Mobile Marketing in the Retailing Environment: Current Insights and Future Research Avenues

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Abstract

Mobile marketing, which involves two- or multi-way communication and promotion of an offer between a firm and its customers using the mobile, a term that refers to the mobile medium, device, channel, or technology, is growing in importance in the retailing environment. It has the potential to change the paradigm of retailing from one based on consumers entering the retailing environment to retailers entering the consumer's environment through anytime, anywhere mobile devices. We propose a conceptual framework that comprises three key entities: the consumer, the mobile, and the retailer. The framework addresses key related issues such as mobile consumer activities, mobile consumer segments, mobile adoption enablers and inhibitors, key mobile properties, key retailer mobile marketing activities and competition. We also address successful retailer mobile marketing strategies, identify the customer-related and organizational challenges on this topic, and outline future research scenarios and avenues related to these issues.
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Introduction

Mobile devices are becoming ubiquitous. There is an explosion worldwide in the use of handheld electronic communication devices, such as mobile phones, digital music players, and handheld Internet access devices. As the number of such devices is multiplying, subscriptions to services offered through these devices are expanding.[1] The number of such subscriptions worldwide grew at a compounded annual rate of 24% from 2000 to 2008 with the number of mobile subscribers reaching 4 billion in December 2008 (International Telecommunications Union 2008).

The huge number of adopters of these devices and of the related services indicates a growing mass audience for mobile electronic communication and promotion, an emerging mobile lifestyle, a popular channel for delivering mobile electronic services, and a mass market for executing mobile transactions. Communication to this audience can be delivered in the form of text, audio, or video. Consumers cannot only receive information from firms but also initiate interactions, actively sending requests or information to firms.[2] To reflect these characteristics, we adopt Shankar and Balasubramanian's (2009) definition of mobile marketing as "the two-way or multi-way communication and promotion of an offer between a firm and its customers using a mobile medium, device or technology."

Mobile marketing is becoming increasingly important in retailing. Due to the time-sensitive and location-sensitive nature of the mobile medium and devices, mobile marketing has the potential to change the paradigm of retailing.[3] The traditional model of retailing is based on consumers entering the retailing environment, making location the primary source of competitive advantage. Mobile marketing is turning this paradigm on

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[1] See Bolton and Saxena-Iyer (2009) for a detailed review of interactive services, Berry et al. (2010) for details on innovating with interactive services, Pagani (2004) for details on multimedia service, and Kleijnen et al. (2004) for information on wireless services.

[2] For expositional ease, we use the term, consumer, and customer, interchangeably, throughout the paper.

[3] See Shankar and Balasubramanian (2009) for a detailed review of mobile marketing in general and Balasubramanian, Peterson, and Jarvenpaa (2002) for a review of mobile commerce.

its head. Retailers can now enter the consumer's environment through the mobile device, and, because the mobile device stays with the consumer, the retailer can be anywhere, anytime.

The mobility and the personal nature of the mobile device distinguish it from other electronic devices such as the television (TV) and the personal computer (PC) and other channels, with important implications for retailers. Unlike the TV and PC, the mobile device is a constant companion to the consumer. It is regarded as a personal accessory, is generally not shared, and potentially acts as a gateway to an intimate relationship between the consumer and the retailer. Furthermore, because the device is portable, it is an ideal supplementary channel for virtual e-tailing as well as physical retailing.[4] Retailers can push sales promotions or fulfillment updates to consumers through the mobile channel for the consumers to access instantly. In the traditional channel, a bricks-and-mortar retailer can interact with a potential customer only when the customer is in the vicinity of the store. In the mobile channel, the retailer can interact with the customer everywhere, enabling the retailer to constantly enter the customer's environment. In this paper, we propose a conceptual framework that comprises three key entities, the consumer, the mobile[5], and the retailer. The framework addresses a range of related issues such as mobile consumer activities, mobile consumer segments, mobile adoption enablers and inhibitors, key mobile properties, key retailer mobile marketing activities and competition. We also address the retailer mobile marketing strategies that work, identify the customer-related and organizational challenges on this topic, and outline future research avenues related to these issues. We recognize that adoption of mobile devices can also enable consumers and retailers to trade more efficiently, enhance supply efficiency, and reduce price dispersion (Jensen 2007). However, because marketing is the operational theme of the paper, we focus more on the customer side than on the supply side.

Our article builds on and complements related research in important ways. While Shankar and Balasubramanian (2009) provide a review of mobile marketing, we extend it by focusing on the retailing environment. While Bolton and Saxena-Iyer (2009) offer a comprehensive review of interactive services, we focus on the mobile aspects of the retail environment that includes interactive services. Although the mobile can be viewed as a channel, we do not focus on multichannel issues as they are outside the scope of this article and are addressed by Zhang et al. (2010).

The remainder of the paper is organized as follows. We outline the basic concepts that underlie mobile marketing, develop a conceptual framework, and discuss the key issues in this framework. We then identify successful mobile marketing strategies and cover the customer-related and organizational managerial challenges that mobile marketing raises. We follow this section with a discussion of future research scenarios and avenues and close by summarizing the key issues and takeaways.

Conceptual Development

We focus on three entities—the mobile, the consumer, and the retailer—and on their inter-relationships. These entities form the building blocks of mobile marketing in the retailing context. The consumer is the center of all marketing strategies, including mobile marketing. The mobile has certain distinctive characteristics with which consumers interact. Finally, the retailer is the focus for managerial decision-making in the retailing context. We review the basic applications and properties of the mobile in the retail environment, discuss the mobile consumer activities and segments, explicate the moderating roles of the primary mobile consumer segments and of the enablers and inhibitors of mobile adoption, and elaborate on the key retailer activities relating to mobile marketing. A framework capturing these elements appears in Fig. 1.

The Mobile

Basic Applications

The basic applications of mobile can be broadly classified as audio and visual. Within audio, the primary components are voice conversations and music. Within visual, the main components are text, data, picture, and video. Different mobile devices offer one or more of these basic applications.

Properties in the Retail Environment

The mobile device exhibits three important characteristics: ultra-portability, location-sensitivity, and untetheredness (Shankar and Balasubramanian 2009). In addition, the mobile device is personal.[6] Because of its personal nature, the mobile device is not just a technological gadget, but a cultural object as well. As a cultural object, it is part of everyday traditions and practices. The mobile device facilitates or augments personal and social experiences, while protecting the user's security and privacy. The frequent use of the mobile device as a cultural object has led to the mobile lifestyle or way of life in which consumers routinely use mobile devices for several activities, including communicating with others, listening to music, searching for information, conducting transactions, managing daily schedules, and socializing.

While this mobile lifestyle offers important marketing opportunities for retailers, mobile devices pose some challenges as well. The typical mobile device requires only the fingers as the natural input tool, limiting its usage. Moreover, the small screen and fonts limit the digital "real estate." Because many active retail shoppers include older customers, screen size may limit their participation in the mobile medium, making the current interfaces unsuitable. Furthermore, mobile devices invite intrusion of privacy from unscrupulous marketers. Moreover, the virtual environment in the mobile channel is different from the real environment in the traditional retail channel. Metaphors of virtual or digital experience, customer engagement and empowerment create a "life on the screen" (Joy et al. 2009) that are qualitatively different from conventional

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[4] See Neslin et al. (2006) and Neslin and Shankar (2009) for detailed reviews of multichannel marketing and Zhang et al. (2010) for an overview of multichannel retailing.

[5] For expositional ease, throughout the paper, we use the term, mobile, to denote the mobile medium, device, channel or technology.

[6] See Varadarajan et al. (2010) for a detailed review of the role of technology in the emerging multichannel and multimedia retail environment.