Barriers for mobile marketing and how to overcome them

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Abstract

In most countries, consumer adoption of digital mobile telecommunications has been faster than that of the Internet. It has been estimated that during 2005 nearly 50 % of European adults will be using mobile terminals that are multimedia enabled. This allows the transmission of pictures, applications, music and video over to mobile phones. The rise of the new technology gives marketers new possibilities to create richer mobile content and leverage interactivity for their promotions. Recent studies have focused primarily on consumer acceptance of mobile marketing, such as text messaging, i.e. SMS, based advertising. The emerging mobile marketing value system has received less attention in the current literature. Research is needed to investigate the role and aspirations of the key marketing deciders and the decision influencers. Our study describes an action research endeavour employing the principles of collaboration engineering to address above mentioned research problem. We designed a repeatable collaboration process for finding out the major barriers for mobile marketing and the actions needed to overcome those. As for the technology we employed computer-aided Group Support Systems in a face-to-face setting. As a result, we were able to define both the perceived barriers for growth of mobile marketing, as well as to identify the ways to overcome the barriers. In conclusion, we state that by using carefully designed, repeatable collaboration processes we can enable the key players in the emerging mobile marketing value system outline together the action proposals needed for stimulating the growth of mobile marketing. This action research provides insights also to the strategic network discourse related to mobile business. Moreover, the results raise import topics for practitioners to consider in their mobile marketing endeavours.

Keywords: Telecommunications; Mobile; Wireless; Marketing; Advertising, Barriers; Collaboration engineering; Group Support Systems; Action research
Introduction

The consumer adoption of digital mobile telecommunications has been even faster than that of the Internet in most countries (Perlado and Barwise, 2004). It has been estimated that during 2005 nearly 50 % of European adults will be using multimedia enabled mobile terminals (Siddall, 2004). This gives many possibilities for providing rich mobile content to consumers, such as pictures, applications, audio and video. The emergent multimedia capabilities of mobile terminals create also new opportunities to build and develop customer relationships for marketers. Although mobile marketing is currently considered to be a key growth area in consumer marketing only a few other actors than mobile operators have adopted it (Luo, 2003; Stone and Siddall, 2004; Virtanen and Raulas, 2004).

Recent studies exploring the potential of mobile marketing have focused primarily on consumer acceptance and effectiveness of text messaging, i.e. SMS-based direct marketing (e.g. Barwise and Strong, 2002; Barnes, 2002; Kavassalis et al., 2003; Heinonen and Strandvik, 2003; Tsang et al., 2004; Okazaki, 2004; Merisavo et al., 2004; Pura, 2004; Dickinger et al., 2004; Haghirian et al, 2005; Leppäniemi and Karjaluoto, 2005; Merisavo et al., 2005). The roles and perceptions of the stakeholders in the emerging mobile marketing value system have received less attention in the current literature (Virtanen and Raulas, 2004; Leppäniemi et al., 2004; Facchetti et al., 2005). Möller and Svahn (2003) define the value system construct as being based on the notion that each product/service requires a set of value activities performed by a number of actors forming a value-creating system. They add that a key aspect is that value creation spans firm boundaries and can be encapsulated in the value system. Emerging new value systems are characterized by old and new actors, radical changes in old value activities, creation of new value activities, uncertainty about both value activities and actors, and radical system-wide change (Möller and Svahn, 2003). These systems thus involve dynamic and complex learning processes and an inter-organizational relationship formation that cannot be specified in advance (Möller et al., 2005).

Mobile services are often created through strategic networks involving a telecom operator, several ‘middleware-type’ software producers, and content/services producers (see e.g. Möller and Svahn, 2003; Möller et al., 2005). Strategic networks are long-term, purposeful and voluntary arrangements among distinct but related for-profit organizations that allow those firms in them to gain or sustain competitive advantage vis-á-vis their competitors outside the network (Jarillo, 1988). One of the main characteristics of strategic networks is that they are voluntary. Hence, a strategic network can be described to be any cooperative agreement between firms that supposes interchange, sharing or mutual development, including members’ contributions of capital, technology or specific assets (Gulati, 1999). The convergence of information technology, telecommunications, and media has produced strategic networks in these areas (Gulati et al., 2000). Möller et al. (2005) have claimed that even major multinational companies, such as ABB, IBM, Microsoft and Nokia, cannot anymore internally master all the relevant value activities of the value chain from product innovation to customer care, nor is it economically sensible for them to try that. In consequence, firms and other social actors are creating increasingly complex webs of knowledge and technological bonds. Emerging networks of firms are replacing traditional markets and vertically integrated companies (see also Möller and Svahn, 2003; Teece et al., 1997).
Like other mobile services, mobile marketing is also characterized by many stakeholders taking part in delivering the mobile marketing campaigns: marketers, marketing service providers such as advertising and media agencies, content providers, media owners, network operators, mobile technology providers, marketing technology providers, financial institutions etc. At the current stage of evolution of mobile marketing, various functions required to perform mobile marketing campaigns are done by independent and specialized firms outside the boundaries of the traditional strategic networks of marketing (Stone and Siddall, 2004; Virtanen and Raulas, 2004). However, quite recently the strategic network perspective has been strengthening and inter-organizational relationship formation between the various actors across mobile telecom and marketing service provisioning industry borders has taken place to some extent (Williamson and Meegan, 2003; Ericsson Group, 2004; Pearse 2005).

To our knowledge the literature does not provide a clear understanding whether and why the firms identify a strategic network as a way to overcome the barriers of technological innovation adoption. Our study provides an action research view to fill this gap in the literature. We have explored what are the factors the senior executives of marketers and marketing service providers perceive as barriers for adoption of mobile technologies in marketing, and further, whether they perceive a network of key stakeholders of mobile marketing as one of the ways to overcome the barriers. Our action research intervention included a repeatable collaboration process for the emergent mobile marketing network of firms in the form of an interactive workshop (see details in Bragge et al. 2005) to provide efficient and effective means to define the main problems and to suggest actions to overcome them.

The remainder of this paper structured as follows. Next we will describe the methodology of the study, after which we review the results. In the final section we reflect the results to the literature, give conclusions and present future research topics.

**Methodology of the study**

The participants who were invited to take part in the designed collaboration process were senior executives in charge of global or regional strategy of the leading global consumer brand corporations and advertising agency networks. The initiative for exploring the perceptions of them and hearing their suggestions came from one of the researchers after he had studied the drivers and barriers of the field extensively through personal interviews (Virtanen and Raulas 2004). Many of his interviewees complained that the other stakeholders in the field were barring the advancement of mobile marketing due to, for example, unbearable pricing of their services or unwillingness to learn new practices. This evidenced the need to discuss the issue thoroughly together with the relevant stakeholders to pursue collaborative advantage. Nokia was seen as a potential and powerful enough intermediary (Möller et al., 2005) that could be an active network member in the field. After rounds of negotiations with Nokia we were able set up an international forum for making our research possible.

**Data collection**

Klein and Myers (1999) have suggested using qualitative research approach in studies that seek to understand and interpret new emerging fields. Specifically, we chose action research (Susman
and Evered, 1978; Baskerville and Wood-Harper, 1996; Lau, 1999; Myers, 2005) as the main research approach to address the above problems in the field. In our intervention we employed the principles of collaboration engineering (Briggs et al., 2003; de Vreede and Briggs, 2005) to design a repeatable collaboration process for identifying the barriers for growth of mobile marketing, and the actions needed to overcome the major barriers (see details in Bragge et al., 2005). As for the collaboration and data collection technique we used computer-aided Group Support Systems (GroupSystems® MeetingRoom) in a face-to-face setting (see e.g. Nunamaker et al., 1991).

The designed collaboration process was conducted as an interactive workshop in connection with the Nokia Mobile Marketing Summit ’04 organized by Nokia in London. The summit was designed particularly to be a forum for the purpose of this research endeavour. The program of the one-day Summit consisted of an introduction to the latest advances in mobile technology, several mobile marketing case presentations, the interactive workshop and a closing dinner. Besides the invitees from the leading consumer brand corporations and advertising agency networks, there were participants from various units of Nokia and representatives of the press present. From the 33 invited participants 25 took part in the interactive session. The physical layout of the interactive workshop was U-shaped, with laptop personal computers. The session lasted approximately 90 minutes.

The steps of the collaboration process were: (0) warm-up, where each participant familiarized him/herself with GroupSystems® by identifying drivers for mobile marketing (1) identifying barriers for growth of mobile marketing (2) voting on the importance of the identified barriers (3) proposing actions to overcome the most important barriers, and (4) wrap-up, where the participants were given a short review of the results of the workshop.

For the barriers for growth of mobile marketing, the participants identified 123 barriers resulting to 68 after removing the duplicates as a group work effort. Next they were asked to vote on the importance of the 68 barriers by selecting the 10 most important barriers. The number of barriers to be selected was limited to 10 due to time constrains and to simplify the following process of generating proposals for actions. After voting the participants were asked to propose actions to overcome the barriers that received most votes (the range was between 0-12 votes). 13 barriers received each at least 6 votes. The participants came up with 103 proposals for actions to overcome the 13 barriers that were perceived most important.

Data analysis

The raw data based on the verbatim session transcripts produced by GroupSystems® software formed the basis for the qualitative analysis. In order to capture a holistic picture of the issues generated in the interactive workshop, researcher conducted multiple readings of the transcripts. For the further analysis the data about the barriers and proposals for the actions to overcome the barriers were imported into separate spreadsheets. After this the data in each spreadsheet was grouped into meaningful categories, which were titled descriptively. Finally, the data in each spreadsheet was analysed based on the number of verbatim answers in each category. For the analysis of the action proposals, also the relative importance of barriers perceived by the participants was taken in account.
Results

Barriers

For the perceived barriers for growth of mobile as a marketing medium, the participants identified 123 barriers resulting to 68 after merging the duplicates as a group work. The categories of barriers that emerged from the data analysis are (in the order of the number of mentions in each category) titled as (1) lack of research, (2) resistance of change among marketing service providers and marketers, (3) lack of co-operation and knowledge sharing, (4) fear of technology, (5) complexity of implementation and (6) fear of spam stigma. In the following we will discuss each category.

1. Lack of research

The collected data showed that the marketers and agencies feel that there is a lack of easily available data proving effectiveness of mobile campaigns, value added to them, consumer acceptance, consumer requirements, return on marketing investment, adoption levels of novel type of mobile terminals and technologies, as well as lack of well documented and published case studies.

2. Resistance for change among marketing service providers and marketers

The participants comprehend that there is a vested interest, opposing change, by the prevailing system of marketing service providers (advertising agencies, media agencies, media companies and information/research providers etc.). Their vested interest is based on low proportions of mobile media in media budgets, lack of knowledge about mobile marketing business models, and unwillingness to tackle the challenge. The marketers are perceived to be resistant to change, to be afraid of becoming invasive and to have agencies not daring to challenge them. They are also perceived to be unprepared to appreciate the challenges of implementation and the way the mobile medium has wider implications in organizations than just in the marketing departments.

In addition, the participants comprehended that there is overall a limited holistic view to media planning favouring traditional media over new digital media – they felt that TV is still considered to be the “cool” medium.

3. Lack of co-operation and knowledge sharing

The mobile operators were not perceived to have a large enough coalition to foster the growth of mobile as a marketing medium, leaving marketers and agencies confused in a cluttered world of service, billing and contract models. On the other hand, the mobile phone companies are perceived not working together on cross platform solutions, thus leading to interoperability problems between mobile technology platforms, mobile handset types and mobile marketing technology platforms. The mobile companies were also mentioned to have poor sales teams. In addition, the roles between the marketers, agencies, operators and handset manufacturers are perceived as unclear. Finally, the participants felt that there has not been enough co-operation,
awareness building and knowledge generation between the potential stakeholders of mobile marketing.

4. Fear of technology

The data illustrates that the participants are somewhat reluctant to invest in the currently available mobile technology as they are not sure what will be the next one, and how well the new mobile technologies, such as GPRS and new handsets, will be adopted by the consumers.

5. Complexity of implementation

The implementation of campaigns involving mobile media is perceived as complex because of the large number of partners required, the high costs of setting up and managing the implementation, as well as the shortage of mobile and relationship marketing skills in advertising agencies.

6. Fear of spam stigma

The data also shows that the participants perceive the possible emergence of mobile spam, unwelcome mobile messaging, as a barrier by causing irritation through irrelevant messages.

Proposals for actions to overcome the barriers

To simplify the process to come up with proposals for the actions to overcome the barriers the participants were first asked to vote on the importance of the 68 identified barriers by selecting the ten most important barriers. After voting the participants were asked to propose actions to overcome the barriers that received most votes (the range was between 0-12 votes). The following 13 barriers received each at least 6 votes, and are presented in the order of importance:

1. Lack of handset compatibility – unlike in TV advertising, the mobile multimedia content must be customized based on handset model and type
2. Consumer fear over mobile response costs in direct response advertising
3. Lack of knowledge among the marketers and agencies
4. Vested interest from existing partners, opposing change (agencies, media agencies, media companies, information/research providers)
5. Lack of research to back up effectiveness
6. Mobile companies are not working together on cross-platform solutions
7. Technical issues (e.g. lacking standardization)
8. Lack of real return on investment case studies of implementing mobile as a part of integrated activity
9. Marketers’ fear of being too invasive (making mistakes to loyal customers can be costly)
10. Cost model – users do not always understand it
11. Complexity of planning
12. Few experts in agencies
13. Agency and client vested interest in maintaining status quo
The participants came up with 103 proposals for action to overcome above presented barriers. The themes in the proposals for actions that emerged from the data analysis afterwards are titled as research, standardization and knowledge generation network. There was no notable difference between the numbers of proposals in each three theme. In the following section we will discuss each theme.

**Research.** The participants perceived that the consumer usage of different media, its importance to them, and the value they get from the media usage for different purposes (such as information, entertainment etc.) is not yet fully understood. Hence, there should be research conducted to study where mobile technology fits and what are the opportunities and threats in utilizing it. The research must be based on different consumer groups (taking account socio-demographics, need states etc.) thus enabling the understanding of how (the medium can be used for brand growth), when (people see it as appropriate to use it) and why (the mobile as a marketing medium should be applied). Further, the participants proposed the development of a measurement tool to evaluate mobile media exposure and return on investment in multi channel contexts (see e.g. Vesa, 2005). Finally, the participants felt that research should be easily available and communicated through education, marketing and marketing research meetings, and publications. Collaboration with academic institutions was also recommended in several proposals.

**Standardization.** The need for standardization across mobile and marketing technology platforms and solutions was clearly brought up by the data. Commonly agreed guidelines for implementation, pricing and cost sharing models should be commonly agreed. Finally, regulatory guidelines should be transparent across the countries.

**Knowledge generation network.** The participants recommended that the marketers, agencies, media companies, mobile technology providers, operators and researchers should work together to set guidelines and standards, as well as to generate and share knowledge about mobile as a marketing medium. Finally, the participants felt that the mobile handset companies should have a central role in simplifying the complex value chains of the mobile marketing value system, and in instigating the mobile as a marketing medium.

**Discussion and Conclusion**

Our action research intervention shows that the use of a carefully designed computer-aided collaboration process can facilitate the industry members in an emerging market to collaborate and provide initiatives of how the adoption of innovative new technologies could be enhanced. The process is repeatable, and easily transferable also to other continents than Europe (see details in Bragge et al., 2005). Furthermore, our intervention provides a starting point for further actions for the network of mobile marketing stakeholders. We believe that these actions will probably lead to more attainable solutions towards the practical needs in mobile marketing.

The collaboration process designed created a rich set of data for the industry. We were able to define both the perceived barriers for growth of mobile marketing, as well as to identify the ways to overcome the barriers. The participants characterized almost 70 individual barriers. The main themes of barriers concerned lack of research, resistance for change among marketing service providers and marketers, lack of co-operation and knowledge sharing, fear of technology,
complexity of implementation and fear of spam stigma. To overcome these barriers the participants brainstormed more than 100 action proposals. The main themes in these proposals were (1) the need of more research to prove the effectiveness and to determine the most effective formats of mobile campaigns, (2) the need for standardization across mobile and marketing technology platforms and solutions as well as the need for commonly agreed guidelines for implementation, pricing and cost sharing models, and (3) the need of the emerging mobile marketing network players, such as leading brands, marketing service providers, media owners, mobile and marketing technology providers, operators and mobile handset manufacturers to work together to set guidelines and standards and to share knowledge, as well as to promote and tutor on mobile marketing. Thus, we were able to demonstrate that the representatives of key marketers and marketing decision influencers, the marketing service providers, perceive a network of key stakeholders of mobile marketing as a way to overcome the barriers in mobile technology adoption in marketing.

The strong practical results of the study provide also a wide array of interesting academic research topics. Much of the previous literature is concentrated on certain areas in the field, but it is evident that every aspect of the emerging mobile marketing value system necessitates further research. Our research offers insights also to the strategic network discourse in mobile business, by providing an initial understanding of the reasons why these industry players might seek to form a strategic network in order to pursue collaborative advantage. One of the main motives behind this research was the obvious need (manifested in research of Virtanen and Raulas, 2004) to form a think-tank that would set guidelines and standards, as well as generate and share knowledge about mobile as a marketing medium around a central hub company in the emerging network. This is hoped to encourage the marketers and agencies to participate and provide means to co-operate in building up the market for mobile marketing services. Further studies should be conducted in related fields were new technologies constantly change the landscape of doing business. These studies would probably give more insights to the internal drivers of the firms participating in such strategic networks.

Acknowledgements

The authors wish to thank the representatives of Nokia Corporation and the participants of the Nokia Mobile Marketing Summit ’04 for their collaboration.

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