

Academic Review

Effectiveness of Mobile Channel Additions and A Conceptual Model Detailing the Interaction of Influential Variables

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“Half the money I spend on advertising is wasted; the trouble is I don't know which half.”

-John Wanamaker (1838 - 1922)
US department store merchant (Quote Details 2005)

Marketing professionals have lived under the shadow of John Wanamaker's infamous quote for much too long, and Henry Ford did not make anything easier when he said, "People can have the Model T in any color--so long as it's black (Quote Details 2005)." Statements like these have put into question the value of marketing. Through the decades, marketers have been scrutinized about the viability of their programs; their expenditures are being analyzed under a microscope, and they're expected to demonstrate the effectiveness of their programs by producing clear measures for returns on investment (ROI). The mission of marketing is to oversee the company's organizational processes that profitably service customer demand (adapted from American Marketing Association 2004, Postma 1999, Chapman 2003), including the management of product, price, promotion, place (a.k.a distribution), customer relationships, and internal and outbound company communications. For decades, marketers have had to either live with the low response rates of direct marketing programs or be satisfied with indirect proxy measures like reach, impressions, brand and ad recognition and retention to gauge the effectiveness of their traditional mass-market media advertising and promotion campaigns. However, with the growing viability of the mobile channel and recent discoveries as to its effectiveness, marketers can begin integrating the mobile channel both tactically and strategically into their marketing plans and improve the ROI of their programs.

This paper contributes to the process of understanding the impact the addition of the mobile channel has on a brand's marketing effectiveness. It highlights the decline of traditional marketing channels and reviews the literature on the effectiveness of mobile and mobile enhanced advertising and promotions. It identifies and illuminates the relationship between variables that influence a consumer's response to mobile marketing programs, i.e. marketing campaigns that leverage the mobile channel. Furthermore, it forwards the notion that a number of influential variables are often left out of mobile marketing conceptual models and proposes a new conceptual framework that marketers can use to support future research and the development of new longitudinal effectiveness metrics that will be of value to managerial decision makers.

With the introduction of the Internet, email, text messaging, wireless application protocol, relational databases and a host of other digital technologies marketers have gained unique

access to direct one-to-one interactive channels, like the mobile channel, to reach out and engage their customers. The mobile channel is a multi-faceted interactive, interoperable, network composed of various mobile delivery technologies used by companies to market to an individual and deliver to the individual communication, personalization, information and entertainment products and services (Manis 2005, Becker 2005, Bragge et al. 2005, Dickinger et al. 2004, Nysveen et al. 2005). What distinguishes the mobile channel as a marketing medium from traditional channels like TV, radio, and newspapers is that it is personal, interactive, time, and location independent. Due to its infancy, there has been little substantive research published that evaluates how these unique characteristics and related variables influence a consumer's response to a mobile or mobile enhanced advertisement or promotion, or how the advertisement or promotional medium itself, i.e. TV, radio, print media, Internet, text messaging, wireless Internet, multimedia messaging, etc. may affect response to or outcome of a campaign. In fact, as reported by Virtanen, industry practitioners and participants of a Nokia Mobile Marketing Summit '04 workshop ranked mobile marketing effectiveness and ROI research as one of the top challenges facing industry practitioners today (Virtanen et al. 2005).

It would be easy to stay with the status quo of traditional marketing channels and ignore the effect new alternative channels like mobile are having on the practice of marketing, but this would not be wise. There is an increasing body of evidence supporting the belief that the effectiveness of traditional retail, broadcast, and media channels is waning in the face of the hyperfragmentation of traditional channels. With the introduction of new media channels, network TV audiences, newspaper and magazine circulation, and radio listenership are in an accelerated decline (Anderson 2005). A recent Enpocket Media Monitor US survey revealed that 58% of all adults would give up newspapers and magazines, 12% would give up TV, before giving up their mobile phone (Enpocket 2005). One only needs to look at traditional TV advertisers to understand the true rate of decline. Major corporation like the Coca Cola Company have begun redirecting TV media funds over to new channels (Foust 2004), including mobile. For example, Coca-cola has launched some of the largest mobile marketing campaigns in history, including their Beijing Coke Cool Summer program in 2003 and their 2005 summer campaign in Germany where they put a text code on 800 million bottles (Morrissey 2002, Marketing Goes Mobile 2005). Even traditional telemarketing and market research are being affected by the diffusion and use of mobile phones as a primary communication channel (Callegaro & Poggio 2004), and there's no doubt that the adoption of mobile phones is on the rise, as evidenced by the growing trend toward individuals giving up their landline for their mobile phones. In Finland, for example, nearly 35% of the population is reported to be accessible only via their mobile, while in the U.S. the number is 9% and growing (Preferring to Go 2005).

The importance of the mobile channel and its influence on technological, economic, and social change should not be minimized. There is a limited but growing base of published literature and on-going research around the world (See **PEAR Research Project** side bar to learn about a global mobile marketing effectiveness study and how to contribute your opinion) that supports the claim that mobile marketing is an effective medium to reach out to customers. These studies are showing that companies can readily expect and directly measure increased response rate, improved brand loyalty, rise in message virility, and growth of sales from their mobile or mobile enhanced marketing campaigns. With a pure mobile program, the marketing campaign is promoted directly through the mobile channel,

PEAR RESEARCH PROJECT

The Personalized Mobile Advertising Research (PEAR) project is coordinated by the National Technology Agency of Finland, is supported by a growing body of academic centers and companies around the world. PEAR is looking into multi-channel service systems and the effectiveness of mobile marketing and mobile marketing best practices. Please take a few minutes to complete a survey for a global study their conducting to empirically test the usage of mobile marketing services in different countries [CLICK HERE](http://www.iloopmobile.com/pearstudy/pear-study.htm) (<http://www.iloopmobile.com/pearstudy/pear-study.htm>).



while with a mobile enhanced campaign the traditional media program is augmented with a mobile call-to-action or traditional channel is boosted with a complimentary mobile service. For example, a recent study by Merisavo showed how mobile advertising for mobile services increased daily average expenditures for heavy mobile entertainment and information services users by 35%, while proportional gains for light users increased 99% (Merisavo et al. 2005), while Nysveen, in a Finnish study looking at mobile channel additions by a newspaper, a commercial broadcasting station, and a leading TV brand, found that brands could expect increased main channel use, e.g. mobile users will watched more TV, spend more time on the brand's Internet site, and would read more newspapers, from those customers that partook of the brand's mobile services and promotions (Nysveen et al. 2005). In addition, other studies also state compelling findings. A Greek study by Kavassalis reports increased effectiveness of mobile marketing over traditional media, with text messaging campaign response rates in the range of 10~20% being common, as opposed to email (5%), direct mail (1~2%) and print advertising (0.15~0.60%) (Kavassalis et al. 2003, Rettie et al.). Kavassalis also reports that brand recall is high (46~64%) and redemption of in store coupons can reach 80% with mobile marketing campaigns (Kavassalis et al. 2003). Another study, by Rettie, cites mobile marketing's positive effect on reach. Rettie's study asserts that 89% of all text messages are read and that 85.7% of respondents "who felt more positively towards the brand claimed they were more likely to make a purchase" (Rettie et al., p5). Rettie and the Mobile Marketing Association also note the viral nature of mobile campaigns in that messages are forwarded to others at a rate of 5~32% (Rettie et al., CTIA 2005), thus demonstrating that word-of-mouth (another important measures) is a key byproduct of mobile marketing.

Mobile marketing helps create brand awareness, customer loyalty, and most importantly generate sales (Brage et al. 2005, Sutinen & Tirri 2005, Sultan & Rohm), but marketers need to better understand and identify all the salient variables that influence the outcome of a consumer's response to a mobile marketing campaign or they will not be able to generate consistent results or set managerial expectation properly. While current measure like response rate, ad recognition and retention, impressions, brand recognition, click-throughs, or traffic figures are important measures, they are not fully capturing the essence of mobile marketing (Stewart & Pavlou 2002); as asserted above, some key influential variables are missing in the conceptual model of mobile marketing.

In order to develop effective programs marketers need to not only identify and understand the key variables and their antecedents, but also understand their linkages. The latest conceptual models of mobile marketing have not accounted for or integrated the unique personal, interactive, time and location independent nature of mobile into a holistic model for understanding mobile marketing. To capture what is behind the outcome of their mobile marketing campaigns and a consumer's response, marketers must consider interactivity, message relevance, the messaging medium, the device and network, a consumer's previous experience with the brand and its product or service, permissions, and a number of other influential variables listed in the figure below (Stewart & Pavlou 2002, McLuhan 1964, Dickinger et al. 2004, Barnes 2002, Tähtinen & Salo; Bezjian-Avery et al. 1998, Liu 2003, Tsang et al. 2004, Kramar et al., Rowley 2004, Kramar et al., Paavilainen 2002, Sultan & Rohm, Mort & Drenan 2002). In addition to these independent variables that influence the dependent variables of response and campaign outcome, the Internet and mobile marketing research literature points out a number of control variables (consumer psychographic profile, costs, experience with spam, gender, age, education, user's experience with medium, and others) that need to be accounted for to isolate the influences on consumer response and campaign outcome (Stewart & Pavlou 2002, Tähtinen & Salo; Bezjian-Avery et al. 1998). As noted, the intention here is to simply identify the variables; future papers will define each of the key variables and validate their level of influence and significance to the model. The figure below depicts a proposed conceptual model showing the variables that influence outcome

and consumer mobile, online, and offline response to mobile marketing. Moreover, the model shows the key linkages between these variables and their antecedents.

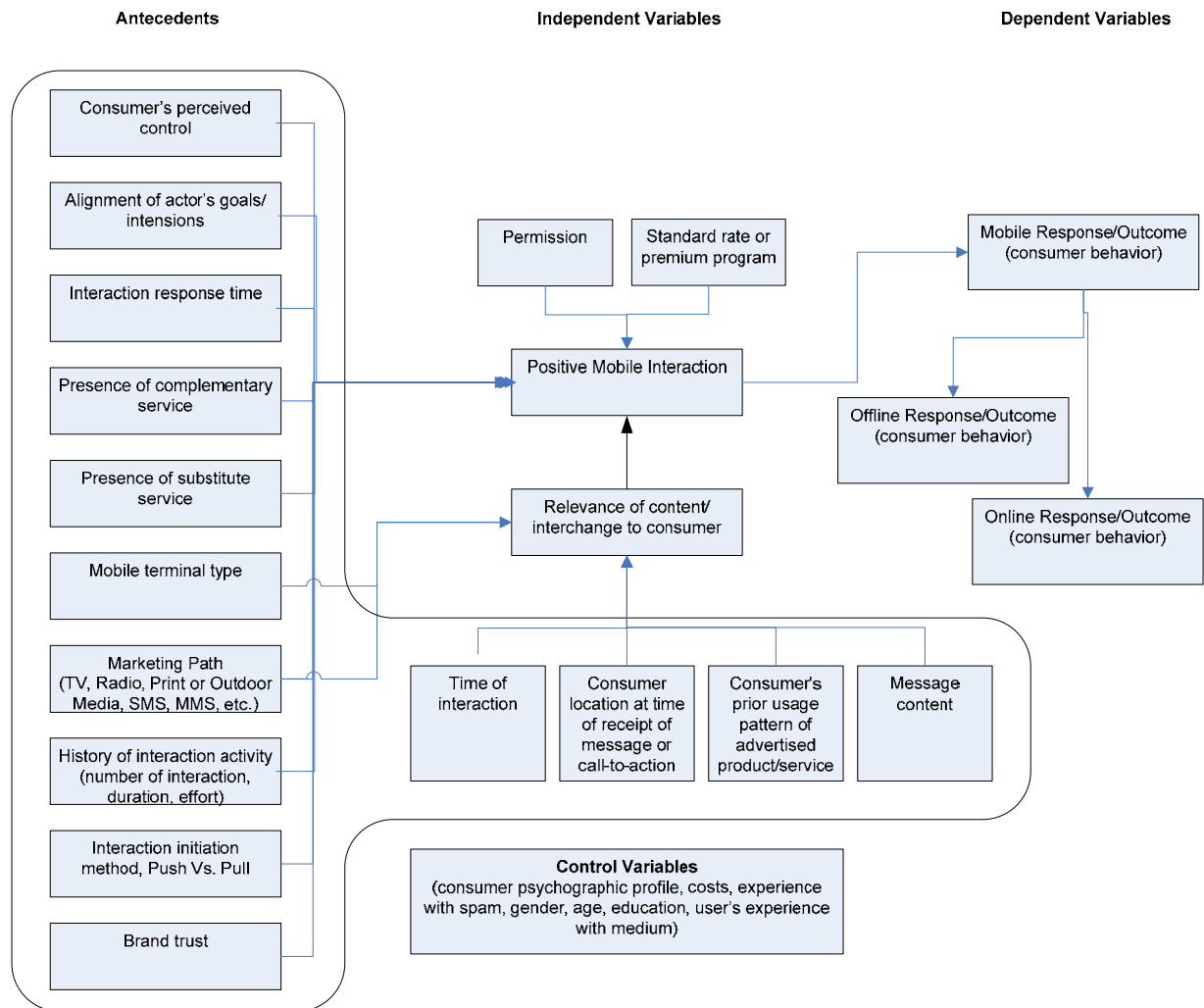


Figure 1: Holistic Mobile Marketing Conceptual Model, including Antecedents to Interactivity and Influencers on Consumer Response and Campaign Outcome

Special attention needs to be paid to interactivity relevance, and rate variables. Most empirical research into interactivity has been done by studying the Internet, however, only a handful of studies have looked into mobile interactivity. Interactivity is based on the need to generate mutual value in such a way where the customer becomes a co-creator in the relationship, but not so much so that the interaction becomes burdensome (Rowley 2004). As depicted above, interactivity is comprised of a number of variables, including velocity of communication, consumer's perceived control, alignment of actor's goals and intentions, brand trust, time of response, presence of complimentary and substitute services, and the history of the interaction (Liu 2003, Stewart & Pavlou 2002, Tsang et al. 2004, Kramar et al., Rowley 2004). The on-going management of customer interaction is the key to the success of mobile marketing programs, not merely one-time event but the on-going longitudinal interaction.

To sustain interaction, the interaction must be relevant to the customer, permissions based, and inline with customer cost expectations. Relevance has a significant impact on consumer response and mobile marketing campaign outcome (Paavilainen 2002, Sultan & Rohm, Mort & Drenan 2002). The more relevant the interaction, and the nature of the medium, the greater the control and power the consumer has over the commerce relationship. Relevance and a user's experience is influenced by the message medium, device, network, time of message receipt or call-to-action response, location of user, and the level of campaign personalization and alignment to a user's goals.

In addition, the permission variable must be controlled for, regardless of whether or not the campaign is relying on a push or a pull marketing model. The mobile channel is applicable for both push and pull marketing. Pull mobile marketing refers to the process of an individual (or respondent) replying to a call-to-action in traditional media or mobile channel via their mobile phone. Push refers to the marketer sending unsolicited, but expected, messages to a respondent (Dickinger et al. 2004, Barnes 2002). In both cases, industry best practices and regulation require that permission (an opt-in) be received from the respondent prior to any message being sent to an individual (MMA Code 2003, Congress 2003). For instance, in a pull program, such as in a traditional media mobile enhanced program, the respondent gives permission for the discrete interaction by responding to the call-to-action in real-time, while in the push model, such as in an alert or subscription service, the respondent gives prior approval for the interaction. Many marketers may find the effort of obtaining permission cumbersome; however, rather than looking at the permissions gathering task as a burdensome requirement marketers should view it as an opportunity to pre-qualify interested parties in the brand, its product and services. By pre-qualifying the brands interested prospects in this way, marketers can ensure that they're only spending their effort and resources with interested parties. Finally, the campaign participation costs absorbed by the customer, i.e. is the campaign free or pay to play, will have some influence on the interaction and customer response.

The mobile channel and its use for distribution and marketing is still in its infancy. While there are numerous case studies and academic papers from around the world that explore how consumers are responding to mobile marketing, very little is understood about the influential variables of this response. By identifying and learning to control and isolate all the key variables and their interactions, marketers can optimize their activities rather than "waste" precious marketing dollars. Indeed, by paying close attention to the complex and often hidden interaction happening behind the mobile scene, marketers can take full advantage of all that mobile marketing and the mobile channel has to offer. Everyone in the mobile ecosystem, not just the marketing professionals, needs to put in the effort to understand mobile marketing and help contribute to the industry's growing body of knowledge so that marketing is not just justified but truly enhances business reach and sell through.

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