



Chapter II

M-Commerce: A Location-Based Value Proposition

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ABSTRACT

Mobile Commerce (m-commerce) has been defined as a process of conducting commercial transactions via “mobile” telecommunications networks using a communication, information, and payment devices such as a mobile phone or a palmtop unit. Here, we analyze the potential ramifications in the field of marketing and changes in the market due to the advent of m-commerce. In particular, we analyze the opportunities that various characteristics of the m-commerce model can bring to the field of marketing. We investigate the likelihood of the emergence of mall-like zones that are based both on the geographical proximity of services and goods providers and the use of mobile communication devices. Such zones have a potential for becoming the basic units for any analysis of m-commerce scenarios. As m-commerce attains maturity, the zones could become the fundamental parameter in marketing evaluation.

INTRODUCTION

The advent of wireless and mobile technology has created both new opportunities and new challenges for the business community. Our aim here is to examine the potential impact of mobile commerce (m-commerce) on the relationship between customers and the providers of goods and services.

In its present state, m-commerce can be viewed as an extension of conventional, Internet-based e-commerce, which adds a different mode of network and accommodates different end-users' characteristics. However, if the predictions stating that mobile and wireless computing will dominate the Internet industry in the future (Vetter, 2001) materialize, the e-commerce and m-commerce could become a singular blended entity. Moreover, in the long run, m-commerce has the ability to emerge as a separate and different model. The magnitude of the mobile revolution has the potential to create a substantial pressure on the current e-commerce business models. It could generate apertures for new mobile Internet companies, engendering a stream of change among established e-commerce paradigms and leading to a reconfiguration of value propositions in many industries. Presently, m-commerce is still bugged by its limitations. The issues that are still being dealt with include: uniform standards, ease of operation, security of transactions, minimum screen size, display type and bandwidth, billing services, and the relative impoverishment of web sites. Due to current technological limitations, limited service availability and varying mobile consumer behavior patterns, business strategies developed for m-commerce applications will find it necessary to emphasize differing characteristics than traditional e-commerce strategies. At the same time, a successful m-commerce provider must understand that consumers are unwilling to spend long periods "surfing" on these inherently less user-friendly wireless devices. Wireless users demand packets of hyper-personalized information, not scaled-down versions of generic information. Therefore, technology-focused wireless Internet business models could be replaced by models that best integrate the unique characteristics of wireless m-commerce (Clarke, 2001).

To summarize, m-commerce is not a new distribution tool, a mobile Internet or a substitute for personal computers. Rather, it is a new aspect of consumerism and a much more powerful way to speak with consumers. Unleashing the value of m-commerce requires understanding the role that mobility plays in people's lives. That calls for a radical shift in thinking (Nohria & Leestma, 2001).

M-commerce, as defined by Muller and Veerse (1999), stands for conducting commercial transactions via a "mobile" telecommunications network using a communication, information and payment (CIP) device such as a mobile phone or a palmtop unit. In a broader sense, m-commerce can be defined simply as exchanging products, ideas and services between mobile users and providers.

The following section gives an overview of the characteristics of m-commerce. We discuss the fundamental characteristics of m-commerce that have the potential to influence the basic marketing orientation of both sellers and buyers, and above all,

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