

Chapter 11

Taking a Strategic Alliance Approach to Enhance M-Commerce Development: Challenges and Strategies

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ABSTRACT

Current m-commerce business models show that m-commerce depends on complex networks of business relationships, which often comprise telecommunications service providers, mobile device makers, banking industry, Internet search engine providers, and various third-party value-adding companies. Due to the nature of m-commerce, the key to success in m-commerce lies predominantly in managing a network of alliances. This paper answers research questions, such as why do companies team up for m-commerce? What are the key challenges facing the alliances? How can companies address the challenges? What does the future hold for the study of strategic alliances including m-commerce alliances? This paper extends strategic alliance theories to the study of m-commerce alliances that are formulated in various cultural and national backgrounds. The authors examine both strategic and operational strategies for m-commerce alliances and discuss a wide range of issues in the formulation and implementation of m-commerce alliance strategy.

INTRODUCTION

Mobile commerce (m-commerce) has been increasingly gaining momentum in mobile payments, mobile ticketing, mobile coupons and mobile banking in the m-commerce marketplace.

It is estimated that revenue from mobile content and services (excluding SMS) accounts for 7-10 percent of total mobile revenues worldwide while SMS accounts for a further 10 percent of total mobile data revenues (“Research and Markets”, 2008). M-commerce and wireless Internet using wireless technologies such as wireless

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application protocol (WAP), Bluetooth, WML, and XML etc, represents the future of e-commerce and addresses the growing demand for mobility. Countries in the Asia Pacific regions are taking the lead in using mobile phones for m-payments which accounts for about 85 percent of consumers worldwide (“Research and Markets”, 2008). In Asia, m-commerce has developed rapidly and become an efficient and established consumer buying channels. In 2007, the trade volume through m-commerce exceeded \$6 billion in Japan. In the USA, there are more than 250 million wireless consumers with an m-commerce retail market of approximately over \$500 million in 2008, according to Murphy (2008).

Today’s digital world offers a borderless and virtual village where individuals, companies are interconnected and interdependent through a complex local and global network of relationships (transactions, partnerships, alliances, and even vertical integration). According to business network theories (Håkansson & Snehota, 1992; Batonda & Perry, 2003), it is this connectedness and interdependence through information technology including wireless technologies that drive the business world today. A glimpse of current m-commerce business models shows that m-commerce depends on complex networks of business relationships which often comprise telecommunications service providers, mobile device makers, banking industry, Internet search engine providers, and various third-party value-adding companies (Varshney, 2008). Due to the nature of m-commerce the key to success in m-commerce lies predominantly in managing the network of alliances.

A review of the current m-commerce literature finds that the majority of English language publications have focused primarily upon designing applications and technology support, location management and mobile transactions largely from the technology perspective (Varshney, 2008). For example, Read (2008) identifies mobile web issues and provides key advice to enable successful

mobile web and data. Very few publications study the human side of issues such as the challenges and strategies in managing partnerships and alliances between companies in developing m-commerce. This paper addresses this gap based upon strategic alliance theories and explores the management issues in regard to a strategic alliance approach to the development of m-commerce taken by many companies to boost their m-commerce capacity.

This paper aims to answer the following research questions:

- Why do companies team up for m-commerce?
- What are the key challenges facing the alliances?
- How can companies address the challenges?
- Where does the future hold for the study of strategic alliances including m-commerce alliances?

As m-commerce alliance is a largely under-researched area in the literature, this paper delivers new insights and practical recommendations for corporate strategy and action. The paper starts with a review of a few influential cases of alliances formed internationally to promote m-commerce. After that, the paper discusses the key challenges and broad strategies in the formulation and implementation of strategic alliances for m-commerce before concluding it with directions for future research.

METHODOLOGY

This study draws upon case study design, taking strategic alliances as unit of analysis. Although it does not preclude a capacity for generation, case study can provide detailed illustration of issues and answer the questions of “how” and “why” (Coffey & Atkinson, 1996). The essence of a case study lies in its ability to illuminate actions

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