

## Mobile Commerce: New Age Commerce

Contributor:

Ms. Savita Kumari

Assistant Professor (Commerce)

Mobile - 9896836390

Email ID- savitakumari.shd@gmail.com

### ABSTRACT:

*Mobile commerce (M-commerce) is the buying and selling of goods and services using mobile phones. M-commerce is at emerging level in India. The need for mobility seems to be a primary driving force behind M-Commerce applications such as Mobile Banking, Mobile Entertainment and Mobile Marketing etc. Earlier, business strategies were based on limited geographical reach and scope for the growth. M-commerce industry is young in India. 9% Indians are using smartphones for the purpose of rapidly consuming contents such as gaming, videos, songs and entertainment on their smart devices and this leads to steady growth in mobile advertising and apps industry. Smartphone penetration will increase from 8% by end 2014 to more than 21% in 2017. No doubt mobile commerce needs some development in specific area like secure transaction, better shopping experience and enhanced graphics. In this paper we will try to understand the growth, prospects and challenges of Mobile Commerce.*

**KEYWORDS:** E-Commerce, M-Commerce, Tools used in M-commerce, Mobile Business, Services

### Introduction

M-commerce (mobile commerce) is the buying and selling of goods and services through wireless handheld devices such as smartphones and tablets. As a form of [e-commerce](#), m-commerce enables users to access online shopping platforms without needing to use a desktop computer. Examples of m-commerce include in-app purchasing, mobile banking, virtual marketplace apps like the Amazon mobile app or a [digital wallet](#) such as Apple Pay, Android Pay and Samsung Pay. Mobile Commerce refers to wireless electronic commerce used for conducting commerce or business through a handy device like cellular phone or tablets. It is also said 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 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 most probably be mobile commerce or m-commerce. Presuming its wide potential reach all major mobile handset 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 fruitful for them. M-commerce has several major advantages over its fixed counterparts because of its specific inbuilt characteristics such as personalization, flexibility, and distribution. Mobile commerce promises exceptional business, market potential and greater efficiency. M-commerce can be a huge success for the Indian market but this requires a complete ecosystem, partners must be synchronized so that the best benefits go to consumers and their confidence is assured. Although m-commerce market in India is in nascent stage, m-payment and m-banking segments have scorching summer seems to be heating up things on the m-commerce front, for more than half the shopping population has expressed their intent to buy products from their mobiles from the comfort of their homes this season rather than venture out in the sun to a mall. About 59 per cent of shoppers this summer have declared that they would consider shopping on their mobile phones to avoid heat and crowded market areas. Among the hot products this season for mobile shoppers are sunglasses, cotton apparel, tees, shorts and caps and among the favourite colours being white, blue, green, black and cream.

Over time, content delivery over wireless devices has become faster, more secure and scalable. As of 2017 the use of m-commerce accounted for [34.5%](#) of e-commerce sales. The industries affected most by m-commerce include:

- Financial services, which includes mobile banking (when customers use their handheld devices to access their accounts and pay their bills) as well as brokerage services, in which stock quotes can be displayed and trading conducted from the same handheld device.
- Telecommunications, in which service changes, bill payment and account reviews can all be performed from the same handheld device.
- Service and retail, as consumers are given the ability to place and pay for orders on-the-fly.
- Information services, which include the delivery of financial news, sports figures and traffic updates to a single mobile device.

### **M-commerce vs. E-commerce**

Between e-commerce and m-commerce, the latter is the newer concept, seeing as **mobile technology** had not exploded until about two decades after the internet was able to be used to conduct commercial transactions using electronic systems.

While e-commerce mainly makes use of computers, and requires internet connectivity, m-commerce uses mobile devices such as smartphones, PDAs, tablets and it relies mainly on an internet connection provided by wireless telecommunication networks.

One of the major advantages of m-commerce over e-commerce is **portability and flexibility**. While internet connectivity is required in e-commerce, that is not the case in mobile commerce since these devices come with their own connection to the internet using telecommunication networks. Since the mobile devices are also smaller and more portable, users can literally conduct commercial activities anywhere, even in places with no electricity. This means, that usage of m-commerce is also broader, thanks to this portability feature.

The rise of m-commerce has certainly boosted e-commerce as a whole, since users are given **more options on the platform and tools**, and a majority of the limitations that they have encountered in e-commerce do not exist in m-commerce.

### **M-commerce vs. M-business**

There is a growing confusion regarding the concepts of m-commerce and m-business (or mobile business), with many people believing that they are one and the same. The given definition of m-business is that it is the “ability to interact and transact with anyone, anytime, anywhere, using wireless communications”. That definition is already very broad to be applied to m-commerce, which is limited to the “buying and selling of products and services over the internet through the use of mobile or cellular devices”.

Therefore, it can be said that m-commerce is simply one of the many aspects of m-business.

### **What is Mobile-payment?**

According to data pro research Gartner Mobile payment is any payment transaction involving the purchase of goods or services that is completed with wireless device, such as a cellular phone, personal computer (wireless), or personal digital assistant. Mobile payment is a new emerging way of paying by using a mobile terminal to initiate transaction over a mobile network. Mobile payment is exciting because it extends the reach of electronic-payment facilities beyond the limitation of the PC or TV to the hundreds of millions of mobile phone users. Many network vendors, mobile operators, and mobile services providers are enthusiastic about mobile payment, believing mobile payment is to be one of the hot topics in today' service market, creating new meaning for mobile phones.

### **TOOLS FOR MOBILE COMMERCE**

The present marketer uses various mobile tools for mobile banking. The following are some of the technologies that are help in reaching the customers:

- 1. SMS:** SMS(Short Message Service) is short messaging service which consists of 160 characters of black and white.It is the widely used and cheapest form of mobile marketing. Companies can send bulk messages and customers canalso respond in the same form to order a product or services.
- 2. MMS:** MMS(Multi-media Message Service) is Multimedia Message Service. This Consists of time slide show ofimages, text audio and video. Mobile set with color screen are capable of sending and receiving standard MMSmessage.Product demonstration, use and other things can be done with help of MMS to convince customers to buyproducts or services.
- 3. Mobile Web Applications:** Accessing web page on mobile devise is an option. Yahoo, Google and other mobilecontent providers have been selling advertising placement on their properties. Customer can access the products orservices through the web pages of the companies through mobile phones.
- 4. Bluetooth:** A Bluetooth message can be circulated with in a 10meter range, retailers, mall owners and small businessholders use this tool to sell their product to the customers who come to in the proximity of that area.
- 5. Location-based marketing:** Location based marketing helps to locate the customer location via GPS (GlobalPositioning System) technology and company delivers the contents, offers relating to that particular location.
- 6. Voice:**Voice based marketing over the mobile is emerging form of marketing. Interactive voice Response (IVR) isvery popular and companies use to offer various services to their customers. A customer has to follow the instructionsrecorded on the system at the other end.

### **SERVICES AND APPLICATIONS OF MOBILE COMMERCE**

**Mobile Ticketing:** Mobile Ticketing is the process where the customers can order, pay for, obtain andvalidate tickets from any location and at any time using Mobile Phones. Tickets can be booked andcancelled on the mobile device with the help of simple applicactiondownloads. Delivery of tickets to mobilephones can be done in the form of SMS or by MMS. Mobile ticketing is used in many applications likeAirline ticketing, Cimena ticketing, Railway and Bus ticketing, Concert/ Event ticketing, Consumervoucher distribution.

**Mobile ATM:** With the introduction of mobile money services for the unbanked, operators are now looking for efficient ways to roll out and manage distribution networks that can support cash-in and cash-out. Mobile ATM have been specially engineered to connect to mobile money platform and provide bank grade ATM quality.

**Mobile Money Transfer:** Refers to payment services which are performed by using a mobile phone. By using this service we can transfer money from one person to other by using a mobile phone.

**Mobile Content Purchase and Delivery:** Currently, mobile purchase and delivery mainly consists of the sale of ring tones, wallpapers and games for mobile phones. The convergence of mobile phones, portable audio players and video players into a single device is increasing the purchase and delivery of full length music tracks and video. The download speeds available with 4G networks make it possible to buy a movie on a mobile device in a couple of seconds.

**Mobile Information and Extended Packaging Services:** A wide variety of information services can be delivered to mobile phone users in much the same way as it is delivered to PCs. These services include News, Stock quotes, Sports scores, Traffic reporting.

**Mobile Banking:** Banks and other financial institutions use mobile commerce to allow their customers to access account information and make transactions such as purchasing stocks, remitting money, receive notifications, transfer money to other banks. Mobile Banking services are;

Mini statements and checking of account history.

Checking the balance and recent transactions.

PIN provision, change of PIN and reminder over the internet.

Cash in Cash out transactions on an ATM

**Mobile Brokerage:** Stock market services offered via mobile devices have also become more popular and are known as Mobile Brokerage. They allow the subscriber to react to market development in a timely fashion and irrespective of their physical location.

**Mobile Vouchers, Coupons Loyalty Cards:** Mobile ticketing technology can also be used for the distribution of vouchers, coupons and loyalty cards. These items are represented by a virtual token that is sent to the mobile phone. A customer presenting a mobile phone with one of these tokens at the point of sale receives the same benefits as if they had the traditional token. Stores may send coupons to customers using location based services to determine when the customer is nearby.

**Mobile Browsing:** Using a mobile browser a World Wide Web browser on a mobile device customer can shop online without having to be at their personal computer.

### **Benefits of m-commerce in India**

**Mobility** – The user feels relaxed and it is very easy to carry mobile devices anywhere. The mobile commerce can be used anywhere according to convenience of his own.

**Flexibility**- Mobile devices can be used in real time to search and access information at any point of time.

**Geo Localization and Targeting**- Companies can benefit using latest technologies and locate user, target them using ads and persuade them to make purchase.

**User Friendly content**- Companies are designing website content which is user friendly and helps user to search a particular product extensively.

**Safe and Secure transaction**- Companies can benefit from safe and secure transaction done through mobile payment gateway or through confirmation code on email and sms. This provides companies to persuade customer to shop and pay via mobile.

**Low internet connectivity**- Mobile devices use less internet data and also resolve the issue of less internet connectivity or in case of website which are difficult to load.

### **Drawbacks of m-commerce for User**

**Limited graphics**- because of low graphic resolution in mobile devices, particular product is not properly visible and therefore reduces consumer interest.

**Privacy concern**- consumers still are concerned about their personal details and are not willing to share information and it leads to trust issue with m-commerce and with companies doing business with it.

**Internet Education**- People in India are still ignorant about m-commerce and its application, usefulness. With Literacy rate of 74% in 2011, India is lagging behind world literacy rate of 84% in 2011.

**Language barrier**- in India, not many people are comfortable with English as primary language and with internet enabled mobile devices, language becomes critical element while buying and selling goods or services.

**Connectivity**- Less data speed and unavailability of high speed bandwidth to most people is acting as a roadblock.

#### **Disadvantages of M-Commerce to the industries:**

**Expensive:** The existing [technology](#) to set up an m-commerce [business](#) is very expensive. It has great start-up [costs](#) and many complications arise. **Reliability Issues:** In developing [countries](#), the networks and service providers are not reliable. It is not most suitable for data transfer. **Security Issues:** Then there is the issue of security. There are many concerns about the safety of the customer's private information. And the possibility of a data leak is very daunting.

#### **TRENDS IN MOBILE COMMERCE**

Mobile commerce is here to stay, and so industries have two choices: to adopt mobile commerce or stay away from it completely. However, competitiveness would dictate that they should consider adopting mobile commerce, considering how a larger part of the world now uses mobile devices even for simple activities such as making bank balance inquiries. **Ever-increasing mobile internet usage :** According to the [International Data Corporation](#), 44% of the population of the world – that is around 3.2 billion people – will have internet access before the end of 2016 and, out of those 3.2 billion people, 2 billion are mobile users. This number is predicted to increase by more than 25% annually over the next five years. If you look at smartphone subscriptions, you will notice that the numbers are growing. Today, the estimated number of global subscriptions is around 2.6 billion. That number is predicted to increase up to 6.1 billion in less than 4 years. And we are talking here of smartphone users only, which account for roughly 70% of the total number of mobile or cellular phone users all over the world. **Global mobile expansion:** It is no longer just the western world that is making use of mobile devices, internet and mobile technology for its commercial transactions. Emerging markets, particularly in the Asia Pacific and the Middle East, are commanding attention. China, India and Indonesia are seen to be taking on bigger roles in mobile commerce, as their wireless networks are growing and expanding. By 2020, it is forecasted that Asia Pacific, Africa and the Middle East will comprise 80% of all new mobile or cellular subscriptions. **Shift of marketing efforts to mobile :** Even advertisers and marketers are now slowly integrating mobile marketing to their plans and programs, with advertisers taking more note of the market's online behavior. Online advertising is certainly becoming more pronounced, and many companies are actually starting to transition to online advertising, while only maintaining a minimum investment in traditional marketing methods. **Introduction of new mobile devices and applications :** Manufacturers of mobile devices are certainly on a roll, churning out new products almost every quarter, with their features becoming increasingly advanced and with more functionalities. Mobile app developers are following suit, designing m-commerce applications to be functional and user-friendly on any mobile device. **Development of new technologies :** It seems that the most brilliant minds on the planet are coming out with new mobile technologies to facilitate the conduct, or processing, of transactions. For example, new payment options that are designed to integrate seamlessly with mobile applications are developed. The mobile wallet, for one, allows users to conduct monetary transactions using their smartphones. One other technology that has been developed and is increasingly seen as an excellent tool in m-commerce is Near-Field-Communication, also referred to as NFC. Instead of mobile devices connecting through a wireless network, they need only have to be in close proximity with each other.

#### **CONCLUSION**

Indian e-commerce sector witnessed boom in 2014 and has laid the foundation for m-commerce in coming years and is likely to replace or overtake e-commerce in next few years. M-commerce will play a significant role in conducting business in future. It is expected that more than 9 billion mobile app downloads will happen in India in 2015, making India fastest growing mobile app market. Mobile app provides huge opportunity to businesses and acquire customers as large no of internet users are increasingly using smartphones. In present situation, not only retailers and e-commerce companies are moving towards mobile apps but real estate companies, healthcare, fast food companies, taxibooking and other service providers, companies are developing mobile apps. M-commerce market is driven by increasing online shopping and increased use of mobile apps. With continuously falling mobile data tariff and availability of low cost, home grown smartphone companies, m-commerce will change the landscape of doing business in India in upcoming years. E-commerce is widely considered the buying and selling of products over the internet, but any transaction that is completed solely through electronic measures can be considered E-commerce. Day by day E-commerce and M-commerce playing very good role in online retail marketing and people using this technology day by day increasing all over the world. Mobile commerce involves all kind of electronic transactions by the use of mobile phone. M-Commerce is the term for making business transactions using mobile devices. There are already several existing M-Commerce applications and services nowadays that have been very helpful to us. Some are mobile banking, location maps, and variety of news, mobile shopping, ticketing and mobile file sharing. E-commerce security is the protection of e-commerce assets from unauthorized access, use, alteration, or destruction. Still there is a lot of work, which is to be done for M-commerce. We just keep in mind that M-commerce is a new industry in India. Internet connectivity and mobile networking is still not accessible to entire population.

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