Mobile Commerce: Opportunities in the Changing Global Environment

Mrs. Rachana C R
Associate Professor and Head, DOS in Computer Science, Pooja Bhagavat Mahajana Post graduate Centre, K.R.S Road, Metagalli, Mysuru, Karnataka-570016, India.

Abstract

A mobile phone has ceased being merely a communication device and has become a conduit to create a cashless eco system around us and the world. In less than a decade, a mobile phone has rapidly evolved into a safe and secure money transfer tool and of course because of Technology. It is also increasingly being used to conduct more complex transactions like setting up utility at home and also expense bills. Today, mobile devices are capable of performing most of the same functions as a traditional desktop computer. Increase in online shopping activities through smart phones is making waves in the mobile commerce sector. The traditional commerce landscape is in a dynamic stage of evolution, with markets demonstrating fundamentally different characteristics in terms of size, consumer preferences, growth, stakeholder roles and competition. Consumers are realizing that their mobile devices are fully able to conduct e-commerce. This paper focuses basically on the evolution, issues and opportunities of Mobile Commerce in the Indian market as well as in the global market.

Keywords: Mobile commerce, global scenario, Indian market.

1. Introduction

Electronic commerce can be described as a business transaction activity conducted online using a laptop or a computer. M-commerce, or mobile commerce, is similar to ecommerce. It enables customers to shop anywhere and undertake transactions using their mobile phones.

Mobile commerce represents the technologies and solutions that deliver electronic commerce features directly across mobile/wireless devices. It is quite different from traditional e-commerce. Smart phones, wireless tablets, and other mobile devices impose very different accessibility features than desktop computers. From Internet browsing to word processing, online chat to online gaming, cell phones and tablets are replacing PCs as consumers' default computing devices. The ecosystem and value chain for mobile commerce is unique and evolving in a different manner than e-commerce as a whole.

A closer look at the number of smart phone users will help in understanding the market for m-commerce. According to experts in the field, the number of smart phone users worldwide will surpass 2 billion in 2016. Banks, mobile operators, card issuers, app developers, and retail chains are all competing for position to establish competitive offers and grow their footprints. It is known that, four in every 10 UK online retail sales, are now completed on tablet or smart phone devices, as m-commerce increasingly becomes important.

On a country-by-country basis, here are year-by-year milestones predicted by experts that are expected to be achieved:
2014: China will top 500 million smart phone users for the first time.
2015: Russia will surpass Japan as the fourth-largest smart phone user population.
2016: India will exceed 200 million smart phone users, topping the US as the world’s second-largest smart phone market.
2017: The US will surpass 200 million smart phone users, or nearly 65% of the country’s total population.
2018: Indonesia will pass 100 million smart phone users, firmly established as the fourth-largest smart phone user population.

Figure 1: Smart phone users and penetration worldwide. Source: eMarketer.

M-commerce industry has steadily been developing since the introduction of a smart phone and a tablet. According to Statista.com, mobile commerce sales in 2012 were £1.72bn and only 2 years latter it reached £14.1bn. It is estimated that m-commerce retail sales in UK will reach £29.03bn by 2018.

Office of National Statistics revealed that access to the Internet using a mobile phone more than doubled between 2010 and 2014, from 24% to 58%. Increased internet usage through the mobile phones has caused a change in consumer buying habits.

To add to it, According to a source, 60 percent of online shopping in the last quarter of 2014 occurred via mobile. Additionally, it was found that discretionary spending increased by 33 percent in m-commerce and by 9 percent in e-commerce. Larger smart phone screen sizes seen in new devices have further increased the utility of these devices for shopping and research.

According to Dyn global e-commerce survey, Indian users rank second globally when it comes to online shopping through mobile devices. While only 40 per cent of those surveyed globally make at least 25 per cent of their purchases on their phones or tablets, nearly 80 per cent of those in China do the same, followed closely by those surveyed in India (65 per cent).
In today’s world, mobile statistics are easily traceable and measurable and m-Commerce is rising in popularity.

2. **Benefits of mobile commerce**

The ability to reach out to every other user demonstrates the power of m-commerce. Mobile Commerce is an untapped and continuously expanding source of business. The most successful brands have adapted multi-channel strategies to reach two important goals: to satisfy their customer needs and offer better customer service. They keep up to the most recent technology trends and adapt to the changing consumer behaviour to successfully compete with other business firms.

The benefits are:

- **Flexibility.** The current generation of shoppers demand the ability to shop for anything from anywhere. Mobile commerce is a gateway to that freedom, and one that is not easily replicated.
- **Connectivity.** With the ever-increasing speed of the internet and the most powerful features of the WWW, Wi-Fi connections and hot spots are destined to get more and more common, and are destined to be accessed by an increasing amount of mobile users.
- **Time Management.** A smart mobile phone is today smart enough to sell and buy anything on the spot. There is no longer the need to wait until arriving home and getting the computer started.
- **Choice.** We have reached a situation where we have millions and millions of products to choose from on the internet, whether it is to buy grocery to buying jewelry, we can do it so easily using our smart phone. From stores across the globe and in the middle of the night, consumers want the ability to shop from wherever they want, for whatever they want and at any time they want.
- **Individualization.** The key to the future is through personalized service. Personal profiles and personal choices can be exercised maintaining total security for purchases online.
- **Catalogue.** A smart mobile phone is capable of providing the categorized list of products and also provides access to the pricing information depending on the seller.

A wide range of applications are available for the customers to download as apps and get access to millions of products sold online.

3. **m-Commerce in the Indian scenario**

More and more people in India have started using the internet on phones. They are gaining access to products and services that were otherwise tough to find or access. The internet has revolutionized travel, education, retail, and agriculture across the world, but the combination of India’s unique characteristics and the leap to mobile is accelerating a particularly profound shift on the subcontinent.
The top m-commerce websites in India are flipkart.com, amazon.in, jabong.com, myntra.com, snapdeal.com, dealkhojo.com.

"In India, the mobile internet traffic now outweighs personal computer traffic. With increasing penetration of smartphones, India is all set to be a massive market for m-commerce. The marketing strategies for e-commerce companies will increasingly be tailored to suit the rising adoption of smart phones, social media and improving customer experience across touch points and platforms," says Amazon India Vice President and Country Manager Amit Agarwal.

M-commerce can prove to be a huge success for the Indian market but this requires a complete ecosystem, partners must be synchronized so that the best benefits go to consumers and their confidence is assured. Although m-commerce market in India is in nascent stage, m-payment and m-banking segments have shown significant growth over the last few years.

Booking a rail or plane ticket once took hours of queuing, or paying an agent. Today, the government’s railway ticketing website is biggest e-commerce portal in the country. Numerous coaching classes and computer training institutes have developed on-line platforms for students who no longer need to travel to bigger cities for education or training. The internet has also helped Indian farmers, who can use their cell phones to find real-time information on commodity prices and then dispatch their produce to the appropriate market, which gives them higher returns. Mobile apps are particularly seen as a significant new avenue to target consumers.

Another interesting app which has gained popularity among students is the app which has a resume builder tool that allows users to publish their resumes online from their smart phones using its templates. The app also helps people look out for jobs on smart phones. It allows companies and users to create profiles when they login into the app. Employers can swipe right on a candidate if he/she fits the position and candidates can swipe right on an employer if they like the company. Once both swipe for each other, the app connects them.

Mobile commerce adoption has increased significantly in the country due to multiple factors such as enhanced 3G penetration and availability of affordable smart phones. India is expected to have close to 165 million mobile Internet users by March 2014, up from 87.1 million in December 2012 as more people are accessing the web through mobile devices and tablets. It is being said that, in the next three years mobile commerce will constitute more than 25 percent of the total traffic in e-retailing.

4. Issues:

The three issues that concern smart phone users are:

- Safety and security.
- Connectivity.
- Screen size.

The primary issue revolves around security. Users believe that their devices would be attacked by viruses, resulting in the theft of personal data.

It is found that smart phone users feel exposed in public, concerned about someone peaking over their shoulder as information is keyed.

As long as the user is connected to the internet, things are smooth. Users fear that if their connectivity is lost in the middle of a transaction, they could lose money while shopping online. As the technology marches towards faster networks, connectivity problems will definitely vanish.

On a general note, unless a buyer is familiar with a product or the product’s appearance doesn’t matter, users are hesitant to buy an item on a smart phone. As devices and operating systems evolve and as retailers and other firms
look at m-commerce, there are ever more possibilities to make it easy, convenient and user-friendly beyond the screen size limits. And then there is the tablet, which again offers a totally different shopping experience.

A key issue for consumers engaging in mobile commerce transactions is information disclosure. The technological constraints of mobile devices, including small screen sizes and limited memory or storage capacity, can limit the amount of information that consumers have access to during a transaction; a small screen for example, limits the amount of text that can be displayed to a consumer. Security and liability issues are particularly relevant to m-commerce transactions given the nature of the technology involved and its susceptibility to theft, unauthorized transactions, or mobile phone malware. But, in the long run, m-commerce is sure to get rid of all these issues.

5. Conclusion

m-Commerce can is getting even bigger than e-commerce with the convenient features like affordability of mobile devices, doing things on the go, mobile Internet connectivity, mobile payments, security, and personalization. Currently 70 percent of people in India have feature phones, using them daily for primarily calling and SMS, but many of us don’t know how to use the technology for greater personal benefit. M-commerce services stand to gain immense traction in India, if rural and sub-urban population and their needs and preferences are properly catered. For urban market, which is being driven largely by youth, developers should make visually appealing interactive and well organized m-commerce solutions. It is known that the future of e-commerce is M-commerce. It will redefine the way consumers find, shop and pay.

References