

# INVESTIGATING MOBILE INERTIA

*- a study of why mobile marketing in Sweden has not developed further –*

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## Abstract

Technological developments have enabled advertisers to expand their offerings from traditional channels such as print, television, billboards and radio to digital media. The mobile phone is a rapidly growing media and mobile marketing is projected a bright future. The unique features of the mobile phone such as personalization, interactivity and ubiquity makes it attractive as a marketing channel.

As for Sweden, one of the leading technological countries in the world, with a mobile penetration of 115 percent, still mobile marketing has not prospered and is seemingly slow to do so. During the first quarter of 2009 mobile advertising only added up to about 0.1 percent of total advertising spending in Sweden, the same share as the first quarter of 2008.

The authors of this thesis find this phenomenon interesting as there seems to be a gap between the opportunities for mobile marketing and actual spending on the media channel. Thus, the overall purpose of this thesis is to explain *why* mobile marketing in Sweden has faced inertia and not developed further.

The thesis is based on a theoretical framework consisting of a conceptual model with factors affecting the use of mobile marketing. In the thesis twelve distinct factors are identified as contributing to the inertia. Six of the factors are derived from the conceptual model and six of them are factors outside the model. Inter-factor relationships are established and how these affect the inertia is also described.

Key words: Mobile marketing, inertia, conceptual model, barrier, slow development

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"Sally, take my hand, travel south cross land,  
Put out the fire don't look past my shoulder,  
The exodus is here, the happy ones are near,  
Let's get together before we get much older"

**Baba O'Riley by The Who (1971)**

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# 1. Introduction

*This chapter starts by providing a background to the subject in focus of this thesis. Secondly, the purpose and research questions are presented. Thirdly, delimitations are formulated. Fourthly, necessary clarifications and definitions are explained. Finally, a disposition is formulated to offer the reader a better understanding of what will be encountered in the coming chapters of the thesis.*

## 1.1 Background

Technological developments and the rise of the world wide web have enabled advertisers to expand their offerings from traditional channels such as print, television, billboards and radio to digital media. In March 2009, 23.8 percent of the world's population had access to the internet (Internet World Stats 2009). Total global investment on internet advertising is estimated to reach 65.2 billion USD in 2008, which is about 10 percent of all ad-spending across all media. This number is predicted to reach 13.6 percent by 2011 (International Data Corporation (IDC) 2008).

Alongside technological advancements, more sophisticated mobile phones and the development of 3G, consumers have started to turn to their mobile phones, not their computers, as their gateway to the internet (Mobile Marketing Association (MMA) 2007). Mobile phone subscribers reached 4.1 billion in late 2008 (mocoNews 2009), in a world with 6.7 billion people (US Census Bureau 2009). This is a remarkable number resulting in a 61 percent global penetration. Growth in the usage of mobile phones has been extensive during the last decade as mobile penetration in 2000 stood at only 12 percent (International Telecommunication Union (ITU) 2008). There are 1.6 billion internet connections globally (Internet World Stats 2009). This means that there are about 2.56 more mobile phones than internet connections in the world. In some countries there are more mobile phones than people, despite this, IDATE (2008) states that only 1 percent (4.7 billion dollars) of global advertising spending is allocated on mobile marketing. This can be compared to total global advertising spending on the internet which adds up to 10 percent.

According to the MMA (2008a) mobile marketing is a rapidly growing sector. Juniper Research (2008) states that despite the economic slowdown, brands do not believe that this will affect mobility spending and that the proportion of budgets spent on mobile marketing is set to increase almost 150 percent by 2013.

As described by IDATE (2008) the mobile phone is a unique device "as it accompanies users in a host of different consumptions situations, combines a variety of formats (texting, mail, games, video, TV, music), allows for interaction between consumers and advertisers and, above all, is the very embodiment of a personal device".

*"The mobile phone is the killer application because it is a hybrid between everything. It is the remote control to your life; it is your television, your communications central, your internet and your gaming consol. This means we will see integrations, hybrids, of all marketing we find on the internet, on the radio, on television, in text messages and games today". (Johansson 2008)*

Just consider the impact your mobile phone has on you today; would you lend your mobile phone to someone for a day? What is the first thing you do when leaving a movie theatre? What do you pick up when left alone in a café? 52 percent of consumers 25 to 34 years old have their mobile phone with them more than 90 percent of the time while they are watching television (MMA 2007). Using your mobile phone for other things than making phone calls is today a mainstream activity and text messaging is not only a European phenomenon for kids. Voting for the television program American Idol by text messages increased from 12.000 to 35 million in just a couple of years (MMA 2007).

*"There is a group of people in the workforce who grew up texting and participating in social networking sites. They are not necessarily addicted to cell phones, but they are addicted to being connected."(Busk 2007, cited in MMA 2007)*

Mobile marketing provides brands, agencies and marketers the opportunity to connect with consumers beyond traditional and digital media and directly on their mobile phones (MMA 2008b). The consumer can be reached at anytime, anywhere. Considering the growth projections of mobile penetration and mobile marketing in comparison to total spending there are enormous potential not only considering revenue streams but also regarding potential direct contact with the consumer.

*"I believe that 2009 will be the year for mobile marketing; you are stupid if you don't use it. But it is not because it is a mobile phone, but because it is a marketing channel that everyone has access to". (Packer 2008)*

As for Sweden, a technologically friendly country with mobile phone manufacturer Ericsson as the fourth largest employer and a mobile penetration of 115 percent (see chart 1, appendix 3), mobile marketing has still not prospered and is seemingly slow to do so. During the first quarter of 2009 mobile advertising only added up to about 0.1 percent of total advertising spending in Sweden, the same share as the first quarter of 2008 (Institutet för Reklam- och Mediestatistik (IRM) 2009). (See chart 2, appendix 3).

*"It has changed our lives, but it does not have to mean that it should revolutionize the media business. Up until now the mobile phone has had enormously little impact as a media channel, and*

*it feels far from certain that it will evolve drastically as a media channel within the next five years”* (Jonas Bonnier 2008, cited in Dunér 2008)

According to the Swedish Post and Telecom Agency’s report from 2009 it is evident that Sweden is one of the leading technological countries in the world (Post- och telestyrelsen (PTS) 2009). The World Economic Forum (WEF 2009) ranks Sweden as the fourth most competitive advantageous country in the world and technological advancements is a large part of that rank. (See figure 1, appendix 3 for an overview of the Swedish results). Economist Intelligence Unit conducts a yearly report: E-readiness Rankings which purpose is to evaluate different countries’ possibilities to utilize IT and electronic communication. In E-readiness from 2008 Sweden takes a strong position in third place as Sweden has a relative strength in a geographically broad and well developed infrastructure of good quality (Economist Intelligence Unit 2008).

Figure 1

World Economic Forum		Economist Intelligence Unit			
Sweden's competitive advantage	Ranking	2008	2007	2006	
Availability to latest technology	2	1	2	2	USA
Companies usage of latest technique	4	2	4	10	Hong Kong
Laws for IT and telecommunication	5	3	2	4	Sweden
Mobile subscribers	23	4	9	8	Australia
Usage of Internet	5	5	1	1	Denmark
Private PC's	4	6	6	13	Singapore
Broadband and Internet subscribers	8	7	8	6	Netherlands

*“Regarding the penetration rate of mobile phones in Sweden, the technology available and the extremely high standard of mobile phones in Sweden, the development of mobile marketing is terribly poor.”* (Packer 2008)

Sweden is as presented above a technologically forward and competitive country, it is the home for mobile phone manufacturer Ericsson, mobile penetration of 115 percent and Swedish advertisers spend 17 percent on internet advertising, which is far above world average of 10 percent (Ofcom 2008). (See chart 3, appendix 3). Still only 0.1 percent of all advertising spending is done on the mobile phone. The authors of this thesis find this phenomenon interesting as there seems to be a gap between the opportunities for mobile marketing and actual spending on the media channel.

## 1.2 Purpose

### 1.2.1 Explanatory purpose

When doing the initial studies of this thesis, it became clear that current research and market reports used a wide variety of definitions for the phenomenon of commercial content in mobile phones, where the most common ones were *mobile marketing* and *mobile advertising*. There were also differences in descriptions regarding the usage areas of the mobile phone as a marketing channel (See definitions in table 1 appendix 3). It became apparent that there seemed to be an absence of a common term for this phenomenon. Hence, as an explanatory purpose the authors of this thesis aim to explain and describe the mobile marketing and its usage areas.

### 1.2.2 Empirical purpose

As stated in the introduction the seemingly vast opportunities and the potential of the mobile phone as a media channel do not converge with current spending on the media in Sweden. Due to this gap the authors of this thesis assume there to be inertia on the market for mobile marketing. With this thesis the authors intend to explain why mobile marketing in Sweden has not developed further. The thesis will emanate from a *conceptual model* developed by Vatanparast & Asil (2007) who present twelve factors affecting usage of mobile marketing; this model will be described further in chapter 5. Thus, the empirical purpose of this thesis is to explain *why* mobile marketing in Sweden has faced inertia and not developed further. Consequently, the thesis's research questions are:

1. *Which* factors can explain why mobile marketing in Sweden has faced inertia and not developed further?
  - a) Is the inertia affected by the factors in the conceptual model?
  - b) Is the inertia affected by factors outside the conceptual model?
2. *How* have these factors affected the inertia of mobile marketing?

### 1.2.3 Theoretical purpose

The *conceptual model* used as explanatory framework for this thesis is a model of which factors affect the usage of mobile marketing and not a model over what factors delimits the development of mobile marketing. As there are limited research and no theoretical models of factors that explain slow development of mobile marketing, the theoretical purpose of this thesis is to refine and extend the conceptual model into a model that can explain the inertia of mobile marketing in Sweden. Hence the final research purpose of the thesis is to develop a model of factors limiting the development of mobile marketing in Sweden.



### 1.3 Delimitations

Usage of the conceptual model is done in order to structure the thesis around factors possibly affecting the inertia of mobile marketing in Sweden. It delimits the thesis in the sense that it is not a proven or tested model; however as part of the purpose is to sophisticate the model it will not affect the accuracy of the thesis.

The thesis does not include attitudes towards mobile marketing from a consumer point of view. The delimitation was chosen as a study to obtain an accurate representation of the Swedish populations' attitude towards mobile marketing would have required larger amounts of resources than those available for this thesis. Further, present research regarding consumer attitudes and acceptance towards mobile marketing is vast. However the consumer perspective is included within the conceptual model and will be regarded through the eyes of the industry and the practitioners involved in the industry network. Finally, the thesis will not delve into the technical side of mobile marketing since several studies regarding the technical aspects and possibilities of mobile marketing have already been made.

### 1.4 Expected contribution

As stated above, this thesis has an explanatory, a theoretical and an empirical purpose. The expected theoretical contribution of the thesis is; to develop a model that can explain why mobile marketing have face a slow development. This is important as a deeper understanding of the factors delimiting development instead of factors driving development is vital in order to understand the sources of inertia.

In addition to a potential contribution in the theoretical field, this thesis could provide the industry actors with knowledge about the factors that impede mobile marketing in Sweden. Few academic studies have been conducted about the nature of the Swedish market for mobile marketing and this gap provides possibilities for new discoveries and a potential to add to existing knowledge in the field. By adding knowledge about how different factors affect the market, the thesis can increase understanding of the mobile marketing market. An increased understanding could help actors to take necessary actions to overcome the inertia.

### 1.5 Definitions

A couple of frequently used terms need to be clarified in order to avoid misunderstandings when reading the thesis. The clarifications aim to give the reader a better understanding of what this thesis intend to investigate. The term used in this thesis of the phenomenon of commercial content in the mobile phone will be *mobile marketing* and be defined as *any form of marketing, advertising or sales promotion activity aimed at consumers and conducted over a mobile channel*

(MMA UK 2003) which provides a possibility of *interactivity*, a *high level of personalization* and *ubiquity* (Bauer et al. 2005). In chapter 4 an explanation of mobile marketing will be presented in line with the explanatory purpose. *Inertia* is in this thesis used to describe the situation in Sweden where current spending on mobile marketing does not correspond with the seemingly vast opportunities for mobile marketing.

A more extensive glossary of useful industry terms can be found in appendix 1 of the thesis.

## 1.6 Disposition

Chapter 2 describes the scientific framework of this thesis, the methods used and how the data was collected. It also contains a discussion regarding the quality of the thesis and an explanation of the research process and how the analysis is structured.

This is followed by chapter 3, which presents an overview of relevant literature on mobile marketing. The chapter is divided in three parts; consumer acceptance and attitudes, factors affecting the use of mobile marketing and barriers for mobile marketing. Implications from chapter 3 will result in the theory chosen in chapter 5. Chapter 4 provides an overview of what mobile marketing is and how it can be used. This chapter aims to fulfill the explanatory purpose of this thesis. Chapter 5 presents the theoretical framework used in this thesis and provides a brief explanation of the twelve factors from the conceptual model.

Chapter 6 presents a description and analysis which aims at answering the research questions of which and how. The chapter is divided into three parts, factors inside the conceptual model, factors outside the model and how these factors have delimited the usage of mobile marketing in Sweden. Chapter 7 contains conclusions, a discussion of the results, managerial implications and suggestions on further research.

## 2. Methodology

*This chapter will give an understanding of the design of the study as well as how the interviews were conducted and how the sample was chosen. There will also be an explanation on how the analysis is structured.*

### 2.1 Research design

Research methods are classified after how much is known about the problem area before the study starts (Olsson & Sörensen 2007). This thesis takes both an exploratory and explanatory approach. The explorative approach is used to explain the empirical purpose of *why* mobile marketing has not developed further in Sweden. Research questions of *which* and *how* were formulated to specify what was to be examined. This is done by analyzing the relationships of different factors affecting the inertia. First the factors in the conceptual model are examined and then factors outside the model are examined to provide a complete description of the factors affecting the inertia. By examining if the identified factors have had an effect on the market and what effect they had, the answers to *which* and *how* explains *why*. The explanatory approach is used since the theoretical purpose of this thesis is to develop a model of factors affecting the inertia of mobile marketing in Sweden.

### 2.2 Research approach

This thesis is structured around a qualitative approach. The qualitative approach is used to understand the implications of a phenomenon, where the understanding is a goal in itself. The qualitative research does not try to predict the future but rather understand the nature of the situation or context (Merriam 1994). In qualitative research there are multiple realities and reality is regarded as subjective in need of interpretation instead of measurement. Opinions and perceptions, instead of facts serve as the base for interpretation (Merriam 1994).

This thesis is heuristic in the sense that it can improve the readers understanding of the subject that is being researched (Merriam 1994). An inductive instead of a deductive approach is used to analyze the problem as this thesis aims to discover rather than verify a theory (Merriam 1994). Inductive implies that the thesis is based on inductive reasoning, and that generalization, hypothesis and concepts emerge from the information available and the context of the area of research (Merriam 1994). The discovery of new relations and concepts combined with increased understanding, rather than verifying beforehand chosen hypothesis, are significant for qualitative research (Merriam 1994).

As this thesis is qualitative, exploratory and inductive the focal point is on processes rather than the end-result. Within this paradigm there are no predetermined hypothesis, no manipulation of

controlling variables and no limitations regarding the end result. This research approach is often referred to as naturalistic (Merriam 1994).

## **2.3 Determining the theoretical framework**

When reviewing previous literature in the field it was concluded that the written sources on mobile marketing in Sweden were limited. However the authors found it impossible to lean only on interviews and hence used relevant literature from other countries than Sweden. When writing a thesis the authors must determine what theories are relevant. Therefore a section which presents existing theories and why a specific theory was chosen could be of importance (Gustavsson 2004). In chapter 3, a literature review is presented which has the aim to explain the choice of theory presented in chapter 5 and to briefly portray what has been written in the research area before.

## **2.4 Collection of empirical data**

Data can be divided into two categories, primary and secondary data. Primary data regards data that the researchers themselves have gathered for a specific purpose (Holme & Solvang 1997). Within qualitative research collection of data is often referred to as information gathering (Olsson & Sörensen 2007). Primary data in this thesis consists of the conducted interviews. Secondary data refers to information already gathered by other researchers (Holme & Solvang 1997) and consists in this thesis of academic literature, industry reports, statistical data and relevant laws and regulations.

As this thesis takes on a qualitative approach there are a number of different approaches to information gathering; interviews, case studies, observations or focus groups (Olsson & Sörensen 2007). The chosen method for primary data gathering was through interviews. In order to achieve a broad view of the market for mobile marketing, perceptions from all actors in the network (network operators, advertisers, mobile agencies, technical suppliers and content providers) had to be obtained. In order to attain an extensive and relevant view of mobile marketing at a market level, the selected interviewees had to represent areas of expertise within mobile marketing. Further, they had to represent a wide variety of actor groups involved in the creation of mobile marketing. Thus, to secure the quality of the data collected from the interviews, the following criteria were established to guide the selection of interviewees:

- The interviewee should be employed by or have a strong connection to a major organization present on the Swedish market for mobile marketing.
- The interviewee should have a high level of expertise within mobile marketing and knowledge about the development of the Swedish mobile marketing market.

- The interviewee should have an important position within its organization and have the influence to be a part of the strategic decision making process around mobile marketing which indicates that their input to this study has relevance.

The collection of primary data has been carried out in form of fourteen interviews. The main objective of the interviews were to obtain answers regarding the research question but also to obtain a holistic view of the market for mobile marketing as the authors did not have sufficient knowledge about the subject beforehand. The selected interviewees were:

- Joachim Alvarez – Product Manager Bonnier Response Media
- Camilla Cramner – Responsible for customer loyalty TeliaSonera
- Martin Edwall – Managing Director More Mobile Relations Sweden
- Karin Geiger – Director Tomorrow Story AB
- Josefine Granding Larsson – Former responsible for Aftonbladet Mobile Services
- Ingela Jerat – Responsible for Digital Marketing AMF
- Johanna Johansson – Responsible for Mobile Marketing Telenorgroup Sweden
- Margareta Kylberg – President of the Committee for Mobile Marketing Sweden (KMM)
- Joseph Maria Nolla – Content Services Manager Tele2 Sweden
- Hans Nordlöv – Internet advisor at Sveriges Annonsörer
- Johan Näslund – Director Adiento AB
- Morris Packer – Responsible Bonnier Mobile Services
- Karl Rydahl – Account Manager Unwire Sweden AB
- Peter Shishoo – Founder Mobiento AB

Nordlöv, Kylberg and Jerat represent the advertisers, Edwall, Shishoo and Näslund represent mobile agencies, Nolla, Johansson and Cramner represent the network operators, Rydahl represents the technical supplier of mobile services. Packer, Granding Larsson and Alvarez are regarded as content providers. About half of the interviewees are also members of KMM.

The secondary data include; academic research, industry reports, market statistics and news paper articles. The industry reports were obtained from industry actors such as the MMA, Nielsen Mobile, Ofcom and the Committee for Mobile Marketing (Kommittén för MobilMarknadsföring (KMM)). Newspaper articles were used as empirical data mainly to reflect the public and industry opinions. In the media, the Swedish mobile marketing phenomenon has gained some attention. Therefore, it was decided that a media analysis should be conducted in

order to serve as a complement to the data collected from the interviews with industry professionals.

## 2.5 Media analysis

The database service Affärsdata was used to track articles about mobile marketing in Sweden. Four search words were used; “mobilmarknadsföring” (mobile marketing), “mobilreklam” (mobile commercials), “mobilannonsering” (mobile advertising) and “reklam i mobilen” (commercials in the mobile). Articles were only considered when the above mentioned search words were mentioned in the headline or in the introduction. This was done in order to limit the search result to articles in which mobile marketing was in focus and not only mentioned as an accessory sentence. Daily newspapers, business press, industry press and news agencies were used in the search, both print and online versions. No time delimitation was set in order to be able to follow the development of mobile marketing in the Swedish press during the whole period of the phenomenon.

The initial search resulted in 240 articles that matched the above mentioned criteria. The search results were filtered to exclude doublets and articles about marketing of mobile phones which were found as a side effect of the search of “mobilreklam”. The filtered search resulted in 187 unique articles in where mobile marketing was mentioned, reaching from the year 1999 until 2009. The search result was analyzed and transcribed after the following metrics; year of publication, type of press, media angle and inertia factor (if mentioned). Media angle refers to whether mobile marketing was pictured in a positive, neutral or negative way in the article.

Of the 187 articles, 43 articles (23 percent) were about mobile marketing as phenomenon, describing mobile marketing and/or the development of the same. Of the 43, 22 articles (51 percent) discussed mobile marketing in a neutral way, 13 articles (30 percent) had a clear negative focus and 8 articles (19 percent) had a clear positive view of the mobile phone as a marketing channel. In 25 articles of the 43, (58 percent), the privacy concern of consumers was brought up as a negative aspect of mobile marketing.

## 2.6 Interview design

The interviews were conducted individually. The exception was the interview with Peter Shishoo and Johan Näslund which was conducted in pairs. The fact that they were interviewed in pairs can have affected the result in the sense that they might not have acted as naturally or out spoken as they would have if conducted separately.

An open-ended format was used in order to ask unbiased and reflecting questions. A major advantage with the qualitative interview as a data collection method is the flexibility and the possibility to get a more diversified and profound picture of the subject (Bell 2006). The

interviews lasted from 30 minutes to 2 hours, which could imply a variation of quality as they differed in length. The interviewers did however use the same framework questions and interviews that were longer often entailed examples of situations. To secure accuracy during the interviews a digital tape recorder was used to make sure all information was collected correctly. Each interview was transcribed and in requested cases sent back to the interviewee for comments and to make sure no mistakes had occurred. The questions were preset and focused around the factors affecting the slow development of mobile marketing in Sweden and around the conceptual model. The interviewees were given space to express their opinion on the different areas. All actors were given the same framework questions, however additional space was left to follow up on questions and elaborations from the interviews in order to get at more diverse view from the respondents. The framework questions are presented in appendix 2.

## 2.7 Quality of research

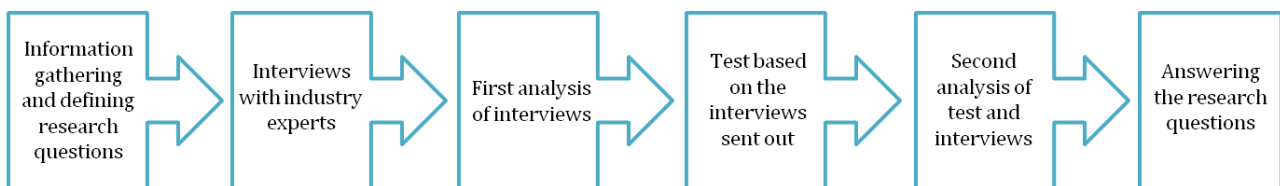
Reliability has been kept in mind throughout the research process. A risk with unstructured qualitative interviews is that not all of the relevant information is gathered, and this insight is especially common to be gained a significant time after the actual interview session (Trost 1993). With regards to the conducted interviews the format of open questions poses a threat to the reliability as the interviewees might be influenced by their mood and the atmosphere between the interviewers and interviewees. To reduce the risk and strengthen the reliability, the interviews were recorded and when requested, the interviewees were allowed to comment on the transcripts as earlier mentioned. The interviewers aimed at acting the same during all the interviews in order to achieve a reliable result. Hence, the reliability of the interviews is likely to be high.

The written sources are divided in four parts, academic research, reports, market statistics and news papers and the reliability of them are decreasing in order of them being mentioned. Most written secondary sources are static in their nature avoiding the risk of reducing the reliability. However, the business press risk reducing the level of reliability as it is often opinionated. In order to secure reliability all written sources were collected directly from the origin.

Regarding the primary sources, the data was carefully considered to secure validity. They should be considered as individual opinions and not public opinions. However sometimes the individual make a statement considered to represent a company or organization and should be regarded as such. To obtain the highest possible validity, secondary data has been carefully evaluated. To assure validity secondary data are only achieved from "the origin" as stated above. Data from MMA; Nielsen Mobile, IRM and Ofcom can be regarded as internally valid. When relying on these sources instead of a variety of different sources reduces the risk of inaccurate data.

## 2.8 Structure of research process and analysis

As this is a qualitative thesis with an inductive approach, the thesis and models evolve the more knowledge the authors' gain on the subject. First the authors gathered information on the subject, conducted the media analysis and formulated the research questions. Secondly, primary empirical data was gathered through interviews with representatives from the industry combined with gathering of relevant secondary data. After the interviews were conducted and transcribed they were analyzed in order to find the most common answers given to the question: why mobile marketing has not developed further. The result of this was gathered and clustered into 13 factors. The factors were sent to the interviewees and they were asked to rank the factors from 1 to 13 in regards to importance. This will henceforward be referred to as the *test*. This was done to see if there were any differences in the answers they had given during the interviews. The test was sent out about four months after the interviews which could have affected the result as it was no longer top of mind and provides less consequent answers. On the other hand it forced them to think about the factors again, which might display a more accurate result of their opinion. The empirical data combined with the test was later used to answer the research questions of which and how. The research process is displayed below.

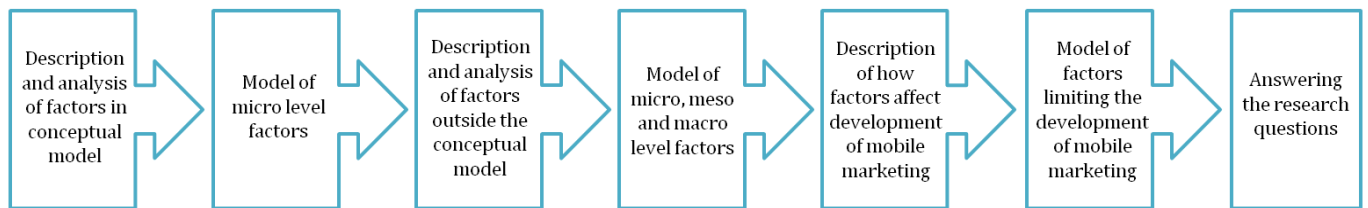


The method used when analyzing the data in this thesis is of a qualitative rather than quantitative character. The conclusions are also of qualitative structure as the questions why and how are answered through reasoning rather than mathematical calculations. The description and analysis in chapter 6 is based on the empirical data from the interviews, the written sources, media analysis and the test. The structure of the analysis is built on an inductive approach as the model evolves the more knowledge the authors gain on the subject.

The analysis is divided into three sections. Section one and two describes factors inside the conceptual model that affect the inertia and factors outside the model that affect the inertia, which aims at answering the research question *which*. The third section aims at answering the *how* research question and describe how the factors in section one and two have affected the development of mobile marketing in Sweden. In between each section a model of the relevant factors will be presented. The subsequent models originate from the latter, implying that the model of factor affecting the inertia will evolve gradually. This will result in a final model of



factors limiting the development of mobile marketing in Sweden which aims at fulfilling the theoretical purpose of this thesis. The structure of the analysis is presented below.



The final model of factors limiting the development of mobile marketing will then be compared to other relevant theories of barriers of mobile marketing in order to determine the quality and relevance of the model.

### 3. Literature Review

*This chapter provides a short overview of current research regarding mobile marketing. The chapter is divided into three parts; consumer acceptance and attitudes, factors affecting usage of mobile marketing and barriers of mobile marketing. The chapter ends with a summary of current literature and why the conceptual model in chapter 5 was chosen.*

#### 3.1 Consumer acceptance and attitudes towards mobile marketing

The research in the field of mobile marketing is relatively recent. The first published academic work can be traced back to 2001 according to Leppäniemi, Sinisalo and Karjaluoto (2006). Despite the recent nature of mobile marketing research, the development of the same has been prompt. A large share of the published studies has been directed towards the consumer and message aspect of mobile marketing. Consumer behaviour and attitudes towards mobile marketing have been in focus, especially in regards to SMS based marketing (Barwise & Strong 2002; Carroll et al. 2005; Dickinger et al. 2004; Drossos & Giaglis 2004 and Merisavo et al. 2006).

According to Zanot (1984) and Beale (1997) consumers in general have a negative attitude towards advertising. However, mobile marketing *can* be different. If a consumer gives permission to receive a message, then the attitude level rises (Tsang et al. 2004). At the same time Rettie and Brum (2001) have found that the initial negative consumer attitude towards advertising can be changed to acceptance *if* the consumer gets a discount or a promotional offer in exchange for the advertisement. A study conducted by Haghirian & Madlberger (2005) revealed that advertising value and message content are the two most important factors that affect consumers' attitudes towards commercial content in the mobile phone. The likeliness of consumer acceptance is also positively affected by the information value and the entertainment value (Bauer et al. 2005). If the message is successful in attracting the consumer's attention in an entertaining way, the acceptance rate will increase. Barnes & Scornavacca (2004) gathered research findings from several previous studies of consumer acceptance and found that user permission, brand trust and wireless service provider control affect consumers' acceptance of mobile marketing.

#### 3.2 Factors affecting the use of mobile marketing

Beside the research focusing on consumer acceptance and attitudes, several studies have been aimed at the factors that affect the general use of mobile marketing. The mobile phone possesses a variety of unique features as a marketing channel. One of the most attractive attributes is the potential to target consumers in a specific context (Barnes 2002, Muk 2007). This distinctive feature allows marketers to a much higher extent than traditional media, create personalized,

location and context based commercial messages to a specific target audience (Sultan & Rohm 2005). Scharl et al. 2004 identify two main success factors of mobile marketing; the message and the media. The message relates to factors such as content, personalization and consumer control while the media relates to device technology, transmission process, product fit and media cost. Brand managers' adoption and diffusion of mobile marketing has also been studied through an empirical survey conducted by Okazaki (2005). The study shows that facilitating conditions, security and costs are the strongest determinants of multinational corporations' mobile advertising adoption. Bragge et al. (2005) further studied the unique features of the mobile phone and their affection of mobile marketing. Context awareness, interactivity and ubiquity were found as the main drivers of mobile marketing.

At the same time the unique characteristics of the mobile phone as a marketing channel provide vast opportunities, they also impart some obstacles to be aware of. The private nature of the mobile phone raises some worries that apply to both the sender and the receiver of the message. There is always a risk of the message intruding on a person's privacy. In line with this, spam messages and unserious market actors can be seen as a problem especially relevant for mobile marketing. Thus, the legal framework surrounding mobile marketing becomes important. Karp (2007) as well as Petty (2003) examine the current state of the law regarding mobile marketing initiatives. The two studies show that technological advancements of the mobile phone continue to outpace the legal evolution resulting in a slow development of a comprehensive body of law (Karp 2007) and that there is both a right to privacy for the consumer and a right for companies to market (Petty 2003).

### **3.3 Barriers for mobile marketing**

During the process of this thesis, it has been revealed that the research literature regarding potential barriers and inertia factors were scarce. Only one major study was found on the subject. The study, conducted by Virtanen et al. (2005), attempts to identify barriers for mobile marketing growth. The data was gathered through qualitative interviews with 25 senior managers of 25 international leading brands and advertising agencies. The study was conducted in 2004. The participants identified six major perceived barriers for mobile marketing growth; 1) Lack of research, 2) Resistance for change among marketing service providers and marketers, 3) Lack of co-operation and knowledge sharing, 4) Fear of technology, 5) Complexity of implementation, 6) Fear of spam stigma. The findings of the study bring an interesting aspect to this thesis' research purpose due to the time aspect. The barriers were identified five years ago and this thesis will potentially show if those barriers still are sources of inertia or if the market

has developed and overcome the barriers. The barriers were also identified on an international level and this thesis will discover if the Swedish market shows some unique barriers.

Regarding the Swedish literature on barriers and inertia factors, no academic studies have been conducted. The present documentations of potential barriers for mobile marketing come solely from business and daily press where Swedish industry professionals have commented the subject. The first article regarding the barriers for mobile marketing can be traced back to 2001 where the most discussed topic was the fear of spam (Edenholm 2001; Hagström 2001). During the years, the discussion regarding factors that can hinder the development of mobile marketing in Sweden has been evolving mainly around privacy i.e. consumer acceptance (Resumé 2006; Forne 2009), technological issues (Ferm 2006) and the network operators' role in the process (TelekomOnline 2008; van der Brink 2008; Wilczek 2008). The media analysis presented in chapter 2 displayed that the coverage of mobile marketing in Sweden can be summarized by stating that the growth potential for mobile marketing has been the main topic and that the main industry actors such as mobile agencies and network operators' have been the most optimistic commentators. A table summarizing current academic literature and the major findings will be presented on the following page.

### **3.4 Summarizing current literature - arriving at the conceptual model**

As the literature review shows, the existing literature is relatively inconsistent and highly fragmented. An explanation to this was presented by Leppäniemi et al. (2006) who said that the fragmentation is due to the fact that a common conceptualization of the phenomenon of mobile marketing is lacking. As a result of the lack of a common conceptualization, some studies have focused on collecting and categorizing available research in order to bring some clarity and structure of the research field of mobile marketing. In 2007, Vatanparast & Asil, published their paper "*Factors affecting the use of mobile advertising*" where the authors investigate antecedents of factors affecting mobile advertising and derive a conceptual model, to describe which factors that affect the use of mobile marketing. Vatanparast & Asil's paper is to be regarded as a summarizing work of previous research since it is based on a literature survey including a wide range of the to the date available research about factors affecting mobile marketing.

To conclude: after reviewing existing literature on the recent phenomenon of mobile marketing, no theories and models were found to be extensive enough to serve as a theoretical framework for investigating the inertia of the usage of mobile marketing. As Vatanparast & Asil (2007) presents a conceptual model which encapsulate previous literature on the subject it will in this thesis be used to examine which factors that have led to the inertia of mobile marketing in Sweden. The conceptual model will be presented and further described in Chapter 5.

Table 1

Studies on Factors Affecting the use of Mobile Marketing		
Author(s)	Research Area	Findings
Scornavacca & McKenzie 2007	Success factors for SMS campaigns	Content, permission, acceptance, interactivity, entertainment as well as a multichannel approach are critical to insure the success of SMS based campaigns
Karp 2007	Legal framework of mobile marketing	The pace of technology advancements outpace the legal system resulting in an incomplete legal framework
Muk 2007	Success factors of mobile marketing	Message should be context sensitive
Merisavo et al. 2006	Consumer acceptance of mobile marketing	Targeted and personalized messages increases consumer acceptance
Sultan & Rohm 2005	Success factors of mobile marketing	Messages should be personalized, location and context based
Okazaki 2005	Mobile advertising adoption by multinationals	Branding strategy, facilitating conditions, security and costs are the strongest determinants of multinational corporations' mobile advertising adoption
Bragge et al. 2005	Drivers of mobile marketing	Drivers; the changing environment of marketing and the unique characteristics of mobile communications; context, interactivity and ubiquity
Carroll et al. 2005	Consumer acceptance of SMS based mobile marketing	The relevance of the content and the context of the marketing message
Haghirian & Madlberger 2005	Consumer attitude towards mobile marketing	Advertising value and message content are the two most important factors that affect consumer attitude
Bauer et al. 2005	Consumer acceptance of mobile marketing	High entertainment and/or information value increases consumer acceptance
Barnes & Scornavacca 2004	Consumer acceptance of mobile marketing	User permission, brand trust and wireless service provider control affect consumers' acceptance of mobile marketing
Scharl et al. 2004	Diffusion & success factors of mobile marketing	Two main success factors of mobile marketing; the message (content, personalization, consumer control) and media (device technology, transmission process, product fit, media cost)
Leppäniemi et al. 2004	Mobile advertising value chain	Mobile advertising has been driven by mobile marketing companies and technology providers which have not succeeded to integrate the different value chain actors resulting in a fragmented market
Dickinger et al. 2004	Consumer acceptance of SMS based mobile marketing	Acceptance is influenced by the consumer's acceptance of the mobile medium, the relevance of the content and the context of the marketing message
Drossos & Giaglis 2004	Consumer acceptance of SMS based mobile marketing	Consumers will only accept mobile advertising if they recognize a benefit in receiving the message
Tsang et al. 2004	Consumer attitude towards mobile marketing	Permission-based advertising increases consumer attitude towards mobile marketing
Petty 2003	Legal framework of mobile marketing	The right to privacy should be balanced by the right to market
Tezinde et al. 2002	Factors affecting permission marketing	Relevance, personalization, brand equity and previous relationship influenced response rates to permission marketing
Barwise & Strong 2002	Consumer acceptance of SMS based mobile marketing	Entertaining messages increase the acceptance
Barnes 2002	Success factors of mobile marketing	Message should be context sensitive
Rettie & Brum 2001	Consumer acceptance of mobile marketing	Negative consumer attitude towards advertising can be changed to acceptance <i>if</i> the consumer gets a discount or a promotional offer in exchange
Yunos & Gao n.d.	Drivers and issues of mobile advertising	Small screen sizes limits rich content, inconsistent formatting between different displays, slow download speeds to mobile devices, broad spectrum of technologies, lack of standardization

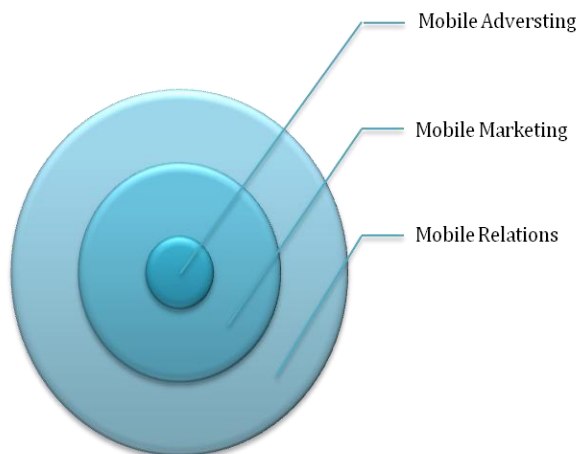
## 4. Overview of Mobile Marketing

*This chapter provides an explanation of what mobile marketing is and how it can be used. This chapter is structured to answer the explanatory purpose of this thesis. It is based on primary and secondary data and is divided into four parts; mobile web, downloadable applications, messages and video.*

### 4.1 Mobile marketing

The definition of *mobile marketing* was presented in chapter 1 as: *any form of marketing, advertising or sales promotion activity aimed at consumers and conducted over a mobile channel*(MMA UK 2003) which provides a possibility of *interactivity, a high level of personalization and ubiquity* (Bauer et al. 2005).

Figure 2



*Mobile advertising* acts within mobile marketing and is defined as buying commercial spaces, banners, text messages and advert gaming. Outside of mobile advertising and mobile marketing are *mobile relations* that consist of advertising and marketing as well as internal communication, mobile training programs and mobile services such as SL tickets (Edwall 2008).

There are multiple channels for reaching the consumer when it comes to mobile marketing those includes mobile websites, downloadable applications, mobile messaging and mobile video.

#### 4.1.1 Mobile web

According to the MMA (2008a) the mobile web is fast emerging as a mainstream information, entertainment and transaction source for people on the move and away from a computer. Using the mobile web is similar to traditional PC-based web browsing but with some significant differences:

- The mobile is a highly targeted device with typically one user and hence relevant and accurate messages can be delivered making it possible for users to become instantly engaged with campaigns.
- Mobile users seek quick and convenient access to information and services when they are out and about.

- Space is limited on the mobile phone screen and users have limited input mechanism, hence mobile web sites needs to be easy to navigate.

When it comes to *advertising on the mobile web*, it is similar to buying advertising on the internet, almost in all cases banner ad impressions can be purchased on a *cost per thousand* or *cost per click* basis. The means of measuring a mobile advertising campaign are through *impressions* and *click-through rates*. Performance will vary by campaign, but most mobile campaigns today result in higher click-through rates than PC-based internet campaigns (Edwall 2008; Rydahl 2008).

#### 4.1.2 Downloadable applications

Mobile downloadable applications are pieces of software that are resident, either in whole or in part, on the mobile phone. Mobile downloadable applications are optimized by platform and by mobile phone to ensure the optimal effect for the end user (MMA 2008b).

The delivery of advertising with and within mobile applications is still at an early stage but could create new revenue streams for advertisers. These revenues may be used to subsidize the price of the mobile application for the user. Depending on segment, application type and genre, frequency may vary from once a month to 50 times per day. Reach can vary from niche to mass market and user preferences from time-killers to information seekers (MMA 2008b).

Buying advertising in mobile applications is similar to buying advertising on PC applications. For non-refresh ad serving, where the ad is delivered at the time of the download, ads can be purchased on a cost-per-download basis. Dynamic ads can be purchased on a cost-per-click or cost-per-unique-download (MMA 2008b).

#### 4.1.3 Mobile messaging

SMS is a messaging infrastructure that allows a mobile user to send and receive a text message of up to 160 characters, as basically all mobile phones support SMS it creates a large addressable market. MMS offers *rich content* most commonly audio and/or video in combination with text which is an option on the rise as the market for mobile phones supporting MMS is growing. SMS and MMS are together referred to as mobile messaging (MMA 2008a). Examples of mobile messaging advertising are:

- *Push Content Services*. Media publishers can use SMS and MMS to send customer requested content. Users can subscribe to this on a daily or weekly basis or request it ad-hoc.
- *Business Services and CRM*. Business can use mobile messaging as a communication element of their core product offer.



- *Search and Inquiry Services.* Media publishers or search services providers use SMS and MMS to send information in response to user inquiries, for example; phone numbers, price search or store locations. Ads can be inserted in the free space in the message.
- *Interactive Services.* These services allow users to participate in voting, polls, or contests. These services are often integrated in other media activity such as television shows or print campaigns.

#### 4.1.4. Mobile video

Typically a mobile video is a video delivered over a mobile network to the mobile phone's embedded media player and there are multiple different methods of doing so: (MMA 2008a)

- *Streaming Video.* A video is streamed to a person's mobile phone and starts playing when the first bits of the video stream are received. The actual video file is not stored on the mobile phone. The technologies allow ad servers to track the actual viewing of a video ad and receive valuable and detailed statistics.
- *Download Video.* A video file is downloaded to mobile phone completely before it starts playing. As the video is played when received, and ad server cannot detect whether the video content and ads are watched in part or at all.
- *Progressive Video Download.* The video file is downloaded to the mobile phone and starts playing when a certain percentage of the video file has been received. The technologies combine the benefits of streaming video; rapid playback, and download video.

Below is a matrix summing up what mobile marketing is and how it can be used – which answers the explanatory purpose of this thesis.

Table 2

Channel	Description	Advertising Opportunity	Good for
Mobile Web	The mobile web offers the users the ability to do things as play games and trivia, search for information, look up telephone numbers and addresses and to their banking and shopping on their wireless phone.	<ul style="list-style-type: none"> <li>• Banner ads</li> <li>• Text ads</li> <li>• Branded mobile websites</li> </ul>	<ul style="list-style-type: none"> <li>• Driving users</li> <li>• Lead generation</li> <li>• Direct sales</li> <li>• Branding</li> </ul>
Downloadable Applications	Software or content that consumers download to their mobile phone and then resides in the phone. Examples include applications such as games and lifestyle tools. Download are accessible to consumers with appropriate mobile phones and data plans.	<ul style="list-style-type: none"> <li>• Ad placement within application</li> <li>• Branded applications</li> </ul>	<ul style="list-style-type: none"> <li>• Branding/CRM</li> <li>• Driving users</li> </ul>
Mobile Messaging	This category includes SMS and MMS. SMS is available to virtually all users making it ideal for reaching most mobile users. While SMS is limited to contain text, MMS can contain images, audio and video content. Most mobile phones sold over the past few years support MMS. Interactive applications frequently use SMS with common short codes (CSC) to/from which messages can be sent/received.	<ul style="list-style-type: none"> <li>• Text ads</li> <li>• Branding/CRM</li> <li>• Banner ads</li> <li>• Splash pages</li> <li>• Animated images</li> </ul>	<ul style="list-style-type: none"> <li>• Driving users</li> <li>• Click to call</li> <li>• Branding/CRM</li> <li>• Interactive dialogue</li> </ul>
Mobile Video	Video delivered over a mobile network to the mobile phone's embedded media player. Videos may be streamed or downloaded and are usually accessed from a Mobile website or contained in a MMS message. Mobile video is accessible to consumers with Mobile web enabled mobile phones and data plans.	<ul style="list-style-type: none"> <li>• Video ad in pre-roll, mid-roll or post-roll</li> <li>• Static images</li> <li>• Animations</li> <li>• Branded videos</li> </ul>	<ul style="list-style-type: none"> <li>• Branding/CRM</li> <li>• Driving users</li> <li>• Click to call</li> </ul>



## 5. Theoretical Framework

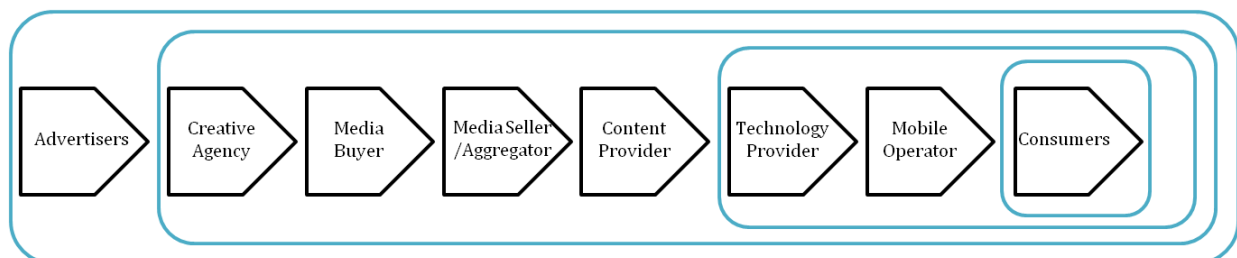
*This chapter provides an overview of the theoretical framework used in this thesis. The conceptual model by Vatanparast & Asil will serve as a base for the format of the empirical results and the first part of the analysis. The model serves as an encapsulating framework for previous literature and will be used to examine which factors that have led to the inertia of mobile marketing in Sweden.*

After a review of existing literature presented in chapter 3, few theories proved to be extensive enough to explain the inertia of the usage of mobile marketing. Instead the focus had to be shifted to drivers and factors that affect the usage of mobile marketing. The choice fell on Vatanparast & Asil's (2007) *Factors affecting the use of Mobile Advertising*. The factors they suggest affect the usage of mobile marketing will in the description and analysis in chapter 6 be tested against the primary empirical data. If the primary empirical data support the importance of a factor, in regards to the slow development of mobile marketing, it will be treated as a factor explaining the inertia.

### 5.1 The conceptual model

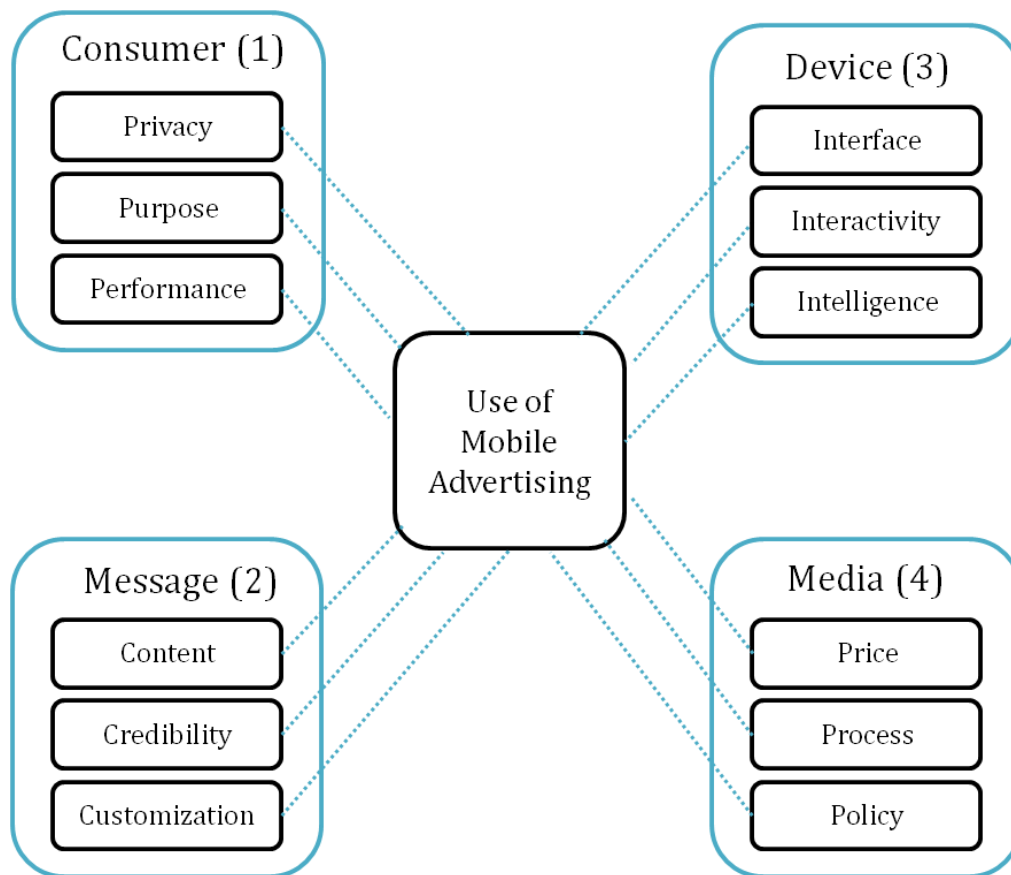
In *Factors affecting the use of Mobile Advertising*, Vatanparast & Asil (2007) suggest twelve factors affecting the use of mobile advertising. In the article, the term mobile advertising is used to describe the phenomenon of commercial content in the mobile phone. However due to the definition of mobile advertising in the article; "any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor," the conceptual model could also be used when studying *mobile marketing*. The figure below describes actors and key steps in the process of creating mobile marketing (Vatanparast & Asil, 2007). From this figure it is possible to determine four core segments of the procedure – the *media*, the *message*, the *device* and the *consumer*.

Figure 3



It is from these four segments that the *conceptual model* takes its shape. Each segment has three underlying variables which affect the use of mobile marketing and will be described in the following text.

Figure 4



### 5.1.1 The consumer segment

Consumer *privacy* has always been a critical issue in marketing. The emerging digitalization of the society with search engines, cookie-track functions and e-mail traffic logging where personal content becomes more of a public commodity, personal information - the privacy, becomes more uncontrollable (McCreary 2008). Consumers regard their mobile phone as a very private item and hence messages from unknown persons or organizations are very sensitive. According to Vatanparast & Asil (2007) consumers are still uncomfortable with receiving commercial content in their mobile phone.

To conclude: fear of privacy violation and complex privacy settings for the consumer will have a negative effect on the use of mobile marketing. Access and control over privacy of mobile marketing will, on the other hand, have a positive effect.

*Purpose* in a mobile marketing context is what type of purpose the consumer is trying to satisfy by using a mobile device and that affects the processing of advertisements. If the consumer's intention is gathering information; the consumers will be more interested in advertisements that provide them with relevant information on products, services or companies (Vatanparast & Asil 2007). Vatanparast & Asil, (2007) further states that mobile marketing will only be accepted by consumers if perceived as an opportunity to gratify the needs for information, knowledge and social acceptance.

To conclude: the ability for mobile marketers to understand the consumer's purpose and adapt appropriate advertising to that will have a positive effect on mobile marketing.

*Performance* refers to the performance of the advertisements and how that affects the customers' reactions. Advertising can, either intended or unintended, annoy and distract consumers. Due to the accessibility and availability characteristic of the mobile device there is a risk of distraction in combination with marketing in the mobile phone. The consumer may react pessimistically if the message becomes too disturbing and distracting and not only the advertisement, but also the marketed product or the marketing company could consequently be affected negatively (Vatanparast & Asil 2007). However, viral marketing can increase the impact (higher click rates) of a mobile marketing campaign and consumer attentions by enlarging the initial message's reach. It can also positively affect the credibility of the message as the sender is known to the receiver (Vatanparast & Asil 2007).

To conclude: confusing, overwhelming and irritating mobile advertisements will have a negative effect on the use of mobile marketing while viral advertisements will have a positive effect on the use of mobile marketing.

### **5.1.2 The message segment**

*Content* in all marketing is a key factor for success and with the limited space in a mobile message it needs to be developed carefully (Vatanparast & Asil 2007). In order to provide the most value regarding the mobile phone, the content is important but not enough. The advertisements needs to be relevant, hence the golden rule of marketing could be refined from; *content is king*, to; *relevant content is king* (Vatanparast & Asil 2007). Mobile content should make use of graphics and be short and concise, contain an attractive idea, convey this idea concisely, employ language or image understood by the target group, and utilize the available space or characters effectively (Barwise & Strong 2002).

To conclude: relevant content in message advertisement will have a positive effect on the use of mobile marketing as well as logically and symbolically formulated messages.

*Credibility* can be defined as the “consumers’ perception of the truthfulness and believability of advertising” (McKenzie & Lutz 1989, cited in Vatanparast & Asil 2007). As the mobile phone is considered a private media, mobile marketing practitioners are deemed to increase the trust and credibility of mobile marketing in order to enhance the channel’s legitimacy. Credibility and trust in the company that is advertising, its products as well as the media will positively affect the use of mobile marketing (Vatanparast & Asil 2007). The brand of the mobile device itself and the technology involved can also have a positive effect for the use. Finally, viral marketing is very beneficial for the advertiser, as the consumer forwarding the advertisement becomes the sender of the message and therefore the message gains in credibility (Vatanparast & Asil 2007).

To conclude: credible messages, trust in the technology and the bearer of mobile advertisement as well as the advertising brand will have a positive effect on credibility and the use of mobile marketing.

*Customization* of the message is important in all marketing but especially in mobile marketing as the mobile phone is a very personal device and rarely used by other persons than its owner. Customization means understanding individual mindsets, needs, preferences, lifestyles and cultures and using that to build loyal customers (Riecken 2000). Considering mobile marketing customization becomes more important as it allows for the usage of demographic information and information on location of the mobile user. Hence advertising can be more precise and tailored as users can be localized by using GPS (Global Positioning System) or other geo-location technologies (Vatanparast & Asil 2007). Customer satisfaction will increase as it will become easier for the customer to pick the best service in a particular location (Rao & Minakakis 2003, cited in Vatanparast & Asil 2007). However, according to Vatanparast & Asil, (2007), the necessary infrastructure to fully exploit geo-location based messages is still lacking.

To conclude: use of mobile marketing will benefit from more customized content, and consequently by more detailed customer databases. When it comes to geo-location based services, mobile marketing will benefit if consumers will be able to choose and select the best services in a given location.

### 5.1.3 The device segment

*Interface* refers to the display on the mobile phone where the message is shown. Despite the many benefits of the mobile phone, the limited user interface restricts the amount of data and

graphics presented in a commercial message. The wide variety of mobile phone models with different types of display formats also put some restriction to mobile marketing since the message needs to be adapted to the specific terminal in order for the consumer to correctly receive the content (Vatanparast & Asil 2007). The consumer's perception of the advertising media also affects the attitudes towards the individual advertising (Ducoff 1995, cited in Vatanparast & Asil 2007) and a negative user experience of mobile content can discourage consumers and will have a negative effect on mobile marketing (Blaber, Bouchard & Brown 2006, cited in Vatanparast & Asil 2007). Smart phones and personal digital assistants (PDA's) are better suited for mobile marketing as they have larger screens, keyboards and higher space capacity.

To conclude: a device with a better interface and advertisement tailored for specific mobile phones will have a positive effect on the usage of mobile marketing. Poor user experiences and a limited user interface will have the opposite effect.

*Interactivity* is defined as "the degree to which two or more communication parties can act on each other, on the communication media and on the messages and the degree to which such influences are synchronized (Liu & Shrum 2002). When advertising in the mobile phone marketers are able to: by bilateral communication, uncover, meet, modify and satisfy consumers' needs and desires (Bezjian-Avery et al. 1998, cited in Vatanparast & Asil 2007). Interactivity is one of the main characteristics that make the mobile channel unique (Barwise & Strong 2002; Barnes & Scornavacca 2004; Bauer et al. 2005). It is also important that the interactivity does not disturb or interfere with other activities performed by the consumer at the same time. Liu & Shrum (2002) argue that not all users will prefer high levels of interactivity. Therefore it is important that mobile marketers both strive to increase the acceptance level of receiving commercial content as well as increasing the sense of security when using interactive mobile services among novice users.

To conclude: intuitive interactivity and more interactivity options in applications will have a positive effect on mobile marketing.

*Intelligence* refers to what the mobile phone can do. Advances in mobile technology will enhance communication through the mobile media, from basic SMS messaging to a more intelligent means of communication, such as MMS and Java-based applications, enabling previously unfeasibly richer forms (Geysken, Gielens & Dekimpe 2002, cited in Vatanparast & Asil 2007). Intelligent devices are able to collect, process, integrate, analyze, evaluate, and interpret

available information to facilitate certain services. They are also able to understand and determine user habits (Vatanparast & Asil 2007). Intelligent mobile phones will make the channel more popular for both advertisers and consumers.

To conclude: mobile devices that facilitate technologically advanced advertisement will have a positive effect on the usage of mobile marketing.

#### 5.1.4 The media segment

*Price* refers to the cost of receiving advertising in the mobile phone. Consumer acceptance level of mobile marketing will increase if consumers receive benefits or value in return for commercial content. Financial barriers are the most important determinants of an individual's decision to use mobile advertisement (Vatanparast & Asil 2007). The cost considerations shift attention from the value creating capabilities and reflect consumers' desires for reasonably priced services over anything else. It is suggested that instant and recognizable benefits such as discounts or special offers make customers more positive to mobile marketing (Vatanparast & Asil 2007). An alternative of this is incentive-based advertising which provides financial rewards to consumers who agree to receive ads on their mobile phones, such as free connection time to lower their monthly subscription bill or information about bargains and new products as well as fixed prices (Haghirian & Madlberger 2005).

To conclude: instant and recognizable benefits from mobile marketing and financial rewards and fixed prices will have a positive effect on the use of mobile marketing.

*Process* refers to the creation of the mobile marketing campaign. Drossos & Giaglis (2003) describe a four stage process of mobile marketing: deciding on the campaign strategy, designing based on brand, accessing data to find targeted customers, and making the message interactive, informative and entertaining. At all times the consumer needs to be in control and it is important for the success of mobile marketing that campaigns are permission-based. Advertisers should use opt-in lists and deliver constant messages (Vatanparast & Asil 2007). It is also important that the message is creative and easy for the consumer to interact with the advertiser.

To conclude: knowledge about the process of interaction, clear campaign process which is supported by sufficient resources and a meaningful process to interact with the advertiser will have a positive effect on mobile marketing.

*Policy* refers to the regulation and legal considerations for mobile marketing. The rapid development of different forms of mobile marketing has to a large extent outpaced the legal

policy process leaving both the consumers of mobile marketing as well as the marketers in a grey zone of vague legal boundaries. Since mobile phones cannot distinguish between spam and genuine communication, unwanted messages overwhelm user acceptance (Vatanparast & Asil 2007). MMA (2007) has developed a code of conduct for advertisers and has labeled them the six C's of privacy: choice, control, constraint, customization, consideration and confidentiality. In year 2002, EU approved a new directive (2002/58/EC) for establishing standards for the processing of personal data and the protection of privacy in electronic communications sector (European Parliament 2002). The law involves asking end users' permission to send unwanted commercial messages. It also regulates the collection and procession of location-based data. Location data cannot be collected or used without user's explicit prior permission (Vatanparast & Asil 2007). Within the context of an existing customer relationship, it is allowed to use the electronic contact details to offer similar products or services, but only under opt-out rules (Leppäniemi, Karjaluoto & Salo 2004).

To conclude: an extensive and well-known regulation framework for the industry, clear and known policies and spam filters will have a positive effect on the use of mobile marketing.

A summary of the conceptual model and its effect on mobile marketing is presented below.

Table 3

	Consumer	Message	Device	Media	Effects on Mobile Marketing
Privacy	X				Fear of violation - negative Control of privacy – positive.
Purpose	X				Understand customer purpose and adapt ads - positive
Performance	X				Confusing and irritating ads – negative. Viral - positive
Content		X			Relevant content - positive
Credibility		X			Credible messages & trust in technology - positive
Customization		X			Customized content & detailed databases – positive
Interface			X		Tailored ads to interface – positive. General ads - negative
Interactivity			X		Intuitive interactivity - positive
Intelligence			X		Technologically advanced ads - positive
Price				X	Instant benefits & financial rewards - positive
Process				X	Knowledge, clarity and resources - positive
Policy				X	Well known and clear regulatory framework - positive

The following summarizing questions will be used in the first part of chapter 6: the description and analysis, in order to determine whether or not the factors presented in the conceptual model can be treated as factors explaining the inertia. They will be discussed in the same order in chapter 6 as presented below.

- *Has the fear of privacy violation resulted in reduced use of mobile marketing?*
- *Can the mobile marketing industry adapt advertising to consumers' purpose?*
- *Has lack of performance reduced usage of mobile marketing?*
- *Has message content been relevant enough?*
- *Has mobile marketing in Sweden been regarded as credible?*
- *Has the lack of sufficient consumer data had an effect on the customization?*
- *Has the variety of different interfaces affected usage of mobile marketing?*
- *Can insufficient use of interactivity provide an explanation for the inertia?*
- *Are there enough intelligent mobile phones in Sweden?*
- *Have prices regarding mobile marketing for the consumers been clear enough?*
- *Have the industry been aware of the process of creating mobile marketing?*
- *Does Sweden have a clear and well known legal framework?*



## 6. Description and Analysis

*This chapter is divided into three sections. The first section describes and analyzes the factors in the conceptual model and will be presented in the same order as in the theoretical framework. The second section reviews factors which can explain the inertia that exist outside the conceptual model. The third section describes how the factors in section one and two have affected the development of mobile marketing in Sweden. In between each section a model of the relevant factors will be presented. The subsequent models originate from the latter, implying that the model of factors affecting the inertia will evolve gradually.*

### 6.1 Factors affecting the inertia that exist inside the conceptual model

This section will describe and analyze the factors inside the conceptual model in order to determine which factors are relevant when explaining the inertia.

#### 6.1.1 Has the fear of privacy violation resulted in reduced use of mobile marketing?

Attitudes of consumers have been rigorously studied in the field of marketing. Research by Tsang, Ho & Liang (2004) indicates that consumers will have a negative attitude towards mobile marketing unless they have given permission to it. If the consumers do not accept mobile marketing it cannot exist. Hence consumer acceptance is in this thesis regarded as directly essential and whether or not the consumers accept the message will not be treated as an explanation for the inertia.

As the consumers regard their mobile phones as very private (Fortunati 2001) they are sensitive towards receiving messages from unknown persons or organizations. The media analysis presented in chapter 2, determined that in 58 percent of the relevant articles the privacy concern was brought up as a negative aspect of mobile marketing, hence it could be argued that this reflects the public opinion. However, according to Granding Larsson (2008), the “negative consumer reactions” argument is one of the biggest myths of mobile marketing and is often used as an easy way out when actors in the industry are trying to explain the inertia. Invasion of this privacy has been identified as one of the main obstacles for the success of mobile marketing (Gohring 2002). This observation might be adequate but according to the empirical data it is a matter of how the question is posed. When asking consumers if they want to receive commercial content in their mobile phones, the vast majority will respond no (Cramner 2008; Näslund 2008; Rydahl 2008), just consider the NIX register (Shishoo 2008). It can be concluded that Swedes are generally negative towards advertising.

When consumers are asked if they would like to receive relevant information and offers from companies and organizations, a majority are positive (Alvarez 2008; Edwall 2008). An example of this is when Statoil and Tre surveyed consumers’ willingness to receive information from

Statoil in their mobile phones – 89 percent were positive (Alvarez 2008). This implies that as long as the content is relevant and valuable to the consumer, the acceptance level will be high, even higher than for commercial content received through traditional media. In Sweden, 20 percent consider mobile advertising to be intrusive – compared with TV advertising (60 percent), radio (50 percent) and direct mail advertising (40 percent) (More Mobile Relations 2008). Despite this, there still exists a fear of privacy violation, both among consumers and advertisers in Sweden today.

According to the industry experts, the fear regarding privacy dates back to the birth of mobile marketing, where the mobile phone was regarded as a traditional marketing channel and projections said that mobile marketing would result in companies constantly interfering with consumers' mobile phones (Edwall 2008). An example of such a projection was presented by the research company Gartner in 2001, which warned that during the coming years the mobile phones would be flooded by spam messages from advertisers (Hagström 2001). This was followed by a consumer attitude survey showing that 80 percent of mobile phone users expressed privacy concerns regarding commercial SMS (Forrester 2001). However, despite the early projections of a future problem with mobile spam, Sweden has been spared from any larger problems (Edwall 2008), but there have been a small number of unserious actors, using inadequate databases with incorrect user information, that have created a negative reputation for mobile marketing in the minds of the consumers (Shishoo 2008). The fact that mobile marketing has received negative attention in combination with the outdated conception of consumers' repugnancy has led to a general fear among advertisers resulting in a modest use of the mobile phone as a marketing channel. According to Becker (2006) without a clear picture about the elements affecting mobile marketing, advertisers will have a modest aptitude to implement

To conclude: fear of privacy violation has been and still is a concern in Sweden, despite the fact that the industry is aware of the problem and can share insights of how to overcome them. The fear of privacy violation is most evident among advertisers. Hence privacy can be considered a factor affecting the inertia.

#### **6.1.2. Can the mobile marketing industry adapt advertising to consumers' purpose?**

Purpose regards the fact that mobile marketing will only be accepted by consumers if perceived as an opportunity to gratify the needs for information, knowledge and social acceptance (Vatanparast & Asil 2007). As the mobile phone is a very private device, the need to be careful and consider the purpose before advertising becomes even more important. The empirical data show that some of the most successful mobile marketing campaigns are those made through

membership clubs. There are a variety of membership clubs in Sweden today with a large amount of members, for example the Pampers club has 300.000 registered parents that have agreed to receive information about diapers (Alvarez 2008). In regards to this, it can be argued that consumers in member clubs are more receptive toward mobile marketing. This is because they have accepted to receive information from a club, they have opted in. All serious campaigns in Sweden are built on the opt-in concept, if the consumers have not chosen to accept commercial content from a specific company; then the company is not allowed to communicate with the consumer (Granding Larsson 2008).

The consumer wants to receive relevant information dependent on the purpose they have when requesting it (Vatanparast & Asil 2007). Mobile situations when the consumer has the time to embrace the commercial content the mobile channel is therefore perfect (Rydahl 2008). For example 7-Eleven Sweden has developed an application for the iPhone which combines a store locator with coupons for a free coffee. After downloading the application, users enter their phone numbers and receive a coupon code in their iPhone (Olzon 2009). The 7-Eleven iPhone application is a good example of understanding and creating commercials based on the purpose of the consumer. Packer (2009) argues that there must be more creative and intelligent campaigns that engage the consumers. This implies that the mobile marketing industry is well aware of the issue and is able to adjust advertising to consumer purpose.

To conclude: the purpose of the consumer is a factor affecting the effectiveness of the mobile phone as a media channel. The more the supply side considers these factors the better the campaign will be received. The mobile marketing industry is able to fulfill the customers purpose/need especially through membership-clubs and opt-in campaign, it can therefore be argued that these types of campaigns strengthens the consumers' purpose and in regards to that also minimize purpose as an explanation for mobile marketing inertia. Hence it is not a part of the explanations for the inertia.

### **6.1.3. Has lack of performance reduced usage of mobile marketing?**

Due to the accessibility and availability characteristic of the mobile device there is a risk of distraction in combination with marketing in the mobile. The consumer may react pessimistically if the message becomes too disturbing and distracting this applies not only to the advertisement, but also the marketed product or the marketing company could consequently be affected negatively (Vatanparast & Asil 2007). Performance in regards of receiving a distracting or irritating advertisement becomes an issue when dealing with the mobile phone because of its private nature. This must be taken in consideration by the advertisers, as it is private, an advertiser will never know how the consumer might react to the message they receive since they

advertiser mostly cannot control the environment where the consumer receives the message. Hence when creating commercial content for the mobile phone it is important that the message is adapted to the situation and the individual. The consumer does not want to receive the commercial at the wrong time; it should be time and space adapted. For example if a consumer goes to Lindex with the intention to buy, the consumer would likely value receiving a discount offer from Lindex, but the same message would most likely be seen as intrusive if the consumer are out having dinner (Johansson 2008).

To conclude: there is no question whether the performance factor is important or not for mobile marketing, it is a prerequisite for success. However, based on the findings in the empirical data and the limited public information about mobile marketing in Sweden, it cannot be confirmed nor rejected that lack of performance i.e. presence of irritating messages and non-contextual marketing is a determinant to the inertia of mobile marketing in Sweden.

#### **6.1.4 Has message content been relevant enough?**

The message sent to the consumer must have a high degree of quality in regards to the content and the message, which must be credible and sent from a trusted source (Vatanparast & Asil 2007). The empirical data show no evidence of content being an explanation for the inertia, instead all interviewees commented on the fact that relevant content creates acceptance. Only if the messages are designed creatively and are entertaining and personalized, or if they provide a high information value, will consumers develop a positive attitude towards mobile marketing leading to the behavioural intention to use the mobile marketing service (Bauer et al. 2005). This statement is well supported in the empirical data as high quality content is described as a prerequisite for mobile marketing to a) be accepted by the consumers (Kylberg 2008) and b) provide good results for advertisers (Jerat 2008).

Content in the message sent to the consumer must be relevant. Perceived use and relevance is the key. Further, Vatanparast & Asil (2007) argue that the use of graphic content and photos that are attractive, logic and entertaining for the target audience will serve as a driver of mobile marketing. Information about how to stop receiving messages i.e. opt-out information must be included. All this prerequisites for a successful message is well known by the industry professionals and especially by the mobile agencies according to the interviews. When consumers realize that the message is relevant to them they are willing to accept it (Edwall 2008; Näslund 2008). Regarding the limited space an advertiser has when communicating through a mobile phone the content must not only be right but also smart and spot on (Shishoo 2008). In regards to mobile marketing relevance creates tolerance. Relevant messages are not perceived as commercial content but more as information (Johansson 2008).

To conclude: in regards to the empirical findings, lack of relevant messages has not affected the usage of mobile marketing. All actors in the industry are well aware of the importance of relevant content and the existence of mobile marketing campaigns lacking relevance has been low. Thus, content cannot be regarded as a factor explaining the inertia in Sweden.

#### **6.1.5 Has mobile marketing in Sweden been regarded as credible?**

Credibility in advertising can be defined as the consumers' perception of the truthfulness and believability of the advertisement (McKenzie & Lutz 1989, cited in Vatanparast & Asil 2007). The more credible the message and the company behind the message are, the more positive influence the value will have on the consumer (Haghirian & Madlberger 2005). The mobile phone as a commercial tool has got the reputation of being a non-serious media due to actors such as Jamba, creating a general skepticism towards commercial content in the phone (Geiger 2008; Rydahl 2008). There exists unserious players in Sweden but it is important to consider that mobile communication implies costs. Sending a text message cost money compared to e-mails where it is free to send spam messages (Shishoo 2008; Alvarez 2008). Norway did experience problems with spam as SMS were originally free of charge (Näslund 2009). Network operators, conduct regular controls over spam (Johansson 2008) which results in a low number of companies that reduce the credibility for mobile marketing.

In the E-Communications Household Survey (European Commission 2006) regarding mobile phones; spam or unsolicited commercial messages was not a widespread problem. Only two percent of the Swedes expressed having problems with spam, the lowest figure in Europe. Hence, spam does not seem to be a problem in Sweden. However, unserious actors such as Jamba have resulted in reduced credibility for mobile marketing in Sweden.

Another aspect that has affected the credibility of mobile marketing negatively is the fact that participation in mobile marketing campaigns and mobile surfing is often regarded incorrectly as a phenomenon mostly present in young target audience (Alvarez 2008). The classic answer in the industry is that it is only teenage girls who use the mobile phone, this is not true. If you provide a service for women above 40 years, women above 40 years will use it (Packer 2008). The most regular mobile users are women above 26 years and that applies for mobile games as well (Alvarez 2008). The misconception that mobile marketing is for the younger generation and hence only relevant for brands with younger target audiences can explain the lack of credibility among advertisers (Kylberg 2008) with more mature target audiences.

In the birth of mobile marketing in Sweden few companies used the mobile phone, however companies with a young profile and fast moving consumer goods were the ones willing to try the new marketing channel (Edwall 2008). – this has however further added to the belief that

mobile marketing is just for kids However, this is changing and companies with older consumer bases are also adopting mobile marketing, for example AMF, KappAhl, Doctors without Borders and BRIS have conducted successful campaigns. Credibility of an advertisement is influenced by the company's credibility (Goldsmith et al. 2000 cited in Vatanparast & Asil 2007). As AMF, KappAhl and Doctors without Borders could not directly be considered as brands appealing to a young consumer, their adoption of mobile marketing can increase the credibility in Sweden.

Viral marketing is beneficial for the advertiser as the consumer forwarding the message becomes the sender increasing the trustfulness of the sender (Vatanparast & Asil 2007). Viral mobile marketing is used in Sweden today and can be very efficient if used correctly (Alvarez 2008). From the consumer's perspective there is a huge difference between cheap and free. Give a product away and it can go viral (Andersson 2008).

To conclude: few unserious actors have managed to create skepticism and low credibility around the mobile phone as a marketing channel. In that regard credibility can be part of the explanation to why mobile marketing has not developed further in Sweden. Problems with spam have never been a major issue in Sweden and cannot be regarded as affecting the inertia in Sweden. In regards to the low number credible companies using the mobile marketing can however be seen as an explanation to the inertia.

#### **6.1.6 Has the lack of sufficient consumer data had an effect on the customization?**

Customization is about mapping and satisfying the consumer's goal in a specific context with a business goal (Riecken 2000). Mobile marketing provides potential for customization, because mobile devices usually carry the user's identity (Lee & Benbasat 2003, cited in Vatanparast 2007). The mobile phone is the perfect device for customized communication, but what if the sufficient databases enabling this communication are not available? A lot of companies, large and small, inside and outside the media business do not have control over their consumers. They do not have access to their mobile phone numbers, they never asked for them. They have consumers' e-mail addresses but not phone numbers – this creates a problem (Granding Larsson 2008).

Membership clubs have access to consumers' phone numbers, there are registers of phone numbers from games and competitions but they vary in quality (Näslund 2008). The only actors with relevant information on all consumers are the network operators. There are databases for "sale" also these with varying quality (Cramner 2008). The mobile agencies have databases for specific groups of consumers but the problem remains – the advertisers do not. In order to customize the message you need access to relevant databases and information about the consumers.

There are three ways of getting around this problem today. Firstly, you can buy databases from actors, however serious companies should not do that in regards to the fact that the consumer must have said yes to receive commercial content on their mobile phones. Secondly, advertisers can use the mobile phone as a compliment to other media in a pull campaign, for example outdoor billboards encouraging the consumers to send a text message to a specific number in that way the advertiser can gather information about the consumer and build up a database. Thirdly, location based services through global positioning systems (GPS). However there is a risk involved in positioning services, for example if a consumer is onboard Arlanda express and pass a given position at a certain speed, the system will understand that the consumer are on the Arlanda express and send a text message about a trip to the Bahamas. But what if the consumer is on the Arlanda express because he or she needs to go to a funeral? (Packer 2008). Hence the risk in positioning exceeds the benefits.

To conclude: customization has affected the inertia in terms of advertisers not having sufficient databases. This could be argued to depend on the fact that mobile marketing is a new phenomenon. It has however affected the development of mobile marketing as advertisers never thought about asking for consumers' phone numbers. This in combination with current rules and regulations for positioning service has obstructed the usage of mobile marketing.

#### **6.1.7 Has the variety of different interfaces affected usage of mobile marketing?**

The mobile phone has a limited user interface, i.e. small screens which limits the opportunities for mobile marketing (Vatanparast & Asil 2007). The issue regarding the interface is increased by the presence of a wide variety of different mobile phone models, with different screen sizes. There has been a problem with the fact that commercial content must be adjusted to several different terminals and mobile phone models (Johansson 2008). Especially for WAP push, the different mobile phone models are a problem since there is a risk of the WAP message being presented differently in different phone models (Alvarez 2008). However, WAP push is only a minor part of mobile marketing and the problems encountered in connection with WAP push cannot be confirmed as a source of inertia.

The limitations of the interface differs with what type of advertising you choose to do, in regards to SMS there are no differences and messages can be received by all types of mobile phones. The more advanced the advertising becomes; the more the interface is limiting (Alvarez 2008). Regarding the mobile internet there are standards for banners but no general standard for the internet and maybe there never will be – it will always be a different internet compared to the one on PC's (Johansson 2008). Not all agree with this opinion, the internet is the same internet it is just displayed on a smaller screen (Alvarez 2008; Packer 2008).



However, mobile agencies have become experts on adjusting messages and content to different terminals (Johansson 2008). By developing five standard banners, mobile agencies can make them fit into 99.5 percent of all mobile phones in Sweden (Shishoo 2008). Regarding the limitations of the interface the empirical data is consistent, all agree that there is need to adapt the advertisement to different types of mobile phones but it is not considered a problem as the mobile agencies has the knowledge of producing fitting content (Cramner 2008; Jerat 2008; Granding Larsson 2008). Different interfaces are a challenge for the mobile agencies but also a unique selling point because they are good at it. It is very important to consider the different formats and variations of for example MMS productions because if the consumer receives a badly produced campaign they will not want to receive it again (Edwall 2008).

The current trend with mobile phones in Sweden is large screens and keyboards – and smart phones are gaining ground, a couple of years ago the trend was to have the smallest phone possible (Granding Larsson 2008). With the introduction of the iPhone the screen on the mobile phones became larger and with that customers realized the perceived use of mobile marketing in a way that was much harder on smaller screens.

To conclude: the lack of technical standards for making mobile marketing look the same in different mobile interfaces have been barriers for mobile marketing in the past. The issue regarding interface has contributed to the slow development of mobile marketing in Sweden as the common belief that it is difficult to adapt the message to different mobile phones have gained ground. However, as mobile agencies are experts in adapting the communication to different phones the explanation factor of interface is reduced.

#### **6.1.8 Can insufficient use of interactivity provide an explanation for the inertia?**

According to theory, interactivity with the end consumer will increase the use of mobile marketing since one of the main advantages of mobile phones as a marketing media is the ability to create a bilateral relationship with the consumers. The empirical data do not support that the lack of interactivity in mobile campaigns would be the source of inertia. Instead it was regarded upon as the feature making mobile phone superior to other media channels. According to Packer (2008) Expressen and GB did a campaign with a banner on their mobile site, the consumers which clicked on the banner received a coupon for a free ice-cream. The banner was displayed 125.000 times and resulted in 2000 clicks. From that 2000 coupons that were sent out and 500 consumers collected their ice-cream. But what was really brilliant with this campaign according to Packer (2008) was that there were 500 consumers that Expressen could communicate directly with.



Other interviewees agree; for example Jerat (2008) described interactivity as the main reason for choosing the mobile phone when asked about why AMF did a campaign using the mobile channel.

To conclude: it cannot be determined whether or not insufficient use of interactivity can explain the inertia or not as it is not supported in the empirical data but instead regarded as the major benefit of the mobile phone.

#### **6.1.9 Are there enough intelligent mobile phones in Sweden?**

Although the mobile phone offers a broad range of possibilities for marketers; mobile communication has several limitations in regards to the intelligence aspect, such as limited bandwidth, different device and screen models and lack of technical standards. Development of mobile technology will enhance the communication and more intelligent devices are able to collect, process, integrate, analyze, evaluate, and interpret available consumer information to facilitate certain services (Vatanparast & Asil 2007).

Although mobile phones have been technologically advanced, the average user has not possessed the knowledge to access different services and functions of the phone. An aspect that will drive mobile marketing in the future and has created a slow adoption of mobile marketing in the past is the rather primitive user behaviour of the mobile phone (Jerat 2008). Traditionally mobile phones have been built by engineers for engineers, with no particular focus on ease of use. The process of accessing the internet in the mobile phone has been too complicated for most users reducing the critical mass of mobile internet users and thus reducing the advertising attractiveness of the mobile internet (Edwall 2008; Packer 2008). The main reason for the confusion regarding mobile internet can be traced to the network operators and the phone manufacturers leading consumers to think that they will receive the same content in the phone as in the computer (Edwall 2008; Granding Larsson 2008). Consequently, the user behaviour in the mobile phone has not been as advanced as it could have been, reducing the effect of technically advanced and multimedia rich marketing activities.

A new trend within the mobile phone industry was born when the iPhone was launched in USA in 2007 and in Sweden (3G version) in 2008. The iPhone is categorized as a multimedia smartphone and is designed to give a good multimedia and internet browsing experience and the focus is on user friendliness (Apple 2009). The iPhone has become an eye opener among consumers, advertisers and not least phone manufactures regarding what can be done in the mobile phone and what the internet can look like in a mobile phone (Edwall 2008). The main

difference between an iPhone and a traditional mobile phone is the ease of use, an iPhone does not come with a manual, and everything is intuitive (Packer 2008).

*“Nokia and Ericsson have been producing mobile phones for a long time but this is Apple’s first phone model and the user friendliness is much better”* (Packer 2008).

The traditional phones have not been designed with a consumer focus and that is an important reason for why the consumers have been late to adopt all features the phone can offer (Edwall 2008). The iPhone has become a driver of mobile marketing since the phone gained a widespread positive attention on the market and in the press. It has become an important sign of status for an advertiser to be present in an iPhone. The iPhone has created a positive market buzz around mobile marketing despite the fact that it is a very small share of all consumers who are using an iPhone (Shishoo 2008).

Before the introduction of 3G and smartphones, the technology was perceived by the advertisers to be rather primitive and mobile marketing was more or less associated with SMS. Hence advertisers did not consider their brands to be in line with SMS based campaigns or similar (Edwall 2008). Now, advertisers have a more positive opinion about engaging in mobile campaigns since the media has matured and offers more possibilities with multimedia solutions, games and interactions. Consequently, the introduction of smartphones has created a change in the user behaviour. A study conducted by Universal McCann over smartphone users’ behaviour showed that 53 percent of the users have clicked on an online banner and 35 percent have proceeded with an advertisement in order to obtain more information or get a discount coupon (Eriksson 2009a). This implies that smartphones have made it easier to personalize and make content more relevant for the end user.

To conclude: the mobile phones of *today* possess the technological capabilities that are required to create effective mobile marketing. However smartphones like the iPhone have not been available until recently. User behaviour has lagged behind due to traditional phones focus on technology and not on user friendliness which has limited the user behaviour. When the usage becomes more advanced and models with larger screens which are designed for better multimedia experiences dominate it will be easier to create more integrated campaigns using different functions of the mobile phone. We are on the break of this shift; we have however not been there before today 2009. Hence, the technology itself has not been a limitation for mobile marketing, but rather the way the technology has been packaged and delivered to the consumer.

This in combination with the lack of intelligent mobile phones can be seen as part of an explanation for the inertia in Sweden.

#### **6.1.10 Have prices regarding mobile marketing for the consumers been clear enough?**

Financial barriers have been seen as the most important determinants of an individual's intention to engage in mobile marketing activities (Vatanparast & Asil 2007). Fairly priced services become important and the benefit of engaging in services is weighted against the perceived costs.

One important facilitating factor of mobile marketing is the cost for the consumer (Vatanparast & Asil 2007). In order to reach a critical mass of mobile internet user and thus making the media attractive for advertisers, the cost for the consumer to use the mobile internet must not be too high (Rydahl 2008). The cost for the consumers is a problem. Normally it is free to surf on the network operators' own portals but a fee applies when the consumer leaves the portal. The information about this fact has been ineffectively communicated by the network operators (Nolla 2008; Shishoo 2008). With this in mind, flat rate subscriptions become important where the price the consumer pays is constant regardless of amount of data accessed and downloaded. In Sweden, the flat rates have been priced too high for the broad mass of consumers to adopt a flat rate subscription (Johansson 2008; Jerat 2008; Nolla 2008; Näslund 2008; Edwall 2008).

An example with the problem of a low share of flat rates was when Expressen started to broadcast mobile TV. Users without flat rates got charged 15 SEK per megabyte resulting in a total cost of 150 SEK for a short video clip (Packer 2008). The consumers got upset with Expressen since they associated the high price only with Expressen and not the network operator – this led to increased negative attitudes towards accessing content through the mobile internet (Packer 2008). The consumer confusion regarding costs for mobile services could also be applied to more traditional services such as SMS and MMS. There is still a large misperception among the general consumer that SMS and MMS services, which often are important parts of mobile marketing activities, are rather expensive (Alvarez 2008). Thus, the network operators have not effectively communicated the correct prices which have led to a confusion and reluctance among consumers.

The supply of flat rate subscription has been limited as there is a battle between two forces. One force earns money on the data traffic. Since they do not earn enough on text messages and calls they want to squeeze out every penny on the data traffic before the price drops to unprofitable levels, while the other force wants to earn money on advertising. The latter force wants more flat rates resulting in more mobile internet surfers (Shishoo 2008). When network providers

launch more flat rate subscriptions they will increase the numbers of options for the consumers which could potentially act as a driver to overcome the barrier that high cost have created (Edwall 2008).

There is still a lack of knowledge regarding costs among consumers. The descriptions of different subscriptions have been too technical for consumers to understand, they do not know how much they will be charged for accessing different mobile services or for taking part in marketing campaigns. This concern is especially present among those consumers who do not have flat rate subscriptions. Network providers have not focused enough on consumer value (Johansson 2008) resulting in the low number of mobile internet users (Edwall 2008). The network operators have used a too technical language when communicating with end consumers (Nolla 2008). The problem is that the network operators' take the business models that they have with phone manufactures, retailers and applies it on end consumers. When the network operators communicate with their business customers, it is natural to have a technical language but when talking to the end consumers, the communication must be focused on consumer value and not technical aspects (Nolla 2008).

To conclude: to explain a subscription with technical terms such as megabytes and maximum downloading speed is often too abstract for a consumer to make a judgment about the value of the offering. It becomes evident that there is an ongoing battle between making money on the data traffic and dropping prices to unprofitable levels while earning money on advertising. This battle in combination with the perception of high prices which has resulted in low user behaviour can be seen as part of the explanation of the inertia.

#### **6.1.11 Have the industry been aware of the process of creating mobile marketing?**

Knowledge about the process of creating mobile marketing will have a positive effect on the use of mobile marketing (Vatanparast & Asil 2007). Regarding the level of knowledge among advertisers in Sweden it is relatively low. There is skepticism amongst advertisers' (Nordlöv 2008), they lack the knowledge about which to contact, what message to communicate and what is the right format (Granding Larsson 2008). Lack of knowledge amongst advertisers was mentioned the most times as an inertia factor during the interviews and later ranked as the second most significant factor in the test.

The lack of knowledge has led to a reluctance to invest in mobile marketing (Edwall 2008) and in order for mobile marketing to increase it is critical that the advertisers start allocating parts of their budgets for mobile marketing. It is not necessary to compare Sweden to the countries at the front position such as Japan and South Korea, the advertisers in Germany and UK for

example have been much faster to try mobile marketing. Major brands in these countries have started working with mobile marketing several years ago resulting in that they now are budgeting for mobile marketing - resulting in development of the market (Edwall 2008, cited in Persson 2008). The situation has been different in Sweden, modest investments in the mobile channel has only taken place when there was resources left in the original budget (Rydahl 2008). It has been considered to be safer and more convenient for marketing directors to invest in traditional media channels resulting in that insufficient resources have been directed to mobile marketing (Rydahl 2008).

The lack of knowledge among marketing directors does not only regard the creation process but about also the concept of mobile marketing. Marketing directors have not realized the full potential of mobile marketing as they have relied too heavily on the traditional media agencies - which in return also lack the necessary knowledge about mobile marketing (Eriksson 2009a). Media agencies' lack of knowledge regarding mobile marketing was ranked by the industry professionals as the most important factor to explain the inertia. The empirical data indicate that the media agencies are the actors in the value creating network which have been slowest to react to and adopt mobile marketing (Jerat 2008; Näslund 2008; Johansson 2008). Consequently the development of mobile marketing has been affected negatively since the media agencies have a lot of power as they are the intermediate between the advertisers and the media. Media agencies' role is to advise advertisers about which medium to focus on and invest in and when there is a lack of knowledge among these intermediates, problems arise.

To conclude: the lack of knowledge about the process of creating mobile marketing and insufficient resource allocation are significant factors to explain the inertia. This is further increased by the fact that the media agencies are uninformed about mobile marketing as they normally the allocators of revenue streams.

#### **6.1.12 Does Sweden have a clear and well known legal framework?**

When discussing the legal framework and ethical guidelines that surrounds mobile marketing only two respondents answered that the inertia in Sweden was a result of a poor legal system and lacking industry codes.

According to KMM (2008) there are two laws that apply for mobile marketing: The marketing act (Marknadsföringslagen) and the personal data act (Personuppgiftslagen). In addition to this there are four industry organs which monitor and provide ethical guide lines for mobile marketing; PTS, Swedma, MORGAN and The Ethical Council for Pay-telephone Services (Etiska

Rådet för betalteletjänster (ERB)). In addition to this there are international industry organs providing guidelines for mobile marketing; MMA and International Chamber of Commerce (ICC).

MMA has been successful in setting up codes of conducts that are followed by the industry (Edwall 2008; Granding Larsson 2008). In combination with MMA's Code of Conduct, MORGAN, a Swedish industry organization for companies active in the Swedish mobile service industry, has set up two documents; Guidelines for marketing of services by use of banners on the internet and Code of conduct (MORGAN 2009). ERB has developed ethical guidelines for pay services which includes premium SMS and other mobile services when an increased fee applies (ERB 2004). The guidelines cover mostly codes regarding opt-out requirements and cost information requirements of commercial messages.

Despite the fact that regulation, guidelines and codes of conduct are present on the Swedish market, there is still some diffidence on the market, especially among the advertisers. Lack of knowledge about what is and what is not allowed to do when communicating through a mobile phone has created caution on the market (Johansson 2008).

To conclude: Sweden is heavily regulated in regards to mobile marketing. When legal regulations have been lacking industry organizations have produced guidelines to follow. In regards to lack of policy it is not significant enough to explain the inertia.

## 6.2 Can the factors in the conceptual model explain the inertia?

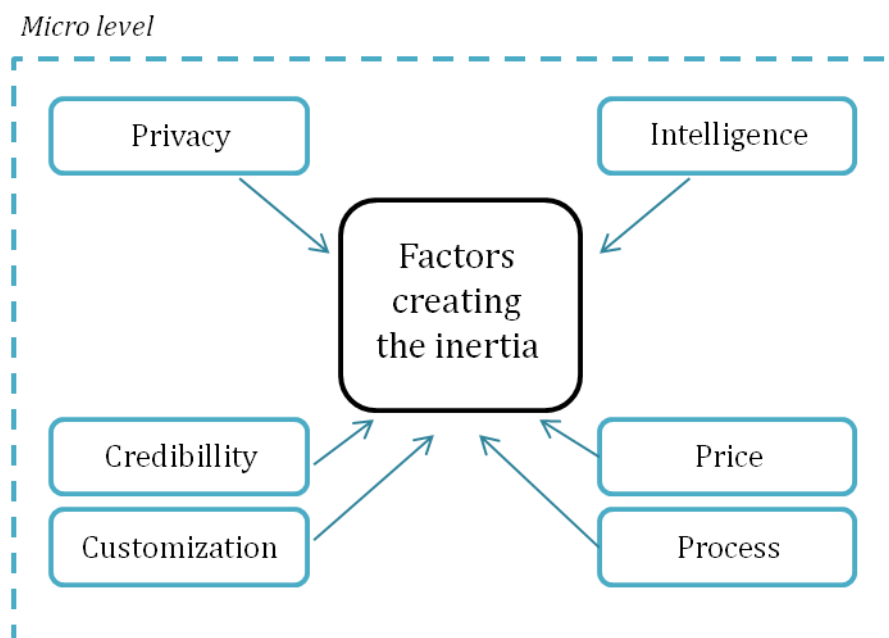
To some extent the factors in the conceptual model can provide explanations for the inertia on the Swedish market, however not all of them are of importance. Privacy, credibility and process are all based on the lack of knowledge among advertisers. Price is based on the lack of knowledge among the consumers. Intelligence and customization are based on the lack of adequate mobile phones than can receive and process advanced mobile marketing. The result of the empirical data regarding the factors inside the conceptual model is presented below.

Table 4

Explanations for the inertia			
	Yes	No	Cannot determine
Privacy	X		
Purpose		X	
Performance			X
Content		X	
Credibility	X		
Customization	X		
Interface		X	
Interactivity			X
Intelligence	X		
Price	X		
Process	X		
Policy		X	

With basis in this, a model of which factors inside the conceptual model that has affected the inertia can be produced. These factors will henceforward be regarded as micro level factors as they are single factors that affect the inertia. The model of micro level factors is presented below.

Model 1



### 6.3 Can factors outside the conceptual model explain the inertia?

In order to establish why mobile marketing has not developed further in Sweden, the conceptual model served as a good framework. It did however not provide an extensive enough explanation of the inertia in regards to the empirical findings. Hence it is necessary to a) distinguish other factors affecting the inertia and b) determine how these factors affect each other in order to answer the main research question: why mobile marketing has not developed further in Sweden. As mentioned in chapter 2, the most common answers given to the question why mobile marketing had not developed further were clustered and sent to the interviewees in order to be ranked. The test provided the basis for the factors that exist outside the conceptual model. The result of the test is presented below.

Table 5

Factors explaining why mobile marketing has not developed further in Sweden	Rank
Lack of knowledge amongst media agencies	1
Lack of knowledge amongst advertisers	2
Technology instead of creativity has been the driving force of mobile marketing	3
Poor information about costs of mobile marketing in regards to the end consumer	4
Lack of knowledge of about the usage of mobile marketing from the end consumer	5
No critical mass of mobile internet users	6
No common standards for measurement	7
Lack of common technical standards	8
Too much of profit ends up with the network operators	9
Advertisers fear that the mobile is a too private to use as a media channel	10
Too many operators in Sweden	11
Lack of rules and regulations regarding mobile marketing	12
The mobile phones in Sweden are not suitable for mobile marketing	13

#### 6.3.1 The knowledge gap

When studying mobile marketing in Sweden it becomes clear that there is general lack of knowledge about the phenomenon of mobile marketing. This lack of knowledge is most evident among the advertisers and the media agencies. The problem with lack of knowledge regarding the process in the conceptual model was discussed in section 6.1.11. However, it is more than the lack of knowledge regarding the process than have been identified.

The absence of a common measurement for mobile marketing, which will be examined further in 6.3.2, has had a large impact on the advertisers' and the media agencies' attitudes towards the media. The two actors' slow adoption of the new media is greatly affected by the lack of common



measurement standards in two major ways. Firstly, the media agencies lack the incentives to get into mobile marketing since they have not yet figured out how they can make money on the new media channel (Jerat 2008). They have problems justifying investments in the media to their clients without talking about reach, frequency and click-through rates. It is evident that media agencies tend to buy media that they can quantify. Secondly, traditionally, media agencies earn money on kick backs from the media they buy for their clients (Edwall 2008). The media agencies have problems working with the mobile media since they measure contact costs and the media investment, measurements that are not applicable in the mobile phone; a standardized measurement system has been lacking and resulting in reluctance from the media agencies (Edwall 2008; Nolla 2008).

The problem for the media agencies with the early mobile campaigns was that they existed in an own universe, a media that did not exist in the traditional way, which was conceptually hard for them to understand (Edwall 2008). Because of this, the mobile agencies had to take on three different roles in the value chain; advertising, production and media agency. This resulted in seemingly higher costs, of the mobile channel, for the media agencies as they had to pay three times more than what they traditionally paid for using a media channel. This has been especially evident in the case of messaging (SMS, MMS) since it is nothing that a media agency can book or buy. The model behind mobile banner advertising is more similar to the model traditional media agencies are used to with CPM, banners and pay-per-click (Edwall 2008). It has been considered safer for a media agency to buy TV and print since these media are easier to measure and thereby to evaluate and justify. This creates a reluctance to invest in the mobile channel. This implies that the media agencies block advertisers' access to the mobile channel, as advertisers with large budgets tend to listen to their media agencies in regards to which media to advertise in.

According to Geiger (2008), the media agencies and the advertisers have to reconsider what to value in a marketing campaign. The mobile phone has been wrongly used for mass marketing when it instead should be used for building relations with consumers, the quantity versus quality issue. This was also discussed by Tähtinen (2006) who argues that there is a risk of a vicious circle where advertisers set goals according to mass media (reaching a high number of potential customers) and ad agencies designing mobile marketing for mass audiences without personalization and interactivity, which annoy a lot of consumers, leading to a failure of the campaign and in the future, reluctance towards mobile marketing.

Further, for mobile advertising, the network operators' portals have become important media spaces since a majority of the mobile internet traffic goes through these sites (Johansson 2008).

However, there have been no tradition among media agencies to buy advertising space from the network operators and at the same time; the operators' do not have any experience in selling these media spaces (Bjerre 2009). The role in the value chain has changed for the network operators; as they are now acting as both media buyer and sellers. In recent years the network operators have managed their new role by cooperating with advertising networks such as Adiento and Jumtap which can package, market and sell the network operator's offerings. This means that by using the new network constellations, Adiento together with Mobiento have the power and ability to disregard the traditional media agencies, hence resulting in an increased knowledge gap.

The knowledge gap does not only refer to the media agencies but to the advertisers as well. The interviewees have indicated that there is a general interest in mobile marketing from the advertisers but a lack of knowledge regarding how to use it, what type of message to use and who to contact resulting in a cautious attitude towards the new media. For the large advertisers the lack of knowledge among media agencies has directly affected their knowledge level negatively. Further it can be argued that the low amount of research and other objective information sources on the subject have affected the willingness to invest in the new media. This argument is supported by the findings of Virtanen et al. (2004), whose survey among advertisers indicated that the lack of research was a potential barrier for growth of mobile marketing. The founding of KMM in 2007 could be seen as a reaction of the low level of knowledge among the advertisers. The committee's main focus is to increase the level of knowledge of mobile marketing, especially among the advertisers and provide unbiased information to the buyers of mobile marketing (KMM 2009).

To conclude: The empirical findings show that media agencies' have been slow to react to mobile marketing resulting from a lack of knowledge. This has led to that traditional media agencies' role in the value chain has been somewhat redundant when it comes to mobile marketing. Instead of waiting for the media agencies the mobile marketing industry has grown organically and created specialized mobile media agencies such as Adiento. The fact that the industry grows organically can, on the one hand, have increased the usage of mobile marketing and could be regarded as an attempt to work around the problem of the slow adaptation of the media agencies. On the other hand, it can however have increased the knowledge gap as the media agencies are no longer needed, distancing them and their clients (the advertisers) even further from using the mobile channel. Regarding the advertisers, the lack of knowledge has resulted in cautious investment behaviour. This has definitely contributed to the inertia since the advertisers' investments are the financial driving force behind the growth of mobile marketing.

### 6.3.2 Battle between technology and creativity

This refers to the fact that the market has been driven by technology instead of creativity disregarding consumer focus. The level of creativity is an important factor for successful mobile market (Vatanparast & Asil 2007). When analyzing the empirical data it becomes evident that technology has been the driving force in regards to both mobile phone production and the services provided. Mobile phone manufacturers have a heritage of being engineers which think in technocratic ways (Packer 2008). When purchasing the last version of a specific type of mobile phone model – the user still need to read the 100 pages long manual in order to understand how to use it (Packer 2008). Packer (2008) and Edwall (2008) mean that when Apple launched the iPhone, the traditional mobile phones manufacturers got a serious competitor who thought in creative ways, in regards to the fact that the iPhone is user friendly and intuitive. The introduction of the iPhone symbolizes that the mobile phone is no longer just a mobile phone; it is also a multimedia device and an internet device. It also gives the network operators an incentive to market flat rate subscriptions that include high volume data options (IDATE 2008).

The technological focus has had implications for the user aspect of the services provided as well. An average consumer has no idea of how to go about to take part of a mobile service developed by engineers. Mobile phones have not used any different technology for the past seven years, which is an issue for mobile agencies when creating campaigns that are supposed to be intuitive for the consumer (Edwall 2008).

The technological force is not just present among the mobile phone manufacturers, the telecom industry has definitely made it harder for consumers to use mobile services. There are still network operators which provide their customers with the wrong settings (Edwall 2008). Pricing in the telecom industry has also been driven by technology as the network operators sell on megabytes instead of actual, comprehensible prices for the service (Nolla 2008).

The mobile internet and the services provided have been disastrous as long as the network operators have been in charge (Packer 2008). In regards to the network operators' portals there is much to be done, first of all the portal are rather generic as they all have a content provider model and they are targets for the same advertising (Edwall 2008). When Facebook launched their mobile service all of a sudden there were hundreds of thousands Swedes updating their Facebook via the mobile (Packer 2008). This implies that when creative services such as Facebook, DN, SL, and MSN build solutions for the mobile phone, there has been a change in the user behaviour as a result.

An example brought up by Packer (2008) regarding technology interfering with creativity was when Aftonbladet and H&M did a campaign where the consumers entered their mobile phone numbers and received a SMS with a 20 percent discount coupon. It was a successful campaign and in 24 hours 20.000 SMS had been sent out. However, the campaign was almost ruined by the engineers who built the technical solution as they worried about the risk of consumers forwarding the discount coupon to their friends. From a marketing point of view, the campaign and the viral possibility were optimal but from a technological point of view it was a weakness. This shows the problem when a technology point of view affects mobile marketing negatively.

To conclude: the technological focus of the industry has had an impact on the inertia of mobile marketing. The important creativity aspect of mobile marketing has been degraded by the heavy focus on technology. However, the market is in the middle of a shift towards a more creativity driven industry which could potentially have a vast impact on the future for mobile marketing.

### **6.3.3 The problem of no common standards for measurement**

Mobile marketing is to a high degree measurable and exact. Whether the mobile is used as a telephone, surf device or application, the unique mobile phone number is registered, implying that the measurement can be exact and provide a good approximation of reach (KMM 2009).

The statement above is true but the fact that there are no common standards for measuring mobile marketing was mentioned in the majority of the interviews and was later ranked in seventh place of the reasons to why mobile marketing has not developed further. The empirical data support that the need of a common measuring standard is of importance. But when analyzing the issue, it becomes evident that the problem extends beyond the lack of a common measurement standard.

First of all, measurement is necessary because advertisers want to be able to see how well their campaign performs. Secondly, the media agencies need figures and statistics in order to buy the most suitable media for their clients. Thirdly, the mobile agencies have developed standards for measuring the campaigns they produce (Edwall 2008). Fourthly, there is however no standard for measuring the mobile internet (Rydal 2008). Finally, the network operators might be best suited for measuring the actions but their measurement differs and they are reluctant to share the numbers (Rydahl 2008).

In addition to this there needs to be an actor measuring the traffic correctly and objectively (this would most likely need to be Sifo or Nielsen). Then there need to be companies securing the measurement to make sure it is measured in the same way and then the numbers need to be

communicated for example by KIA. KIA index is a Swedish standard for measuring traffic of media containing advertising (Sveriges annonsörer 2009).

In the beginning of May 2009, Sifo presented measurements of mobile surfing. The statistics were provided by Sifo Research International together with Mobiletech and were presented at Kia Index (KMM 2009). Today it is however only mobil.Aftonbladet and mobil.DN displaying their mobile traffic (Eriksson 2009b). This implies that there is a will in the industry to resolve the issue regarding the lack of a common measurement standard. It is however a recent attempt and in order for it to have an impact and reduce the inertia more portals need to communicate their numbers.

To conclude: when considering the lack of common measurement standards it has most definitely been a factor that can explain the inertia of mobile marketing in Sweden. The industry is progressing and showing results of success, there is however a long way left in regards of a common measurement standard for all mobile surf.

#### 6.3.4 Network operators' profit strategies

The issue regarding network operators' unwillingness to share the profit was brought up several times during the interviews but later ranked in the bottom of explanations for the inertia. This could be explained by the fact that the network operators' unwillingness to share the profit has been a problem of the past but the habit of blaming the network operators is still an issue of the present. The mobile agencies are aware of the problem and say that it can have affected the inertia. It is however the content providers expressing the loudest critique.

The problem regarding network operators taking too large share of the profit refers to the fact that the content providers believe that the network operators are intruding on revenues that should in fact be theirs. When using premium SMS, the network operators take 30 percent of the revenue making the service 50 percent more expensive for the advertiser (Alvarez 2008). In regards to mobile surf, the content providers receive nothing (Granding Larsson 2008; Packer 2008). For example if the consumers watch an average length video clip of 10 MB at the price of 15 SEK/Megabyte on their mobile phones, the network operators receive about 150 SEK depending on what type of subscription the customer have leaving zero revenue for the content provider. The network operators do not see themselves as a payment provider but instead as a network owner wanting payment for usage of their infrastructure (Edwall 2008).

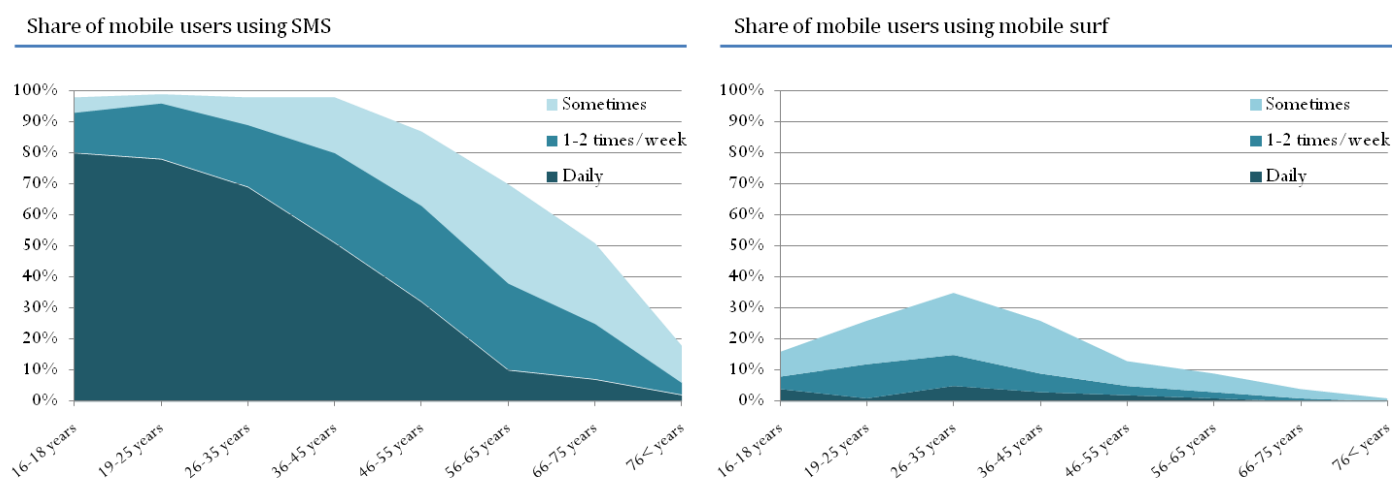
This is illustrated by a statement from Indra Åsander, director of mobile services at Telia Sonera, who claims that there are no doubts that Telia Sonera will share the revenues of the mobile media channel. *"We own the new media channel, the infrastructure and we can sell our knowledge*

*about the consumers. We have access to name, age, gender and mobile phone model - facts that are all relevant when sending commercial SMS.” (Åsander 2007, cited in Ahlbom 2007)*

To conclude: as the content providers consider the network operators as taking too much of their profit it can be regarded as a factor that could explain the inertia of mobile marketing in Sweden. If content providers believe that the network operators take an unreasonable portion of the profit there is no reason for them to use the mobile channel.

The network operators’ also received critiques in regards to their pricing strategy and the way it has affected consumer behaviour, which was mentioned earlier in this chapter. As Sweden has four large network operators and a mobile penetration around 115 percent, penetration level have reached saturation resulting in hard competition to keep customers and retrieve new customers. In comparison with the OECD countries, Sweden has the second lowest prices implying that competition have had effect on the prices (PTS 2009). In the middle of the year 2000 the Swedish network operators decreased their prices with 40 percent. A contributing factor for this was the introduction of the network operator Tre on the market (PTS 2009). Prices for SMS have decreased since 2006 resulting in an increase in consumer usage, Sweden has however, compared to the other Nordic countries, had high prices for mobile additional services (PTS 2007). Sweden together with Finland has the lowest monthly costs on mobile broadband (PTS 2009). The effect of low prices has been reduced by too technical marketing which has resulted in a lack of a critical mass for mobile surf, if the audience is not there; there are no incentives for advertisers to advertise. The difference between usage of SMS and mobile surf is displayed below (World Internet Institute (WII) 2008).

Figure 5



It can be confirmed that reduction of prices increase the usage behaviour, hence, initiatives to reduce the cost of mobile surf would increase mobile surf usage. As flat rates imply that the consumer can surf unlimitedly, dependent on type of flat fee subscription, usage behaviour would increase with the increase of sold flat rate subscriptions. Mobile broadband has had a tremendous growth during 2008, where the data traffic in the mobile networks increased with 492 percent (Frykholm 2009). However, at the same time, only five percent of the users answer for 90 percent of all data traffic. This implies that despite the massive growth, the mass of users of internet through the mobile phone is still low.

According to the network operators, there is a problem with some consumers using too much capacity, and as a result, in February 2009 the network operators introduced a capacity limit where they stipulated the right to limit the speed of the transfer to 30Kbit/s if the consumer uses more than 5 GB per month (PTS 2009). In regards to this – the network operators are limiting the potential growth of the usage behaviour and hence increasing the inertia of mobile marketing in Sweden.

To conclude: the empirical findings suggest that usage of mobile services increases with decreasing prices. The fact that Sweden has low prices compared to other countries in Europe does not seem to have affected usage of mobile surf positively. This is most likely a consequence of two factors; 1) complicated pricing communication from the network operators resulting in insecurity from the consumers of the actual costs. 2) Few mobile sites as content providers consider that the network operators intrude on their profit. The fact that the network operators limit consumers with flat rate subscriptions using more than 5 GB per month is contra productive and will delay the development of user behaviour. Hence, the network operators pricing strategies can provide an explanation for the inertia of mobile marketing in Sweden.

### **6.3.5 Implications of a fragmented market**

When analyzing the empirical data the conception of a fragmented market for mobile marketing was displayed. It can be concluded that the roles of the different actor categories on the market have been unclear, this could likely be explained by the fact that mobile marketing is a young market. It has however had implications for the development of mobile marketing and is therefore interesting to analyze further.

An evaluation of the mobile marketing value chain by Leppäniemi, Karjaluoto & Salo (2004) shows that emergence of mobile marketing has mainly been driven by mobile agencies and technology providers, the actors that benefit the most from the market creation and adoption. These actors have not succeeded to integrate the other actors in the network: network operators, advertisers and advertising agencies which have resulted in a fragmented market.

Their view was supported in the empirical data where it was concluded that the roles in the value chain of mobile marketing services are still vague and actors such as the mobile agencies are benefitting from this confusion, being the only actors with the scarce know-how of mobile marketing (Johansson 2008). According to Packer (2008) the very existence of specialized mobile agencies is questionable since it would be more logical that the regular advertising agencies would own the client account and it should not be divided on two different agencies since it only creates transaction costs for the advertisers.

Another view of the fragmentation was brought forward by Nolla (2008) and Edwall (2008). The mobile channel offers a wide variety of marketing possibilities and due to this, a lot of small specialized actors have emerged, focusing on different components of mobile marketing such as Bluetooth and production of mobile sites. Focus has been on developing the technology but no one has been focusing on turning the technology into a sellable product that could be marketed towards the advertisers and the media agencies (Edwall 2008; Nolla 2008). This fact in combination with the media agencies traditional slow adoption rate of new media created problems for the growth of mobile marketing (Edwall 2008). One reaction to this was the introduction of Räckviddspaketet in October 2008. Räckviddspaketet was a collaboration between the network operators in order to simplify the process of booking and buying space on the network operators' portals (Johansson 2008; Nolla 2008).

The fragmentation and the unclear roles have also affected the network operators. Johansson (2008) gave the example of when a network operator tried to take on several roles in the value chain. Roles that demanded competences outside the network operators' core business. The example regards Vodafone's launch of the multimedia portal service Vodafone Live where the network operator both acted as a full service provider and a content provider. Vodafone Live never became a success mainly due to the fact building the creative content was not a competence that a network operator normally possess (Johansson 2008). In this case, the network provider tried to make businesses beyond their core competences resulting in a negative outcome, both for the network operator and the consumers using the service.

The battle between technology and creativity has led to a fragmented market in the sense that the creation of mobile marketing implies knowledge in both technology and creativity. The mobile marketing industry consists of two distinct and quite different industries; advertising and telecommunications (Leppäniemi, Karjaluo & Salo 2004). The network operators cannot create mobile marketing as they do not have the needed creativity skills. In the same sense, advertising agencies do not have the technological skill necessary to create mobile marketing. Hence mobile agencies have developed as experts, combining both disciplines. This has other



implications for the development of mobile marketing in Sweden than a fragmented market. As the mobile agencies are the only actors in the network with both the technological and creative skills it has resulted in a knowledge bottleneck, implying that the mobile agencies are necessary in order to create a mobile marketing campaign.

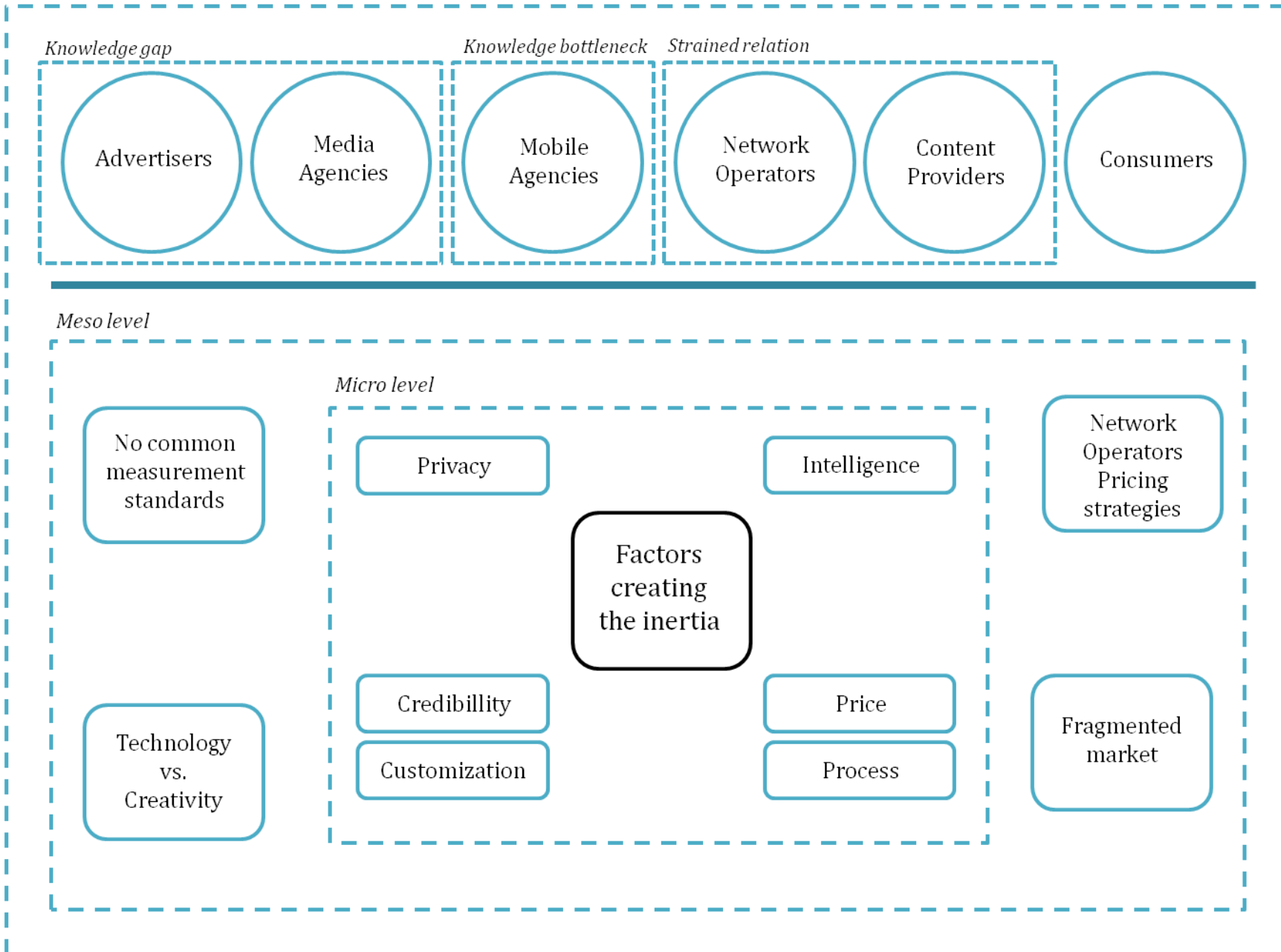
To conclude: the fragmentation of the market can help to explain why mobile marketing has not developed further in Sweden. During the emergence of the mobile marketing industry in Sweden, there were a lot of small niche players which focused too heavily on technology development. No actor could gather all technology and transform it to an attractive and sellable product that could be bought by the advertisers and media agencies. This void in the market was later filled by the growth of the mobile agencies which could to a larger extent master the different parts of mobile marketing. However, the existence of mobile agencies has been questioned since it has been regarded as non-logical and confusing for the advertisers. It could be argued that a traditional advertising agency should be the one owning the whole client account and master all different media, whether it is print, television or mobile. On the other hand, the emergence of mobile agencies must be seen as the natural result of the market force. The mobile marketing know-how was for a long time non-existent and the mobile agencies emerged as a result. Then again, the emergence of specialized actors and not in-house solutions of the traditional advertising agencies have created some confusion on the market which can be seen as a contributor to the inertia.

#### **6.4 Which factors explain why mobile marketing in Sweden has faced inertia?**

As described in the two previous sections of this chapter there are factors both inside and outside the conceptual model that affect the inertia of mobile marketing in Sweden. They have been arranged in a model aiming at explaining why mobile marketing in Sweden has faced inertia. The factors have been divided into three levels; micro, meso and macro, depending on the degree they affect other factors. The micro level factors can explain the inertia, but together with the meso level factors they provide a deeper understanding of the inertia. In the same regard do the macro level factors provide a deeper understanding of the micro and meso level factors. However, they must all be regarded as one complex network of factors in order to be able to explain the inertia as no factor is an island. The model is presented on the following page.

How these factors have affected the inertia will be described in the third and final section of this chapter.

Macro level



## 6.5 How have the factors affected the inertia of mobile marketing?

In order to gain a deeper understanding of the slow development of mobile marketing in Sweden, it is not enough to identify the factors causing the inertia. By establishing relationships between them, a more comprehensible picture of the situation could be presented. This is especially critical when determining what initiatives the industry must take in order to overcome the slow development of mobile marketing.

It has been concluded that *privacy* affect the inertia. However, *privacy* have been affected by the *advertisers* in the sense that they fear that the consumers do not want commercial content in their mobile phones as they regard it as a very private device – resulting in a *fear of privacy violation*. This has led to limited spending on mobile marketing increasing the inertia.

The *lack of common measurement standards* has led to a *knowledge gap* regarding the advertisers and media agencies. The knowledge gap can be directly derived from the absence of a standardized system for measuring and comparing different mobile marketing investments. The *credibility* for mobile marketing has also been affected by the inability to measure the media in correct and consistent ways and as a consequence, the mobile media have had problems building credibility and legitimacy.

The *knowledge gap* has further affected the advertisers' and the media agencies' understanding of the *process* of making mobile marketing. The lack of knowledge regarding the process has also been affected by the *fragmentation of the market* for mobile marketing which makes it difficult for advertisers to know which choices to make, partners to consider and formats to construct.

The *fragmented market* combined with the *battle between technology and creativity* has resulted in a *knowledge bottleneck*. In the sense that there have only been a few small and specialized mobile agencies, that have had sufficient enough knowledge about the creation of mobile marketing further increasing the inertia.

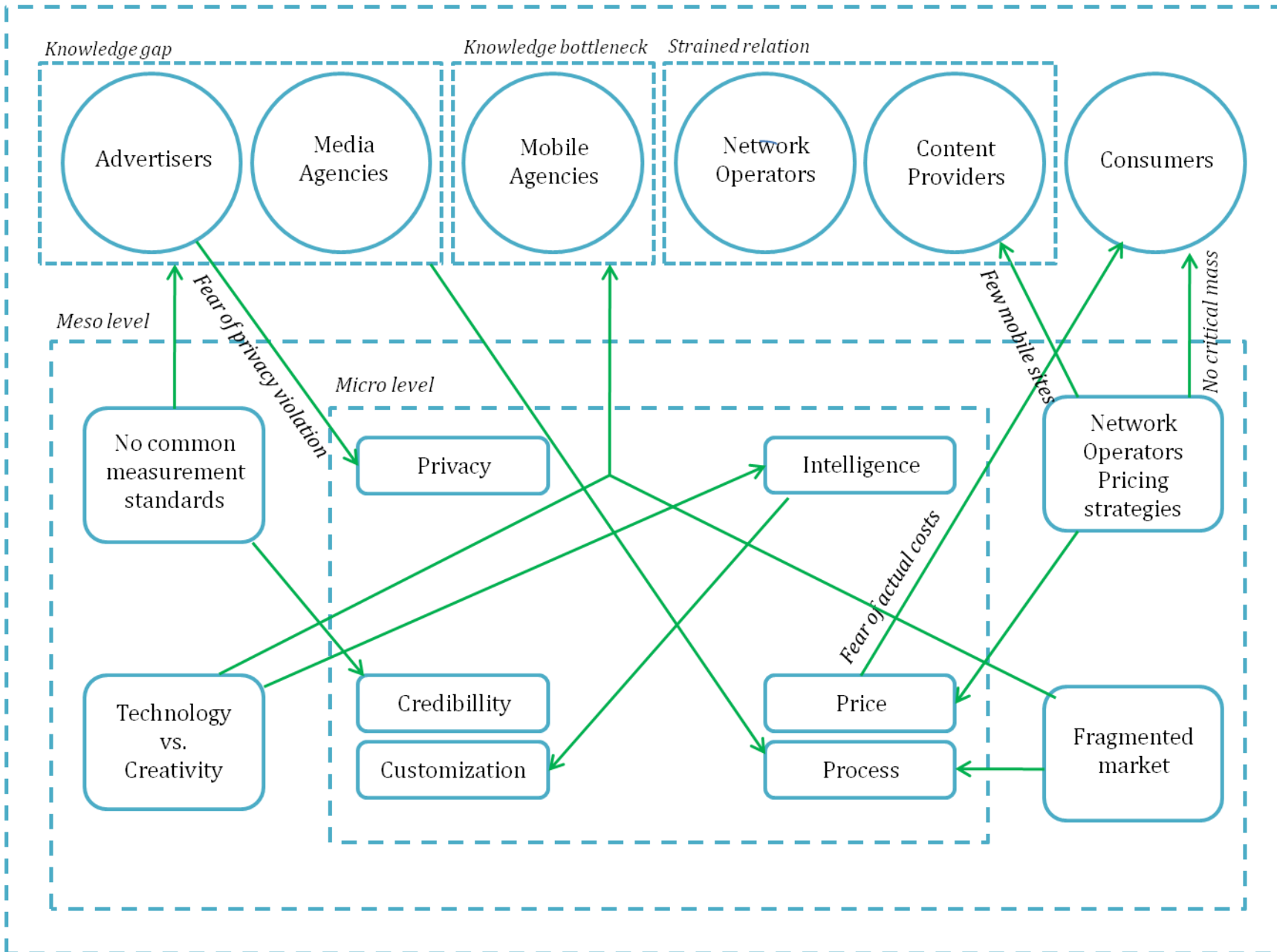
The low rate of *intelligence* regarding the mobile phones has been affected by the *technology focus* of the mobile phone industry and the service providers. These industries have been driven by a technological viewpoint with no particular focus on user friendliness resulting in rudimentary consumer behaviour, not taking advantage of the possibilities modern marketing can offer in regards to consumer relevance and value.

*Lack of intelligent mobile phones* has affected the *customization* possibilities of mobile marketing messages in the sense that there have been enough intelligent mobile phones which made it difficult to customize the messages.

The *network operators' pricing strategies* have affected the *prices* in regards to the consumers as they have been perceived as too high and have been vaguely communicated. As a consequence there has been no *critical mass of users* of the internet through the mobile phone as the consumers *fear the actual costs*. The *pricing strategies* have also affected the content providers' attitude towards creating content for mobile marketing as there has been a perception among content providers that the network operators takes an unreasonable large part of the revenues, especially in regards to the mobile internet. This has resulted in a mediocre interest for engaging in mobile marketing and has led to a *few mobile sites* and a *strained relationship* between the network operators and the content providers.

On the following page an explanatory model of the factors creating the inertia and their interrelationships is presented.

Macro level



## 7. Conclusion and Discussion

*In this chapter, the conclusions regarding why mobile marketing has not developed further in Sweden are presented. This is followed by a discussion regarding results and quality of this thesis along with managerial implications of the study. Finally, suggestions for further research are provided.*

### 7.1 Conclusions

When comparing the opportunities for mobile marketing in a technologically forward country as Sweden, to the actual investments in mobile marketing, they do not correlate. The development of mobile marketing in Sweden has been slow compared to other countries – there seemed to be inertia of mobile marketing. This interested the authors of this thesis who aim at determining *which* market factors that have created the inertia of mobile marketing in Sweden, and *how*. The purposes of this thesis were three folded: 1) an explanatory purpose in regards to what mobile marketing is and how it can be used – which was answered in chapter 4. 2) To determine why mobile marketing in Sweden has faced inertia - which is answered in chapter 6. 3) To develop a model of the factors limiting the development of mobile marketing in Sweden – which has been done in chapter 6, model 3.

In the analysis in chapter 6, different factors affecting the inertia were identified and answers to the research questions were given through constructing the models. The authors have concluded that there is a complexity regarding the factors and that none of the factors can be considered as singlehandedly causing the inertia. They should rather be regarded as a network of factors which affect each other and the eco-system of mobile marketing. And most importantly - only together can they explain the inertia. A summarizing table of the conclusions can be found on the following page.

Table 6

Factors affecting the inertia			
Which	How	Result	Affects
Privacy	Advertisers' fear of privacy violation.	Less use of the mobile channel than there could potentially have been.	Advertisers
Intelligence	Too technologically advanced mobile phones and not enough intelligent smartphones.	User behaviour has lagged behind due to traditional phones' focus on technology and not on user friendliness.	Customization
Price	Consumers fear real costs. Costs have been too technologically marketed to consumers.	Low user behaviour.	Consumers
Process	Advertisers and media agencies do not have sufficient knowledge regarding the process of creating mobile marketing.	Advertisers do not know who to contact, what to do or what technology to use. Less use of the mobile channel than there potentially could have been.	Advertisers & Media agencies
Credibility	Few unserious actors have managed to create low credibility and skepticism around the mobile phone as a marketing channel.	Less use of the mobile channel than there could potentially have been.	Advertisers
Customization	Lack of relevant databases. Regulation regarding usage of positioning and communication via the mobile phone. Not enough smart phones to gather data on consumers.	Less use of the mobile channel than there could potentially have been.	Advertisers
No common measurement standards	Advertisers do not know how well a campaign performs. Media agencies do not have sufficient evidence to buy the media.	Contributes to increasing the knowledge gap. Creates less credibility for the mobile channel.	Knowledge gap & Credibility
Technology vs. Creativity	Technology instead of creativity has driven telephone manufacturers, network operators and service providers.	Mobile phones have been too technologically advanced for the average consumer to use. Specialized mobile agencies which can handle both technology and creativity have been established.	Knowledge bottleneck & Intelligence
Network operators pricing strategies	Complicated pricing communication from the network operators has led to an insecurity to use services among consumers. Content providers feel that network operators interfere with profit that should in fact be theirs.	Few mobile sites and mobile internet services have been produced. A strained relationship between content providers and network operators. Complicated pricing communication has led to no critical mass for mobile surf.	Price, Consumers & Content providers
Fragmented market	Development of small niche actors. Media agencies have lost their natural position in the value network. Few actors can manage the whole process of creating mobile marketing.	Lack of knowledge regarding the process of creating mobile marketing. And knowledge has been centered around mobile agencies.	Process & Knowledge bottleneck
Knowledge gap	Advertisers and media agencies do not have sufficient knowledge about mobile marketing.	Development of mobile agencies.	Process
Knowledge bottleneck	Mobile agencies are the only actors in the network with sufficient skills and knowledge on how to create mobile marketing.	Mobile agencies have not been large/important enough to drive mobile marketing forward.	Knowledge gap

## 7.2 Discussion

Mobile marketing in Sweden has had a slow development. Compared to the global average, mobile ad spend in Sweden is ten times smaller. By examining which factors that have affected the inertia, an understanding of why the development of mobile marketing in Sweden has lagged behind, have been obtained. Besides identifying these factors, inter-dependencies have been established. The model of inertia factors and their inter-dependencies will help the actors in the mobile marketing industry to understand the forces shaping their environment. The model shows that there are several individual factors that could be labeled as sources to the inertia. However, as the inter-dependencies show, the factors are not independent. The complex ecosystem of mobile marketing has led to an equally complex network of factors affecting the slow development. This identification of the relationships can help overcome the barriers and drive mobile marketing forward.

As described in the literature review in chapter 3, Virtanen et al. (2004) present six barriers to the growth of the mobile as a marketing media. Four of the barriers can be matched to the factors affecting the slow development of mobile marketing found in this thesis. Namely: 1) Resistance for change among marketing service providers – media agencies and the knowledge gap, 2) Lack of co-operation and knowledge sharing – strained relation and the knowledge bottleneck, 3) Fear of technology – advertisers reluctance to invest in a media they do not know and 4) Complexity of implementation – advertisers and media agencies lack of knowledge regarding the process. This finding is interesting as their study was conducted five years ago and still some of their findings can be used to explain the inertia in Sweden today. Virtanen et al. study did however consist of views from advertisers alone, hence further generalization regarding their factors and the ones found in this thesis might be difficult.

Although the model constructed in chapter 6, aims at giving a comprehensible picture as possible of the inertia factors, it has been impossible to include all factors that individually have contributed to the inertia. The identified factors in the model should therefore be regarded as major and as most important. The model has not been tested to see if it is accurate and should therefore be regarded as a conceptual model and should in further research on the subject be tested.

When studying the factors and building the model, it became clear that some factors could potentially be of more significance than others. The identified knowledge gap among some of the actors on the market has greatly affected the inertia. This knowledge gap is a result of various factors but the most important is the absence of measurement standards and information regarding the process of mobile marketing. At the moment, some industry initiatives can be seen



as a reaction to this knowledge gap. One of the main initiatives is the committee work of KMM where actors from the whole value chain are working together in order to bridge the knowledge gap. To build up information and develop measurement standards are main points on the agenda. It is of importance that this cooperation is successful since more advertisers must invest in mobile marketing for the media to develop further.

There is a knowledge gap regarding how to buy the mobile media. As there are four large operators selling advertising space, advertisers who wanted to advertise on the mobile internet had to turn to each operator individually. During October 2008, this situation was changed when the network operators launched Räckviddspaketet, a co-operation between the four network operators with the intention to create a unified offering regarding portal advertising, making it easier for media agencies and advertisers to buy. This can be seen as an attempt to overcome some of the barriers of mobile marketing in Sweden today. Räckviddspaket has however not been a part of this thesis as it cannot be regarded as a factor affecting the inertia. It could possibly act as a driver and simplify the process of buying advertising space on the mobile internet, if it will succeed will be determined in the future.

Another main factor of the inertia that was identified was the fragmentation of the market. It could be seen as a result of the recent nature of mobile marketing and the specialized skills required by the mobile marketing actors. This fragmentation has led to a rather complex process for advertisers wanting to engage in mobile marketing. To reduce the complexity, the mobile market industry must strive to increase cooperation and involve a market viewpoint more than a technological viewpoint. More studies on the subject of the fragmentation would provide insights on how the value network has to cooperate in order to drive mobile marketing forward.

The data used in this thesis has been gathered from a wide range of sources in order to provide a complete picture as possible of the inertia factors of mobile marketing in Sweden. However, as mentioned earlier, the existence of relevant academic research in the field has been very limited. General research or other unbiased information about the mobile marketing industry in Sweden has been hard to find. The vast majority of the empirics have been gathered through interviews with industry professionals representing different actors in the value network. Hence there is a risk of the respondents being subjective in regards to their answers. The authors have tried to compensate this fact by conducting several interviews with a broad range of industry actors.

Another shortcoming of this thesis is that it has only studied the market-level. Information about the consumers' influence of the inertia has only been obtained through the interviewed industry professionals. A consumer survey would have been valuable to conduct in order to see if

consumer attitude and acceptance for mobile marketing have affected the inertia. Further, since advertisers' and media agencies' lack of knowledge is seen by the majority of the interviewees as the most important factor of the inertia, it would have been a strength to have conducted more interviews with these two groups. More insights from the media buyer perspective would have contributed to a more all-embracing picture of the inertia factors.

### 7.3 Managerial implications

The findings of this thesis could be useful for managers of different actor groups in the mobile marketing industry. The conclusions can act as a foundation for intra-industry discussions regarding how to navigate the hurdles that have created the inertia. Since the mobile marketing industry comprises of a complex value network with a variety of different actors, all contributing with specialized knowledge, there is a joint responsibility of working together to overcome the barriers and secure that the market for mobile marketing fully takes off.

One of the most important steps that must be taken is to overcome the problem with measurement problems. A method to better calculate return on investment in regards to mobile marketing is of immense significance. As highlighted in the discussion, there are co-operations today in the industry with the aim of developing a standardized measurement system, making the mobile media comparable to other more traditional channels. However, it is of utmost importance that this work results in a standard that is accepted both by the media sellers and the buyers. With a standard in place, media agencies will be more likely to advise their clients, the advertisers to invest in the mobile medium, driving the development forward.

Further, the network operators and the phone manufacturers have to make it more intuitive and uncomplicated to use the advanced functions of the mobile phone. The process of connecting to the internet and using more integrated multimedia functions must be simplified in order for consumers to be more receptive for mobile marketing. Today, the number of consumers with an advanced mobile phone is increasing but user behaviour is still too low to attract the big investments. The iPhone and similar smartphones which facilitate mobile marketing more than traditional mobile phones should act as the role models.

The thesis also shows that there is not a satisfactory level of knowledge on the market today regarding mobile marketing. It is especially the advertisers and media agencies that need more education on the subject. However, the tutoring responsibility should be divided to all actors in the marketing network. The actors in the industry have to work together to share knowledge and build a working and widespread industry structure. Initiatives such as The Committee for

Mobile Marketing (KMM) and the industry organization MORGAN are steps in right direction but this thesis show that there is a need for more knowledge sharing activities in the network.

The network operators' have also a responsibility to provide the consumers with more transparent and comprehensible information. There is a problem of unambiguous price information, especially for mobile surf, resulting in reluctance to use the service.

## **7.4 Further research**

Although this thesis brings up new and valuable knowledge with regards to the Swedish market for mobile marketing, there is still a considerable need for more research. As the industry's actors have a responsibility for driving the market forward, it can be said that the academic field in Sweden has a similar responsibility of providing further studies on the subject of mobile marketing.

The authors suggest that the future research focuses on gaining practical knowledge that could be useful for the mobile marketing network actors. As shown in the literature review, the majority of the previous research of mobile marketing has been focused around consumer acceptance and message success factors. Few, if any studies have concentrated on whether mobile marketing is more suitable for a specific industry or product. Questions that would be interesting to examine is if there is a special industry i.e. telecom, tourism, fast moving consumer goods etc, that would benefit more than others by using mobile marketing. Also, is mobile marketing equally effective for services as for goods? Also more knowledge regarding different consumer groups' intention to mobile marketing in regards to socio-demographic factors would bring valuable insights. The previous research has also been focusing on the business to consumer setting. The implication for mobile marketing in a business to business relation is an area that needs to be examined further.

Further, it would be interesting to examine the possible future network constellation in regards to the mobile agencies and the more traditional agencies. Will the traditional agencies gain the sufficient know-how and capabilities required to create mobile marketing initiatives and thus, lowering the mobile agencies competitive advantage, making their service redundant. Or is mobile marketing that different that there will always be specialized actors on the market only focusing on the mobile field? Such an examination would act as a road map for the future development of the industry and provide the actors with insights about what factors that will shape the future in the mobile marketing industry.

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## Appendix 1 - Glossary

**Advertisement** refers to any collection of text, graphics or multimedia content displayed and accessible inside an application for the purposes of promoting a commercial brand, product or service.

**Carrier** refers to a company that provides wireless telecommunication services.

**Click-through** refers to the process that takes a mobile subscriber to a jump or landing page once the mobile subscriber has clicked on a link.

**Click-through rate (CTR)** refers to a way of measuring the success of an online or mobile advertisement campaign. A CTR is obtained by dividing the number of users who clicked on an ad by the number of times the ad was delivered.

**Confidentiality** refers to the treatment of information that an individual has disclosed in a relationship of trust, and with the expectation that it will not be divulged without permission to others, in ways that are inconsistent with the understanding of the original disclosure.

**Content provider** refer to a company that creates and offers content, e.g. graphic products, ringtones, games, news, information and entertainment services.

**Handset** refers to a term used in reference to a mobile phone, mobile device or mobile terminal.

**Impressions** refers to a business metric for counting the number of times mobile subscribers have viewed a particular page, mobile advertisement on a mobile internet site or embedded within a text message or similar mobile medium.

**Landing page** refers to a secondary page to which a user is directed when they click on an ad, where they are provided additional information and/or a mechanism to make a purchase. The user is often driven to a landing page via an ad banner, link or other offer-related communication.

**Mobile advertising** refers to a form of advertising this is communicated to the consumer/target via a handset. This type of advertising is most commonly seen as a Mobile Web Banner (top of page), mobile web poster (bottom of page banner) and full screen interstitial, which appears while a requested mobile web page is "loading". Other forms of this type of advertising are SMS and MMS ads, mobile gaming ads and mobile video ads.

**Mobile content advertising** refers typically to an SMS message that either: a) contains advertising text; or b) points mobile subscribers to a print, web or TV advertisement that promotes mobile ringtones, games, applications, subscriptions services and other mobile products.

**Opt-in** refers to the process where a subscriber provides explicit consent after receiving notice from the mobile marketer.

**Opt-out** refers to the process through which a subscriber revokes consent after receiving notice from the mobile marketer.

**Personalized content** refers to any content that serves to “personalize” the handset or service for the owner, often based on owners personal style and entertainment preferences,

**Portal** refers to a browseable portal of links to content, pre-configured usually by the network operator, and set as the default home page to the phone’s browser.

**Pull messaging** refers to any content sent to the wireless subscriber upon request, shortly thereafter, on a one time basis.

**Push messaging** refers to any content sent on behalf of advertisers and marketers to a wireless mobile device at a time other than when subscriber requests it.

**Service provider** refers to a third party that performs or assists in the performance of a function or activity involving use of disclosure of personally identifiable information or non-personally information on behalf of a mobile marketer.

**Wireless Application Protocol (WAP)** refers to an open international standard for applications that use wireless communication. Its principle application is to enable access to the internet from a mobile phone or PDA.

## Appendix 2 – Framework Interview Questions

What is your opinion about the mobile phone as a marketing media?

Which are the advantages with the mobile phone as a marketing media?

Which are the disadvantages with the mobile phone as a marketing media?

Please describe the Swedish market for mobile marketing

Which are the most important success factors for mobile marketing?

What are the biggest differences between the Swedish market for mobile marketing compared to success countries such as Japan and South Korea?

Which factors do you think have contributed to the slow development of mobile marketing in Sweden?

Which factors are the most important to get consumers to accept mobile marketing?

What are the industry actors' (advertisers, media agencies, mobile agencies, network operators, phone manufacturers, content providers) opinions about mobile marketing?

Is the different actors' role on the market set or will there be changes in the future?

How is the technology development affecting mobile marketing?

Can you describe the Swedish regulatory framework of mobile marketing?

Is the intention to cooperate in the value network equally strong among all actors?

Are there enough satisfying business models regarding mobile marketing today?

What are the biggest challenges for the producers of mobile marketing?

What limitations do you see in the mobile phone when it comes to marketing?

Have spam messaging and unserious actors a problem

How does the industry measure the reach and effectiveness of different mobile marketing activities?

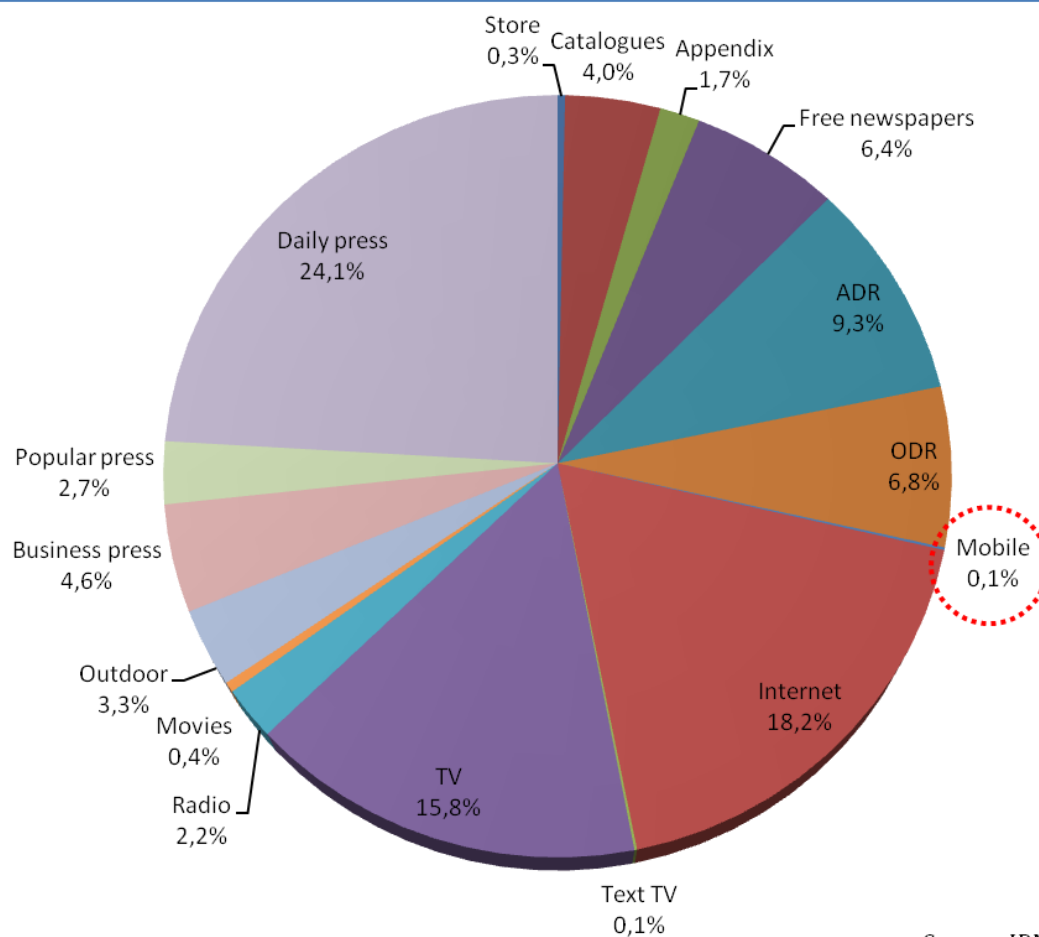
## Appendix 3 – Charts, Figures and Tables

Chart 1 - Mobile connections per 100 population



Source: Ofcom

Chart 2 - Advertising investment first quarter 2009



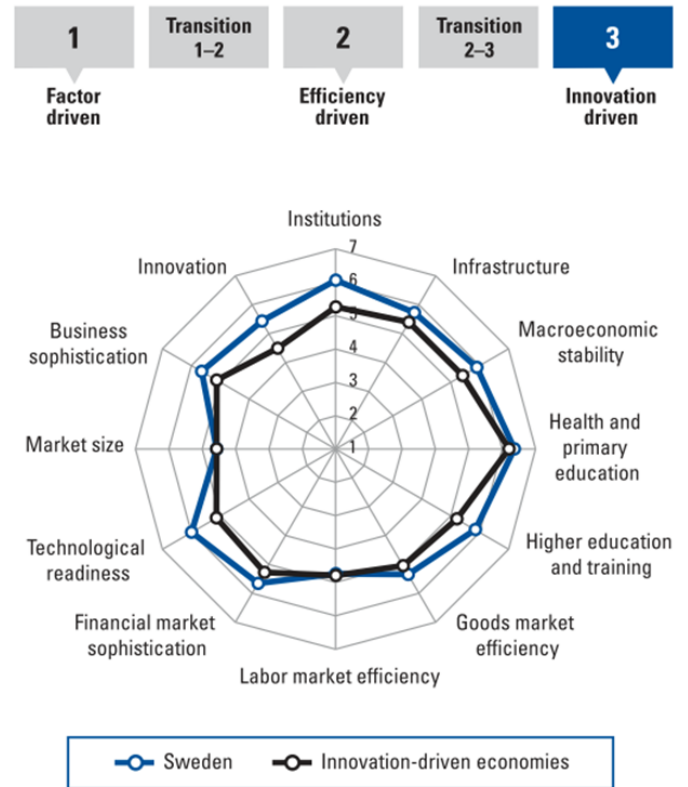
Source: IRM

Figure 1 - Sweden's result in WEF global competitiveness ranking

## Global Competitiveness Index

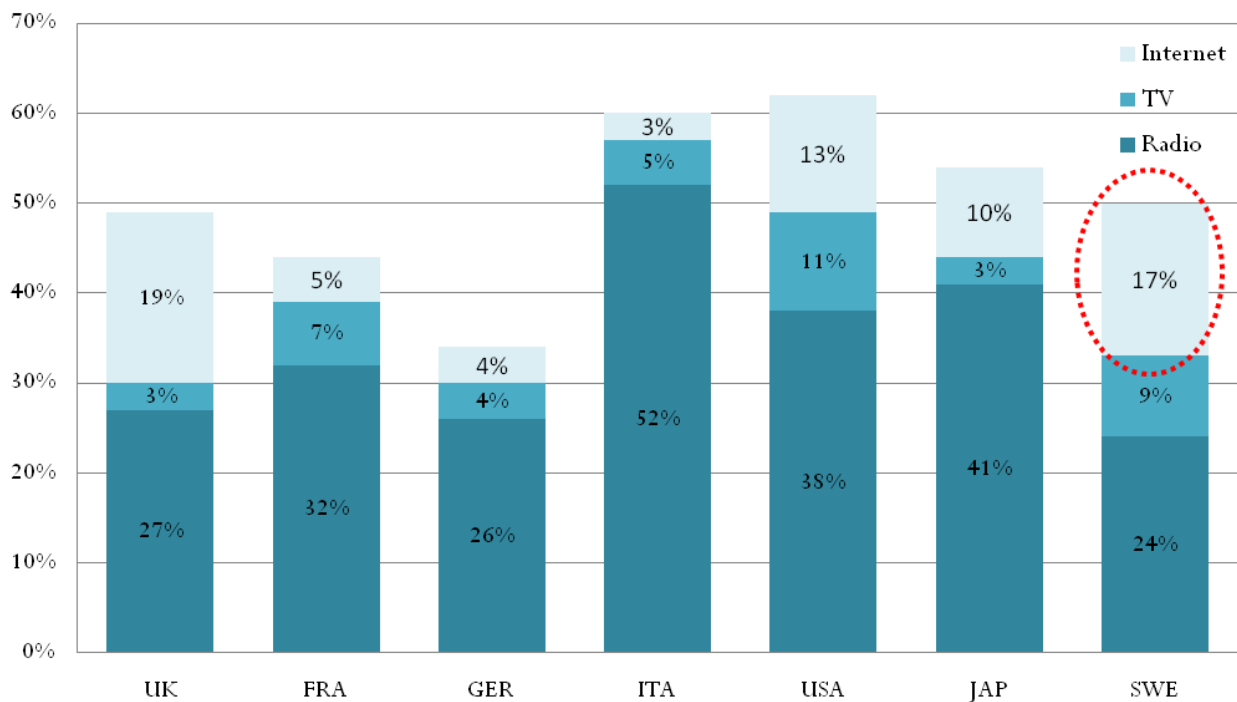
	Rank (out of 134)	Score (1-7)
<b>GCI 2008-2009</b> .....	<b>4</b>	<b>5.5</b>
GCI 2007-2008 (out of 131).....	4	5.5
GCI 2006-2007 (out of 122).....	9	5.4
<b>Basic requirements</b> .....	<b>6</b>	<b>6.0</b>
1st pillar: Institutions.....	4	6.0
2nd pillar: Infrastructure.....	13	5.7
3rd pillar: Macroeconomic stability.....	15	5.9
4th pillar: Health and primary education.....	8	6.4
<b>Efficiency enhancers</b> .....	<b>9</b>	<b>5.4</b>
5th pillar: Higher education and training.....	3	5.8
6th pillar: Goods market efficiency.....	7	5.3
7th pillar: Labor market efficiency.....	26	4.7
8th pillar: Financial market sophistication.....	8	5.6
9th pillar: Technological readiness.....	2	6.0
10th pillar: Market size.....	30	4.6
<b>Innovation and sophistication factors</b> .....	<b>6</b>	<b>5.5</b>
11th pillar: Business sophistication.....	7	5.6
12th pillar: Innovation.....	5	5.4

## Stage of development



Source: World Economic Forum

Chart 3 - Proportion of advertising spend on Internet, TV and Radio



Source: Ofcom

Table 1

Definitions of mobile marketing		
Author(s)	Concept	Methodology
Kalakota and Robinson (2002)	Mobile marketing	"The distribution of any kind of message or promotion that adds value to the customer while enhancing revenue for the firm."
Rettie et al. (2005)	Mobile marketing	"...marketing activities that deliver advertisements to mobile devices."
MMA Code of Conduct (2005)	Mobile marketing	"Mobile marketing is any form of marketing, advertising or sales promotion activity aimed at consumers and conducted over a mobile channel"
Scharl et. Al (2005)	Mobile marketing	"Using a wireless medium to provide consumers, with time- and location-sensitive, personalized information that promotes, goods, services and ideas, thereby benefiting all stakeholders"
Sullivan Mort and Brennan (2002)	Mobile marketing	"The application of marketing to the mobile environment of smart phones, mobile phones, personal digital assistants (PDA) and telematics."
Faccetti et al. (2005)	Mobile marketing	"any paid form of impersonal presentation and promotion of goods, services, ideas by well identified promoter" (Kotler et al. 2002) using the wireless as delivery channel"
Dickinger et al. (2002)	Mobile marketing	"Using interactive wireless media to provide customers with time and location sensitive, personalized information that promotes goods, services and ideas, thereby generating value for all stakeholders."
Heinonen and Strandvik (2003)	Mobile marketing	"...use of SMS and MMS as marketing media in push campaigns."
Kavassalis et al. (2003)	Mobile marketing	"...something technologically simple that uses the mobile network as a complementary distribution channel for delivering old-fashioned commercial information and interactive promotional advertising."
Bauer et al. (2005)	Mobile marketing	"...using the mobile phone as a means of conveying commercial content to customers."
MMA UK (2005)	Mobile marketing	"Mobile marketing is the use of the mobile medium as a communications and entertainment channel between a brand and an end-user."
Glass (2005)	Mobile marketing	"The use of wireless media as an integrated content delivery, marketing and communications channel."
Leppäniemi et al. (2004)	Mobile advertising	"Any paid message communicated by mobile media with the intent to influence the attitudes, intentions and behavior of those addressed by the commercial messages."
Tähtinen and Salo (2004)	Mobile advertising	"...ads sent to and presented on mobile devices, i.e. cellular phones, PDA's, and other handheld devices."
Komulainen et al. (2004)	Mobile advertising	"...advertising using mobile devices as a communication vehicle."
Haghirian and Madleberger (2005)	Mobile advertising	"The usage of interactive wireless media (such as cellular phones and pagers, cordless telephones, personal digital assistants, two-way radios, baby crib monitors, wireless networking systems, GPS-based locators and maps) to transmit advertising messages to consumers in form of time and location sensitive, personalized information with the overall goal to promote goods and services."
De Reyck and Degraeve	Mobile advertising	"...advertising via mobile phones..."
Petty (2003)	Mobile advertising	"...form of advertising...that includes short text messages sent to telephones, personal digital assistants, and other wireless devices."
Yunos et al. (2003)	Mobile advertising	"...advertising and marketing activities that deliver ads to mobile devices over a wireless network..."
Tsang et al. (2004)	Mobile advertising	"...sending advertising messages to mobile devices such as mobile phones or PDAs through the wireless network."
Brassington and Pettitt (2003)	Mobile advertising	"...the use of text messaging via a mobile telephone as a means of marketing communication."

Source: Leppäniemi et al. (2006)