Chapter 6.4
Business Strategies for Mobile Marketing

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INTRODUCTION

With the appearance of advanced and mature wireless and mobile technologies, more and more people are embracing mobile "things" as part of their everyday lives. New business opportunities are emerging with the birth of a new type of commerce known as mobile commerce or m-commerce. M-commerce is an extension to electronic commerce (e-commerce) with new capabilities. As a result, marketing activities in m-commerce are different from traditional commerce and e-commerce. This chapter will discuss marketing strategies for m-commerce. First we will give some background knowledge about m-commerce. Then we will discuss the pull, push, and viral models in m-marketing. The third part will be the discussion about the future developments in mobile marketing. The last part will provide a summary of this article.

BACKGROUND

Popularity of Mobile Services

From the research done by Gartner Dataquest (BusinessWeek, 2005), there will be more than 1.4 billion mobile service subscribers in the Asia-Pacific region by 2009. Research analysts of Gartner Dataquest also estimated that China will have over 500,000 subscribers, and more than 39% of the people will use mobile phones at that time. In India, the penetration rate of mobile phones is expected to increase from 7% in 2005 to 28% in 2008. The Yankee Group has also reported a growing trend of mobile service revenues from 2003 to 2009. Although the revenue generated by traditional text-based messaging service will not change much, revenue from multimedia messaging services will rise to a great extent. Other applications of mobile services, such as m-commerce-based services and mobile enterprise

services, will continue to flourish. One thing that is very important in driving Asia-Pacific mobile service revenue is mobile entertainment services. Revenue from mobile entertainment services will make up almost half of the total revenues from all kinds of mobile data services from now on. Not only in the region of Asia-Pacific, but mobile services will increase in popularity in other parts of the world as well. In the United States, it is expected that the market for m-commerce will reach US$25 billion in 2006.

The Development of Mobile Technologies

Two terms are frequently used when people talk about mobile information transmission techniques: the second-generation (2G) and the third-generation (3G) wireless systems. These two terms actually refer to two generations of mobile telecommunication systems. Three basic 2G technologies are time division multiple access (TDMA), global system for mobile (GSM), and code division multiple access (CDMA). Among these three, GSM is the most widely accepted technology. There is also the two-and-a-half generation (2.5G) technology of mobile telecommunication, such as general packet radio service (GPRS). 2.5G is considered to be a transitional generation of technology between 2G and 3G. They have not replaced 2G systems. They are mostly used to provide additional value-added services to 2G systems. The future of mobile telecommunication network is believed to be 3G. Some standards in 3G include W-CDMA, TD-SCDMA, CDMA 2000 EV-DO, and CDMA EV-DV. The advancement in mobile telecommunication technology will bring in higher speed of data transmission.. The speed of GSM was only 9.6 kilobits per second (kbps), while the speed of GPRS can reach from 56 to114 kbps. It is believed that the speed of 3G will be as fast as 2 Megabits per second (mbps). The acceptance of 3G in this world began in Japan. NTT DoCoMo introduced its 3G services in 2001. Korea soon followed the example of Japan. In 2003, the Hutchison Group launched 3G commercially in Italy and the UK, and branded its services as '3'. '3' was later introduced in Hong Kong, China in 2004. Mainland China is also planning to implement 3G systems. Some prototypes or experimental networks have been set up in the Guangdong province. It is expected that 3G networks will be put into commercial use in 2007 using the TD-SCDMA standard that has been indigenously developed in China. Mobile information transmission can also be done using other technical solutions such as wireless local area network (WLAN) and Bluetooth. The interested reader may refer to Holma and Toskala (2002) for a fuller description of 3G systems, and to Halonen, Romero, and Melero (2003) for details of 2G and 2.5G systems.

The most popular mobile devices currently in use include mobile phones, wireless-enabled personal digital assistants (PDAs), and wireless-enabled laptops (Tarasewich, Nickerson, & Warkentin, 2002). Smartphones are also gaining favor from customers. Mobile phones are the most pervasive mobile devices. Basically, mobile phones can make phone calls, and can send and receive short text messages. More advanced mobile phones have color screens so that they can send or receive multimedia messages, or have integrated GPRS modules so that they can connect to the Internet for data transmission. PDAs are pocket-size or palm-size devices which do limited personal data processing such as recording of telephone numbers, appointments, and notes on the go. Wireless-enabled PDAs have integrated Wi-Fi (wireless fidelity)—which is the connection standard for W-LAN or Bluetooth—which helps them access the Internet. Some PDAs can be extended with GPRS or GSM modules so that they can work as a mobile phone. PDAs nowadays usually have larger screens than that of mobile phones and with higher resolution. They are often equipped with powerful CPUs and large storage components so that they can handle multimedia