing opportunities for a variety of marketing activities. Table 1 provides a comparison of competing channels with respect to the features found to be relevant for marketing communication (modified from Fachetti et al., 2005).

From Table 1, it is obvious that mobile devices are the channel that combines most of the desirable features. Thus, a shift in marketing budgets from e-marketing using the WWW to MDM is likely, but clearly e-marketing will – similar paper-based mails – remain a substantial element of integrated marketing concepts. The suitability of mobile devices for direct marketing originates from the alignment of personal interests with location awareness. Thus, MDM constitutes an alternative to classic marketing using mass media as well as electronic marketing. In the next section, the authors outline the different services and their relevance for MDM.

RELEVANCE OF MOBILE SERVICES FOR DIRECT MARKETING

The definition above of MDM is non-technical with respect to ways of establishing customer contacts. Technical improvements like GSM (Global Systems for Mobile Communication), WAP (Wireless Application Protocol), GPRS (General Packet Radio Service) and UMTS (Universal Mobile Telecommunications System) provide marketers with the basis for transmitting innovative MDM communication. The user localization is conducted by GPS (Global Positioning System) or COO (Cell of Origin), or a combination of both (Giaglis, Kourouthanassis, & Tsamakos, 2002). Recipients might walk into a store or mall and be given an advertisement specifically targeted at their location. Another scope is the payment with mobile phones via tickets or vouchers. Table 2 provides an overview of services for establishing and maintaining customer contacts using mobile devices.

1. **Mobile Messaging:** This includes using SMS (Short Messaging Service), MMS (Multimedia Messaging Service), and EMS (Enhanced Messaging Service) to make up a communication process. The main disadvantages of SMS lie in its limited content size and the small screen display of many devices, particularly mobile phones. The MMS aims to overcome this limitation, but this service is more costly (with respect to both transmission fees and product costs) and has not yet gained popularity with recipients, except in Japan and South Korea. There, measures are

Table 1. Profiles of direct marketing communication channels

Marketing channels/ Marketing features	TV	Radio	Press	Billboard	Mailing*	Internet	Mobile
Appeal, Communication	●	◐	◐	◐	●	◐	◐
Interactivity	⊗	⊗	⊗	⊗	◐	●	●
Timeliness	⊗	◐	◐	◐	◐	⊗	●
Personalization	◐	⊗	◐	⊗	●	●	●
Context sensitivity	◐	◐	⊗	⊗	⊗	◐	●

Legend: High = ● ; Average = ◐ ; Low = ◑ ; None = ⊗ ; * = paper-based mail

Table 2. MDM services and their popularity

Type of Services	Explication	Relation to MDM	Control of (Inter)action
Mobile Messaging	Sending text, pictures, movies, or sounds	Customer acquisition, relationship retention	Vendor
Mobile Browsing	Mobile Internet services	Opportunity for searching offers and contacting vendors for the customers. Information gathering, comparing offers, agreeing to contracts, etc.	Customer
Mobile Voice	Direct Call, voice recognition	Broadening dialogue, providing further information as well as technical support.	both equally
Enriched services	Special entertainment, use of new technologies (e.g., mobile DVBT-TV)	Customer detection, information gathering to make up interest profiles. Providing incentives for customers to engage in interaction.	Vendor

regarded as being dominated by the vendor, because even in the case where the customer sends the SMS/MMS/EMS (for instance to participate in a raffle), the vendor is known to vet the content of the message.

2. **Mobile Browser:** This includes WAP (Wireless Application Protocol), i-MODE (Internet portal for mobile devices), and PDA (Personal Digital Assistant) to deliver Internet information and data on mobile devices. The mobile browser extends the message-based communication process, but it is still cumbersome to use with ordinary mobile phones. Although the customer is restricted to the content prepared by the vendor, the user dominates by managing the navigation process by predefining the flow of content sifting through in the course of traversing the pages. Furthermore, a clever user might well outsmart the design by using search engines, thus restricting the vendor's influence, and the competing vendor is just one click away. Interestingly, already 92% of Japanese owners of mobile devices, but only 70% of European owners of mobile devices use this service on a regular basis. It is even less popular in Latin America.
3. **Mobile Voice:** This service stems from the initial function of mobile phones. The services take the form of dialogues, used, for example in competition promotions, where customers have to make a call in order to win a prize, order hotlines, and information hotlines. Closely related are voting facilities, where the target group is actively involved with polls by phone. When

interaction takes place with humans, vendors and customers have equal impact on the dialogue. This changes when customers interact with answering machines, as the customers' options are inevitably limited by the menu prompting.

4. **Enriched Mobile Marketing Services:** These services differ from those above in that they are they are context sensitive. The context of the recipient might be defined with respect to the time of contact, the activities recently conducted by the user, the interests of the user, or the current location of the user or any combinations of these criteria. These services, particularly those that are time- and location-based, make use of the full potential of mobile direct marketing. At a simple level of the scale, retailers might advertise special offers to customers passing the outlets (Salo & Tähtinen, 2005), but mostly, these precise actions depend on sophisticated intermediary services which:

- Syndicate the users data,
- Control the stream of marketing measures, and
- Provide mobile payment services.

Clearly, these services amalgamate all the advantages of MDM applications to urge the recipients to respond to any offers. Similar to conventional marketing, in MDM, pull and push strategies, outlined in the next section, are used to involve the consumers in special offers or promotions.

PUSH AND PULL STRATEGIES OF MDM

Frequently, vendors utilize additional media, such as coupons or tags (Quick Response Codes, Semacodes) in showcases to promote their mobile marketing campaigns. This marketing approach aims at stimulating consumers' interest and therefore "pull" MDM elements out of the mobile net.

Definition 2 (Pull Elements of MDM): Pull elements of MDM campaigns, according to definition 1, stimulate a response on the part of the recipient to make a request. These elements can be either digital, which can be transmitted to mobile devices, or non-digital, such as coupons giving codes to dial for free gifts.

Conversely, vendors can use mobile devices to make contact and to push the recipient to respond to the initial contact.

Definition 3 (Push Elements of MDM): Push elements of MDM campaigns, according to definition 1, are transmitted with the authorization of the recipient in order to create mutual benefit by providing context sensitive information and response opportunities to the recipients.

Both push and pull MDM strategies have to provide a substantial benefit to the user, the value added, in order to intrigue. If they fail to do this, the user will refuse to respond in the intended way. In the pull strategy, the consumer initiates the digital interaction by means of his mobile device. In the push strategy, the vendor grasps the nettle, but this requires the permission of the recipient. In direct marketing, two procedures of managing permission are established. The opt-out procedure is appropriate if the vendors are authorized to establish the initial contact unless the recipient denies this. Since an uninvited contact on a mobile device can be considered by some as profound annoyance, national laws frequently require vendors to offer an explicit opt-in option. Table 3 depicts profiles of push and pull MDM measures with respect to the value added, the degree of interactivity, the enabling technology and localization of the user. Additionally, the relevant markets are differentiated with respect to the customer category: organizational customers in a business-to-business (B2B) context have preferences and needs very different from those of private customers (B2C).

Clearly, the two extremes, high-level language and SMS are appropriate for MDM in B2B markets. In these markets, the number of customers usually significantly undercuts the number of customers in B2C markets. This reduces the efforts of high-level language interaction, which might be justified by the higher sales volume per customer. However, examples exist where high-level iterations are not necessary, and where SMS interactions are appropriate: for instance, financial information services offer SMS-based alert services to their organizational clients.

The second row of Table 3 distinguishes four different types of incentives for motivating the recipients to grant this permission. Proving a monetary gratification is one option (e.g., misteradgood.de), but as low amounts are not likely to attract affluent consumers, alternative types of value added are more appropriate for the majority of applications. Technically, the user can subscribe to such services on the mobile net, the WWW or simply by activating the Bluetooth ports of their mobile devices in *Micro area networks* to grant vendors authorization. Vendors can then respond by sending direct marketing media, such as digital coupons to recipients in a very limited area: a mall, for example, or a retail outlet (Salo & Tähtinen, 2005), or the immediate vicinity of an outdoor billboard. Permission is granted by activating the Bluetooth function of the mobile device in combination with indoor billboards at the entrances of the vendors' outlets, malls and other commercial centers. This procedure benefits from time and location awareness.

If a vendor aims to establish a contact with a large number of new customers, who were not involved with offers of this vendor before, a push-strategy may be chosen. Clearly, from the table, the recipients' opt-in is frequently obtained via a conventional channel. In most countries, the national laws stipulate an opt-in procedure also known as *permission marketing*, which means the recipient of the message has consented to receive it (Facchetti et al., 2005). Table 4 provides an overview of the current situation regarding legal procedures in different countries.

Clearly, in conflict with the rules of the European Union (Directive on Privacy and Electronic Communications 2002/58/EC), as well as the rules of the European Free Trade Association (Standing Committee of the EFTA States Ref. 1073426), some of the member countries have not enacted the opt-in legislation. In the US, the CAN-SPAM Act of 2003 applies, and, for instance, Australia's marketers have had to fit their measures to the "Act" since 2003.

Table 3. Profiles of push MDM and pull MDM (modified from Wehmeyer, 2007)

Initiation	Push		Pull	
value added	information	entertainment	raffle	monetary incentive
opt-in	conventional	electronic	mobile	none
degree of interactivity	dialogue		reaction	none
enabling technology	high-level language	WAP	MMS	SMS
positioning	mobile network dependent tech.	specialized positioning system	manual	none
prevailing relevant market	B2B	B2C	B2C	B2B and B2C

To assess the data in Table 4, one should keep in mind that Japan, South Korea and West European Countries are leading the MDM initiative, because it was in these countries that the third-generation (3G) cellular infrastructure – enabling the rich-media mobile marketing services – was established first (OECD, 2006). Thus, obtaining respondents’ opt-in is one of the central issues in MDM as the opt-in procedure applies in the most relevant markets.

SINGLE RESPONSE, MULTIPLE RESPONSE, AND VIRAL MARKETING

For both strategy types – pull MDM and push MDM – the decision has to be made as to whether the campaign aims at a single response (mostly a monetary transaction) or a multi-response (establishing an ongoing customer vendor relationship). The former is the mobile version of the traditional marketing approach comprising discrete transactions for each buying situation (see Coviello, Brodie, Danaher, & Johnston, 2002 for a distinction of traditional and modern marketing approaches). According to this approach, no data storage (e.g., the purchase history or preferences already recognized) is needed, because in every purchase situation, all customers are treated like new customers. Consequently, the focus of the vendors relying on this approach is on the identification of mobile users who might be interested, and getting them involved by push MDM measures. The

single response approach is appropriate in countries with restrictive privacy protection legislation and in markets where the respondents are anxious to preserve their data privacy.

The latter multiple response measures lead to the modern relationship-centred marketing approaches. Here, the vendors aim to establish a resilient long-term relationship with their customers, which is supported by a mutual commitment of resources. The customers devote time, attention, and data, in addition to the monetary transaction, and benefit from customized products and services. Fast data processing capacity and sophisticated privacy protection are essential, particularly in MDM data storage, to avoid recipient reactance behavior (Mahatanankoon, Wen, & Lim, 2005). If these measures are conducted properly, they are likely to result in superior customer satisfaction and loyalty, not to mention above average national industry profits (Brodie, Winklhofer, Coviello, & Johnston, 2007). The pull approach is frequently used to simulate an initial response by the prospective customers to subscribe to a service, for instance, either free or chargeable. A straightforward development of the multi-response approach is the concept of viral marketing. This concept is mostly related to activities via the WWW, where vendors encourage the recipients of marketing measures to forward messages or even whole digital marketing measures to others (Helm, 2000). As in the spread of viruses, the diffusion of marketing communication within a population is supported by exponential growth of “infectors”. This procedure has naturally been adopted in MDM.

Definition 4 (Viral MDM): Digital MDM elements offering additional value by means of information or entertainment for the recipients are passed to members of the recipients’ social networks by using local area network interfaces of mobile devices.

This procedure offers several benefits:

- **No authorization is needed:** Since the recipients are forwarding the digital contents, the originating vendor does not need authorization.
- **Increased appreciation:** The elements are regarded as gadgets (e.g., ring tones or games) rather than marketing communications.
- **Undermining the discrimination of advertising:** Since short, self-produced films, for example, recorded using the camera of modern mobile phones, are in the same digital formats and distributed using the same interfaces, advertising becomes a regular part of the content of social network communities.
- **Avoiding transmission costs:** The local area networks, as well as personal area networks, typically do not involve any services of the telephone network provider. Consequently, the mobile network provider does not charge fees for distributing the gadgets.

In contrast to conventional word-of-mouth communication, the position of the sender with social sphere is not so important, because the quality of the digital gadget and the value added might compensate for a lower persuasive power of an individual. Thus, viral MDM does not depend on the engagement of opinion leaders, but can consider recipients as “customer salesmen”.

In the next section, a framework derived from the psychology literature is outlined to explain the acceptance of or reactance toward MDM. This framework is used to derive a scheme of tasks that have to be tackled for successful MDM.

A SCHEME OF TASKS FOR SUCCESSFUL MDM

From a psychological perspective, several competing theories explaining the acceptance of innovative marketing and related phenomena of reactance toward marketing measures, are discussed in the literature. The most prominent of these are the Reactance Theory by Brehm (1966), the Theory of Planned Behavior (TPB) by Ajzen (1985), Technology Acceptance Model (TAM) by Davis (1989), and the decomposed TPB by Taylor and Todd (1995).

With respect to MDM, we define reactance precisely:

Definition 5 (Reactance toward MDM): Reactance toward MDM is the repudiation of MDM measures and the antagonism toward all (re)actions intended by MDM measures because of the subjective perception of any relevant restrictions of the enjoyed freedom of the recipients.

Reactance arises from recipients classifying the MDM measures as spam, or even worse, as nuisance. The spam problem is more serious in mobile marketing than in e-marketing of conventional direct marketing, because mobile devices frequently attract the exclusive attention of the recipients and force them to interrupt

Table 4. The status of opt-in in different countries (data from Stratil & Weissenburger, 2002 and EuroCauce, 2007)

Countries where “Opt-in” legislation has been enacted.	Austria, Denmark, Finland, Germany, Greece, Hungary, Italy , Japan, Norway, Poland, Slovenia, South Korea, Spain, USA.
Countries where “Opt-in” legislation is under consideration.	Belgium, Estonia, France, Russia, Sweden.
Countries where “Opt-in” legislation has not been enacted.	Albania, Armenia, Azerbaijan, Bosnia & Herzegovina, Belarus, Bulgaria, Croatia, Cyprus, Czech Republic, Georgia, Iceland, Ireland, Israel, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Malta, Moldova, Netherlands, Portugal, Romania, Slovakia, Switzerland, Turkey, Ukraine, United Kingdom, Serbia and Montenegro.

their activities. Clearly, such a restriction of recipients' sovereignty of time and attention is unlikely to lead to intended marketing success. This problem arises from the deficit in assessing the recipients' current situation. Measures which might be welcome in a situation where a recipient is waiting for something, will be considered as annoyance in situations where the recipient is busy. This directly links to the TPB, which emphasizes the link of attitudes to behavior. A positive attitude toward MDM measures increases the likelihood of the intended reaction on the part of the recipient. Creating a positive attitude is achieved mainly by offering entertainment or information in a manner whereby using this channel increases the perceived self efficiency of the recipient.

From the TPB viewpoint, it is known that MDM measures need to fit the actual context (time, location, and interests) of the recipients to avoid the boomerang effect of reactance. Clearly, the pull approach is advantageous. In the light of empirical studies of the TAM and the decomposed TPB (e.g., Pagani, 2004; Hung & Chang, 2005; Scharl, Dickinger & Murphy, 2005), the perceived ease of use and the perceived usefulness are critical determinants for the success of MDM measures.

The conceptual implications of the psychological foundations are summarized in Figure 1.

The left-hand side of the figure lists the design features of MDM, which have been found to have significant impact on the latent level of beliefs. Their relation to latent constructs, in the center of the figure, are assessed using the psychometric measurement techniques (confirmatory factor analysis), but this is restricted to (market) research investigations and not feasible for a permanent control of MDM. In the decomposed TPB, the set of beliefs is split into components, which are largely consistent with the TAM, except the compatibility is added. Moreover, in the decomposed TPB, social norms are considered explicitly. These make up the peer influence as well as the superior influence. All latent impacts are depicted in the center pillar of the figure. These need to be taken into account by the vendors in order to increase the users' acceptance and to reduce reactance of the recipients. On the right-hand side of the figure, the different kinds of MDM success are listed. Needless to say, the success assessment, which is needed to control and coordinate all MDM activities, should fit the aims of the MDM campaign.

According to the components of MDM success depicted in Figure 1, the following steps need to be accomplished:

In the next section, this process is illustrated using two successful examples of MDM marketing.

EXAMPLES FOR SUCCESSFUL MOBILE MARKETING

Example 1: Coca Cola in Austria

Coca Cola is a prominent example of frequently bought packaged goods, for which the classic transaction marketing approach is said to be most relevant (Coviello et al., 2002). Consequently, the brand is in danger of suffering from low customer retention and high exchangeability. Moreover, fierce competition is likely to impact on prices and, therefore, reduce profits for manufactures and retailers. To overcome these challenges, the brand Coca Cola aimed to maintain its position in Europe as a quality leader in the majority of retail outlets and in all lifestyle-related pubs and discothèques, as well as cinemas. The brand's positioning is maintained by accentuating fun, light-heartedness, and youthfulness in mass-media communication. Additionally, a broad range of lifestyle-related events were sponsored, or even created, by the agencies engaged in the marketing of this brand. In June 2001, Coca Cola was one of the first companies to accomplish an MDM campaign and achieve success.

According to the scheme depicted in Table 5, the goal of this campaign was to get closer to the customers and remain in their minds as symbol of a hot lifestyle. The target recipients were "young people of all ages" aiming to distinguish themselves from others by exploiting the full potential of their modern mobile devices. For the three-month duration of the campaign, the customers could register via SMS with an alphanumeric code printed inside the cap of the bottles for a lottery which raffled 380 prizes every day.

According to the goals of the campaign, the success was measured by the number of consumers who became involved in the measures.

To define the content-related issues to reach the customer, Coca Cola needed to understand what the interests of these young consumers were and what caught their attention. Initially, measures were not customized. The interaction was restricted to 160 symbols available in SMS interaction, and there was no opportunity for the customers to acknowledge their interests in different kinds of winnings. Clearly, this has changed since. The modern version of these

codes in the bottle are “Coke Coins”, which reduce the price and give gadgets offered by the Coca Cola Company webpage.

The technical implementation was done by simply using a database comprising users’ data. The users were notified by SMS whether or not they had won one of the prizes.

To establish the recipients’ recognition, the company made daily contact with their customers by sending SMS messages. To avoid reactance, they implemented a Coke-to-consumer interaction, which ensured an answer within a maximum of 15 seconds, informing them if they had won or not. The opt-in of the customers is provided by initially sending the code. In the first response, they were asked if they would like to be informed about further promotions by Coca Cola. With the “code in the bottle”, the Coca Cola Company convinced consumers to opt-in and assigned the control to them, which resulted in a positive impact. Since the members of the target group were eager to enhance their social recognition by participating in the campaign, no special infringements had to be taken into account.

The company directed the customers’ interests by promoting the campaign on TV and radio, at point-of-sale events and, of course, on the label of the bottle itself. Thus, according to definition 2, this measure is a pull MDM measure.

The assessment of success at the end of the campaign turned out to be positive. Out of 2,484,458 participants, 97% responded by mobile phone and 3% over the Internet, and in the end, there were 802,375 happy lottery winners. The number of interactions between the consumers and the Coca Cola Company exceeded 7,200,000 SMS messages sent back and forth. This response overshoot expectations fivefold.

Example 2: Mona Lisa Smile

To promote this movie, a viral MDM marketing campaign was organized. Similar to the Coca Cola campaign outlined above, the respondents were invited to participate in a lottery, but in order to do so, they needed to make up groups of four members.

The aim of this campaign was not only to attract potential movie-goers to this movie, but also to encourage them to discuss the movie with their friends afterwards. This is an example of viral MDM according to definition 4.

The campaign was launched prior to the first showing of the movie in the cinemas and targeted female movie enthusiasts in the age range of 14-25 years. The target group was selected from a database “B!Direct”, which comprises individuals who have agreed to receive marketing measures on their mobile devices. The campaign was designed as push MDM according

Figure 1. Making up the MDM success (modified from Balasubramanian, Peterson, & Jarvenpaa, 2002; Pagani, 2004 and Scharl et al., 2005)

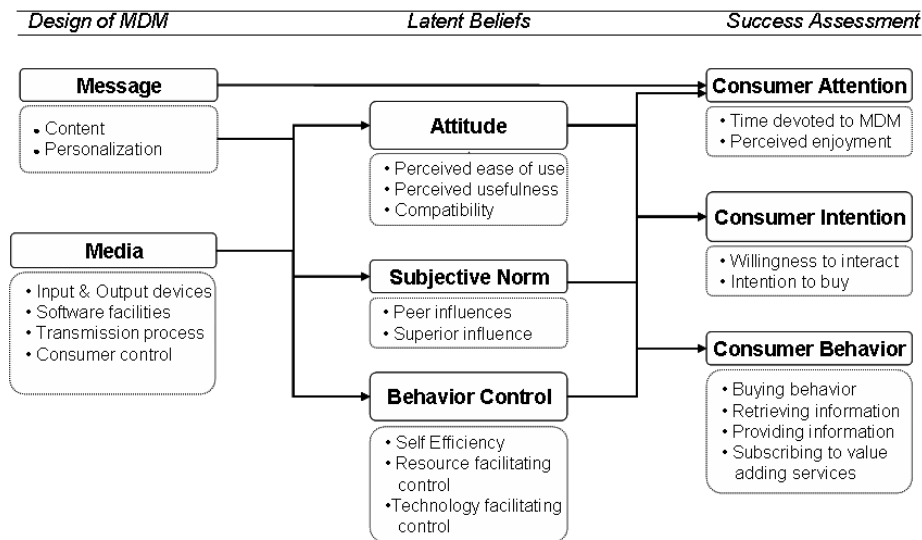


Table 5. Task scheme for successful MDM

1	Definition of goals
1.1	List the objectives that should be achieved.
1.2	Define one or more groups of recipients with relevance for achieving the goals.
1.3	Commit the time period in which the goal should be achieved.
1.4	Predefine metrics for a success assessment.
2	Definition of content-related issues
2.1	Identify interests and select topics.
2.2	Decide on the extent of desirable customizing.
2.3	Choose the technological features for implementation.
3	Setting up the recipients' recognition process to avoid reactance and increase acceptance
3.1	Evaluate subjective norms prevailing in the target group(s) and check for infringements.
3.2	Define arguments to change the recipients' attitudes positively and establish ways to communicate these (off- or online).
3.3	Explicate the recipients' opportunities of behavior control, particularly the individual self efficiency.
4	Controlling of the campaign
4.1	Define routines for success assessment.
4.2	Identify parameters for adjustment.
4.3	Evaluate the expiration date regularly.

to definition 3. The initial invitation to participate was sent as an SMS linked to a landing page on the Web, specifically designed for display on mobile devices. On this page, the recipients were informed about the opportunity to invite their friends to participate in the lottery. The success of the campaign was assessed by the number of responses and the number of groups participating in the lottery.

With respect to the content-related issues, the vendor already catered for the interests of the respondents in the definition of the target group. Similar to the first example, the messages had not been customized for individual respondents. However, the campaign achieved a response rate of 4.25% of all SMS messages sent out. Of the respondents, 28.22% subscribed to a newsletter, thus enabling a continuing customer relationship. An additional 5% response was created by the viral effect of inviting friends (data from Holland & Bammel, 2006).

These effects appear to be moderate but reasonable. The viral element of the campaign is particularly low because initially, respondents had to provide the phone numbers of their friends in order to participate in the lottery, a requirement that is likely to cause reactance and reduce rather than enforce positive attitudes.

FUTURE DIRECTION

Several trends related to MDM are emerging in the contemporary usage of mobile devices.

- *Integrating mobile devices in conventional retail transactions.* The personalization of mobile devices enables the payment for goods, similar to the credit card method: the amount invoiced is added to the telephone operator's bill. This feature becomes relevant for serving customers without a credit card (minors, members of low income groups, etc.) or individuals under obligation to provide their credit card details for particular purposes.
- *Yield management for services vendors.* An increasing number of services providers adopt flexible pricing strategies to assimilate to the actual use of capacity. Because of location awareness, MDM becomes an excellent channel for communicating special offers to a selected set of customers living close to the vendor's location. For instance, restaurants and cinemas might optimize their client attendances by offering special deals to selected recipients only.
- *Tagging.* An increasing number of products are tagged with a two-dimensional barcode

(e.g., Semacodes), which can be recognized by mobile devices. These codes enable the retrieval of further information related to the product, as well as activating an order process if the item is for sale. Using this highly innovative method, consumers may even place orders immediately for goods shown on billboards.

- *Retrieving best prices in bargaining situations.* Nowadays, many consumers are familiar with price comparison platforms (e.g., bestprice.com, priceline.com or geizhals.at). These platforms also offer mobile interfaces, which enable consumers to retrieve the best prices by using their mobile devices in arbitrary bargaining situations when, for example, they are in a retail outlet.
- *Compensating for weak social status of communicators.* In the classic concept of viral marketing, the status of a communicator (e.g., opinion leaders or technical experts) has been argued to be important for the coverage of measures. The value offered by MDM gadgets (e.g., information or entertainment) might compensate for a lower status of the communicator, because the customer will welcome and distribute the gadgets with respect to the values offered and not with reference to the communicator. A prominent example of this phenomenon is the “Moorhuhn” game, which was created to support a whiskey brand, but then became the most popular online game in Germany.

CONCLUSION

The contribution of this chapter outlines the opportunities and challenges of mobile devices for direct marketing applications. Both are related to a high level of personalization, a high level of accessibility and the location awareness of mobile devices. These features facilitate a close interaction with recipients, and ultimate benefits from their virtually exclusive attention. Clearly, this implies the danger of increased intrusiveness perceived by the recipients if the marketing measures do not fit their interests and needs. Building upon results from psychological research, mainly the Reactance Theory, Theory of Planned Behavior and the Technology Acceptance Model, we derived a four-stage scheme for successful mobile direct marketing. This scheme is aimed at supporting vendors to overcome the current gap between the opportunities provided by modern mobile technologies and actual consumer

behavior. A comparison of mobile devices with classic marketing media lends support to the proposition that mobile direct marketing will become more accepted by many consumers and, therefore, become more relevant for all vendors striving to establish enduring relationships with their customers.

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KEY TERMS

Opt-In Procedure: The consumer enables direct marketing communication by subscribing in a list or sending a query that he is willing to receive advertisements via e-mail, SMS, etc. For an increasing number of countries, the opt-in is required for direct marketing measures with high perceived intrusiveness by law.

Opt-Out Procedure: Consumers who are not interested in particular marketing measures, or in direct marketing measures in general, can subscribe to a list, which is checked by commercial address brokers.

Mobile Direct Marketing

Permission Marketing: Consumers provide their explicit permission to the contractor to receive advertisements. Most common are newsletters and catalogues, but also phone calls and mobile marketing measures.

Pull Marketing: Focuses the communication channel on the buying public who demand the products from the retailers. This way, the products are pulled through the channel of distribution.

Push Marketing: Focuses the communication channel on retailers to cause them to list the offered products and services and, thus, make them available to the customers. This way, the products and services are pushed through the channel of distribution.

Technology Acceptance Model (TAM): The TAM was initially proposed by Davis (1989). It comprises two beliefs, the *perceived utilities* and the *perceived ease of application*, which determine attitudes to adopt new technologies. The attitude toward adoption will decide about the adopter's positive or negative behavior in the future concerning new technology.

Value Added/Perceived Usefulness: Describes the utility for the customers provided by mobile direct marketing measures, e.g., games, pictures or ring tones.

Viral Marketing: Is the technique to animate and motivate the customer to recommend products voluntarily to others. For example, catching ideas for a product or its advertisement becomes like a "virus" that spreads in an epidemic manner.