

# Chapter XXI

## Factors Affecting Mobile Commerce and Level of Involvement

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### INTRODUCTION

Driven by the accelerating advancement in information technology (IT), the penetration of the Internet and other communications services has increased substantially. Hoffman (2000), one of the most renowned scholars in the realm of Internet research, considers the Internet as “the most important innovation since the development of the printing press.” Indeed, the omnipresent nature of the Internet and the World Wide Web (WWW) has been a defining characteristic of the “new world” of electronic commerce (Dutta, Kwan, & Segev, 1998). There are a good number of academics and practitioners who predict that the Internet and the WWW will be the central

focus of all commercial activities in the coming decades (e.g., Dholakia, 1998). In particular, Jarvenpaa & Todd (1996) argue that the Internet is alive with the potential to act as a commercial medium and market. Figuratively, discussing the business prospects of the Internet and the WWW is somehow analogous to discussing the Gold Rush of the 19<sup>th</sup> century (Dholakia, 1995).

Admittedly, the close down of a lot of dot.coms since 2000 has been a concern for many people. However, the statistical figures we have up to now show that the growth pattern continues to be exponential. For example, the latest Forrester Online Retail Index released in January 2002 indicates that consumers spent \$5.7 billion online in December, compared to \$4.9 billion in November

(Forrester Research, 2002a). There is yet another sign of optimism for online shopping: The Internet Confidence Index (as released in September 2002), jointly developed by Yahoo and ACNielsen, rose 13 points over the inaugural survey released in June 2001, indicating a strengthening in consumers' attitudes and confidence in e-commerce services (Yahoo Media Relations, 2002). Hence, we believe that the setback is only temporary and is part of a normal business adjustment. The future trend is very clear to us. Everybody, be it multinationals or small firms, should be convinced of the need to be on the Web.

While researchers like Sheth and Sisodia (1999) have described the growth of the Internet as astonishing, an even more startling growth is projected in the area of wireless Internet access via mobile devices. The general consensus is that mobile commerce, a variant of Internet commerce (Lucas, 2001) that lets users "surf" their phones (Wolfenbarger & Gilly, 2001), will become part of the next evolutionary stage of e-commerce (e.g., Keen, 2001; Leung & Antypas, 2001; Tausz, 2001). Mobile commerce involves the different processes of content delivery (notification and reporting) and transactions (purchasing and data entry) on mobile devices, and its current landscape resembles the Internet in its first generation in the early 1990s (Leung & Antypas, 2001). According to a study by Strategy Analytics, the rise in demand for mobile commerce services will lead to a market value of \$230 billion by 2006 (Patel, 2001). Also a cause for optimism in mobile commerce services is the estimates made by the Yankee Group that the value of goods and services purchased via mobile devices will exceed \$50 billion by 2005, up from \$100 million in 2000 (Yankee Group, 2001). According to Yankee, the number of wireless consumers using financial services in North America alone will reach more than 35 million in 2005, a leap from the current 500,000.

Research on consumers' online behavior has so far been centered on the World Wide Web. Very

few, if any, have specifically focused on mobile access despite the fact that mobile handsets are becoming increasingly popular. This is an important area of study, as the mobile phone is quickly bypassing the PC as the means of Internet access and online shopping. According to the Computer Industry Almanac, there will be an estimated 1.46 billion Internet users by 2007, compared to the 533 million today. Currently, wireless access constitutes a significant, yet limited user share of 16.0%, but by 2007, this number would have increased dramatically to 56.8% (Computer Industry Almanac, 2002). These optimistic projections are further supported by the prediction of Forrester Research that, within 5 years, up to 2.3 million wired phone subscribers in the U.S. would make the switch to wireless access, making an average of 2.2 wireless phones per household by 2007 (Forrester Research, 2002b).

Aided by staggering advances in information technology, mobile devices are now capable of offering a number of Internet-based and Internet-centric services, fueling the growth of mobile commerce. The ascendancy of mobile commerce as a marketing channel warrants researchers' and practitioners' alert even in its current rudimentary stage, not only because of the huge market potential projected, but also because mobile commerce can offer new channels through which enterprises can interact with customers (Leung & Antypas, 2001). In a bid to fill the research void in the realm of mobile commerce, and to afford some insights to firms battling over the electronic commerce arena, this research was conducted with the following two objectives in mind. The first objective is to scrutinize what constitutes the weighty factors as far as transacting through mobile devices is concerned. The second one is to find out how the importance of these factors would vary when consumers are confronted with two different transactions, each with a varying degree of involvement (Celsi & Olson, 1988). The first type of transaction is a low involvement one that

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