M Commerce - Future is in your hands

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ABSTRACT

Information and communication technologies are shifting speedily. With the use of latest ICTs Electronic Commerce and Mobile commerce has become a part of daily life Electronic commerce is purchasing, selling and bartering of goods and services through computer networks such as internet. Where in Mobile commerce is trading of goods and services through wireless devices. It is a method of paying for services using a mobile phone or personal organizer. The varying role of mobile communications is reflected in the growing use of mobile devices for e-commerce purposes. Reinforced by the penetration of mobile devices and the progression of mobile technologies, mobile commerce assures to change the approach some business-to-consumer (B2C) activities are conducted. M Commerce keeps people in touch with the world wirelessly with the help of satellites, no matter wherever they are but E commerce generally does not do that. In general needs to be linked to internet by the help of wires. Looking at this it can be believed that although Ecommerce is the cutting edge for business today is Ecommerce but M commerce is more reliable and easy to access especially in B2C markets, as wireless handheld devices are easy to carry anywhere. Focusing on B2C markets, this paper aims to study the changing behavior of consumers towards E commerce and demonstrate that m-commerce is rapidly growing alternative to e-commerce. The research was done through Secondary research approach. Research concluded that varying features of M commerce like mobility, broad reach, instant connectivity, personalization, Lower prices, improved security, upgraded devices and effective customer backing, proved to be the success factors towards accelerating consumer shifting from E commerce to M commerce.

Keywords- E commerce, M commerce, Information Technology, wireless communication

I.   Introduction:

Information and communication technology is varying rapidly. Smart Mobile devices are the outcomes of the advancement in ICTs. Through the use of modern ICTs, E commerce and M-commerce has become a part of daily life. It guarantees to provide information at anyplace and anytime. It increases the interface amongst the buyers and sellers through use of internet. Internet is a base for e-commerce and m-commerce.

II.   Electronic commerce:

E-commerce refers to different kinds of online business activities for products and services. It can be defined "any form of business transaction in which the parties interact electronically rather than by physical exchanges or direct physical contact." A more comprehensive definition is" E-commerce is the use of electronic communications and digital information processing technology in business transactions to create, transform, and redefine relationships for value creation between or among organizations, and between organizations and individuals.

The main different types of e-commerce are: business-to-business (B2B); business to-consumer (B2C); business-to-government (B2G); consumer-to-consumer (C2C) (pwc, 2015).

E commerce in India:

Since the E-Commerce industry is fast rising, changes can be seen over a year. The sector in India has grown by 34% (CAGR) since 2009 to touch 22 billion USD in 2015. The sector is expected to be in the range of 26 billion USD in 2016.

Currently, eTravel comprises 70% of the total E-Commerce market in India . eTailing is that segment of E commerce which includes of online retail, has become the fastest-growing division in the e-commerce market having grown at a CAGR of around 63% over 2009-2015. The magnitude of the eTail market is estimated at 6 billion USD in 2015. Books, clothes, apparel, accessories and electronics are the largest selling products over eTailing, estimating around 80% of total product distribution. The increasing use of smart mobile phones, tablets and internet broadband, 3G and 4G has headed to evolving a robust consumer base likely to expand in further. This, combined with a higher amount of domestic eTail companies with their innovative commercial prototypes has directed to a strong eTail market in India tending to expand at extraordinary speed. (Tarasewich, 2002)

Investments in the eCommerce Sector:

After government was elected in 2014, business confidence has significantly improved. In 2014, investors hostilely financed the E Commerce sector due to solid progression prospects. Apart from the traditional online layouts of retail and lifestyle, fresher online business segments such as classifieds, real estate, grocery and healthcare were also tapped. The E Commerce businesses will endure to attract investor interest. Several of India's highly rated blue-chip PE firms, which earlier avoided financing in ECommerce, are now considering for opportunities in the sector. The emphasis is primarily on ancillary service providers—companies involved in backing functions ranging from delivery, logistics and payments, with investments basically driven by the comparatively lower valuations and lesser amounts of capital required.

M Commerce:

Mobile Commerce refers to wireless electronic commerce used for conducting business with the help of a mobile device like cellular phone or tablets. It is also assumed that it is the next generation wireless e-commerce that needs no wire and plug-in devices. Mobile commerce is usually called as 'm-Commerce' in which user can do any sort of transaction including buying and selling of the goods, asking for any services, transferring the ownership or rights, transacting and transferring the money by accessing wireless internet service on the mobile handset itself. The next generation of e-commerce would possibly be mobile commerce or m-commerce. Presuming its wide prospective reach all major mobile phone manufacturing companies are making WAP enabled smart phones and providing the maximum wireless internet and web facilities covering personal, official and commerce requirement to pave the way of m-commerce that would later be very profitable for them. (goel, 2015)

M-commerce has numerous major advantages over its static counterparts because of its precise inbuilt characteristics such as personalization, flexibility, and distribution. Mobile commerce promises remarkable business, market potential and greater efficiency. (Okazaki, 2005)

III.   Objectives of the study:

Focusing on B2C markets, this research paper aims to primarily study the changing behavior of consumers towards E commerce and secondly to demonstrate that m-commerce is rapidly growing alternative to e-commerce.

IV.   Review of Literature:

A number of papers review various aspects of mobile commerce. Among others, Mueller-Veerse [1999] provides an extensive review of m-commerce technologies and applications, and Varshney et al. [2000] examine m-commerce applications in detail. Varshney and Jain [2001] discuss several issues related to fourth generation wireless networks. Varshney and Vetter [2001] examine some issues while presenting a framework for mobile commerce applications. Siau et al. [2001] look at several m-commerce technology issues from both the device and infrastructure perspectives

V.   Research Methodology:

This paper is based on secondary data. Based on the available data analysis has been carried out.

VI.   M commerce in India:

M-commerce market in India is in emerging stage, m-payment and m-banking segments have shown substantial growth over the past few years. The Mobile Commerce market in India is countersigning increasing partnerships between service providers and banks. Maximum of the mobile service operators are having collaborations with prominent banking service providers to deliver mobile payment facilities. For instance, Bharti Airtel and Axis Bank have a tie-up for providing banking services through Airtel Money platform. Likewise, Vodafone India has contracted agreements with ICICI bank to launch mobile payment services. Such collaborations and partnerships are expected to grow and will support the market to grow. Debit card is the preferred mode of payment of majority of mobile shoppers (over 52 per cent) and over 25 per cent of them shopped for products in the price points of Rs 10,000 and above. Enhancing the shopping experience is Android operating system with 68 per cent of people preferring the OS for m-commerce followed by iOS. Currently 70 percent of people in India have feature phones, using them daily for primarily calling and SMS, but many of us don't know how to use the technology for greater personal benefit. M-commerce services stand to gain immense traction in India, if rural and sub-urban population and their needs and preferences are properly catered. For urban market, which is being driven largely by youth, developers should make visually appealing interactive and well organized m-commerce solutions.

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Growth prospects:

According to a study released by market research firm, Zinnov, "right from user research to product anytime and anywhere, smartphones are an emerging point of purchase and to address the demand from upcountry markets and changing consumer shopping pattern, e-commerce companies are increasing their focus on mobile commerce".

The survey found over 91 percent of the consumers had researched a product or service on their phone while online transactions on the smartphone platform rose between 30-50 percent in the upcountry areas. Further, it said 54 percent of the consumers have purchased either a product or a service from their smartphones. It opined that major e-commerce players like Flipkart and Quikr are serious about their plans to augment the m-commerce platform.

In 2014, 81 million smartphone units were shipped to the country. (Service, 2015)

"Smartphones are already outpacing the growth of feature phones and are expected to show a massive 36 percent CAGR over the next five years making it to the 651 million mark by 2019... The unstoppable surge of smartphones in India continues with 29 percent of urban population with a base of 409 million users adding to its adoption," the research firm said in a statement.

According to an article in the 'Times of India' on April 6th ran the headline: 'Myntra to shut website from May 1.' To a casual observer, this statement might have seemed less than newsworthy. But to those in the mobile technology industry, it describes a profound, perhaps, watershed moment in the history of e-commerce.

Myntra, one of the top fashion e-commerce companies in India, recently shut down its website in a move to become a mobile app-only etailer. It had previously shut down its mobile website. More prominently, Myntra's parent company, Flipkart, is also considering closing its website, if the experiment works with Myntra. (NATANSON, 2015)

It has been often discussed how the rapid deployment of mobile infrastructure and the plummeting costs of connectivity and smartphones are leading to "mobile only" internet usage in developing countries. The Internet and Mobile Association of India estimates that as of December 2015, there will be 386 million internet users in India, 265 million of which will be mobile users. But it's not just that the majority of users in India are on mobile, it's how far they've come, and how fast. Consider that as recently as June 2012 there were only 48 million mobile users in India. In three years, the mobile user base in India has quadrupled in size. It is quite Impressive. (PTI , 2015)

What's more amazing is that this number represents only 15% of the population of India. For some perspective, Emarketer estimates that by next year, over 200 million people in India will have smartphones, replacing the United States as the second largest smartphone market in the world.

From e-commerce to m-commerce:

In a country where there are over 930 Million mobile subscribers against 160 Million Internet users (Including 86 Million mobile Internet users) m Commerce is leading e commerce because of following reasons:-

1. Affordability of mobile devices

It is no denying fact that mobile devices like cellphones and tablets are far more affordable than desktops and laptops, and an average Indian consumer doesn't have much disposable income in his hand to buy high end devices. Plus, one doesn't even really need expensive smartphones to shop online or make mobile transactions. According to a report by Avendus, there were over 36 Mn smartphone users in India, but over 431 Mn Internet capable mobile devices in use in India as of December 2012, thus forming a strong consumer base for mCommerce. Moreover, due to their mobility and affordability, even tablets are high in demand in India.

2. Doing things on the go

Mobile devices give the freedom to do things like shopping, booking tickets, making hotel reservations etc. anytime anywhere. And in India, there is a large young consumer base, who want fast instantaneous processes on the move. One doesn't need to wait to reach home or to a cyber cafe to pay bills or make an urgent purchase online.

3. Mobile Internet connectivity

mCommerce customers are not bound by limited wired and WiFi Internet connections. In the last 3-4 years, the number of users who access the Internet through a 3G connection has grown to round 22 Mn. Now compare this with the 15 Mn fixed line broadband connections accrued over the last 17 years, there is a notable difference. Even though eCommerce has spread its roots throughout the country, it still hasn't reached the places where people have no broadband or no computer. mCommerce could and will change this.

4. Mobile Payments

Mobile Payments is a new mode of payment as an alternative to traditional methods like cash, cheque credit cards etc. A customer can use a mobile phone to transfer money or to pay for goods and services. A mobile payment could be made by an app, data connection, IVR and even SMS, so anyone who has a bank account can make a transaction. This could aid in reducing cash-dependencies of people, particularly in rural India.

5. Security

Mobile platforms are still relatively free from viruses and other threats. And even in case of a fraudulent activity, credit tracking by GSM/GPRS/GPS is easy and quick. Thus increasing the credibility, and giving better assurance to the sceptical India population. Also, seldom do people part from their phones, so there are less chances of misuse of login information that may happen on computer systems.

6. Bridging the gap between eCommerce and conventional stores

Brick and mortar stores are getting a lot of heat from online stores,which are luring their customers away by offering better product prices and discounts. When a person goes out for shopping, mobile acts as a conduit between the two poles, people compare prices online before buying something. This could be, and is being used by retailers to their benefit by offering location based services, barcode scanning, and push notifications to improve the customer experience of shopping in physical stores.

7. Greater target audience for advertisements

The problem with online advertising is that people have to be 'online' to view it. Several eCommerce players in India have come out with TV commercials to advertise their websites. However, mobile is a better platform to do the same. Even with Government's regulation on bulk messaging, companies could still target a mass of people collectively by sending promotional content via SMS if a user hasn't activated the DND service or wants to receive those ads.

8. Low tariffs-High revenue

Mobile data tariffs in India are the cheapest in the world. Unlike PC Internet affordability of 3G connectivity has improved significantly. For instance, Airtel reported its 3G price to be INR 0.25 per MB last month, which is less than the global average of 3 cents or INR 1.89.

Such low rates will encourage people to use more of Mobile Internet, and eventually engage into mCommerce as well. Considering the large mobile user base in India, the government could work with mobile companies to increase the overall revenue, by increasing Average revenue per user (ARPU).
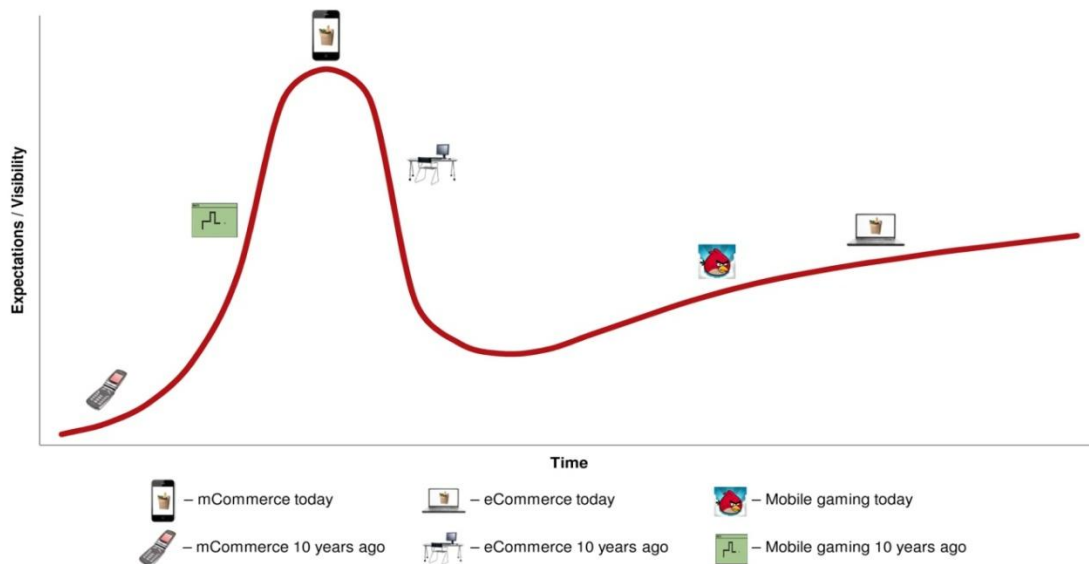
9. Government policies

To bridge the digital gap in the country, in September this year, the Indian government had proposed a scheme to spend INR 7860 crore to distribute 2.5 crore mobile phones and 90 lakhs tablets specifically to the rural population. Plus there is another initiative to give tablets to the college students. As mentioned earlier, these devices are more affordable than computers but still serve the primary functions. If these schemes are successfully implemented, then the mobile device user base will further grow and in turn increase the customer base for mCommerce services.

In addition to this, since reducing cash-dependencies of Indians is one of the biggest challenges of the government to alleviate the status of Indian Rupee, mobile transactions could come as a big relief. As RBI is already encouraging people to use credit cards and debit cards, together with mPOS systems, mCommerce has a bright future in India.

10. Personalisation

In a true sense Personal Computers are not really personal. Desktops and even laptops are shared by multiple people living in the same family or working together in an office. However the same isn't true in case of cellphones. Whichever strata of the society a person may belong to, a phone has become an indispensable extension of oneself. People are more comfortable using their phones for various activities, as it gives them a sense of privacy and security, while offering easy usability. (Sugandh Dhawan, 2013)

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246

- mCommerce today
- eCommerce today
- Mobile gaming today
- mCommerce 10 years ago
- eCommerce 10 years ago
- Mobile gaming 10 years ago

: GP Bullhound

Since already there are way more mobiles in India than computers, M-Commerce could gradually grow bigger than eCommerce.

The aforementioned 'Times of India' article stated that "Most leading Indian e-commerce players have seen mobile contribute to greater than 50-60% of transactions today from under 5% a year ago as smartphone penetration has risen exponentially." An article on Medianama in May 2014 described how Snapdeal, the second largest homegrown etailer in India behind Flipkart, had seen its mobile sales increase 25 times in one year. (NATANSON, 2015)

VII.   Conclusion:

In the cut-throat world of e-tailing, where price is king and switching costs are non-existent, the players know that a mobile app can create a more personalized, higher-touch shopping experience than the mobile web. And they are hoping that by shifting to an app-only strategy now, they will capture a greater share of the massive market opportunity to come.

This is why all of the multi-billion dollar e-commerce companies in India are betting on an app-only strategy. As the other 900 million people in India *who are still not internet users* come online for the first time, most of them will be doing so on a mobile device.

What lessons can India's m-commerce revolution teach mobile app developers and other players in our space?

One, that despite the massive shift to mobile that has happened in such a short time frame, the game is far from over. In fact, it's still early innings. As the mobile user base expands at an exponential rate, opportunities in m-commerce as well as in other areas will continue to multiply.

Two, when e-commerce becomes m-commerce, its remarkable how quickly things can change.

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248

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