

Optimizing Connection: Marketing on Instant Messenger

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Abstract

This research compares consumer usage of four new channels: Instant Messenger, text messages, mobile phones and email, with a focus on the marketing implications. The research used grounded theory and focus groups among young people.

There is little research on the marketing exploitation of any of these channels, and limited research on consumer usage of text messages and Instant Messenger. This paper extends knowledge by including all four technologies in a single study, focusing on channel choice. The paper argues that Instant Messenger presents a major new opportunity for marketing, because it provides consumer-controlled, interactive, multimedia communication with minimal 'connection'.

Introduction and Literature Review

Each of the four communication channels is discussed briefly before reviewing the literature on communication channel choice.

Email

Wreden (1999, p3) describes email marketing as the "*Internet's killer application*". Advantages include personalisation, customisation, tracking, relationship building, low costs and digital processing, (Jackson and DeCormier, 1999; Peppers and Rodgers, 2000). Jupiter (Pastore, 2001) predicts that digital (email) marketing will be worth \$19 billion by 2006, when it will surpass Internet advertising.

Mobile Phone

Globally, the number of mobile subscribers is estimated at 1 billion; in Europe there are approximately 357 million subscribers (Gibney, Swain and Hooper, 2002; GSM, 2002). Clarke and Strong (2001) argue that M-commerce offers four value propositions: ubiquity, localization, personalisation, and convenience. There are three types of mobile phone marketing: marketing on sites accessed by mobiles, telemarketing to mobile phones and mobile messaging. Mobile Internet usage is constrained by inherently less user-friendly interfaces, and the lack of lists inhibits the development of telemarketing, but mobile text message marketing has grown rapidly; this is discussed in the next section.

Text Messages

Worldwide, there were 250 billion SMS (Short Message Service) text messages sent in 2001; in the UK 45 million messages a day were sent in August 2002, (Wrolstad, 2002; The Mobile Data Association, 2002). Wunker and Hughes (2001, p 18) claim that SMS advertising is a "*compelling new way to advertise*"; wireless advertising revenues are forecast to be between \$16 – \$23 billion by 2005, (Carat Interactive, 2002). SMS advertising combines the impact and interactivity of telemarketing with the advantages of email: personalisation, customisation, low costs, and digital processing. For retailers SMS has additional advantages: targeting can be based on time and location, and advertisements reach consumers at point of action.

Instant Messenger

Instant Messenger (IM) allows two or more people to carry on a conversation, in real-time, using text format. In the U.S. 40% of Internet users use IM and it is used by half the Fortune 1,000 companies, (Nielsen NetRatings, 2002; Sutherland, 2001). IM users create a contact list of friends; when a contact is online this is indicated on the messenger interface. The user then clicks on the relevant name, types a brief message and sends it. IM has awareness technology which means that users know if their contacts are online and available.

Instant Messenger marketing is relatively new, but reports good response rates. IM Marketing includes advertising on the IM interface; potentially more effective are IM agents such as SmarterChild and Agent Reuters. These agents are added by the user to their contact list; they then supply news, share prices, cinema listings etc as requested by the user. A Kraft promotion via an embedded link in SmarterChild messages had a 6.5% click-through rate. (Outing, 2002).

Communication-Media Choice Literature

Social presence (Short, Williams and Christie, 1976) and media richness (Daft and Lengel, 1986) have been used to explain media choice. Social presence is the extent to which a medium conveys the actual presence of participants. The 'richness' of a medium is measured by its capacity for multiple cues and immediate feedback. Computer-mediated communication is both low in social presence and lean in media richness, (Walther, 1992).

Uses and gratification theory (Katz, Blumler, and Gurevitch, 1974) explains the choice of communication media in terms of the satisfaction of recognized needs and desires. Flaherty, Pearce and Rubin (1998) identified six primary communication motives or needs: inclusion, affection, control, pleasure, relaxation and escape; the Internet was found to be less effective than face-to-face communication in gratifying all except the pleasure motive.

Research Agenda

It is hypothesized that in addition to varying gratification of communication motives, there are other factors involved in channel choice. The aim of this research was to:

1. Create a theoretical model of consumer choice between four communication channels
2. To explore consumer attitudes to marketing activity on these four channels

Methodology

This research was exploratory and therefore used a qualitative method. Six 1½-hour single sex focus groups were held, with four groups of university students and two of teenagers, 13 - 14 years (female) and 15 - 16 years (male). Respondents were all users of mobile, email, text and Instant Messenger. The groups were recorded, transcribed and analyzed using grounded theory as developed by Glaser and Strauss (1967). Grounded theory analysis was chosen because it facilitates the emergence of theory, (Goulding, 2002).

The contents of all six transcripts were categorized, line by line, into open codes, generating 95 open codes. Open coding (development of concepts, categories and properties) was followed by axial coding to develop connections between categories, and then selective coding, integrating categories to build a theoretical framework. This framework was then compared to the original transcripts and a number of changes were made. Finally this theoretical framework was compared with the extant literature.

To ensure experience with all four technologies all respondents were all under 25 and therefore the findings of this research may only be applicable to this age group: however, the young are the early adopters and the attitudes of older users may converge as they become more experienced.

Results

Email

"Email's just a bit like a postcard really, just say like the weathers nice and did this yesterday, and so and so, just to sort of generally keep in contact", male student

Respondents felt the role of email has changed and it was now mainly used to generally maintain social networks. The asynchronicity of email makes it socially undemanding and allows time flexibility, which is convenient for different time zones. The proliferation of SPAM and the ease with which emails can be forwarded deter use for intimate communication. Many did not check their email regularly and messages can be lost because in-boxes are too full, consequently email is unreliable for important communication. Forwards are useful for keeping in touch without effort.

Attitudes to email marketing were negative. They resent the time and cost of downloading unsolicited messages. They did not distinguish between SPAM and permission email marketing, and are concerned about viruses, therefore many emails are deleted, unopened. There was little awareness of viral marketing, most forwards were not commercial.

Mobile Phone

"I forgot my phone the other day, and I felt naked without it." Male student.

For most respondents their mobile is their main telephone; the word 'phone' is used interchangeably with 'mobile'. The main advantages of the phone are ubiquity, synchronicity and interactivity. Voice tone improves comprehension; talking and listening are easier and more immediate than typing. The mobile is inherently personal because it is carried on the person; it is almost an extension of the physical person, a quasi-body part. The phone is also personal because it conveys social presence. However, the medium is demanding in terms of social skills, concentration and time; this can deter use: *"When you need to speak to someone on the phone, you've got to strike up a relation(ship) and keep it going"*, (female student).

The perception of the mobile as inherently personal has important implications for marketing. Any unsolicited communication is seen as 'rude' and an invasion of privacy. Respondents had little experience of mobile Internet, and were predictably negative about mobile telemarketing, but pointed out that, unlike landlines, calls could be screened.

Text Messages

"When you get a text, inside you feel kind of something, you feel something, I've got a text" male student.

Text is used in three quite different ways: to convey short factual information, for conversation, or as a virtual greeting card. The main advantages of text are its ubiquity, impact, low cost and speed. Text messages have immediate impact, but are less intrusive than calls. The medium is durable; messages may be forwarded, or saved and shown to friends. Text is less socially demanding than phone calls, and is sometimes used to avoid leaving messages on answer phones. 'Texting' is also seen as fun in its own right and ideal for relieving boredom. Text messages are seen as personal despite their brevity, because the mobile phone itself is so personal.

Receiving a text is a pleasant experience; a text can be a small token of esteem that is saved and reread. This means that advertising messages can be a disappointment, *"It's just a bit of a let down in a way, I was hoping that it would be from a mate or something"*, male student. They are also an invasion of privacy, *"I find those really rude, I wouldn't read (them), they're like, you know, you are using my phone"* male student. Unlike email, messages can't be deleted without being opened, which makes them more invasive. This also implies that commercial texts need to be personalised, *"you want it to be like addressed to you,"* male student. Others welcomed relevant promotional offers, but the low message capacity of most phones meant that they often had to delete vouchers before they had the chance to use them.

Instant Messenger

"It's like a text phone conversation"

male, 15/16 year old

IM is used for entertainment and socialising rather than the delivery of information.

Respondents felt the main advantages of IM were its low cost and near-synchronicity, which created interactive conversation, impossible with email. IM typically uses a small part of the screen while the user is multi-tasking or engaging in other, simultaneous, conversations. The medium is undemanding: there is no contemporaneous feed-back and users have time to think before responding. Respondents felt that IM is less personal than phone and text.

Respondents had noticed the advertising for Nestlé KitKat on the Messenger interface but only two were aware of SmarterChild, which was seen as an information service rather than a marketing agent.

Communication Media Choice

Respondents frequently had all four technologies available and so channel choice was often relevant. Channels are not always exclusive, but can be complementary. For instance, they might text to advise of an email or to request an IM session, or end an IM session to talk on the phone. They may also use several media at the same time, e.g. mobile, IM and email.

The key factors relating to media choice were: functional aspects, communication motives, relationship between the interactors, personality and 'connection need'. Functional aspects include: cost, location and availability of the interactors, time, typing/texting proficiency, and message-specific characteristics such as sensitivity, size and urgency. Communication motives can be divided into intrinsic and instrumental, and include relaxation, entertainment, social, and affection. These are similar to those identified by Flaherty, Pearce and Rubin (1998) except for control which was used more by their parents. The main motivation for mobile use was affection, for email it was social, and for IM it was entertainment. Text message motivation was usually social or affection.

The most important, and least obvious choice factor, was the need for connection, which emerged as the core category. Respondents generally agreed that they felt most connected when using mobiles, followed by IM and text, with email providing least connection. Sometimes they just wanted connection without conversation, *"They are just a person who is there who will listen to you and it doesn't matter if they answer back"* female, 13/14 years about IM. At other times there was no desire for connection: *"Our generation, we haven't got the time to flap around, you just want to get the point straight across, are we going out tonight, yes or no?"* (male student).

The perceived connectedness of a medium is a function of media richness, social presence, interactivity, duration, information processing mode and the participants. Media richness affects the quantity and quality of cues, e.g. voice tone; social presence creates awareness of

the other party in the connection. Interactivity creates the experience of a conversation rather than one way communication, and is facilitated by synchronicity or near-synchronicity. A longer duration of communication increases the experience of connectedness; duration, in turn, may depend on cost structure. Media which requires more focused information processing, such as the phone, generates a greater sense of connectedness because the participants are less easily distracted and because of its social presence. Audio information processing is different to text because the cognitive load is higher, so that multi-tasking is difficult. The nature of the participants is also relevant, some found it difficult to interpret voice modulation, and maintain a real-time conversation, this induced stress and reduced connectedness. Participants may also have an innate preference for visual, auditory or kinaesthetic communication, (Sarasin, 1998).

Marketing Implications

Channel choice in leisure communication allows the instigator to control the degree of connection. This concept can be applied to new media marketing. Few consumers want to feel connected to marketing agents or operators, which is why only 9% of consumers find telesales acceptable (Enpocket, 2002). The same study found that although only 35% of respondents found text message advertising acceptable, this figure increased to 63% when the advertising came from their mobile carrier or portal. These figures indicate that consumers prefer to receive marketing communications through channels with lower connection, and are more open to marketing from companies where there is already some form of relationship.

However, channels with higher connection may be more effective because of their increased bandwidth, interactivity and impact. Marketers should therefore choose channels which minimize connection without loss of effectiveness. IM is potentially a ground-breaking marketing opportunity, because it can provide interactive multimedia communication with minimal connection. The consumer chooses the agent and adds it to his contact list where it is inactive until the consumer instigates a connection by making a request. At this point the agent interactively supplies the information requested together with any relevant promotional material. The consumer controls the conversation and degree of connection completely; at any point he can stop the conversation, block or remove the contact. IM includes text, (including hyperlinks), audio and video capacity; the agent can be digital or human, and the conversation can end in transaction. IM marketing allows for finely targeted marketing because the recipient actively chooses and guides the conversation according to his needs; it is also based on permission as the consumer initiates the activity.

Conclusions

Respondents resented marketing incursions on their mobiles and tended to dismiss email marketing as SPAM. Instant Messenger presents a major new opportunity because it provides consumer-controlled, interactive, multimedia marketing with minimal 'connection'. With convergence and multi-media messaging, this type of marketing will also become available on the phone; Vodafone already have a menu-driven location-based text information service that includes pubs, restaurants and cinema listings. As the interaction is instigated and controlled by the consumer, it may not be perceived as invasive.

It is likely that consumers will prefer a limited number of intermediary agents rather than numerous contacts. To avoid the taint of SPAM, marketing intermediaries such as ISPs, portals and mobile service operators could play this role. As consumers change from passive recipients to active participants in the marketing process their increased involvement should generate high response rates.

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