

“The Significance of Nokia and Other Mobile Marketing Approaches for Customers and Suppliers: A Literature Review”

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Abstract – In this review mobile device shopping, consumers' use of mobile devices while shopping, is assumed to be an extension of consumers' shopping behaviors developed on internet connected desktop and laptop computers (PC). The purpose is to describe existing knowledge on how mobile marketing can increase value for consumers and retailers, enabling more precise research and development of managerial concepts and tools, providing both managers and academics with increased understanding of mobile marketing and its outcome value for retailers.

Mobile marketing, which involves two- or multi-way communication and promotion of an offer between a firm and its customers using the mobile, a term that refers to the mobile medium, device, channel, or technology, is growing in importance in the retailing environment.

It has the potential to change the paradigm of retailing from one based on consumers entering the retailing environment to retailers entering the consumer's environment through anytime, anywhere mobile devices. We propose a conceptual framework that comprises three key entities, the consumer, the mobile, and the retailer. The framework addresses key related issues such as mobile consumer activities, mobile consumer segments, mobile adoption enablers and inhibitors, key mobile properties, key retailer mobile marketing activities and competition. We also address successful retailer mobile marketing strategies, identify the customer-related and organizational challenges on this topic, and outline future research scenarios and avenues related to these issues.

This research studies the marketing strategies of Nokia, a high technology company in a developing country India. The study attempts to check the role of marketing activities in success of Nokia in India. After studying the past of the company and the history of Indian mobile industry, Nokia's marketing strategies are examined through secondary resources.

Then to check the effect on the consumers, semi-structured interviews of a few mobile phone dealers in India are taken. Here, interviews as a tool of qualitative research is adopted to create a deep understanding of the customers perceptions. To get a generalized view, mobile phone dealers are interviewed as they deal with many consumers and can give the opinion of the market as a whole.

The findings advised that consumers preferred Nokia over all other brands due to features of the phone. Features such as user friendliness, rough and tough body, long life etc were believed to be the reasons of success. Though the marketing strategies have been aggressive, they were not the reasons for high market share of the company.

INTRODUCTION

In retailing internet created consumer surplus decreasing consumer search costs, making it easier and less costly

for consumers finding products or services, making prices more transparent, (Bakos, 1997, Lynch & Ariely, 2000), increased the variety of products offered (Brynjolfsson, Hu & Smith, 2003) and lowered prices (Brynjolfsson & Smith,

2000). Consumers were empowered by internet increasing the relationship with the purchased brand after purchase, 60% of consumers of facial skin care products conducted online research after purchase (Court, Elzinga, Mulder et al, 2009, Edelman, 2010). But internet fell short of expectations when consumers wanted experiences, a product trial, in-store atmosphere, or interacting with a salesperson (Daugherty, Li & Biocca, 2008). Recently, mobile devices offer opportunities combining information search, use and exchange while shopping in-store or experiencing a product. A mobile device is a constant companion to the consumer, a gateway to a relationship between the consumer and the retailer, making it an ideal supplementary channel for distance selling and physical retailing (Shankar, Venkatesh, Hofacker et al, 2010). An industry study showed half of US mobile consumers being mobile device shoppers, 10 percent heavy and 40 percent light users (Leo Burnett & Arc Worldwide, 2011). But mobile devices were different from desktop and laptop computers (PC) due to limited key board and screen size (Mahmoud & Yu, 2006), while offering functions as camera, scanners and Global Positioning System (GPS). This makes mobile marketing potentially different from PC internet and traditional marketing. The Mobile Marketing Association definition of mobile marketing is “a set of practices that enables organizations to communicate and engage with their audience in an interactive and relevant manner through any mobile device or network”.

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

Mobile marketing is becoming increasingly important in retailing. Due to the time-sensitive and location-sensitive nature of the mobile medium and devices, mobile marketing has the potential to change the paradigm of retailing.³ The traditional model of retailing is based on consumers entering the retailing environment, making location the primary source of competitive advantage. Mobile marketing is turning this paradigm on its head. Retailers can now enter the consumer's environment through the mobile device, and, because the mobile device stays with the consumer, the retailer can be anywhere, anytime.

The devices on which these value-added services are

pushed onto or downloaded to, operate in an environment that imposes constraints such as: wireless network environments are unreliable and bandwidth is low, and the very mobility of devices increases the risk that a connection will be lost or degraded. More importantly, mobile services must work within the daunting constraints of the devices themselves, which include: memory, processing power, input capabilities, and size of display. It is therefore important that mobile advertisements take into account the user's context, optimize resource usage, and minimize input effort imposed on the user.

Nokia's commitment to the Indian consumer was underscored when it became the first, and only, handset major to develop a model suited for Indian conditions. The company launched two models, 1100 and 1108, after intensive research on the Indian customer's specific needs. The phones gave an integrated torch, a sheath-covered keypad for dust protection and a slip-free grip. The phones were also introduced in other markets in Asia and Africa.

Nokia's first 'Made for India' model, the 1100, is the largest selling model in the Indian GSM handset market. The five largest selling handset models in the market are all Nokia's. Besides, the company today has a substantial share of both ends of the market. It has 77 per cent of the \$66-\$88 phone market and about 68 per cent of the over \$330 phone market.

In a marketing first, in March this year Nokia opened a dedicated Concept Store which features the full range of Nokia products including handsets, mobile enhancements, ring tones, graphics, games, software and exclusive Nokia merchandise. The products allow clients to experience the newest applications such as gaming, imaging and e-mail support amongst others.

In its marketing endeavours, Nokia has ensured that its advertising ensures its phones stand out from the clutter of mobile phone advertising. “Our advertising is aimed at making communication relevant to strengthen consumer-connect with the brand,” says Sanjay Behl, head of marketing, Nokia India.

The other edge that Nokia has over its rivals is the large portfolio of phones. Unlike other consumer durables, a mobile phone is a style statement much like the wristwatch. The design, style and colour elements play an important role when consumers are choosing a phone. Today it has the largest range of handset models to choose from. Nokia has introduced phones at all price points, right from the mass market entry-level phones to the mid-market colour and camera phones and also the high-end exclusive phones.

“Nokia empowers the consumer in that it offers a choice of more than one phone at every price point,” says Kobita Desai, principal analyst, telecom, with research firm, Gartner. “Thus, in the mid-market range, you can have a phone suited for the corporate types while another would be aimed at techno-loving teenagers.”

SUCCESSFUL MOBILE MARKETING STRATEGIES

For retail mobile strategies to be successful, retailers need a sound understanding of their target customers. Some segments of the population adopt mobile marketing offers quickly and develop a sub-culture around the phenomena (e.g., Texting, Tweeting, and Flickring). Retailers who better understand these segments and their behavior can be more successful in their mobile marketing strategies than others.

Mobile advertising is increasingly becoming challenging in the retailing environment because of its intrusive nature and the limited screen size of the mobile device (Shankar and Hollinger 2007). To be effective, most mobile advertising should be permission-based (Barwise and Strong 2002; Shankar and Hollinger 2007). Retailers can use mobile advertising effectively if they get consumers to opt-in, use short text messages, make the messages relevant (the right message to the right customers), and use it primarily as a reminder vehicle (Blum and McClellan 2006).

The success of mobile couponing depends on getting the customers to opt-in by offering strong value propositions. An example of a successful mobile coupon campaign is by Planet Funk, a fashion retailer, which reportedly experienced a redemption rate of 91% and an ROI of 377% with 15% of the coupon users opting-in to receive future offers (Mobile Marketer 2009).

The Kroger supermarket chain offers a program in which consumers can redeem manufacturer coupons through their mobile phones (Ailawadi et al. 2009; Wall Street Journal 2009). Mobile word of mouth marketing that allows consumers to review products and read reviews can also be effective. For example, Sephora, the beauty products retailer, offers a feature that allows consumers in its stores to read product reviews by other buyers on their cell phones (Wall Street Journal 2009). This practice has improved awareness and store traffic for Sephora (Wall Street Journal 2009).

Mobile marketing through product matching is a new application that may potentially lock-in loyal retail customers. Amazon.com has launched on the Apple App Store, an iPhone application that makes it possible to take

a picture of a product and then send it to the online retailer, which will try to match it with products in its inventory (Information Week 2008). Such a feature reduces the incentive for a customer to switch to a competitor store.

LITERATURE REVIEW

A study done by Heinonen & Strandvik (2003) showed that mobile channels are perceived to be more personal than traditional and e mail channels. This creates high expectations for the relevance of marketing communication messages. A consumer expects messages to be personal and of high interest and this makes the disappointment greater when they get undesired messages. Mobile advertising may even step over the line of discretion and invade consumers' privacy because of the personal nature of the mobile device. Li et al (2002) discusses how negative reactions like irritation arise through intrusion advertising. The channel influences consumer responsiveness to marketing communication by being perceived as either disturbing or acceptable (Abernethy 1991). If the consumer considers marketing communication via a channel as disturbing it may negatively affect the attention to and perception of the message. In contrast, the channel may also enhance the acceptance of the marketing communication if it is perceived as appropriate for the specific marketing communication. Also, some consumers may perceive the channels as neutral, i.e. it is neither disturbing nor accepted.

Despite substantial marketing potential, research on mobile advertising and particularly through its most successful application, short message service (SMS) is still embryonic. In a comprehensive survey concerning consumers' experiences of direct marketing channels in Finland it was found that consumers perceived direct marketing channels differently compared to each other. (Finnish Direct Marketing Association, 2002) The experiences of mail order, Internet and email experiences were more positive compared to other direct market channels such as telemarketing and door-to-door sales. 80 % of the respondents had positive experiences of mail order, 77% had positive experiences of Internet and email as marketing channels and the corresponding number for SMS and WAP was 65%. For telemarketing and door-to-door sales the number of positive consumers was down to 30% and 25% respectively. Concerning satisfaction with information received, there seemed to be differences between the channels. The study also indicated that consumers have considerable less experience of SMS messages compared to mail order, Internet and email.

Our responsiveness conceptualization closely relates to the attentiveness level but carries over to the

communication and persuasion levels in the sense that we assume that they are closely related. As a consequence the study attempts to examine the relationship between marketing/ advertising efforts (through mobiles) and the consumers' responsiveness in terms of impact on their purchase decisions.

In this review value creation in mobile contexts are described from both a consumers' and retailers' perspective, the value of mobile marketing for consumers, and the value of mobile marketing for retailers. The value of mobile marketing for consumers is further divided into mobile device shoppers and consumer perceived value benefits and sacrifices of mobile marketing. The value of mobile marketing for retailers is divided into the improved value of mobile marketing, and realizing potential value in mobile marketing.

Value is the benefits offered by the product or service compared to customer sacrifices for acquisition and use of the product and service relative competition (de Chernatony, Harris & Dall'Omo Riley, 2000, Ulaga, 2003, Walter, Ritter & Gemünden, 2001, Zeithaml, 1988), and differed based on consumer product experiences (Parasuraman, 1997). Consumer perceived value effected acceptance and use of mobile technology, services and marketing (Constantinou, Papazafeiropoulou & Vendelø, 2009, Constantinou & Mahnke, 2010, Dai & Palvia, 2009, Kim, Chan & Gupta, 2007, Kim & Hwang, 2006, Kleinen, de Reuter & Wetzels, 2009, Laukkanen, 2007, Mahatanankoon, Wen, & Lim, 2005, Park & SuJin, 2006, Turel, Serenko & Bontis, 2007, Xu, Oh & Teo, 2009, Xu, Lou, Carroll et al, 2011, Yang and Jolly, 2006), and loyalty to mobile services and marketing (Deng, Lu, Wei et al, 2010, Lin & Wang, 2006, Pilström & Bruschi, 2008). But the path between perceived value and retailers' outcome value was not verified.

Krishnamurthy (2001) also proposes a conceptual framework for managing online advertising using the permission marketing approach. Permission marketing requires the consumer to participate in the programme by giving the permission and the information for continuing the relationship. The interest in this participation arises from the balance of benefits (message relevance and monetary benefits) and costs (personal information, message processing costs, privacy costs) for consumers.

EXTERNAL IMPACT ON NOKIA

GENDER ROLES - Actually there is no hard & fast segment for male and female on mobile. But generally Nokia is mostly popular among young adult male users. In our culture males are most outgoing and active. So, they prefer high pixel camera, high quality picture, and high

quality sound and when the question of choice comes the reply come that Nokia is the best solution. On the other hand females generally like light and colorful sets. They don't bother about those attributes of new generation mobile phone. As Nokia has less light set so females use less Nokia mobile sets rather than males.

GROUP INFLUENCE - As mobile are not convenient goods so people think for purchasing it. So it's mostly influenced by group, especially family. People used to have an effort to know about the product.

Informational Influence - It's the mostly used brand. So all the time we hear the name good about Nokia like durable, light easy to use. As only hearing from surrounding information we purchase Nokia, so surely it is informational influence.

Normative - As Nokia is more durable so people like buy it for longer lasting quality, but all the times they don't deserve it.. **Value Expressive** - Users think themselves that they are posh and need to use Nokia as there is a belief that posh people use Nokia.

MARKET FOR RETAIL SERVICES

Consumers in emerging markets show high interest in mobile retail applications, both in their current and potential usage. In part, their interest can be attributed to the survey sample, which captured a technologically advanced, affluent, and urban segment of the population. But there is reason to believe the desire for mobile services may extend to the average consumer. In emerging countries, mobile penetration is significantly higher than Internet penetration.⁴ Mobile devices have been the consumer's primary channel for data access, online services, and electronic commerce. Far from being a "nice to have" capability, mobile services are also the best way for retailers and other enterprises in emerging countries to reach their customers. Thus, consumers in emerging markets have had greater exposure to mobile services than their counterparts in the U.S. and Western Europe, despite often having slower networks and less sophisticated devices. In addition, the perceived value of mobile services is greater in emerging countries because the Internet, especially broadband, is a less viable alternative. In Brazil, digital music retailer Musica takes two months to sell online what it sells in one day via mobile devices.⁵ In some cases, mobile devices provide access to services that would otherwise be impossible to deliver due to a lack of infrastructure.

INDUSTRY ANALYSIS

Mobile telephony was introduced in India in 1995. The first

call was made by Nokia 2110 on its own network. The start to this industry in India, however, was very slow. The Indian government was not supportive to the new companies of the industry. As a result of unfriendly telecom policies, high licensing fees and absence of a proper telecom regulatory body lead to exit of these private players in the next few years.

The industry got a new life in 1999, when the Government of India announced a new telecom policy. The plan was to provide telephones on demand by 2002. A major point of the policy was to allow unrestricted private entry into almost all mobile service sectors. The mobile service providers were allowed to share their infrastructures with other operators. It also helped the private operators to break even faster by allowing them to migrate from fixed license to one-time entry fee with revenue sharing.

In India there were two major types of mobile service operators, namely; Global Systems for Mobile Communications (GSM) and Code Division Multiple Access (CDMA). GSM was the service introduced in India in 1995 and had key features of nationwide roaming as well as international roaming for US and Europe for both pre-paid and post-paid subscribers. They are the main service providers in India and hold almost 75% of the market as notes above. Lowering mobile tariffs and low entry barriers helped the growth of GSM mobile services. This also led to ownership of more than one mobile phone in a family, as compared to other consumer durables such as television. The middle class population in India is about 350 million. Being middle class of a developing country, they are cost conscious. This led to a dramatic rise in prepaid (26.7%) as compared to postpaid (6%) in the fiscal year 2003-04.

There were a few points noted in 2004 that showed great potential in Indian mobile phone market. Firstly, the mobile phones sales growth was amongst fastest in world by mid-2005 with additional 1.7 million subscribers every month. Also, in 2004, the mobile subscribers in India were 5 per hundred, which was very low as compared to China (25.9 per hundred), Russia (42 per hundred), Brazil (37.5 per hundred) and other developing countries (Indu. P, 2005).

Nokia has been the pioneer of mobile telephony in India, the existence here is from 1994. As noted above, the first ever GSM call in India was made on a Nokia 2110 on its own network. Although the conditions in Indian telecom industry were not very conducive, Nokia maintained an aggressive strategy. Import of mobile phones was not easy and the tariff applied on them was as high as 27%. Consumers too were not interested in purchasing mobile phones as call rates were as high as Rs16 per minute (\$0.40).

Asia is the fastest growing market for Nokia. Competitors such as Samsung, Motorola and Sony Ericsson have captured huge market shares. The consumer is going for high technology at reasonable prices. They respect any provider who gives the best combination of both.

CONCLUSION

The purpose of this literature review was to describe existing knowledge on how mobile marketing can increase value for consumers and retailers. The review revealed multiple support for mobile marketing in increasing perceived value for consumers and outcome value for retailers. However, only a limited number of studies supported mobile marketing as more effective than retailers' alternative marketing investments, delivering higher relative perceived value to consumers and higher relative outcome value for retailers. Though not verified, several studies indicated the path between consumer perceived values of mobile marketing affecting adoption, use and loyalty to retailers' mobile marketing, and increasing relative outcome value of retailers' mobile marketing. Mobile marketing may initially support consumers' and retailers' interactions during pre-purchase, service delivery in-store, and post-purchase, but to a lesser extent mobile transactions as consumers perceived them as more risky. An interesting aspect was that mobile marketing seemed to increase retailers' outcome value of existing media choices, channels, assortments, and services by the effects of channel addition and integration.

Retailers in emerging markets must roll out compelling mobile services or risk being irrelevant to a vital consumer segment: young, affluent, and tech-savvy urban dwellers. To reach these consumers, retailers should experiment with a variety of advanced services, ranging from in-store assistance to mobile payment. There is also potential to reach average consumers in emerging markets with simple, SMS-based services that can be accessed with basic mobile devices. In the U.S and Western Europe, retailers should take a dual approach. A significant percentage of consumers, especially those under 30, are interested in services ranging from mobile price comparisons to in-store mobile payments. Retailers should selectively roll out services targeted at these consumers, while launching more basic mobile offerings for the mass market, such as marketing campaigns, mobile coupons, and m-commerce sites with transactional capability. Retailers in these markets will gain valuable experience with their mobile campaigns while the mass market catches up to the early adopters.

Mobile marketing, which involves two- or multi-way communication and promotion of an offer between a firm and its customers using a mobile medium, device, or

technology, is growing in importance in the retailing environment. It has the potential to change the paradigm of retailing from one based on consumers entering the retailing environment to retailers entering the consumer's environment through anytime, anywhere mobile devices.

Nokia is a large company in the world which is working in Bangladesh since 1992 officially after introducing the telecommunication sector here. It has a high brand image. If the company follow the suggested strategies it can grow more.

There is need for Nokia to differentiate itself from the past. This should be done by becoming more customer-friendly to the Asian markets. Nokia should project itself more aggressively to the low end, mass market with its low range (but hi-quality) products. There is also a need to develop a PDA phone for its high range customers. Over the time, quality has been Nokia's success factor. They have developed a brand name, and the consumers have a high brand preference. There is need to in-cash on this by continuing to launch the good quality products. The major drawback was not up to the mark after sales customer services.

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