Chapter XI
France:
Mobile Communications and Emerging M-Commerce

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ABSTRACT

This chapter introduces the emerging m-commerce market in France. Despite the current low level of use, this market is characterized by the implementation of an increasingly efficient m-commerce value chain by network operators, content providers and content enablers. As a consequence, innovative and attractive services are being introduced progressively for both consumers and businesses, which are analyzed here with the help of the CLIP framework. Furthermore, the authors argue that an m-commerce strategy should be designed in synergy with a fixed network-based e-commerce strategy while carefully following and anticipating the progressive implementation of significant technological advances.

INTRODUCTION

Despite the significant growth exhibited in previous years, France has the lowest wireless penetration in Europe, 73.9 percent, compared with an average penetration rate of 77 percent in Western Europe, and 80 percent in Italy, Finland or Sweden (Jupiter Research, 2004). This is consistent with several other ICT indicators (OECD Key ICT Indicators, n.d.; Vialle, 2003) where the French market scores lower than average in Western Europe.

In addition, the French mobile telecommunications market exhibits three other characteristics. First, a relative concentration of service supply, since there are only three mobile operators in France and Mobile Virtual Network Operators

(MVNOs) are quasi-absent from the market. Second, it is the only large European country where Vodafone does not directly operate a mobile telecommunications company. Third, the market for both voice and data services tends to be somehow less developed than in other European countries. However, with 44.5 million subscribers, the French market is the fourth most important market in Europe and is expected to become the second market by 2007 (Salcedo, 2004).

Multimedia Services Market

Nearly one quarter of the market, or 10.3 million subscribers, uses a diversified range of multimedia services. The bulk of the market concerns messaging services. The most popular service is SMS: 10.7 billion SMS were sent in the year 2004, corresponding to a monthly average of 23.6 messages per subscriber. The SMS+[1] traffic enjoyed a 66 percent growth in 2004, reaching 228 million messages and generating revenues amounting to 135 million euros. The MMS consumption is also increasing, but is limited by the number of compatible handsets — around 12 million in 2004 — technical complexity and high tariffs. Tariffs can vary according to the operator and the type of message (text, picture, video and postcard), from around 0.10 to around 2 euros.

The bulk of the content services market concerns ringtones, then icons, wallpapers, logos and animations, followed by mobile alerts, and finally mobile games (Salcedo, 2004). According to Bigot (2004), 58 percent of mobile handset owners regularly send SMS, 29 percent download icons, logos and games, 18 percent use vocal information services, 13 percent send SMS+, 11 percent send MMS and 8 percent consult mobile Internet sites[2]. The current usage of services involving monetary transactions is very limited, and is not expected to represent a large share of revenues in the near future.

This rather undeveloped picture of the mobile multimedia market corresponds to the "old" supply environment: that of the relatively low bandwidth of GPRS supported services with an effective bit-rate, usually not exceeding 50 Kbps. Furthermore, the market was limited by the number of multimedia-enabled handsets used, about 14.2 million in 2004 (Salcedo, 2004).

Limited deployment and security concerns seem to be the main barriers for adoption. The higher bit-rate allowed by UMTS (up to 384 Kbps) or EDGE (up to 150 Kbps) may trigger market development in France. Video telephony, which has been a mythic telecommunications service in the mind of the French for more than twenty years[3], could well be the killer application for UMTS in France. The French operators have taken care to ensure interoperability between UMTS and other technologies and to provide dual mode handsets. This should allow them to avoid the difficulties encountered by NTT DoCoMo in Japan, because of the limited coverage of UMTS combined with the impossibility to use the 2.5G network with 3G handsets. Location-based services could also trigger the use of transaction services in the future. However, price may constitute a significant barrier to adoption: Tariff plan subscriptions are still expensive, starting at 52 euros for SFR and 55 euros for Orange, and the cheapest handset is priced at 199 euros. One minute of video telephony is priced as two minutes of voice call[4], and 30 minutes of video or TV cost between 10 and 15 euros.

Structure of the Chapter

French mobile operators are presented first in order to provide some background information on the French market. A selection of m-commerce services is then introduced, followed by the assessment of the state of service provision in France with the help of the CLIP framework. Furthermore, the role of content-enabling companies is outlined in reducing complexity for both users and suppliers. Significant technological and managerial lessons are suggested in the conclusion.