

Foreword by Süreyya Ciliz, CEO, Turkcell

# MOBILE MARKETING

Fundamentals  
and  
Strategy

KAAN VARNALI – AYSEGUL TOKER – CENGİZ YILMAZ

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Fundamentals

and

Strategy



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# Foreword

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In the beginning of the new millennium, sending basic text messages to customers was considered by many companies to be highly innovative. Today, however, mobile technology is vastly more robust and people are far more confident in using it. So much so that in many societies people have become “mobile-dependent”—and we are coming toward the end of the first generation of mobile users. The latest advances in mobile technology enable the creation of mobile services that are engaging, interactive, and entertaining. As mobile handsets proliferate in terms of usability and graphic interface, the mobile medium is on the verge of becoming the optimal platform available for direct customer contact. Today, the mobile medium presents unprecedented opportunities to marketers to deliver highly personalized messages to their target customers through a multitude of innovative applications such as SMS, MMS, IVR, the mobile Internet, RBT, sponsored info packages, mobile coupons, mobile games, mobile tickets, mobile tags, mobile payments systems, and location-based services.

The impact of mobile on the traditional time cycles of marketing, segmentation, and targeting, as well as the creation of uniquely personalized marketing, have created an entirely new competitive environment in almost every industry. For example,

the response rates of Turkcell's mobile advertising campaigns vary from between 5 percent and 25 percent. The average response rate is 9.2 percent, far higher than traditional advertising methods and a fact that clearly illustrates the need to integrate mobile within a company's existing communication channels. The challenge is that mobile marketing offers unique value propositions to both consumers and the advertisers, if, and only if, its true essence is properly understood by everyone in the mobile value chain. That's why Turkcell is willing to take an active role in educating the market about the unique characteristics of the mobile medium in order to facilitate the adoption of mobile marketing practices. As well as being directly involved in the design and implementation of mobile marketing campaigns, we actively participate in international and local marketing conferences, organize workshops and seminars with global brands, and pursue collaborative opportunities with a number of universities throughout the world. In line with this approach, we have shared our award-winning market knowledge and experience with the authors of this book and have seen the creation of a milestone reference book for anyone with an interest in the phenomenon that is mobile marketing.

This book provides an overall, up-to-date picture of the mobile marketing landscape. I believe its value lies both in its ability to clearly present current, accumulated academic thinking about the mobile medium and mobile consumer behavior and in the way this academic perspective is illustrated with facts and figures from Turkcell's rich portfolio of mobile marketing case studies. It includes an up-to-date list of mobile services and applications, compares their features and value propositions with those of the traditional media, and elaborates on the

unique challenges and benefits of mobile. The strategic model presented provides a basis for establishing best practices across the mobile value chain. I strongly believe that this book is a must-read for everyone involved in the mobile ecosystem and that it also acts as a practical and easy-to-read reference book for academics, students of marketing, and anyone looking to start in the business of mobile marketing. I hope you find it an interesting and enjoyable read.

Süreyya Ciliz  
CEO Turkcell

# Acknowledgments

This book has benefited greatly from a number of recent examples of Turkcell's cutting-edge mobile marketing campaigns. We believe that those examples have improved the book's relevance to practical mobile marketing issues substantially. We would therefore like to extend our sincere gratitude to the many members of the Turkcell family who wholeheartedly supported us throughout the entire research and writing process.

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# Defining Mobile Marketing

## The Mobile Revolution

The term *technology* is defined as scientific knowledge applied to useful purposes (Capon and Glazer, 1987). Technology has been the primary driver of productivity and market growth since the Industrial Revolution. Today, technological progress is occurring at an ever-increasing pace. New technologies do not compete only with old ones at a primary level that is usually the attribute perceived to have the greatest importance by customers, but they also introduce novel dimensions that offer a new basis of competition or way of doing business. Old technologies may be completely defenseless against these new changes (Sood and Tellis, 2005).

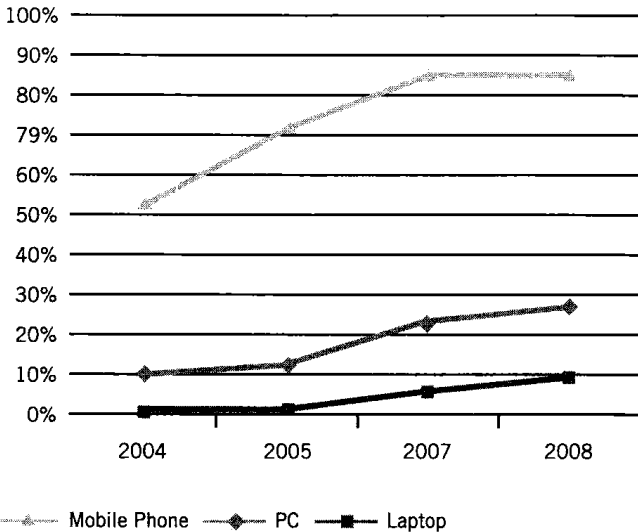
When a new technology represents such a discontinuity in the marketplace, companies have no choice but to adopt that technology if they want to remain competitive. The proliferation of the mobile medium and its use for customer interaction represents such a change, which has been popularized by the

term “mobile revolution.” In the rest of this book, we elaborate on the unique challenges and benefits presented by the mobile revolution, analyze the mobile medium in terms of its consumer-centric value propositions, describe the set of mobile applications and the underlying technologies that enable delivery of these value propositions, and discuss the tremendous impact of mobile technology on the universe of marketing.

Mobile phones were originally introduced as a new form of interpersonal communication, allowing people continuous communication while they are on the move. Recent developments in the mobile technologies, both in the capabilities of handheld devices and in the underlying infrastructure, converted the mobile channel into a complex business space in which business entities launch various kinds of marketing campaigns utilizing text messaging, multimedia services, and mobile Internet. Now mobile users do not only communicate with each other through the mobile medium, but they also engage in various types of services provided by business entities. For example, they shop and entertain themselves.

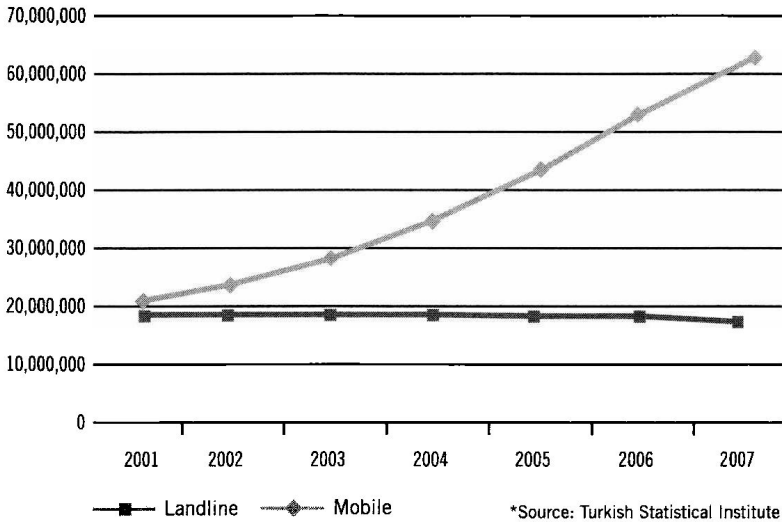
Moreover, the penetration rate of mobile handhelds has well passed that of landline phones, PC-based Internet devices, and any other technological innovations. According to Juniper Research (2008a) penetration rate of mobile handsets exceeded 100 percent in western Europe in 2006, and in eastern Europe the mark was reached in 2007. The mark has also been reached in several Middle Eastern and Asian-Pacific countries as well. The penetration rate in the Americas is also rising steadily and is currently above 80 percent.

According to the Turkish Statistical Institute, the household ownership rate of mobile phones in Turkey exceeded 87 percent by the end of 2009, which is much higher than that of PCs and laptops, which are 27 and 8.5 percent, respectively (see Figure 1.1). Figure 1.2 shows the increasing disparity between the number of mobile subscribers and landline subscribers in Turkey. The popularization of mobile technology, improvements in handsets, and the growth in its business potential, gave rise to the phenomena called “mobile marketing.”



\*Source: Turkish Statistical Institute

**FIGURE 1.1** HOUSEHOLD DEVICE OWNERSHIP RATES  
IN TURKEY



**FIGURE 1.2** MOBILE VERSUS LANDLINE SUBSCRIBERS  
IN TURKEY

## What Is Mobile Marketing?

Mobile marketing covers a large set of applications which basically revolutionized the way modern companies conduct their business. Unlike any other existing media, mobile marketing enables distribution of interactive and personalized information to the consumer at the most appropriate time and place and in the right context (Mort and Drennan, 2002), and it provides an unprecedented opportunity to establish a direct link with the consumer. The space-time paradigm on which traditional marketing is based implodes into the “virtual now” of the network age (Berthon, Pitt, and Watson, 2000) and introduction of mobile technology into the business space is the ultimate catalyst of this transition.

Thanks to advancements in mobile technologies and utilization of them in customer service, many daily activities became

spatially and temporally flexible. Now it is possible for one to conduct financial transactions or book a flight while waiting in line at the supermarket. Mobile services allow subscribers not only to engage in their routine activities conveniently while they are on the move, but they provide updates about various kinds of news anytime, anywhere. Traffic, weather, sports, news, stock exchange updates, and promotional messages are among many kinds of notifications that subscribers can opt into receive. In addition, the music, video, and gaming capabilities of mobile devices entertain mobile users during the slow points of the day. The inherent characteristics of mobile devices such as “exceptionally personal,” “always with the user,” “always connected,” and “always on,” when combined with the aforementioned technological capabilities, make mobile marketing the ultimate tool for one-to-one marketing and an extremely powerful tool for customer relationship management (CRM).

Mobile marketing is the creation, communication, and delivery of customer value through the wireless, mobile medium. It has a significant impact on the entire value creation chain of companies both by enhancing existing and prospective customer communication, service, and support through cheap, measurable, interactive, highly personalized and well targeted information delivery and by improving internal communications and operations.

## **Use of Mobile Technologies within the Customer-Company Interface**

The penetration rate of mobile devices is so high, even higher than wired PC-based Internet and landline telephony, that the owners of mobile handheld devices represent a large group of



potential customers. These devices can be considered as smart gadgets of technology in pockets of individual customers who are connected to the databases of enterprises. This one-to-one-based connection provides an unprecedented opportunity for ultimate customer relationship management. The mobile medium allows creation, communication, and delivery of customer value through consumer-centric mobile services and interactive mobile applications. Mobile services and applications appeal to consumers by providing ubiquitous personalized service throughout their daily activities. Thanks to these mobile services, mobility no longer limits people's productivity or businesses' ability to reach their existing and potential customers.

## **Short Message Service**

Text messaging is an evolutionary form of direct marketing. It was introduced in 1992 as a novel form of passive advertising delivered to mobile phones of potential customers. Today, uses of text messaging in mobile marketing campaigns vary from simple passive brand advertisements, to interactive response-seeking messages and personalized special offers. Short message service (SMS) allows a 160-character text-only format. Thus mobile marketers are presented a huge challenge to create highly personalized, attention grabbing, and interesting messages. SMS messages have proven to be most effective when they are permission-based, include an incentive, are highly personalized, and are delivered at the right time and place. The most widely used mobile campaign incentive types are free airtime, branded mobile content (music, video, games, wallpapers, ringtones, etc.), participation in com-