

International Journal of Advance Research in Computer Science and Management Studies

Research Article / Survey Paper / Case Study

Available online at: www.ijarcsms.com

Prospect of E-Commerce: M-Commerce

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Abstract: Few years back, the mobile device was just a mode of voice communication and text messaging. But now mobile device has come far away, and undergo a journey of massive transformation due to an increase in their processing power and computational speed. The simple voice communication device has now entered the new world of doing business, known as M-commerce. It is an innovation that is completely changing the traditional way of doing business. M-commerce's growth is on its blistering pace, and it will continue the same. Increasing Smartphone users have added to its growth. M-commerce is gaining more popularity than e-commerce because of its feasibility, and availability. Deep penetration of smart phones boosts the hold of m-commerce in India.

The present paper has been undertaken to state the current scenario and explore the growth drivers that facilitate M-commerce in India.

Keywords: M-commerce, e-commerce, internet business

I. INTRODUCTION

E-commerce is buying and selling goods or services via internet. In e-commerce one need a computer system or laptop attached to a net connection (modem). Similarly, M-commerce is also buying and selling goods and service from internet but on mobile. In M-commerce all you need a Smartphone with internet connection.

According to Forrester research, smart phone mobile users number has increased by 8% by the end 2014 and will continue to grow by more than 21% in 2017. This figure is very optimistic and shows the favourable environment for the growth and development of m-commerce services in India. It is expected that this growth will continue in future also. (Singh, 2014)

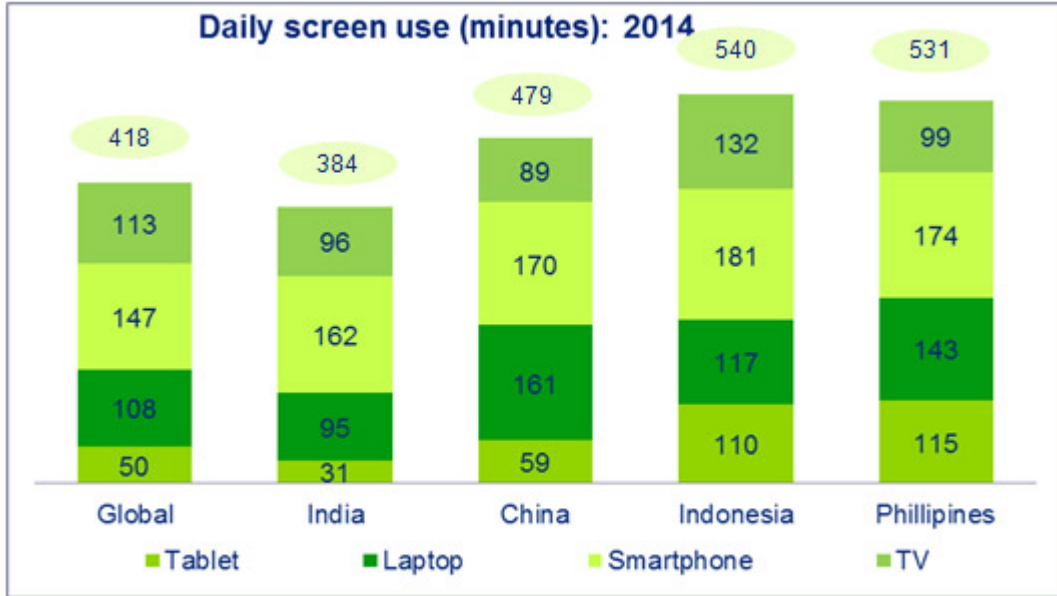
Rajan Anandan, Managing director, Google India is of the opinion that every month five million new internet users will be added and all these will be using mobile as main medium of accessing internet. He also believes more than 56% internet user will be mobile internet user. (Singh, 2014)

In India, smartphone is becoming a main screen for a majority of customers for making their transactions. The smartphone has outpaced the other electronic devices like TV, desktop and laptops etc. In the entire world, India has become one of the largest bases of smartphone users approximately 117 mn users and is expected to grow at 45 per cent in 2014. (Jain N. , Dixit K., 2014)

According to figure 1, in comparison to 418 minutes daily across screens, Indians average spend 384 minutes per day on electronic devices namely tablet, laptop, smartphone and TV.

In comparison to global usage, 35% time smartphone is most frequently used device while in India, this figure is 162 minutes out of 384 minutes leading to 42% time spent on mobile phones whereas approximately 25 per cent time is spent on both TV and PC/laptop.

Figure 1: Daily screen use (minutes): 2014



Source: Data is from Milward Brown Global Ad Reaction study _2014

M-commerce is gaining more population than E-commerce, because it's faster accessibility. A person may not always have a computer or laptop with them, while a person will always have their mobile phone with them.

II. LITERATURE REVIEW

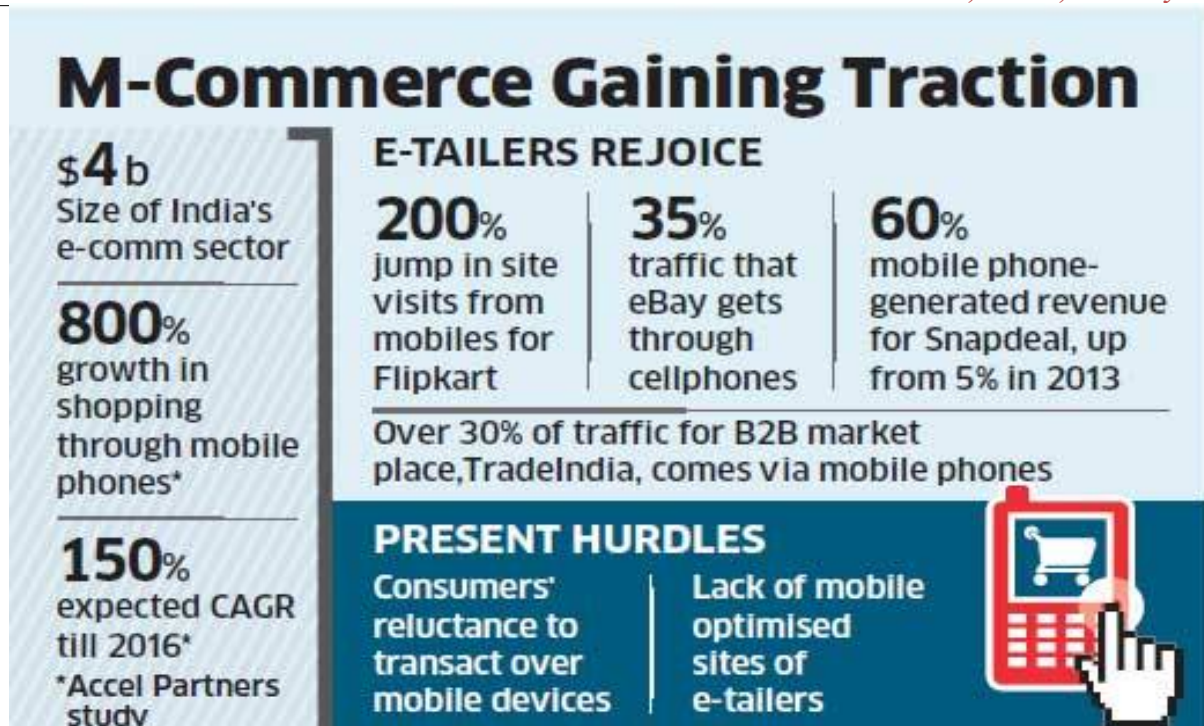
Feng et.al (2006) in their study found m-commerce as new way of doing business thus treating m-commerce as innovative business idea due to immense unique characteristics and utilities available in m-commerce.

Abu Bakar and Osman (2005) in their study defined m-commerce with the help of cellular telephone and personal digital assistant (PADs). They defined that with the help of these handheld devices exchange or buying and selling of goods and services are considered under mobile commerce.

According to Sachin Gupta (2014) in their article studies the growth drivers of m-commerce. They were of the opinion that changing youth perception and lifestyle, availability of economical smartphobne with enhanced capabilities and trusteeship model facilities provided by online shopping portals are the drivers of m-commerce growth in the country.

Sujata P. Deshmukh et.al (2013) in their article stated that M-commerce is the subset of e-commerce that entire e-commerce transactions which are being done with the help of a mobile computing device.

Fig. 2: M-commerce gaining Traction



DEFINITION

E-commerce

“E-commerce is trading in products or services using computer networks such as the internet.”

(Wikipedia)

“A type of business model, or segment of a large business model, that enable a firm or individual to conduct business over an electronic network, typically the internet.”

(Investopedia)

“E-commerce is the marketing, buying, and selling of merchandise or services over the internet.”

(Technopedia)

M-commerce

“The delivery of E-commerce capabilities directly into the customer’s hand anywhere, via wireless technology.”

(Wikipedia)

“M-commerce is the use of wireless handheld device such as cellular phone and laptops to conduct commercial transaction online.”

(Investopedia)

“M-commerce is a term that describes online sales transactions that use wireless electronic devices such as hand-hold computers, mobile phones or laptops.”

(Technopedia)

III. M-COMMERCE: GROWTH DRIVERS

- Now in m-commerce, mobile internet services are globally available rather than availability at local level as in the initial days, leading to growth of m-commerce.
- Many m-commerce apps are available for mobile users. These m-commerce applications are simple, can be customized easily and provide location based services and highly time specific facilities.
- Mobile phone is basically a connecting device that every user usually accompanies it wherever he goes. This leads to opening of more opportunities for m-commerce rather than e-commerce due to portability feature. (Sandhu 2012)
- Being mobile phone an intelligent device available every time with the user, at the time of travelling, shopping, office, any time sensitive simple transactions can be made very easily. For example purchase of movie ticket, air and train ticket reservations, m-commerce is gaining more popularity rather than e-commerce. (Sandhu 2012)
- In case of emergency services like calling a cab, traveller navigation, automobile repair mechanic on road, mobile phone is boon which otherwise is not possible with a computer or laptop.

Mobile internet user in India:

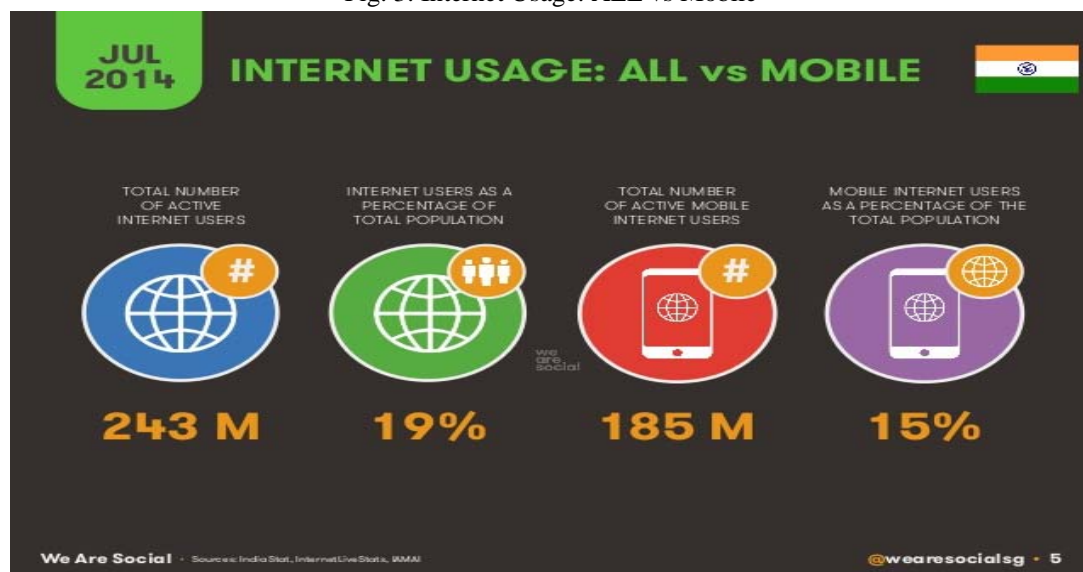
According to reports of IAMAI and IMRB, December 2014, the registered number of mobile internet users in India was 173 million. As for as rural part of the country is concerned, the mobile user number is expected to have a growth rate of around at 33% leading to a mobile customer base of 53 million by June 105 according to Internet and Mobile Association of India (IAMAI) and IMRB International.

The customer base of mobile users in rural India is increasing at higher growth of 33% due to availability of economical internet ready mobile handsets, variety of cheap talk time plans, popup coupons, sms packs, lower STD and lower roaming packs provided by service providers and increased connectivity and longer period of validity of mobile values.

According to Internet and Mobile Association of India (IAMAI) and IMRB International, more than 78% user of urban mobile users and 66% of rural mobile users of the country surf internet on their mobile or share this internet on their desktop/laptop through their mobile devices. With-in span of fast 2-3 years, due to availability of smart phones with internet facilities prices have lowered down. Availability of smart phones in the market is at starting price of average Rs 2500 only.

Following figure depicts the mobile internet users number in the country is low though; share of traffic on mobile devices is more than the share of traffic on desktop, which is a favourable condition for m-commerce to boom.

Fig. 3: Internet Usage: ALL vs Mobile



SWOT Analysis of M-Commerce:

Strength:

Paavilainen (2002) in his study finds four factors as strength of m-commerce- anticipated ubiquity of devices, online access for large portion of world's population, local sensitivity of devices & authentication & authorization capabilities.

Increasing smart phone penetration is creating favourable environment for the growth of M-commerce. Unique features like portability, mobility, anytime, anywhere availability is among the biggest strength of m-commerce. Change in youth perception creating boom in internet capability which is also encouraging m-commerce.

Weakness:

Despite increasing smart phone penetration lack of awareness about m-commerce is found. Security & privacy concerns hinder the pace of m-commerce. Other important issues is trust, in absence of physical interaction trusting one is not easy. In m-commerce one has to interact in English. Language problem is also there, as in India a large population cannot understand English.

Small screen, keypad uncomfortably, limited mobile memory are other weakness in m-commerce.

Opportunities:

Rapid increase in mobile user base and acceptance of mobile technology is encouraging m-commerce. New and enhanced m-commerce applications are favourable for m-commerce. Mobile banking, mobile ticketing, mobile payments, mobile vouchers, multimedia information are other opportunities in m-commerce. Large youth population and their perception towards m-commerce is also good single.

Threats:

Security and privacy risk are most important threats for any business. Other threats can be wireless infrastructure security risk, mobile middleware security risk, mobile application security risk etc.

IV. CONCLUSION

People want convenience as they have very busy schedule. In such environment M-commerce emerges out as comfortable mode. M-commerce market can bloom in India as there are many favourable drivers such as large youth population, changing youth perception, cheaper smart phones, increasing mobile internet user. Despite these there are many huddles in m-commerce pace like lack of awareness, language barrier, and graphic resolution. M-commerce in India is in nascent stage, and has a long way to travel. M-commerce comes out a alternate innovative user friendly mode of business. So it has huge scope, & a vast untapped market to capture.

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