IMPACT OF M-COMMERCE

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ABSTRACT

Even though Electronic commerce (E-commerce) has influenced the global business environment many organizations are continuously searching for new technologies for their business transactions where innovations take place and leads to more profit and able to magnetism for more customers. One such innovation in this technological development world is mobile commerce (M-Commerce) which becomes a new area of interest in today’s firms. It is a new concept in the field of electronic market and creates entirely new opportunities for mobile devices and services.

Key words: Mobile commerce, M-commerce, E-commerce, Electronic market.

INTRODUCTION

Most of the business today have transformed from being conducted on traditional market places to the new innovation market place. Internet and E-commerce have provided a major impact on the global business environment and has changed the traditional way of conducting business. Mobile commerce refers to the ability to conduct wireless commerce transactions using mobile applications in mobile devices. M-commerce is creating entirely new opportunities both for mobile devices and services and it provides the same capabilities, functionalities and mobility of E-commerce.

DEFINITION OF M-COMMERCE

M-commerce, also known as wireless commerce or mobile E-commerce represents any monetary business activity conducted via mobile communication networks. It may also be defined as all the activities related to commercial transactions conducted through communications networks that interface with wireless or mobile devices. It can also be defined as the use of handheld wireless or mobile devices to communicate, interact and transact via high speed connection to the internet.

“M-Commerce is the use of mobile devices to communicate, inform transact and entertain using text and data via a connection to public and private networks.(Lehman Brothers)
“The core of mobile E-commerce is the use of a terminal (telephone, PDA, PC device, or custom terminal) and public mobile network (necessary but not sufficient) to access information and conduct transactions that result in the transfer of value in exchange for information, services or goods”. (Ovum)

HISTORY OF M-COMMERCE

It might be wise to start off with a little background on M-commerce and follow the trail of technology and significant moments of M-commerce growth. Mobile commerce was introduced back in 1997 when Coca Cola installed the first two mobile phone enabled vending machines in Finland. They were able to send mobile payments to the vending machines via SMS text messages. It was in the same year and country that an M-Commerce based banking service was introduced as well.

The first M-commerce internet platform was launched in 1999 by a Japanese company called I-mode. I-mode would be similar to T-mobile’s web2go browsing interface which allows users the ability to browse the net, view email, download games and access other services.

In the United States unlimited cell phone plans were none existent among major carriers few years ago while in the European markets it has been the norm and in some cases are the law. While Japan and Europe rolled out 3G in 2001, the United States did not introduce 3G until 2003.

FEATURES OF M-COMMERCE

M-Commerce is characterized by some unique features that equip it with certain advantages against conventional forms of commercial transactions, including E-Commerce

1. UBIQUITY: It means that the user can avail services and carry out transactions largely independent of his current geographic location. This feature can be useful in many situations, example to cross check prices while standing in a super market or while one the move.

2. IMMEDIACY: Closely related to the feature of ubiquity is the possibility of real-time availability of services. This feature is particularly attractive for services that are time critical and demand a fast reaction. Example stock market information for a broker. In addition to that the consumer can buy goods and services as and when he feels need. The immediacy of transactions helps to capture consumers at the moment of intension so that sales are not lost in the discrepancy between the point of intention and that of the actual purchase.

3. LOCALISATION: Positioning technologies, such as the Global Positioning System (GPS), allow companies to offer goods and services to the user specific to his current location. Location based services can be, thus, offered to meet consumers needs and wishes for localized content and services.

4. INSTANT CONNECTIVITY: Ever since the introduction of the General Packet Radio services (GPRS) mobile devices are constantly online i.e. in touch with the network. This feature brings convenience to the user, as time-consuming dial-up or boot processes are not necessary.

5. PRO-ACTIVE FUNCTIONALITY: M-Commerce opens, by the virtue of its ability to be immediate, local and personal, new avenues for push-marketing, such a content and product offers. Services like Opt-in advertising can be offered, so that a user may choose the products, services and companies which he wants to be kept informed about. The Short Message Service (SMS) can be used to send brief text messages to consumers informing them of relevant local offerings that best suit their needs.
6. SIMPLE AUTHENTICATION PROCEDURE: Mobile telecommunication devices function with an electronic chip called Subscriber Identity Module (SIM). The SIM is registered with the network operator and the owner is thus unambiguously identifiable. The clear identification of the user in combination with an individual Personal Identification Number (PIN) makes any further time-consuming, complicated and potentially inefficient authentication process redundant.

APPLICATIONS OF M-COMMERCE

1. ENTERTAINMENT: Entertainment on smart phone devices has played an important role in development not only for entertainment industry but also for M-commerce industry, mobile application development industry, mobile hardware industry and many more industries which are directly or indirectly connected with entertainment. With the help of M-commerce it is possible to download images, videos, audio and games data files at anywhere and anytime.

2. EDUCATION: Thee days education is also available on smart phones. One can access lot of contents while traveling or sitting on some where online contents cannot be accessible through internet. Many of the online journals has their dedicated application which may help a student or reader to access the contents anywhere.

3. E-AUCTION: It is an electronic implementation of the bidding mechanism. It provides the benefits for suppliers and buyers and also increases efficiency and time savings for both, there is no need for physical transportation until and unless the deal has been established by the suppliers and buyer.

4. M-SHOPPING: After the success of online shopping on internet, online shopping companies are focusing on mobile shopping as now days this is another booming sector. User wants to spend more time on mobile phone than computer these days so preferably a consumer searches for products and services using mobile phones. As per Nielsons, mobile shopping is increasing 10% to 15% each year and is adding a huge contribution to commerce and from October 2010 to January 2013, 42% growth has been recorded.

5. TRAFFIC CONTROL: Traffic is the movement of pedestrians or vehicles through an area or route. The passengers in the vehicles and the pedestrians are all mobile objects, ideal clients of mobile commerce. With the help of technology, mobile commerce can improve the problems related to the traffic jam in many ways. For example, usually all smart phones have capabilities of a GPS, these can be used in determining the driver’s exact position, and can be used for giving directions, and advising the driver on the current status of traffic in that area. A traffic control centre can also control and monitor the traffic according to the traffic signals which are sent from mobile devices in the vehicles.

M-COMMERCE ISSUES

Mobile commerce is facing many challenges and issues depending upon the development of M-commerce market. To be successful in the field of M-commerce firms should be aware of possible problems and solutions. The following are some of the issues.

1. MEASUREMENT ISSUES: M-commerce firms need to define new measurement indicators. In future M-commerce market will be close saturation, so traditional mobile growth issues will be inappropriate. Therefore, M-commerce firms should define new specific indicators which must reflect the advanced segmentation of the market by service and it users. In order to define new indicators firms
should first recognize their position in each sector of industry, which will give more detailed information to decide their needs.

2. SECURITY ISSUES: Like many other business using technology, security issues are probably the greatest concern of any M-commerce firm. Even if M-commerce is a new evolution for many businesses, such businesses can sustain substantial threats without a secure environment. Most E-commerce businesses have security control counter plans in the form of processes, technology and organizations that can be implemented to eliminate vulnerability and reduce security risks. These controls involve various technologies such as firewalls, anti-virus protection, user identification and secure device management. Even if security concerns are very common for any type of E-commerce, M-commerce firms should develop and provide additional technology for a secure environment.

3. COMPETITION ISSUES: Another consideration of strategic plan would be the issue of competition- commerce market ha started to influence the consumer markets as E-commerce did. With this trend, M-commerce firms should consider both managerial and technological plans that will play a crucial role in order to be more competitive. For managerial implementation, M-commerce firm should be able to evaluate their competitors, customers and many others inside and other factors which affect them. Apart all, M-commerce firms need to develop more advanced mobile technology and networks in order to deal with com[editors.

4. STANDARDIZATION ISSUES: It is yet another important issue that M-commerce firms must consider. It is not easy to standardize new technology or business concept. Various hardware, infrastructures and applications among M-commerce firms make standardization difficult, especially in integrating data and the many rapidly changing requirements. The main purpose of standardization for M-commerce is to ensure interoperability. It plays a crucial role for many businesses not only in terms of time and communication, but also it reduces costs of the workforce and operation management.

CONCLUSION

M-commerce is generating plenty of benefits as that of E-commerce. In other words, it is keenly intended to customer oriented areas, thereby providing individuals with better data exchange and communication. M-Commerce however is not a technology but it is about discovering innovative ways to define value for customers as well as to business. Once the above stated issues and challenges have been built into the company’s policies more benefits could be anticipated in future.

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