



## Chapter XIV

# A Perspective on M-Commerce

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### ABSTRACT

*Several statistics from several industry sources have forecast staggering growth for m-commerce over the next five years. But assuming we believe the statistics, marketers need to understand the dynamics of mobile usage and position themselves to take advantage of this substantial opportunity. While most marketers understand that wireless consumers have different application needs and usage patterns than standard online users, many may be perplexed in finding a logical starting point for developing a marketing approach to m-commerce.*

*This chapter outlines some of the key differences in online consumer behavior and provides a perspective on how marketers might use mobile commerce to stimulate consideration and purchase of their products and services. The chapter shares an approach and an existing application used by The Coca-Cola Company to provide a reference point and to help other marketers understand and leverage mobile commerce as another viable tool in their marketing arsenal.*

### INTRODUCTION

We've all heard the buzz and the hype about how mobile commerce, or m-commerce, is poised to change the world. Recent statistics listed in *The Industry Standard* and other trade publications forecast m-commerce to account for \$332 million in the U.S. alone by 2003 (up from \$22 million in 2001), reaching \$1 billion

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by 2004 and \$3.7 billion by 2006 (Anonymous, 2001). This type of staggering growth seems daunting to say the least. But assuming we believe the statistics, how will marketers in general and The Coca-Cola Company in particular position themselves to take advantage of this substantial opportunity?

At The Coca-Cola Company, we believe that context is everything with regard to understanding and meeting consumer needs. Typically, we look at consumer needs based on the particular *occasion* that the consumer is in and try to understand what is most relevant and important to the consumer in that occasion. Looking at it through this filter, you can easily imagine that consumer needs and expectations on the wired web are vastly different from their needs and expectations on the wireless web. In fact, we believe that there is a significant paradigm shift in the way that consumers use these two mediums that must be deeply internalized by marketers.

Wireless consumers do act quite differently than standard online users. A study by the Boston Consulting Group released in November 2000 found that most wireless users spend less than five minutes using m-commerce applications and only 8% use m-commerce services for more than an hour a week. By contrast, the average U.S. consumer surfs the Internet for 31 minutes per session. Usage patterns also vary by the user's location. The study found that American consumers prefer mobile devices for e-mail; surfing; and getting news, travel, and regional information, while some entertainment services that are popular in other countries, like downloadable ring tones, aren't interesting. American users are also not as concerned about sending credit card information over the wireless networks as their Japanese and Swedish counterparts. About 59%, however, fear that location-based services, which can pinpoint a consumer's whereabouts at any given time, will compromise their privacy (Sirkin & Dean, 2000). In light of these dynamics, where is a logical starting point for a marketer like Coca-Cola with respect to m-commerce?

To begin to answer this question, we would first want to understand those occasions that might be most relevant to the mobile consumer. Mobile purchases tend to be more of an impulse buy than a planned expenditure. While most consumers would hardly think about buying a car on a mobile device, they may likely be open (and, in fact may find it very convenient) to receiving an alert on their mobile device when it is time for an oil change and schedule an appointment and pay for the services in advance to save time and perhaps money. For Coca-Cola, fast food occasions are more impulse-driven than the weekly grocery trip to Kroger or Wal-Mart. In fact, we know from our own fast food consumer segmentation research that 70% of fast food consumers haven't decided what kind of food they want prior to getting in the car. The significance of this for marketers is that these consumers are already *predisposed to a purchase occasion* (they know they're going to buy

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