Chapter 7
Mobile Marketing: The Imminent Predominance of the Smartphone

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ABSTRACT

We are living in a world wherein there soon will be more mobile phone subscriptions than people. In 2000 there were less than a billion mobile subscriptions worldwide. Today, there are more than 6 billion. Accordingly, it is predicted by the World Bank that mobile subscription “will soon exceed that of the human population...as it is common in many countries for one person to own multiple SIM cards” (Rosen, 2012). The socio-economic effect of this rapid and expansive diffusion of mobile communication is being experienced more than understood. The focus of this chapter is to examine the emerging character of smartphone usage from both the user and marketing practitioner’s perspective. Specifically, from the consumer perspective, profiles of smartphone ownership and use patterns will be delineated. From the marketer’s and business practitioner’s perspectives, strategic and tactical marketing applications of smartphone technologies will be documented. In addition, speculation on the near future impact of emerging mobile technologies on consumer and practitioner applications will be addressed. The chapter concludes with analysis and discussion of the current state of mobile analytics and mobile measurement. Mobile analytics and mobile measurement have not evolved as rapidly as the proliferation of mobile devices. Measurement and analysis of data generated from mobile usage remains in its nascent state due to the technological challenges of multiple operating systems, devices, and carriers as well as the lack of standards for technology and advertising specifications.

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INTRODUCTION

When assessing the most current e-marketing tools, trends, and practices emerging in developed and developing countries, none is more prominent than mobile communications. Today, 90 percent of the world has access to a mobile network, and 77 percent of the world population (~5.4 billion persons) subscribe to a mobile phone service (Mobithinking, 2011; United Nations Conference on Trade and Development, 2011). In over seventy-five countries, the number of mobile phones exceeds the country’s population (Martin, 2011). Indeed, it has been argued, that since its commercial debut in the early 1980’s, the mobile phone (and the smartphone in particular) is one of the fastest diffusing and most disrupting technologies ever developed. As Kalba observed in his 2008 study, *The Global Adoption and Diffusion of Mobile Phones*, “Certainly mobile phones are as widespread as any human-developed technology, with the sole exception of clothing and, possibly, food bowls. The number of handhelds has recently surpassed the number of landline phones, TV sets, radios, and even bicycles...Moreover, it has happened in a blink...Mobile phones appear to be everywhere. Our children use them, often by the time they reach grade school, as do their grandparents. So do the Europeans, the Chinese, the Indians, the Brazilians, and the Russians. Mobile phones have pervaded the streets of Africa, with...the service already available to a majority of the continent’s population” (Kalba, 2008). Mobile is “the first telecommunications technology in history to have more users in the developing world” (Gerreau, 2008).

Today, it remains that “the best performing economies in mobile subscription growth are all developing or transition economies” as “the mobile phone has become the most prevalent ICT tool among the poor, among rural inhabitants and among micro-enterprises in low-income countries” (United Nations Conference on Trade and Development, 2011). The rapid diffusion of mobile in underdeveloped countries is attributable to the relative scarcity of landlines as well as “the rise of home-grown mobile service providers that have developed new business models”- such as pre-paid cards- “and industry structures that enable them to make a profit serving low-spending customers that Western firms would not bother with” (Green, 2009). Also prevalent in developing countries is the multiplier effect of mobile phone ownership that comes with the increased “shared use” of mobile phones; wherein, “family members and friends share not only mobile phones but also individual calls, to the point that it can be considered antisocial not to include someone nearby when taking a call” (Kalba, 2008). In a very real sense, mobile market development has become intertwined with a developing country’s economic development. The World Bank has calculated that “adding an extra ten mobile phones per 100 people in a typical developing country boosts growth in GDP per person by 0.8 percentage points” (Green, 2009). The central role that mobile plays in developing countries is also illustrated by the phenomenon wherein “airtime minutes have become a sort of currency” (Gerreau, 2008), which are spent on “data services such as mobile-phone-based agricultural advice, health care and money transfers” which in poor countries “provide enormous economic and developmental benefits” (Green, 2009).

Currently, the most significant development of the mobile phone revolution is the diffusion of the smartphone. Defined as “a cellular telephone with built-in applications and Internet access which provides digital voice service as well as text messaging, e-mail, Web browsing, still and video cameras, MP3 player, video viewing and often video calling,” smartphones can run thousands of applications (apps) and have “turned the once single-minded cell phone into a mobile computer” (PC Magazine, 2011). In 2010, global demand for the smartphone surpassed the PC and “by 2013