INTRODUCTION

Predicting or even understanding consumer behaviour in the mobile services market has proven to be notoriously difficult. The volume (around 5 billion mobile phone users) of the potential consumer population makes it an extremely desirable target for content and service developers in various markets worldwide, but attempts to reach consumers have produced disappointingly modest results. There has been a lot of discussion why certain mobile services have not been successful in the European markets, even if the phones making them possible are finding their way to consum-
Year after year the mobile service market(s) produce(s) new services and applications that due to complexity or lack of relevance fail to meet the consumers’ expectations. Also many of these services seem to be mere extensions of the original services than true innovations. This seems to be the case also in Finland – one of the early developers/adopters of mobile services - developments in mobile have slowed down compared to many other countries, for example Japan, Korea and Italy (e.g., Carlsson et al., 2005; Bouwman et al., 2008). Due to regulatory reform (number portability led to lower entry barriers for new entrants, higher churn-rates and eroding prices) and an increase in overcapacity after the introduction of UMTS, Finland is considered to be a difficult market, as indicated by a rapid decrease of the average revenue per user, ARPU (cf. Finnish Communications Regulatory Authority).

The starting point for our study is that the mobile services market has not developed as planned (Bouwman et al., 2008, 2009). The mobile services in actual use are – besides voice calls and SMS – rather few. Based on almost 10 years of study of mobile service markets we argue that there seem to be fundamental misunderstandings of both the mobile service concept and the consumer market, i.e., neither what to produce nor for whom are well understood.

Mobile services are composed of (1) the characteristics of the services, (2) the functionality of the technology, and (3) the dynamics of the market. Nevertheless, most business models appear to focus on only one or two of these aspects.

Starting with the services themselves, we argue that mobile services are distinctly different from other services. Significant effort has been made within the research community to distinguish services from products, starting from Grönroos’ seminal research in the 1970s, in which he found that services are different from products, that they operate under different laws and rules and thus should merit separate investigation. We believe that mobile services have some hybrid characteristics, following some logic from both product and service research. But we also believe mobile services to possess some unique characteristics, which distinguish them from both traditional products and traditional services. For example, mobile services are built with a technology that does not tie them to location or time; mobile services can be context aware and context adaptive; the mobile phones are personal instruments. Perhaps most important, mobile services and their delivery revolve around the individual consumer to a higher degree than traditional services that normally are built as standard solutions.

The functionality of mobile technologies makes them a challenging, yet fruitful target of research. Mobile technologies are the first technologies which can truthfully be called personal support technologies; no other technology is as close to the consumer both physically and mentally. During the short mobile technology history many novel developments have taken place in society assisted by this technology; this ranges from breaking the time/place barriers of communication to changes in knowledge work from local and centralized to multi-location and distributed. The time frame for these changes has been very short – less than twenty years – and much is still poorly understood and documented about the ways in which mobile technologies influence everyday life and how they could best be studied.

Finally, the mobile services market is a market in constant flux (Bouwman et al., 2009). The primary actors on the market – consumers, mobile service developers, mobile service distributors (including operators) and mobile handset manufacturers – are all still finding their places in an evolutionary ecosystem where the rules can change seemingly overnight and take even strong actors by surprise. Consumer tastes and desires are fickle and not easily predicted. Traditional methods of research developed for consumer markets do not necessarily apply in this rapidly evolving market. Also, traditionally the selection of segmentation bases has been built on the desire to identify seg-
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