

Chapter XVI

M-Commerce

Market Development

Scenarios in Korea:

Focus on Changes and

Their Mega Trends

Seung Baek

Hanyang University, Korea

Bong Jun Kim

Hanyang University, Korea

ABSTRACT

A growth curve of the mobile commerce (m-commerce) market would be like that of the mobile voice market or broadband Internet service in the past in Korea, and then m-commerce will bring the mobile operators the second revenue. Even though, the subscribers of m-commerce are continues ascent in external appearance, in effect it is have an important problem to though revenue. In this research, after defining the m-commerce market, we will discover trends based on technological, social, and politic changes and the development scenarios of the m-commerce market. We review the technological, social, and policy changes that have occurred in Korea in order to present the mega trends that could affect the m-commerce market most significantly, by finding out the inner and outer arena trends of the m-commerce market. And then, we show four scenarios: (1) gloomy market scenario, (2) dream market scenario, (3) market collapse scenario, and (4) rainbow compromise scenario. We expect that an analysis of the trend that could create an m-commerce market in Korea and a study of the development scenarios will provide some foresight to communication service providers in Korea and overseas countries in order to cope with the future m-commerce market.

INTRODUCTION

The mobile operators in Korea have launched the mobile data service using code division multiple access (CDMA) network technology since 1999, and the overall market has reached 23.4 million subscribers. When the service was launched, the mobile operators and the market researchers had an optimistic view that Korea's m-commerce market would have an explosive increase. This positive expectation was based on the number of the mobile voice service users in Korea. That is, a growth curve of the m-commerce market would be like that of the mobile voice market or broadband Internet service in the past in Korea, and then m-commerce will bring the mobile operators the second revenue. Even though the number of m-commerce subscribers is continuously growing, it does not quite contribute to the operators' revenue so we decided Korea's m-commerce market has stagnated. Due to the saturated mobile voice market, most mobile operators in Korea are experiencing the same difficulty.

The mobile operators have been making an effort to create revenues through m-commerce, and also the use of mobile Internet has become popular. The launch of HSDPA, which is a cellular technology, is one new milestone. Along with these new technologies it has been introduced and

has received much attention in the Korean public. These effects resulted in a positive view for the m-commerce market. Nevertheless, various aspects and assertions about the growing potential and usefulness of m-commerce have been brought up. Korea is a country that supports fixed and mobile Internet to be activated nationwide. But with the complete preparations, what is the reason that m-commerce is not so active in Korea? Ironically, we find the reason in the well-developed, high-speed Internet environment. In Korea, the number of Internet users had been growing rapidly, nearly doubling each year since 1997. What is even more interesting is that most Internet users had subscribed to the high-speed Internet service. In 2001, the number of high-speed Internet subscribers per 100 people was 21.8 people in Korea (about 40% of all Internet users), 4.5 people in the USA (about 9% of Internet users), and 2.2 people in Japan (5% of Internet users). This dramatic expansion of the high-speed Internet service has even received worldwide attention. The International Telecommunication Union (ITU) and the Organisation of Economic Cooperation and Development (OECD) announced that Korea ranked first in the diffusion of high-speed Internet service. Of all households in Korea, 97% have some way of connecting to the Internet and 60% of all households in Korea access the high-speed Internet. Also in Korea the

Table 1. Growth changes in the mobile voice market (Source: Ministry of Information and Communication (MIC), 2006)

	2001	2002	2003	2004	2005	2006.09
Subscriber (1,000 persons)	29,046	32,342	33,592	36,586	38,342	39,703
New subscriber (1,000 persons)	2,229	3,297	1,249	2,994	1,756	361
Increasing rate (%)	8.3%	11.4%	3.9%	8.9%	N/A	N/A
Total sales (billion dollars)	13,506,573	15,007,736	15,532,733	16,502,062	N/A	N/A
New sales (billion dollars)	1,399,665	1,501,163	524,997	969,329	N/A	N/A
Increasing rate (%)	11.6%	11.1%	3.5%	6.2%	N/A	N/A

13 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage: www.igi-global.com/chapter/commerce-market-development-scenarios-korea/19265

Related Content

A Psychographic Approach to Segmenting the Electronic Shopper

Leo R. Vijayasarathy (2004). *The Social and Cognitive Impacts of e-Commerce on Modern Organizations* (pp. 90-118).

www.irma-international.org/chapter/psychographic-approach-segmenting-electronic-shopper/30399

Signals of Trustworthiness in E-Commerce: Consumer Understanding of Third-Party Assurance Seals

Kathryn M. Kimery and Mary McCord (2006). *Journal of Electronic Commerce in Organizations* (pp. 52-74).

www.irma-international.org/article/signals-trustworthiness-commerce/3483

A Review of Single-Item Internet Auction Literature and a Model for Future Research

Jeff Baker and Jaeki Song (2007). *Journal of Electronic Commerce in Organizations* (pp. 43-68).

www.irma-international.org/article/review-single-item-internet-auction/3487

Exploring the Factors Influencing Customers Purchase Intention in Online Shopping

Fahima Khanam (2021). *Research Anthology on E-Commerce Adoption, Models, and Applications for Modern Business* (pp. 492-506).

www.irma-international.org/chapter/exploring-the-factors-influencing-customers-purchase-intention-in-online-shopping/281519

Intelirel's Transition to E-Business: Optimizing the Combination of Electronic Data Interchange and the Internet

Nir Kshetri and Satya Jayadev (2006). *International Journal of Cases on Electronic Commerce* (pp. 46-60).

www.irma-international.org/article/intelirel-transition-business/1491