Paper Title

Mobile Permission Marketing – Framing the Inquiry

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Extended Abstract

The overwhelming acceptance of Short Message Service (SMS) among GSM subscribers in Europe, the intriguing success of i-mode in Japan and, notably, the ongoing implementation of new mobile network technologies (GPRS and UMTS architectures) boost the transformation of the mobile network from a voice-only network to an integrated network infrastructure offering voice and data services. Today, wireless data services are still in an embryonic stage of development with mobile messaging emerging as the “killer application”. Industry observers predict that growth of wireless services will be powered by the amount of useful, fun content². In fact, "mobile" has special value in being able to offer personalized content and target very specific vertical markets. With Mobile Internet, a user can send and receive multimedia person-to-person messages, get a full colour picture, receive a news clip or video mail, and this is irrespective of his physical position (in sharp contrast with the fixed Internet services). At the same time, a mobile user's location will always be known to the network and, consequently, to service providers who can customize their offerings according to a user's profile and location.

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The impact of wireless data communications will be observed in many domains of social and professional life. It will particularly create new opportunities for effective marketing and advertising. We believe that the emergence of a mobile data infrastructure, interconnected with the Internet and the Television, bring with it the advent of a new marketing channel, complementary to traditional marketing channels and to the Internet. Products makers and service providers are eager to integrate the new medium in their business operations, as a tool to foster and maintain strong relationships with their prospects. But given the very personal connotation of a mobile communication, numerous industry observers refer to permission-based marketing as the appropriate context for mobile marketing. The concept of permission marketing is the idea that people will give their permission to allow the marketer to educate them on his products. Permission marketing, S. Godin argues\textsuperscript{3,4}, encourages consumers to participate in long term, interactive marketing campaign in which they are rewarded in some way for paying attention to increasingly relevant messages. Only by establishing interactive relationships with the customers, a company can over time secure repeat business and increasing levels of expenditure.

Mobile marketing test-drives are now proliferating around the world, with Great Brittany being the laboratory of innovation. Technologies and business models are assessed through experimental campaigns and users’ attitude studies\textsuperscript{5}. Powerful brand names are involved: McDonalds, Procter & Gamble, Nestle, Wella Design, RTL and Channel 5. The process of market inquiry naturally focuses on successive approximations and accumulating learning. This critical step:

i) Requires a deep understanding of existing and upcoming network architectures and messaging standards (from SMS to MMS\textsuperscript{6}) that dictates the innovation path in mobile marketing services.

ii) Asks for a strategy of leverage of the intrinsic characteristics of the new channel (i.e. anytime, anywhere access to prospects) which, at the same time, respects extremely important privacy requirements.

iii) Calls for a good perception of necessary resources, competences and complementary assets that may create business efficiency and profitability in an emerging service

\textsuperscript{3} S. Godin, 1999, Permission Marketing, Simon & Schuster.
\textsuperscript{4} C. Krishnamurthy, 2001, A Comprehensive Analysis of Permission Marketing, JCMC 6 (2) Jan.
\textsuperscript{6} Multimedia Message System, allowing for sending over the air, and receiving, messages incorporating text, voice, pictures, video streams.
industry where the appropriability regime is relatively weak (i.e., innovation is easily
imitated).

In this paper we frame the ongoing market inquiry on the perspectives of the mobile marketing by using concepts of Industrial Organization, Technological Change theories and Permission Marketing. The structure of the article is as follows. In section 1, we present the strengths and weaknesses of the mobile permission marketing channel while providing an overview of the technology infrastructure (Mobile Messaging System) and its evolution towards MMS applications. Section 2 flights over successful case studies of mobile marketing, categorizes them in terms of objectives and targeted audiences and presents the basic technological and organizational components of a mobile marketing campaign. Section 3 discusses the value chain of the emerging industry, provides a dynamic industry analysis and defines resources, competences and complementary assets that are necessary to obtain “competitive advantage”. Finally, Section 4 explores some of the ways public policy can use to conciliate the need to protect the potential of an emerging technology and marketing channel with other issues, as privacy and consumer protection.