Chapter VIII
Business Model Typology for Mobile Commerce

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ABSTRACT

Mobile technology enables enterprises to invent new business models by applying new forms of organization or offering new products and services. In order to assess these new business models there has to be a methodology that allows classifying mobile commerce business models according to their typical characteristics. For that purpose a business model typology is introduced. Doing so, building blocks in the form of generic business model types are identified, which can be combined to create concrete business models. The business model typology presented is conceptualized as generic as possible to be generally applicable even to business models that are not known today.

INTRODUCTION

Having seen failures like WAP, the hype that was predominant for the area of mobile commerce (MC) up until the year 2001 has gone. About three years ago, however, this negative trend has begun to change again. Based on more realistic expectations, mobile access to and use of data, applications, and services is considered important by an increasing number of users. This trend becomes obvious in light of the remarkable success of mobile communication devices. Substantial growth rates are expected in the next years, not only in the area of B2C but also for B2E and B2B. Along with that development go new challenges for the operators of mobile services resulting in re-assessed validations and alterations of existing business models and the creation of new business models. In order to estimate the economic success of particular business models, a thorough analysis of those models is necessary. There is a need for an evaluation methodology in order

to assess existing and future business models based on modern information and communication technologies. Technological capabilities have to be identified as well as benefits that users and producers of electronic offers can achieve when using them.

The work presented here is part of comprehensive research on mobile commerce [e.g., Turowski & Pousttchi (2003)]. Closely related is a methodology for the qualitative assessment of electronic and mobile business models (Bazijanec, Pousttchi, & Turowski, 2004). In that work, the focus is on the added value for which the customer is ready to pay. The theory of informational added values is extended by the definition of technology-specific properties that are advantageous when using them, to build up business models or other solutions based on information and communication techniques. As mobile communication techniques extend Internet technologies and add some more characteristics that can be considered as additional benefits, its own class of technology-specific added values is defined and named mobile added values (MAV), which are the cause of informational added values. These added values based on mobility of portable devices are then used to assess mobile business models.

In order to be able to qualitatively assess mobile business models, those business models need to be unambiguously identified. For that purpose we introduce in this chapter a business model typology. Further, the business model typology presented here is conceptualized as generic as possible, in order to be robust and be generally applicable -- even to business models that are not known today. In the following we are building the foundation for the discussion of the business model typology by defining our view of MC. After that, alternative business model typologies are presented and distinguished from our approach, which is introduced in the subsequent section. The proposed approach is then used on an existing MC business model. The chapter ends with a conclusion and implications for further research.

BACKGROUND AND RELATED WORK

Mobile Commerce: A Definition

Before addressing the business model typology for MC, our understanding of MC needs to be defined. If one does agree with the Global Mobile Commerce Forum, mobile commerce can be defined as "the delivery of electronic commerce capabilities directly into the consumer's device, anywhere, anytime via wireless networks." Although this is no precise definition yet, the underlying idea becomes clear. Mobile commerce is considered a specific characteristic of electronic commerce (EC) and as such comprises specific attributes, as for example the utilization of wireless communication and mobile devices. Thus, mobile commerce can be defined as any form of business transaction in which the participants use mobile electronic communication techniques in connection with mobile devices for initiation, agreement or the provision of services. The concept of mobile electronic communication techniques is used for different forms of wireless communication. That includes foremost cellular radio, but also technologies like Wireless LAN, Bluetooth, or infrared communication. We use the term mobile devices for information and communication devices that have been developed for mobile use. Thus, the category of mobile devices encompasses a wide spectrum of appliances. Although the laptop is often included in the definition of mobile devices, we have reservations to include it here without precincts due to its special characteristics: it can be moved easily, but it is usually not used during that process. For that reason we argue that the laptop can only be seen to some extent as a mobile device.

Related Work

Research in the field of business models for EC and MC can be differentiated regarding the particular

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