INSIGHTS INTO THE DEVELOPMENT OF THE MARKET OF MOBILE MARKETING SERVICES IN ROMANIA

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Abstract
The article aims to explore the present evolution stage of the mobile marketing service market in Romania. Central part of the article is the exploratory research based on in-depth interviews with major specialists in mobile marketing services. The main objectives of the research were to study: the offering of mobile marketing agencies in Romania; most used mobile marketing instruments; market changes generated by the advent of smartphones; perception of competition among Romanian mobile marketing agencies. This exploratory approach is the first multi-faceted qualitative study of the supply side of the Romanian market of mobile marketing services which is presently at the border between emergence and growth.

Keywords: mobile marketing, mobile advertising, short message services (SMS), mobile marketing agencies, exploratory research, in-depth interviews

JEL Classification: M31, M37, M49, M15

Introduction
Mobile marketing is a relatively recent field of study for practitioners and theorists at international scale. The present body of research knowledge is rather fragmented and in an initial development stage. In Romania, the mobile marketing and advertising became a topic of interest for an ever increasing number of companies providing specialized services in this field. The article analyzes the present status and trends in the global and national markets of mobile marketing services. At the same time, a review of the scientific research on mobile marketing topics is presented. The major contribution of the article consists in exploring the present stage of the mobile marketing service market in Romania. The study is based on in-depth interviews with fifteen top representatives of specialized agencies in the field of mobile marketing services. This is the first multi-faceted qualitative approach of the supply of such services in Romania.

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1. Present state of mobile marketing at global level

Mobile marketing emerged as a new tool of marketing communication. The advent of new technologies determined the evolution of mobile marketing. Nevertheless, the future depends on the effectiveness in accomplishing objectives related to brand metrics among which awareness, image and purchase intent, as well as to the return on investment.

Major body in this field is the Mobile Marketing Association (MMA), a global non-profit trade association. From the perspective of the MMA, 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 Marketing Association, 2009). Mobile advertising encompasses several types of formats such as: (i) display advertising – on mobile Web pages or within applications (banners, insertions); (ii) search advertising – by means of sponsored links and on maps; (iii) audio and video advertising messages – received by consumers on mobile devices (but not as part as TV or radio broadcasts); (iv) mobile advertising through short message services (SMS), multimedia messaging services (MMS) or instant messaging.

The impact of the mobile marketing services may be assessed within the wider context of electronic services. In the knowledge-based society and economy, the electronic services have a positive impact contributing to productivity and growth (Plumb and Zamfir, 2009, p. 374). In addition, improved performance in the services sector is crucial to the overall economic development (Dinu and Tachiciu, 2008, p. 250).

The first assessment by digital trade bodies of the size of the global mobile advertising market was achieved in 2012. The study was accomplished by IAB Mobile Marketing Center of Excellence in the U.S., IAB Europe and IHS Screen Digest. The estimated global value was EUR 3.8 billion in 2011. Messaging ranked third in the total mobile ad spend.

Table no. 1: The structure of the mobile ad spend by type of format in 2011

<table>
<thead>
<tr>
<th>Region</th>
<th>Total mobile ad spend (mil. EUR)</th>
<th>out of which, by format type (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Display</td>
<td>Search</td>
</tr>
<tr>
<td>Europe</td>
<td>991</td>
<td>26.57</td>
</tr>
<tr>
<td>North America</td>
<td>1,204</td>
<td>34.08</td>
</tr>
<tr>
<td>Latin America</td>
<td>135</td>
<td>16.42</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>1,375</td>
<td>25.58</td>
</tr>
<tr>
<td>Middle East &amp; Africa</td>
<td>124</td>
<td>25.81</td>
</tr>
<tr>
<td>Global (total)</td>
<td>3,829</td>
<td>28.21</td>
</tr>
</tbody>
</table>

Source: Based on IAB Mobile Marketing Center of Excellence in the U.S., IAB Europe and IHS Screen Digest (2012).

The world’s leading information technology research and advisory company Gartner Inc. estimated that companies will increase the investment in mobile advertising from 0.5% of the total advertising budget in 2010 to over 4% in 2015 (Gartner, 2011). Gartner foresaw a global value of the mobile advertising revenue of USD 20.6 billion in 2015. Among the various types of mobile advertising, Gartner considered that search and maps will deliver the highest revenue, while video/audio ads will register the fastest growth.

The global number of mobile cellular subscriptions reached 5.9 billion at a penetration rate of 87% in 2011 (International Telecommunication Union, 2011). The advent of smartphones provides additional opportunities for interaction with target audiences. In Europe, while the sales of mobile phones increased only by 3.2% in 2011 against the
previous year, the demand for smartphone increased by 67% (GfK, 2012). According to that research, smartphones held 36% of the 258 million mobile phones sold in 2011. In one year only, the smartphones increased radically from the previous share of 22%.

The fast technological developments provide countless opportunities for mobile marketers to interact with target audiences. However, companies require quantitative market evidence to substantiate their decisions to invest in mobile marketing campaigns. Consequently, the providers of mobile marketing services have to provide empirical data able to demonstrate the efficiency and effectiveness of the new tools and to benchmark these to the traditional instruments. Thus, the MMA has recently announced the launch of SMoX.me, a one-million-dollar project that will assess the contribution of the mobile marketing to the marketing mix (Mobile Marketing Association, 2012). This is the first global research that will test real mobile marketing campaigns, in order to evaluate the relative economic value compared to the campaigns organized through traditional channels. The research has a two-fold importance. On one side, managers may optimize the channel mix and, on the other side, they will get a more accurate perspective of the role and value of individual mobile channels such as mobile display, rich media, video, audio, e-mail, SMS.

At present, at global level, mobile marketing is still in a stage of convincing marketing decision-makers of the effectiveness and efficiency of its specific tools.

2. Trends in mobile marketing in Romania

The mobile advertising market is an integral part of a wider market, respectively the digital market. In Romania, far from being a mass-marketing tool, mobile advertising proved itself a useful communication instrument.

According to the Digital FactBook, the company HyperActive estimates the total value of the digital market in Romania at EUR 52-55 million for the year 2011 (HyperActive, 2012). The share of online ad-spend in the overall media spending was 11.4% in 2011, compared to 17-18% at world scale. The most important budgets for digital advertising were spent in the following vertical markets: telecommunications, financial sector and the automotive industry. Within the digital market, the budgets invested in mobile marketing reached EUR 7 million (HyperActive, 2012). The investments in mobile marketing represent about 14% of the digital market. These figures indicate that mobile marketing has an auxiliary role in the marketing communication mix. In Romania, a growth of 15% in the value of budgets for mobile marketing is expected in 2012 against the previous year (HyperActive, 2012).

The SMS was the most important channel for mobile communication in Romania, in 2011 (HyperActive, 2012). In 2011, the number of SMS sent for information and promotion in mobile marketing campaigns surpassed 100 million and Netopia estimated an increase of 8% in volume and of only 2-3% in value (due to the decrease in prices) in 2012 (Craciun, 2012). The progression from SMS to the new generation of mobile techniques may very likely take some time on the Romanian market depending on consumer readiness as well as on convincing effectiveness metrics for the potential investors in such campaigns.

The development of mobile marketing campaigns on the Romanian market depends among other factors, on the penetration of mobile phones and of smartphones, as well as on the attitude of consumers relative to the new technologies. Mobile phone services are used in 82% of the Romanian households and 77% of the Romanian of 16 years old and more use a
mobile phone that is not paid by a company or an institution (ANCOM, 2011). By the end of 2011, smartphones had a market penetration of 15% in Romania and are expected to reach 20% in 2012 (Hyperactive, 2012). The results of a survey released in April 2012 by GfK Romania revealed that 70% of the smartphone owners consider modern technology very interesting and try to use it as much as possible (GfK Romania, 2012). According to that research, each Romanian owner of smartphone downloads on average 22 applications, out of which uses only one third on daily basis. The most used applications are the following: e-mail / chat / Instant Messenger (76% of the respondents); music/radio (60%); social networks / blogs (57%); games/leisure (54%); news/weather (49%).

Experts identified several directions of evolution on the mobile advertising market. The first trend consists in the increase in the number of SMS-based campaigns and the second in the diversification of the portfolio of services provided by the mobile marketing agencies (HyperActive, 2012). Besides SMS, the market will progressively reflect new trends (Ieseanu, 2011). Among these trends range the following: mobile websites (MOBIsites or WAPsites, which allow for more sophisticated content), mobile ads (that have conversion rates up to five times higher than online ads), mobile branded applications (e.g. branded games, promotion applications, Through-The-Line Advergames) and QR- (quick-response) based applications and location-based services. Integrated communication is another market trend besides the above mentioned ones. Mobile advertising will be harmonized with other tools within the communication campaigns, in order to achieve preset marketing objectives.

In Romania, mobile marketing is a field of future potential growth as more decision-makers will choose to invest in effective mobile tools and an ever increasing number of consumers will become eager to engage in direct interactions on mobile devices.

3. International research on mobile marketing

Mobile marketing is a relatively recent field of interest for practitioners and scholars. Since the year 2000, the number of articles on mobile marketing topics increased progressively. However, by the end of the first decade of the present millennium, experts considered that much remains to be learned about mobile marketing (Shankar and Balasubramanian, 2009, p. 128) or that academic literature was highly inconsistent and fragmented (Varnali and Toker, 2010, 144). During the inception stage, the lack of a clear and widely accepted definition of the mobile marketing concept may have contributed to this situation.

Reviewing the mobile marketing literature, Shankar and Balasubramanian have identified the following key issues in mobile marketing: (i) customer adoption of mobile devices and services; (ii) impact of mobile marketing on customer preferences and decision-making; (iii) formulation of a mobile marketing strategy and choice of mobile marketing methods; (iv) mobile marketing in the global context (Shankar and Balasubramanian, 2009, p. 120). At the same time, they have provided a synoptic view of the mobile advertising methods: text messaging, integrated content, games, interactive voice response, WAP sites, ringtones and ring-back tones, viral, geotargeting, advertising on mobile broadcast.

In their overview of the literature about mobile marketing, Varnali and Toker revealed that researchers focused on several major areas: (i) theory – conceptualizations, unique value propositions, distinctions from e-commerce, state-of-the-art reviews; (ii) strategy – mobile marketing strategy, mobile marketing tools and applications; (iii) consumer behavior –
acceptance and adoption of mobile marketing, role of trust in mobile marketing, mobile satisfaction and mobile loyalty, attitudes towards mobile marketing, perceived value and value creation; (iv) legal and public policy – consumer policy issues and legal framework (Varnali and Toker, 2010). These areas captured the interest of researchers to different extents. On one side, consumer behavior was the most studied area in mobile marketing. However, within the consumer behavior area, domains such as trust, satisfaction and loyalty were less approached by researchers, while mobile acceptance was studied to a higher extent. On the other side, public policy lagged behind the other research areas.

Several examples of findings resulted from empirical studies in the field of mobile marketing are presented hereinafter.

Winner placed an equivalence sign between mobile marketing and mobile commerce and related it to contextual marketing (Winner, 2009, p 110). He considered that mobile commerce is in an initial stage in U.S., while in many other countries such as U.K., Japan, Korea and China has reached wide spread.

As regards the diffusion of mobile marketing, researchers identified in 2005 the strongest presence in telecommunications and electronics companies, as well as in the automotive and financial sectors (Scharl, Dickinger and Murphy, 2005). A conceptual model relative to the effectiveness of the SMS-based mobile advertising was developed. According to this model, two success factors – message and media characteristics influence three success measures – consumer attention, consumer intention and consumer behavior.

Researchers studied the factors that affect consumer response to mobile advertising from a social norm theoretical perspective. Misperceptions of social norms predicted consumers’ perceived usefulness (PU) and perceived ease of use (PEOU) of mobile advertising (Soroa-Koury and Yang, 2010). The misperception of pluralistic ignorance was found to be a significant predictor of PEOU, while false uniqueness and false consensus were not significant predictors. While PU predicted consumer attitude towards mobile advertising, PEOU did not. The research findings showed that attitude towards mobile advertising significantly predicted the adoption intention.

A comparative study between U.S. and Pakistan showed the role of personal attachment (the extent to which consumers seek to personalize their mobile phones with unique content, wallpapers and ringtones, as extensions of personal-self) and risk acceptance (the likelihood of respondents to provide personal information to online entities) as antecedent factors related to the acceptance of mobile marketing practices (Sultan, Rhom and Gao, 2009). Greater degrees of risk acceptance influenced the likelihood to engage in providing information. The relationship between risk acceptance and accessing content was significant only in the case of the U.S. consumers. Personal attachment influenced significantly the mobile activities consisting in accessing and sharing content, not in providing information. The research revealed that mobile activities (providing information, accessing and sharing content) have mediating effects on mobile marketing acceptance.

The factors that influence the perceptions relative to mobile advertising in different cultures were also investigated. A research among Austrian and Japanese respondents showed that infotainment and credibility are key factors predicting advertising value for consumers (Liu, et al., 2012). According to the research findings, new information technology is more welcomed in the Japanese culture that is characterized by high power distance. The Japanese consumers are more sensitive to mobile advertising than Austrian consumers, fact
reflected by the higher impact of irritation on the perceived value of mobile ads. Similarly, the impact of credibility on the perceived value of mobile ads is higher in the case of Japanese consumers than for Austrian ones, within the context of a higher level of uncertainty avoidance as cultural dimension.

The attitudes of youth and adults towards mobile advertising and the difference between their acceptance/rejection behaviors have been studied on the Turkish market (Ünal, Erciş and Keser, 2011). The research findings showed that mobile advertisements which are entertaining, informative, reliable, personalized and sent with permission influence positively consumer attitudes. On the opposite, irritating ads negatively influence attitudes. The results were in line with the theory of reasoned action (attitude, intention and behavior). Research revealed differences between the attitude, intentions and behavior of youth and adults relative to mobile advertising. Youth displayed a more positive attitude and were more open to mobile advertising than adults. An aspect to be considered by mobile advertisers is the fact that young consumers paid more attention than adults to message personalization and to a non-irritating content.

Within the retailing environment, Kumar suggested that mobile marketing (besides e-mails and direct marketing) is one of the most appropriate methods of communication with the “Icons” segment of consumers (Kumar, 2010, 78). In essence, “Icons” are the group of customers with the highest lifetime value and the highest marginal effect of marketing communication. Kumar recommends companies to send customized/personalized outbound messages to these most valuable customers.

On the EU market, the most important factor that influences the intention of multinationals to invest in SMS mobile advertising is the ability to build the brand. Privacy / security concerns negatively influence this intention (Okazaki and Taylor, 2008). The results of the empirical research showed that penetration of the technological infrastructure also influences the intention to apply to SMS ads.

Research showed that prior consent, privacy and tangible benefits of SMS (Short Message Service) ads are key influencing factors of the attitude and response of mobile phone users towards mobile advertising (Wei, Xiaoming and Pan, 2010). This state of fact may be due to the strong sense of ownership felt by the individuals who use mobile phones as a private communication medium and bear the full costs entailed by the use of the device. With the increased use of SMS ads, mobile phone users display a lower level of tolerance to such advertisements. In addition, those who show low tolerance are less likely to use the ads or to distribute them to others.

Coupons and the intentions of consumers to redeem them were studied in the mobile environment. A survey among Austrian users showed that consumer attitude toward mobile coupons and perceived control of coupons affect significantly the intention to redeem such coupons (Dickinger and Kleijnen, 2008). The redemption efforts are the most important determinant of attitude relative to mobile coupons and negatively affect it. Economic benefits positively affect consumer attitude. Findings revealed that social norms do not have significant effects on redeeming intentions. Compared to other consumers, the value seekers are more sensitive to the redeeming effort and to mobile spam.

The design of personalized mobile advertising was also addressed by researchers. Several important design attributes were identified for personalized advertising: price, preferences relative to products and services, promotional information, interest in specific products and
services, brand and type of mobile device (Chen and Hsieh, 2012). The brand is important because it assists consumers to judge the merits of the advertised product. The type and specifications of the mobile device influence the way advertisements are displayed.

For highly-targeted advertising campaigns, mobile marketers use behavioral data for consumer profiling. Due to the personal and portable nature of mobile phones, mobile advertising messages are more precisely targeted than other online messages. Experts remind that behavioral advertising practices should comply with consumer protection standards, should not be unfair and deceptive and should be targeted to consumers who want to receive mobile ads. The EU has a significantly more robust regulatory foundation for consumer privacy and data protection than the U.S. (King and Wegener Jessen, 2010a, 462). Under the U.S. law, consumer privacy is not recognized as a fundamental right in the business to consumer context (King and Wegener Jessen, 2010a, 612). According to these legal experts, legislative reform is required in both the EU and the U.S. to protect consumer privacy and personal data.

Mobile marketing is at the beginning of the development stage on global scale. The evolution of empirical research will reflect the diffusion of this interactive communication channel in the marketing mix of companies, as well as the response of target consumers.

4. An exploratory perspective of the Romanian mobile marketing service market: research methodology

The purpose of this research is to give an overview of the present stage of the market of mobile marketing services in Romania. The main objectives of this research refer to the study of the following market aspects: (i) product and service offering of the mobile marketing agencies in Romania; (ii) most used mobile marketing instrument by companies in Romania; (iii) market changes generated by the advent of smartphones; (iv) perception of competition among Romanian mobile marketing agencies.

The research study has an exploratory design. This option was chosen due to the scarcity of in-depth data about the stage of the mobile marketing services in Romania. The exploratory research consisted in interviews with representatives of fifteen mobile marketing agencies that are present on the Romanian market. Due to the lack of structured information on the market of mobile marketing services, the recruitment of specialists started by establishing contacts with the most visible companies, respectively the five mobile marketing agencies promoted on the advertising website IQads (2012). Other specialists were progressively added based on information obtained from the five agencies about their competition. Overall, 20 mobile marketing agencies were identified. Invitations to take part in the study were sent to the identified mobile marketing agencies. The sample size was made of 15 agencies that answered the invitations. Each participant in the study was either CEO or employee in a mobile marketing agency or a mobile marketing department of a creative/media agency. The job description of all specialists confirmed a top management level. Within the sample, five interviewees were general managers, two managing partners and two marketing directors. The other participants held one of the following positions: operations manager, online consultant, business development manager, digital & new media manager, interaction planner or sales manager.
The interview guide referred to aspects related to the market of mobile marketing in Romania, and the mobile marketing agencies in particular. The in-depth interviews were organized during the period 05 April – 18 May 2012. The interview had an average duration of 50 minutes. All the interviews were recorded with a mobile smartphone. The data from interviews were then transcribed and handed to the specialists for final approval. Based on content analysis, the statements of the interviewees were divided into specific topics. These units of analysis were then organized in homogenous groups, by pursuing the commonalities and differentiating points. The major topics of each homogeneous group were then analyzed from the perspective of the frequency of key-words, ideas and concepts.

5. Research findings

The findings of the exploratory research are presented hereinafter. They are structured according to the objectives of the study.

5.1 Mobile marketing agencies in Romania and their offering of products and services

The fifteen mobile marketing agencies cover a wide range of instruments and services suitable for different clients on the Romanian market. Besides products, many agencies include in their portfolio consultancy services. Even though many agencies offer the full range of mobile marketing products and services, for this study, only the offering components mentioned explicitly by specialists were taken into account. Out of the fifteen agencies, twelve specified they offer SMS marketing services, whereas three mentioned that they do not provide such service. Only one specialist underlined the decision of his agency not to provide SMS marketing services.

SMS marketing is a sensitive point in the dynamics of the agencies on the market. The telecom operators on the Romanian market may provide access to their databases and conclude direct contracts with mobile marketing agencies. Nevertheless, not all agencies are entitled to a direct contract. Consequently, there are two categories of agencies that provide SMS marketing - those that have direct access to the data bases of the telecom operators and those that do not have. The biggest difference between them is the price charged per SMS that influences heavily the choice of a specific supplier. The SMS marketing is the service that brings along the largest revenue. Every agency is aware of the monetary value of SMS marketing, even those agencies that do not offer this kind of service. According to a verbatim from the interviews “you have to have a solid experience on the market before an operator is open to work with you, otherwise the operator considers a waste of time to discuss small issues with every beginner in this field”. The operators will select as partners only the agencies able to convert services into money.

All the agencies reporting that they provide SMS marketing placed this service at the top of their offering. Two of the agencies mentioned this kind of service as their only offering, whilst one of them mentioned also a second service just as a minor supplement for SMS marketing with no intention to enlarge the portfolio. SMS sending and receiving is the first function of the mobile phone that allowed the conversion of this device into a communication channel. SMS marketing is thereby the oldest offer on the Romanian mobile marketing market. Soon after the SMS marketing services started to get noticed, the MMS marketing services appeared on the market. Only six agencies mentioned the MMS
offering, even if they placed it second after the SMS marketing. Even though MMS is a more complex kind of service, including pictures and videos, it has not yet reached the accomplishments and the power of the SMS. The second most mentioned offering consists in the mobile applications offered by ten out of the fifteen interviewed agencies. The advent of smartphones is the reason why mobile applications are considered a newer mobile marketing instrument. As one interviewee mentioned “This change, although more technological, has modified the way we understand mobile marketing. It brought along the need of the user to be involved, his willingness to participate.”. The evolution of Internet connectivity through mobile phones introduces other types of services such as banners on mobile websites, mobile Internet and mobile webpages optimized for the mobile phone screen. Thirteen interviewees declared that their agencies offer products and services that depend on the Internet connectivity of the mobile phone. To conclude, the three most mentioned products and services offered by mobile marketing agencies were SMS services, mobile applications and services depending on the Internet connectivity of mobile phones.

Lately, due to the technical development of the mobile marketing market and to the introduction of more mobile marketing tools, almost all agencies have integrated newer mobile marketing instruments in their offerings. The most mentioned newer instruments are LBS (location-based services), AR (augmented reality) services and integrated campaigns. Other instruments mentioned by specialists are: micro-payments, Bluetooth services, coupons and QR-codes (quick-response codes).

The agencies that were longer in the market pleaded that their offering has changed over the years and will change again due to the smartphone penetration on the market, as well as due to the constant technological development in this field. The agencies that have just entered the market had to offer the full range of mobile instruments and services from the very beginning, in order to conquer the wanted market share. Only one agency representative stated that their offer will, most probably, not be modified in the near future (“I don’t think that our offering will change, at least not in the near future”). That agency offers SMS marketing services which can still provide the necessary turnover.

Two of the interviewed agencies mentioned that their offer will change according to their clients’ wishes and demands (“We mold on our clients’ needs, so we constantly develop new products and services.”). The trend is to move away from SMS marketing to more dynamic and interactive instruments (“Last year, our offer has changed according to the market demand, from the most simple kind of SMS marketing, to more interactive instruments and ways to attract the consumer.”). Generally speaking, the agencies tend to provide as many instruments and services as possible, in order to attract various and numerous customers. One of the interviewees declared: “I could say that we have many correlated mobile marketing activities by that meaning the complete palette.”. By offering as many products and services possible, a mobile marketing agency can become a focal point in the market being the agency that organizational customers can select for every kind of mobile marketing issues and demands.

5.2 The most used mobile marketing instrument on the Romanian market

As regards the most powerful mobile marketing instrument on the Romanian market, SMS was the first response of thirteen specialists. Whether or not the initial response was followed by different explanations, SMS marketing was mentioned the first.
This mobile marketing instrument was mentioned five times as unique answer, no other instrument being mentioned alone in an answer. An explanation for this result might be the answer of a mobile marketing specialist who claimed that SMS marketing has so much to give because it is the only standardized instrument among the other mobile marketing services: “[…] because it is the only standardized one. […] That is why SMS marketing won’t die until they can replace the standardized SMS with another standardized instrument.”. Even though SMS marketing is so much debated, it can bring the expected results when implemented properly (“A simple SMS can have the desired result.”). This is why many companies still go just for this mobile marketing service.

The opinion of one respondent expresses the most precisely the market division regarding the use of SMS marketing, as well as the saturation point this mobile marketing instrument has reached: “Fortunately or unfortunately, SMS is the most used instrument in Romania. Probably, 90% of all respondents will tell you the same and the situation will be similar for the next couple of years.”. However, the SMS services bring the more obvious monetary advantages. As one interviewee declared: “SMS is the most powerful tool, bringing the highest income.” and it has a number of other specific advantages: “can easily reach the consumer, can be well targeted, and uses a data base from the telecom operators”. Consequently, SMS is still the most powerful instrument on the mobile marketing market, but one that more and more agencies are getting tired of.

Mobile applications are the second most mentioned powerful mobile marketing instrument, for nine out of fifteen agencies. This instrument has been developed steadily since the advent of smartphones on the market. One of the respondents stated that “mobile applications are the soul of smartphones”, emphasizing the relationship between them.

Other instruments were mentioned just once, including: QR codes (“QR-advertising is by far the queen of the prom. It will take just a little more time and everybody will realize this.”), AR (augmented reality) services, Bluetooth services, web banners, mobile web and integrated media campaigns. According to one respondent, mobile marketing has now „the lure of gold” on the Romanian market, being the most sought communication channel.

5.3 Changes in the market of mobile services due to the advent of smartphones

The representatives of eight of the fifteen agencies believe that mobile applications have been the biggest change in the market since the introduction of smartphones (“Mobile marketing has received, in addition to what it had until that moment, a new component, namely, mobile applications.”). Although mobile applications have been present on the market before the launch of smartphones, they have experienced the strongest growth, because „Mobile phones have become more than just a communication tool between people. They represent a tool for information gathering, for entertainment, for shopping.”. Due to their constant development, the mobile applications became more important than the mobile phone itself, allowing users to perform phone functionalities just through accessing them (for example, sending free SMS through an Internet connected mobile application).

The launch of mobile phones on the Romanian market facilitated the increase in Internet consumption through this mobile channel. The shift is mirrored by the statements of one interviewee: “Mobile web existed even before the launch of smartphones, but the 2-3 million users were browsing the mobile Internet occasionally and for a short period of
time, because mobile Internet access was very expensive. Smartphones have been promoted by the big telecom operators with Internet connection, and this was very good because they pushed the mobile Internet and the consumption of data services.”. This led thereby to increased media consumption (“With an ever increasing level of smartphone adoption, the interest in and consumption of mobile media has augmented.”). Five participants in the exploratory research have indicated that smartphones - the new generation of mobile phones – led to increased mobile media and Internet consumption. The mobile phone became a reliable marketing communication channel.

The SMS was commented both favorably and unfavorably by some of the interviewees. Four respondents referred to either an evolution or an involution of this mobile marketing instrument. The answers were the following: (i) SMS containing a link – “Technology advanced and now I can send, for example, an SMS with a link in it, instead of a plain text SMS.”; (ii) more effective SMS – “SMS becomes an increasingly effective tool, while the SMS service market is actually decreasing. Smartphones offer an alternative platform to voice communication, meaning that all written communication will flow through the social network sites. Leaving SMS out of peer communication, automatically there is enough space to target your campaigns. Thus, commercial messages became increasingly clear.”; (iii) concatenation of SMS – “Talking about my favorite mobile instrument, I can say that concatenated SMS can be sent without any issue for the receiver. In the past, when sending out an SMS longer than 160 characters, the other person received two or three messages.”; (iv) SMS service decline - “With the launch of smartphones, SMS started decreasing and will continue like this in the future.”.

Four participants in the exploratory study considered that a technological break-through took place with the advent of smartphones on the Romanian market (“There is an evolution of the consumer, an evolution of the mobile instrument.”). However, the adoption of the new technologies is a slow process, as stated by one of the respondents: “Getting used with the new technologies taken a longer time in the case of Romanian consumers.”.

According to the interviewees, the advent of smartphone – the latest type of mobile phone - provides not only “advanced targeting possibilities and better message delivery capabilities”, but also “better market segmentation”. One specialist mentioned that “You can target consumers according to the type of mobile devices they own, because this can make you draw many conclusions on their purchasing power.”. Three participants in the research gave recognition to these new possibilities to deliver the commercial message by targeting the right consumer. Also, the three respondents recognized smartphones offer new methods of exposure and promotion which lead to a change in the exposure format (“Changes happen every month: shifts in technology and in advertising format.”).

However, MMS includes superior commercial content than SMS, because it may comprise videos and pictures in the core message. One of the respondents underlined that the advent of smartphones in the market led to the development of this particular mobile instrument, offering the possibility to send MMS with incorporated sounds.

Given the fact that interactivity is one of the keywords of mobile marketing, it is interesting that this feature was mentioned only by one respondent who emphasized that smartphones offer “more interaction between the company and the client”.

Another relevant answer came from an agency offering mostly SMS marketing services. The company representative insisted that the launch of smartphones didn’t generate
changes for their agency. They didn’t feel significant shifts, except for an increased urgency of the organizational customer need „to have an adapted mobile web page”.

Respondents mentioned that major changes are to be expected when “the number of smartphones will reach a critical percentage, a number that is relevant to those providing mobile marketing services”. Changes have occurred also on the consumers’ side, because smartphones have developed the “desire of consumers to get involved”. This type of mobile phone has brought important changes also in the perception of mobile marketing. As one respondent stated: “[...] and this change, although more technological, has transformed the way we understand mobile marketing”. Mobile marketing will continue to evolve with the evolution of technology.

One of the interviewees drew the conclusion that “Mobile marketing began with the rise of smartphones. Only then real communication between companies and clients has started.”. He insisted that SMS notifications provide only one-way communication by announcing/informing the client, whereas smartphones, along with every technological, commercial and advertising implication, have led to the development of a bilateral communication between companies and their clients. In the background, clients are more and more eager to engage in this kind of communication.

5.4 Competition on the Romanian market of mobile marketing

When asked about their biggest competitors, quite a few agencies gave some explanatory answers adding that some of their competitors are also their business partners. Three agency representatives gave a general answer to this question stating that competitors are „all companies that offer similar services”. The representative of another agency asserted that they consider themselves to be their biggest competitor, due to the need for continuous improvement of their internal and external operating processes.

The agencies most often named among the biggest competitors were: Hitmail, Voxline, Syscom Digital, iLeo and HyperActive. These agencies appear to be the most influential in their field of expertise, irrespective of the fact that they are mobile marketing agencies or advertising/media agencies with a mobile marketing department.

The fact that several agency representatives did not give a straight answer to the question about competition is also mirrored by the difficulties faced in finding a structured perspective of the market of mobile marketing services.. Many of the agencies targeted for interviews were unknown to others, as regards the name of the agency or the name of the person conducting the business. This lack of knowledge can also be explained by the opening of many agencies in the last couple of years.

Agencies tend not to disclose information that seems important to them. This can also be explained by the small number of people in the market that have both the necessary know-how in mobile marketing, as well as the right connection with people in managing positions of large companies. Combining the reluctance to give away information with the small number of qualified individuals, one can conclude that a migration of employees will surely cause a fluctuation in the clients of that particular agency because employees tend to leave the agency along with their client data base.
5.5 Research limitations

One of the research limitations consists in the fact that the sample is not statistically representative for the whole collectivity. Nevertheless, this limitation is specific to every exploratory research based on in-depth interviews. Although the number of agencies participating in the research exceeded half of the current total number of suppliers on the market of mobile services, the various answers provided by specialists only highlighted the lack of homogenous perceptions of mobile marketing and its market in Romania.

Other limitations of the research were due to the fact that three agency representatives were not available for face-to-face interviews, preferring to answer the questions via e-mail. Firstly, the interviewer could not probe for in-depth answers with a sequence of additional questions. Secondly, respondents could self-censor their answers. Thirdly, a drawback was the absence of face-to-face communication caused by the online interaction and consequently the impossibility to observe the non-verbal language of specialists.

Conclusions and managerial implications

A relatively numerous community of agencies able to provide a wide range of mobile products, services and instruments evolved on the Romanian market. The overall offering of mobile marketing services in Romania comprises the full range of solutions and tools available internationally. Although most of the Romanian agencies focus on SMS marketing services, all other instruments and services are available on the market, from the simplest instruments to the complex mobile applications or augmented reality services.

Most agency representatives named SMS the most powerful mobile marketing instrument in Romania. Based on the findings from interviews, SMS marketing covers the quasi-totality of the mobile marketing services in Romania. For a client, SMS marketing is the easiest way to access the market of mobile marketing services and owing to the good results clients tend to continue using it. The market will very likely grow and will be influenced by the new generation of mobile phones, so that mobile applications and other mobile marketing instruments will gradually become more powerful than SMS.

The most important change since the advent of smartphones on the Romanian market is the increasing interest in mobile applications and in the use of data transmission through mobile phone. More than half of the agencies considered mobile applications the biggest shift since the launch of smartphones and the generator of subsequent changes such as increasing interest in the use and transfer of data on mobile devices. SMS marketing will evolve together with the technological advancements in the field of mobile phones.

Many respondents insisted that competition and collaboration are hard to be distinguished on the Romanian market because competitors may also play a partner role in specific projects. Nevertheless, the market of mobile marketing services in Romania is experiencing an intense domestic competition. Many times during the interviews, agency representatives wanted to clarify their status on the market, as well as their positioning against competition.

The decision-makers and specialists should be aware that the market of mobile marketing services in Romania is still at the border between the emerging and the actual growth stage. Consequently, market development requires additional and sustained efforts from all the service providers. On one side, they have to increase awareness of the benefits of such
instruments among the organizational customers and to augment the trial of such services, in order to enhance the market size and their own market shares. On the other side, they must better identify and satisfy customer needs providing relevant experiences to end-users.

The future technological progress may challenge the present mobile marketing instruments and provide new opportunities. While the SMS marketing may enter soon in the maturity and decline stages of its life cycle, one can predict the advent of new technologies that may expand the value of the market of mobile marketing services.

As new mobile marketing agencies will try to enter and win the market in the next years, competition in this industry will very likely witness an ascending trend. The consequences could be very favorable for clients and end-users that will experience improved services.

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