

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:

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