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## Creating value: the case of iPhone's launch on the French market

### Abstract

Major theoretical contributions have recently advocated a paradigm shift to a “new dominant logic for marketing”, integrating customer-to-customer interactions and balancing “high tech and high touch” services. In this paper we attempt to illustrate the relevance of such a framework to understand the take-off of mobile value-added services after the launch of the “iPhone” on the French market.

Major theoretical contributions have recently advocated a paradigm shift to a “new dominant logic for marketing”, integrating customer-to-customer interactions and balancing “high tech and high touch” services. In this paper we attempt to illustrate the relevance of such a framework to understand the take-off of mobile value-added services after the launch of the “iPhone” on the French market.

Our analyses suggest that (1) an important gap existed between the value proposition made by traditional French telecommunication operators and the consumers' needs before the iPhone was launched, (2) Apple has been able to embed new communication skills in a user-friendly and efficient device that allowed the market to take-off in 2008, (3) customers' networks play a major role in the value creation of mobile services.

This study provides insights as to the co-creation of value by three stakeholders (the operator, the brand of the device and the customers' community) and stresses the role of the latter. Consumer-to-consumer interactions create value not only through the sharing of technical advice but also by sharing experiences and dreams about the brand.

Key Words: case study, service-centred marketing logic, value creation, brand community, mobile services, iPhone.

## 1. Introduction

14 million iPhones have already been sold worldwide in 2008 and sales should increase to 45 millions in 2009<sup>1</sup>. At the end of March 2009 the iPhone accounted for 50 percent of mobile Web traffic from Smartphones in the U.S.<sup>2</sup> Over the past six months, the iPhone has taken huge share of the market from Blackberry and Windows Mobile (Schonfeld, 2009)<sup>3</sup>. The success of the iPhone relates both to the device and to the “App Store”, the application store delivers both free and charged applications to be downloaded on the iPhone. By the end of April, these applications had been downloaded over one billion times.

In France, Orange, the major telecommunication operator and the exclusive distributor for iPhone from November 2007 to April 2009 indicated that he had already sold 850,000 iPhones. iPhone users are very lucrative for Orange as they are spending twice as much as the average. Furthermore half of iPhone buyers are new customers for Orange.

The iPhone success story is not surprising. When we were interviewing French mobile users in the first semester of 2007 we had already met consumers waiting for the arrival of the iPhone in order to get easy connection to mobile services they could not get with existing equipment or operators.

Major theoretical contributions have recently advocated a paradigm shift to a “new dominant logic for marketing”, integrating customer-to-customer interactions and balancing “high tech and high touch” services. In this paper we attempt to illustrate the relevance of such a framework to understand the take-off of mobile value-added services after the launch of the “iPhone” on the French market. We suggest that the iPhone has been the first valuable proposition offered to French mobile users to access data services in an easy way.

After a brief history of this case study we describe the complete methodology. Then the results are presented and discussed in relation to the S-D logic. Finally conclusions are drawn for suppliers and operators in the mobile services market.

## 2. A brief history of this case study

As researchers we began to analyze mobile telephone services in 2007. We first were interested in understanding which factors explain the adoption of mobile services and if these adoption processes could be studied in the same way as product adoption had been analyzed in the past. When we started the field study in 2007 “high-value” mobile services such as TV on the mobile phone or global positioning services were already available in France. Nevertheless, few consumers were using these services, French telecommunication operators were complaining about the slow take-off of this market, and so were their European counterparts (IDATE, 2006).

During the first semester of 2007 in-depth interviews were conducted with French consumers. Besides the results indicating a huge variety among consumers’ expectations we noted a quite astonishing result: whereas the survey was not meant to analyse brands or brand offerings and the interview guide did not mention any brand, various consumers spontaneously told us

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<sup>1</sup> cabinet d'études Piper Jaffray, april 2009.

<sup>2</sup> AdMob Mobile Metrics report, March 2009.

<sup>3</sup> Erick Schonfeld, TechCrunch :

about a forthcoming device (encore en preparation) at Apple: the “iPhone”. At that time the launch of the iPhone was not even planned in France.

We therefore concluded the Apple brand had a huge potential on this market due to the fact that consumers perceive Apple as a brand which makes “easy to use” devices (Rogers, 1983). At the end of 2007 when Orange as the exclusive distributor of the iPhone in France has launched the device and subsequent services, we decided to collect further data in order to analyse what would constitute the “iPhone case study”.

### **3. Research methodology**

The case study is used in many situations to contribute to the understanding of individual, organisational political and related phenomena. Yin (2003) states that a case study is an empirical inquiry that “investigates a contemporary phenomenon within real-life context” (Yin, 2003, p. 13), “relies on multiple sources of evidence [... and] benefits from the prior development of theoretical propositions to guide data collection and analysis” (ibid, p. 14).

In order to understand the contemporary iPhone diffusion phenomenon we rely on multiple sources of evidence:

- 3.1. before the iPhone was launched we conducted an in-depth qualitative survey among French consumers,
- 3.2. from the launch of iPhone till April 2009 we collected market figures over a half year as well the various operators’ offers,
- 3.3. in order to get further insights into consumers’ perceptions and behaviour we conducted a netnography on two web communities related to Apple brands: Mac4ever and Iphon.

The characteristics of each of the three surveys are described below.

#### **4. 1. Qualitative consumer survey – 2007 –**

Twenty-one in-depth interviews were conducted in the first semester of 2007. The interviewees were selected in order to display a large array of potential expectations and behaviour concerning the use of mobile services. The French consumers interviewed were aged from 16 to 78 years old. Some of them lived in Paris, others in small towns or villages. They came from a variety of professional positions: students, housewives and employees were represented as well as managers and entrepreneurs.

The exploratory semi-structured interviews enabled us to discuss the consumers’ perceptions and personal experiences in relation to mobile phones and electronic services. In addition to a semi-directive interview protocol, visuals constituted an additional stimulus for the interviewees. « Creative interviewing allows research subjects to express themselves more freely, and thus to have a greater voice in the research process » (Fontana and Frey, 1998 p.62). The use of visuals during interviews belongs to projective methods, which have long been in use in marketing research (Haire, 1950, Mason, 1996). We used this technique as an addition to interview protocol in order to promote interviewees’ creativity at a time when advanced mobile services were little used and relatively unknown by the consumers.

The carefully-designed visuals that accompanied our questions were drawn by a professional illustrator in a deliberately elusive style, suggesting a range of situations and attitudes. Fully transcript interviews (18 to 25 single-spaced pages) provided a rich set of data on which we

conducted a traditional content analysis (Berelson, 1952). To ensure validity, two coders performed the data analysis.

The results presented below only deal with the factors explaining the reluctance of consumers in adopting mobile data services and with their expectations regarding these new services. However, detailed results on mobile phone users' segmentation and behaviours may be found in the survey report (Besson and Moreno, 2008).

#### **4. 2. Market analysis - 2004 / 2008**

The data gathered for the Market Analysis were mainly provided by the ARCEP reports. ARCEP<sup>4</sup> is the French Regulation Authority for electronic communications. We analyzed the public activity reports from 2006 to 2008. To complement these data we also had access to Datamonitor Industry and Company reports.

#### **4. 3. Netnography - 2009 -**

Online communities devoted to consumer-related topics are an increasingly important source of data for marketing research (e.g. Kozinets, 1999, Muñiz Jr. and O'Guinn, 2001, Muñiz and O'Guinn, 2001). Netnography can be a useful method in order to study motivations, consumer networking and symbols of consumer-oriented online communities. As defined by Kozinets (2002), netnography is “a new qualitative research methodology that adapts ethnographic research techniques to study the cultures and communities that are emerging through computer mediated communications” (ibid, p. 61). It is “a combination of rigorous online guidelines and an innate flexibility [...] faithful to scholarly depictions of traditional ethnographic methodology” (ibid, p. 63).

Following Kozinets netnography methodology, we conducted a study on the analysis of the posts on two French forums dedicated to Mac and iPhone, followed by a brief analysis of one of the groups created on Facebook social network. As advised by Kozinets we followed the various steps of the netnography:

- (1) “entrée”: choosing appropriate online communities according to the research question. We defined our research question as the role played by brand communities in the diffusion of innovation, and thus chose two online forums which focus on two Apple electronic devices: Mac4ever is an online community dealing with Mac computer devices, iPhon is the major online community related to the use of iPhone.
- (2) Data collection and analysis: data were collected from both communities. We did not take systematic notes during the observation. However, Kozinets mention that “In a sharp break from traditional ethnography a research could conduct a rigorous netnography using only observations and downloads and without writing a single field note” (Kozinets, 2002, p. 64)
- (3) We were able to interpret the data and provide a “trustworthy” interpretation.
- (4) Research ethics were respected: confidentiality and anonymity (already insured by the pseudonyms used on most forums) has been respected, and we use materials that were obviously written to be shared by the community, i.e. “public” materials only.

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<sup>4</sup> <http://www.arcep.fr>

## **4. Results and discussion**

### **4.1. The French mobile market**

The mobile telephony market is divided between three major operators who share some 95% of the total market. Orange is the original operator with over 46%; SFR is a telecommunication operator founded in 1987 who bought the first private mobile licence in France; Bouygues Telecom is a subsidiary of a mayor French building and civil engineering group, which has already been active in the TV sector since 1987 when she bought the third mobile licence in 1994. The total number of mobile communication users reached 58 million in France by the end of 2008.

The 3G (Third Generation) for mobile phones is a new standard that, as its predecessor the 2.7G (also called EDGE), allows multimedia applications such as Internet and video but at greater speed.

Since 2004 Bouygues Telecom has offered wide bandwidth data access based on the Japanese model i-mode. In 2005, SFR and Orange added data services to their offer. Up to 2007, publicity made by the operators about the data services' offer was based on the possibility of accessing applications usually used in "fixed" Internet such as email, messenger and web access.

As of 2006, French telecommunication operators expected data services to increase their sales and profits, as was the case in Japan and Korea. However until 2008 the sales volume generated by data services was restricted to professional users and remained very low in all European countries. In France, the revenue generated by mobile data (email, Internet and multimedia services) was 582 million Euros in 2006 and progressed very slowly: 10% for 2004, 12.7% for 2005 and 13.5% by the end of 2006 (source: ARCEP). French operators complained about the slow take-off of the market and wondered why consumers were not interested in these new services

Between the end of 2007 and the end of 2008 the number of users of 3G services has doubled reaching 11.4 million. This number has grown rapidly; plus 1.7 million users during the first semester of 2008 and another 3.9 million new users during the second semester (source: ARCEP). This increase is related to the development of data access offers and more adequate devices including the 3G iPhone. Even if it is premature to draw conclusions, the explosion in the use of multimedia corresponds to the launch date of iPhone in France and it appears clear that the launch of the 3G iPhone in the middle of 2008 contributed to the rise in the number of users.

The threat of new actors to the mobile services' market has long been considered as weak. Nevertheless Apple known mainly as a computer and mp3 player producer has now successfully entered the mobile market. This new context may point to an increment of newcomers.

### **4.2. Why are French consumers reluctant to use mobile services in 2007?**

At the beginning of 2007, as we conducted the exploratory survey among French mobile users, most of them should have been aware of the data services operators offers. At that time, the three operators invested in publicity campaigns. There was advertising across the media concerning mobile data services and an intense campaign based on the mobile TV access reinforced by the coming World Cup.

At that time only few interviewees used data mobile services. The interviewees using data services did it on a professional basis; with their professional mobile phone accessing email.



Furthermore in our survey those using e-mail and Internet services from their mobile telephones shared the same socio-demographic profile: they were male engineers (aged from 28 to 50). Other respondents only used data services sporadically. The main reasons for not using data services, as well as consumers expectations expressed at the time of the study are presented below.

The main reasons given for not using these services can be divided in two categories, one concerning the operator and the other one being related to the device itself. Beginning 2007 data services available for French users were mostly charged on a “pay per view” basis. As the downloading could take quite a long time, younger respondents (aged 16 to 20) expressed a clear concern about the price charged by the operators.

“I don’t use it that much so I don’t want to pay for that because I can ... other than mobile phone I can use Internet access anyway in my school or my home...”  
(Female, 20 years old, Student)

“I saw I actually can use them. I use them once but I did not want to go because I was afraid of the bill” (Female, 16 years old, Student)

Many interviewees expressed a concern about the “ease of use” of the device itself.

“For example I don’t really surf using my mobile phone, I don’t like the idea of having a small screen and...” (Male, 24 years old, Student)

“Because for the moment the pages are not loaded correctly. There is lot of websites that cannot be seen” (Female, 39 years old, Teacher)

“I am no longer 20 years old and I don’t like complicated things [...] I don’t dare to change anything on my mobile phone because [I fear] I will put it out of order”  
(female, 71 years old, retired)

“Ease of use” is a well-known concept in the academic literature related to product adoption since Rogers’ seminal work (Rogers, 1983). Five attributes of innovation have been proved to be the determinants of the adoption rate, namely relative advantage, compatibility, trialability, observability and complexity. This later characteristic has been renamed a few years later by researchers analyzing the acceptance of information technology; they suggested choosing a positive word and transforming the concept of complexity into the “ease of use” (e.g. Davis, 1989).

Expectations were analyzed at the end of the interview; specific visuals helped interviewees to project themselves in various situations where they could benefit from mobile services. All the respondents express the willingness to adopt a service that will be useful for them:

“I must admit that I would like to have the things that facilitate my daily life”  
(Male, 50 years old, Engineer)

“There is a useful and practical side that is undeniable” (Female, 45 years old, Housewife)

Interviewees also confirm they are willing to access to services without long hours of training; the use of the device should be natural, easy.

“A mobile phone should be as small as possible. A [small] device that would do all sort of things for me... and that would be easy to use... well I think that remains a dream” (Male, 27 years old, entrepreneur)

“Should services be complicated to access I wouldn’t try to... I am not a *geek*”  
(Female, 33 years old, middle manager)

Whereas the survey was not meant to analyse brands and the interview guide did not mention any brand, various consumers spontaneously told us about a forthcoming device by Apple: the “iPhone”. At that time the device was still under development technical problems were reported in the press and its launch in France wasn’t even planed.

[My professional Smartphone] “it is too complicated, I haven’t once managed to use it... There is a last chance [for me to use a Smartphone]... Apple will be launching its iPhone!” (Male, 43 years old, Public Relations)

Whereas our exploratory survey indicated that consumers were expecting mobile services to be easy to use, various and inexpensive, value propositions made by French operators in 2007 did not fit these expectations. They were expensive standardized (TV or GPS or Internet access) and required quite developed skills if the user would like vary the services. Consumers indicated their expectation to have the technical skills embedded in the device; operators’ value propositions supposed the users should develop these skills.

Not surprisingly they were huge expectations that Apple device might present the ease of use that made the brand so famous. Although this device was still being finalised in Apple labs it had already been named and presented by Steve Jobs during a conference (January the 9<sup>th</sup> 2007) and was immediately available on the Internet and taken over by Apple online communities.

As soon as the brand community has been aware of the future launch of the iPhone it participated actively in the marketing of the brand. The community networks diffuse the information worldwide and reinforce consumers’ expectations for an easy-to-use Smartphone, as will be further shown in the netnography results.

### 4. 3. Results of the netnography

We conducted a study following Kozinets netnography methodology based on the analysis of the posts on two French forums dedicated to Mac and iPhone, and then we did a brief analysis of one of the groups created on Facebook. These posts represent a rich source of information. We made some adaptations to Kozinets’ methodology namely in the step concerning consent of the members. Kozinets’ requirements are not clear and secondly, most of the forum members use a pseudonym. The signature corresponds to the devices owned by the user. Their profile visualization is optional. The replies to a specific theme can be seen by anyone.

There is a large range of forums dedicated to Mac and Iphone in French. Our choice of the Mac4ever forum relies on the analysis of brand communities made by Sitz (2008). Concerning the iPhone forum we made a query in a research engine that gave us the most popular sites.

Table 1 illustrates that the iPhonefr forum has the greatest number of members and posts and therefore was chosen for analysis.

	iPhonefr <sup>5</sup>	forum-iphone <sup>6</sup>	iphone-france.keuf.net <sup>7</sup>	iphone-forum <sup>8</sup>
Members	34004	23413	12392	7930

<sup>5</sup> <http://www.iphonefr.com>

<sup>6</sup> <http://www.forum-iphone.fr>

<sup>7</sup> <http://iphone-france.keuf.net>

<sup>8</sup> <http://www.iphone-forum.fr>



Discussions	10703	14249	NA	3300
Messages	227076	92535	59216	31186

**Table 1:** Most popular iPhone forums in France

Over 500 Facebook groups are dedicated to the iPhone; we choose the one with the greatest number of members (552,190 fans).

Our case study covers the periods from 2003 to today. The key dates to be considered are as follows:

- Steve Jobs conference announcing the launch of iPhone: January the 9<sup>th</sup> 2007
- Launch of iPhone in US: June the 29<sup>th</sup> 2007
- Launch of iPhone in France: November the 28<sup>th</sup> 2007
- Launch of 3G iPhone in France: July 2008
- App Store online: July the 11<sup>th</sup> 2008
- Confirmation of the Competition Council's decision that allowed the other operators to commercialize iPhone: February the 4<sup>th</sup> 2009
- Expected launch of V3 iPhone in France: July 2009

We will present the case study by theme as a chronological narrative; topics developed in the online communities are strongly related with the preceding key dates.

### **Interest, expectations and first announcement**

Apple is seen as a strong community brand (Sitz, 2008). People who usually use Apple products such as Mac computers and iPods have a tendency to choose other products offered by the same brand. In the online communities the word iPhone appears as soon as 2003 and the Mac4ever group was very enthusiastic with the idea of having a mobile telephone produced or co-produced by Apple; rumours could be found of a partnership between Apple and Motorola. The conversation topics steam from an article<sup>9</sup> published by the review *Wired* in its April 2003 issue intituled "Future Fetish: In 10 years of technolust, we've found plenty of gear that gets our pulse racing. But we always want more. Here's our wish list for 2013". One of the listed products corresponds to the iPhone: "The next insanely great thing: an LCD arm cuff that includes a PDA, wireless Internet, a mini iPod, and, of course, a phone."

Among the various topics discussed, the greatest number of posts related to the iPhone design. The participants imagined what an iPhone would look like. Unfortunately the designs themselves are no longer available online.

"The 3" could become the long awaited iPhone... :-D :-D :-D"

[Yul's, posted 22h28  
Mac4ever, 9 April 2003]

"This is the iPhone that I have imagined with its browser. Made with Photoshop from a sony ericsson et my inspiration. Enjoy! "

[ingenituim, posted 13h47  
Mac4ever, 11 June 2003]

"If Apple is able to find the way to put music inside (at least 2Go of music that i listen to permanently), I will resell my phone, my iPod... and hop! iPhone :-D"

[naunaud.m, posted 21h20  
Mac4ever, 10 December 2004]

<sup>9</sup> <http://www.wired.com/wired/archive/11.04/fetishwish.html>

By 2004 iPhone.org had already been bought by Apple. In 2005 people started to get impatient and almost all the posts made in that period concerning iPhone concerned prognostic dates about its launch and by the middle of 2007, people started to get sceptical:

“I don’t believe it anymore. Maybe this iPhone won’t be a great success. We have to wait and see how it looks like, its functionalities and most of all the price.”

[aioka, posted 7h03  
Mac4ever, 31 July 2006]

And finally by the end of 2006 a launch date was announced online by the fans; even a picture of the probable design of the iPhone was posted which looked like an iPod with a larger screen:

“The recent iTunes 7 gives some indication, but ThinkSecret confirms, that based on its sources (dubious lately) that the iPhone will be launched at the beginning of 2007.”

[Grouik, posted 12h45  
Mac4ever, 15 September, 2006]

During the next few months the launch of an “iPhone” remained the major topic but people used adjectives accentuating the pervading scepticism including ‘fantasize’, ‘myth’, ‘rumour’.

And finally, on January the 9<sup>th</sup>, at the MacWorld annual conference, Steve Jobs announced the launch of the iPhone for late June. Consequently, by January 2007 the whole “Apple community” was aware the iPhone would (finally) be launched. Coherent with “brand community” literature (e.g. Muñiz and O’Guinn, 2001) the fans had already guessed and were the first to receive information about the new product.

As far as we can piece together iPhone development steps they seem to be as follows:

- (1) April 2003: when convergence between various technologies and media becomes realistic, a journalist suggests some new product ideas among which a multi purpose device including music, images, office applications and phone. At that time iPod had become the usual name for a music mp3 device and the journalist used the brand name iPod in his article,
- (2) April 2003: within a couple of days Apple’s fans became enthusiastic about the idea of their beloved brand providing them with such a new device and suggested a name for it: iPhone,
- (3) 2004: iPhone.org was bought by Apple,
- (4) 2005 to 2006: expectations have been growing in the brand community leading to rumours and deceptions along more than two years. Meanwhile Apple developed new technologies and new partnerships in order to enter a new market,
- (5) 2007: the iPhone is finally launched in the U.S. The American and European mobile services market may take off.

### **Buying process and first experience**

The overwhelming majority of posts demonstrate a willingness to purchase the device. We have identified two categories of potential users: the first category of users is willing to wait until iPhone is distributed in France and switch to the exclusive operator; other users are trying to find out the way to unlock the American device in order to use it with any kind of operator (several dedicated discussions on unlocking the device can be found in both of the forums):

“I went to New York for holidays and was able to test the iPhone in the Apple Store, I am crazy about it, I can’t wait for it to come to France”

[dam789, posted 23h31  
iPhonfr, 3 September 2007]

“I keep my fingers cross that the little Americans find out how to unlock it by the time it arrives in France. If so, iPhone will be mine in two weeks, pending the euro model...”

[Haendel, posted 19h35  
Mac4ever, 22 June 2007]

French users encountered two main problems concerning the launch of the first iPhone device: the cost and the data speed. The iPhone launched in 2007 was actually an Edge version and therefore iPhone users started to complain about the access speed.

“It is been one year that I have my iPhone, that is since the 29<sup>th</sup> of November, Orange limits the bandwidth every time I pass my 500 Mo usage et I can tell you that it is really slow this EDGE!”

[flake68, posted 19h02  
Mac4ever, 26 February 2009]

Following to this, we observed discussions among the users relate to the new 3G iPhone launched mid of 2008. This V2 solves all the speed connection problems mentioned above and allows a larger range of applications (supported by the App Store). People are now expecting the V3.

### **Proliferation of Applications**

One of the main reasons for the Apple iPhone success is its capacity to host a wide range of applications. Since its first appearance, people have noted the great advantage of choosing their own applications:

“Mac had the genius to equip its iPhone with a light version of Leopard, now it has to have the intelligence to provide this strength value by developing applications (why not some games?)”

[mikysett, posted 19h22  
Mac4ever, 19 June 2007]

And in fact the week that followed the US launch we found a post concerning the top 25 Web Apps for iPhone<sup>10</sup>. As mentioned before the App store “celebrated” its billionth download in April 2009. Furthermore, applications can be provided by another company to ensure a better service (e.g. Paris Metro) or by individuals (the App store has an application enabler).

What we find most interesting in the applications forum sections is the strong participation and their propositions for applications (or comments on the existing ones). One good example was a member looking for a spreadsheet. He created a topic concerning his problem (Mac4ever created the 29<sup>th</sup> of September 2008) and responses were almost instantaneous. The community members recommended him many application options (Google Docs, QuickOffice, FileMagnet, Mariner) to solve it.

The groups created on Facebook are mostly fan groups that share videos, news, technical specifications, among others and even ask other member to test applications (on the topics of the discussion board was: “Looking for tester for a new app”).

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<sup>10</sup> <http://www.rev2.org/2007/07/02/top-25-web-apps-for-the-iphone>

Making the parallel between the iPhone' development on the one hand, and brand community activities on the other hand may suggest that:

- Apple may well illustrate S-D characteristic of “cultivat[ing] relationships that involve the customers in developing customized, competitively compelling value proposition to meet specific need” (Vargo and Lusch, 2004 p.5),
- The evolution of iPhone's value propositions may well illustrate Day's concept of “self reinforcing value cycles” (Day, 1999).

## 5. Conclusions

This study provides empirical evidence of the importance of Service Dominant Logic for the success of a product. The commercial success of a technology does not only rely in consumer needs but in the understanding of the technology and the opportunity to integrate it in our daily life (Davis, 1989).

The offers made by mobile operators before the launch of iPhone seemed to answer a real demand of mobile communication based on interactive services but it they did not met with the expected success. This failure can be explained by the marketing mistakes during their launch. The concept of mobile Internet that was communicated was understood by users but did not correspond to the given expectations. The contents remained poor and did not correspond to their real necessities. In order to succeed a provider must give what the customer wants (Womack and Jones, 2005). And what the public wanted was based on the main factors of adoption, that is: usefulness and ease of use (Davis 1989).

Data services for mobile telephony, namely mobile Internet, had been called by the practitioners as value added services. People buy perceived value but the customer is active in this value creation (Gummesson, 2007). The possibility to be able to choose and even produce the applications that you really need and want is one of the reasons of the success of iPhone. We can see that this schema succeeds in other service offers, namely Facebook. In these cases the provider is a resource integrator. It gives the value proposition but cannot deliver the value itself that is created in the use. Most of all, the iPhone is the appliance of service provisioning (Vargo and Lusch, 2004), Apple's core competencies being a bundle of technologies, innovation culture, customer-orientation, as well as design and marketing skills.

Apple's brand value is given by offering products that match its promises and expectations. The brand meaning is socially constructed by its community (McAlexander et al., 2002). This community creates a real dialogue and therefore is a vehicle for the diffusion of its products such as the iPhone.

This study can be completed by new interviews that will show the behaviour evolution of the respondents. As the gathered data was not collected directly from the Apple Company, further studies could reinforce the conclusions by obtaining information about company strategy, marketing, and internal financial data.

This study was conducted for a particular technological product with a strong brand community. Further research must also focus on other sectors where the service production is not so plausible and observe the challenges implied in the migration from Goods to service Dominant Logic.

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