Chapter LII
Case Studies in Mobile Business

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ABSTRACT

Th first part of this chapter deals with various mobile business applications and initiatives taken from real-life companies of which successfully implemented their go-to-market strategy in the wireless world. The structure of this chapter can be summarized into three main areas. At the beginning, the current market situation for mobile environment is described through highlighting how decreasing revenue is forcing companies to quickly innovate their offering to cope with highly intensive competition, justifying such an assumption with the flexible and open value chain. The second part is covering the Lateral Marketing approach in its main points under a theoretical point of view. Eventually, some examples of mobile applications and services are provided to reinforce the validity and need of Lateral Marketing to build reliable and durable growth.

INTRODUCTION

The saturated market of Mobile Business, companies are daily challenged to implement new ways to attract and maintain customers who have become more and more demanding and ready to change as soon as a novelty is placed on a shelf or promoted by media. The choice for business is between a traditional marketing approach which leads to a fast products and services turnover because they become obsolete and a completely new but risky approach such as the Lateral Marketing. This chapter describes how Lateral Marketing can be and has been implemented in companies around the world delivering stable and long lasting customer value.

MARKETING ENVIRONMENT: AN OVERVIEW

Mobile business is characterized by an extremely high number of brands, products and services, generating many parallel segments and niches which shorten the product/service life cycle: a decreasing ARPU (average revenue per user) hit seriously the sector, with many operators and carriers competing for very short run target (with the latest ring tone, wall paper, handset device, cover or accessory): this mean that when the item is broken, it is cheaper, faster and easier to replace it rather than repair it for tangible items, which impacts environment too and, if intangible, the deletion if the unwanted software is a matter of seconds.

Daily experience demonstrates that consumers and buyers are ready to try any new brand item they spot:

the effect is that every new product or service takes sales away from existing items on the shelf or cannibalize adjacent products of the same brands. Companies have created increasing number of segments and niches, causing a highly fragmented market.

The previous edition of this handbook (Unhelkar 2006) explained how and why it is possible to create a life style as an extension or "conceptual development" of brand to optimize profitability: Virgin is an example of a company who has been collecting holiday travels, mobile phones and retail shops, in their quest to anticipate consumer behavior (http://www.virgin.com).

Consumers are now more and more selective individuals regarding products and ads: novelty and outstanding effect can be the only way to catch their attention because markets are now more competitive: the number of advertising messages is increasing: recent research findings refer to approximately 1500 messages every day for every person (Kotler 2001) therefore it is paramount to think in a different way to promote new products and services.

VALUE CHAIN FOR TELECOMMUNICATION

The diagram below describes the value chain scenario for Telecommunication operators and carriers in terms of end-to-end flow from content creation to customer with the revenue source for each step indicated with curved lines.

It demonstrates that some entities might fall outside the traditional domain of telecommunication provider and, most importantly, some of those performing such activities are already in direct contact with customer: therefore there is a limited space for IT based only operators or new carriers as their development is both expensive and only a few of them can afford additional investment (and costs) after the not so rewarding bid for 3G licenses: the real challenge is to play outside the typical IT mindset and focus on new content and services to deliver. Software is already being sold as a service rather than a product via ASP (Application Service Provider) platforms, thus aggregating tools and services in some corporate areas such as Human Resources or Payroll (for example http://www.adp.com) and therefore the underneath business model is now based on different criteria.

THINKING TOPSIDE DOWN AND OUT OF THE BOX

New products and services in mobile business can be provided by splitting the marketing process in pieces and analyze it to understand which type of novelties can be created; we can therefore discriminate the market into the following categories: a person who needs something in a given moment in time: the solution of the concrete need and of the specific person or situation where a product or service can exist, constitutes a closed and comprehensive system identified as "category". While business define a market and create a space of

Figure 1. Value chain scenario for telecommunication
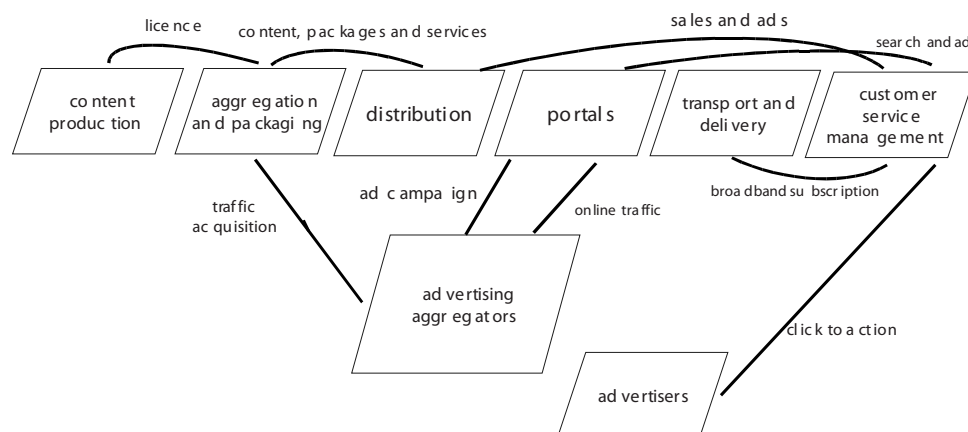
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