

**CURRENT SCENARIO OF MOBILE COMMERCE WITH RESPECT  
TO ITS IMPLEMENTATION & SUCCESS: AN INDIAN PERSPECTIVE**

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**Abstract**

*The purpose of the paper is to study the current state of mobile commerce and its implementation in India. Attaining this purpose necessitated developing an understanding of the uniqueness that the mobile platform posed to commerce; specifically involved: (1) Examining aspects of M-commerce that make it unique and (2) Understanding the issues and challenges that arise out of this uniqueness. M-commerce is complex in nature and includes changing procedure in market. M-commerce is emerging level in India. The outstanding growth rate of mobile penetration in India, higher mobile technology and networking is coming day by day. Now a mobile phone is not only use for text SMS or phone call but also be used for many other activities like browsing of internet chatting or other virtual activities. This paper emphasis on the growth and potential of M-commerce in India. And also focused on, how consumers can derive maximum benefit from this service.*

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## **Mobile Commerce?**

Mobile Commerce is the use of wireless handheld devices such as mobile phones or cellulators to conduct commercial transactions online. Mobile commerce transactions continue to grow, and the term includes the purchase and sale of a wide range of goods and services, online banking, bill payment, information delivery and so on. Also known as M-commerce.

## **Introduction**

There has been an immense growth in the telecom sector in India and thus, India has become one of the largest potential markets for many global players to enter in to. At present, penetration of Mobile phones in India is 76% (approx.). In addition to this, 18-20 million consumers are added each month. India has crossed 910 million users as of April, 2014. Huge competition in the market place and the consumer having option of choices, variety of handsets available, all together affect huge chunk of the population.

The market is flooded with thousand of handsets packed with hundreds of features. With more and more features being packed into the handsets and the additional services provided by the mobile service providers like GPRS, MMS etc., the expectations of the consumers have raised. Technology and telecom industry have gone forward to levels where the consumers can have highly advanced features in their cell phones. Huge interest is shown not only by the handset manufacturers and service providers but also the customers who want to buy latest handsets with all new features packed into them.

The Cell phones have revolutionized the way we live. Cellular phones and PDA's have largely grown in popularity and as a result users have started online banking, purchasing of internet-based products and other online services.

India has seen an amazingly increasing trend of adoption of mobile phone users and hence the organizations facilitating the services/products have also multiplied in the past. Though for the primary usage of mobile phones is for audio/text communication, yet the focus is now shifting to augmented benefits, also called as VAS i.e. value added services. VAS includes variety of services ranging from astrology, sports updates, music, video, wallpapers, banking, trading etc through cell phone.

**M COMMERCE STAKEHOLDERS**



Source: MarketsandMarkets Analysis

M-commerce can be a huge success for the Indian market but this requires a complete synchronization, 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 shown significant growth over the last few years.

Seeing that mobile commerce is technically a subset of electronic commerce, it is important to understand the issues, opportunities and challenges faced in standard electronic commerce before trying to grapple with the more specific nuances of m-commerce.

### **M-commerce: A Propos**

Mobile Commerce, also known as M-commerce, is the ability to conduct commerce using a mobile device, such as a mobile phone, a Personal digital assistant PDA, a smart-phone, or other emerging mobile equipment such as mobile devices. M-commerce, or mobile commerce can also be defined as - the buying and selling of goods and services through wireless handheld devices such as cell phones and personal digital assistants (PDAs).

PDAs and cellular phones have become so popular that many businesses are beginning to use mobile commerce as a more efficient way to communicate with their customers. Through the use of M-commerce technology, business can be conducted electronically from anywhere at any time. Following the E-Commerce era, mobile commerce is thought to be the next big trend in technological

evolution due to the changing needs of consumers. Consumers today lead an increasingly fast paced life and demand smaller, better, faster, and more reliable wireless technology to keep up with their lifestyles. M-commerce is the solution to this demand because it makes traditional E-Commerce tasks available to be performed wirelessly through a cell phone or PDA.

From a business-to-consumer (B2C) perspective, some capabilities of mobile commerce include being able to pay for food or being able to pay for parking meters wirelessly through a cell phone or PDA. Tasks previously confined to E-Commerce channels, such as purchasing a book from the Internet or getting a restaurant recommendation, are becoming more readily available to consumers through their handheld devices. Mobile commerce not only opens up the possibilities for B2C to be conducted wirelessly, but it also allows business-to-business (B2B) commerce to achieve greater efficiency. Instead of conducting face-to-face meetings or videoconferences, employees can receive information from their managers through calls or text messages to their cell phones. For example, through the use of notification and monitoring applications, shop floor workers can receive notifications if production specifications have changed, as well as respond when they have made the necessary changes.



## The Buying Process

### Stage 1 Problem Recognition:

The buyer recognizes a need for a product or service.

### Stage 2 Information Search:

The buyer searches for potential solutions to the identified need.

### Stage 3 Evaluations of Alternatives:

The buyer will evaluate and analyze the potential solutions.

### Stage 4 Purchase Decision:

Details of the solution must be decided (i.e. where to buy, cost, color, etc.)

**Stage 5 Purchases:**

The actual transaction (factors such as out of stock may alter purchase decision).

**Stage 6 Post-Purchase Evaluations:**

The buyer re-evaluates purchase (may return or exchange it).

*Source: Berkowitz, 2003*

M-commerce stands for Mobile Commerce wherein commercial transactions are done using [cellular](#) or mobile phones that have access to the Internet. Before there was no M-commerce because phones with Internet capability were not yet available; however, when mobile phones with Internet capability were invented, marketing has expanded more. Not only business transactions can be done outside, but also through mobile phones has sky rocketed. Today, many phones have access to the Internet. With the rise of such technology, M-commerce is becoming more popular.

E-commerce stands for Electronic Commerce wherein business transactions are done over the Internet. Usually transactions are done using a computer or a laptop. This has become very popular now because computers with Internet capability have become very accessible to people.

M-commerce is technically a subset of E-commerce. M-commerce is very portable because mobile phones are very easy to carry. You can do your business transactions anywhere you go as long as you can access the Internet on your phone. Unlike before, you have to do your transactions on the computer. Laptops are also portable but not as light as mobile phones. Then you still have to look for a place to do your transactions because it would be uncomfortable using your laptop anywhere or while you are standing.

**Advantages of M-commerce**

The following points can be used as “Unique Selling Propositions” for M-commerce:

- Anytime Anywhere
- User Friendly
- Secure Transaction
- Instant Connectivity, always on
- Simple Authentication, SIM, PIN
- Independent of the geographic location
- Cheaper, can be done using basic handsets

- Location Based Services, better offers can be given

The above mentioned points can be met by M-commerce and can give an advantage to the stake holders of M-commerce for selling their products. It can be really resourceful to tap the rural market as well, where Internet and broadband are still dreams and have a long way to go.

### **Disadvantages of M-commerce**

Security is one of the biggest challenges that include account information security and no access by anyone else.

- Business suggests that Telecom companies need to integrate all the information and also, information systems need to be updated.
- Bandwidth scarcity is another challenge that can be met by optimum allocation and effective utilization.

It becomes clear based on the issues noted that M-commerce can offer benefits to consumers in terms of convenience and context-rich applications, but in doing so a variety of other considerations must be taken into account.

### **State of M-commerce in India**

As we know mobile devices are becoming a part of our daily routine life, people use internet for various purposes which include: email, academic and financial information search, music and video on internet, chatting, online job search, gaming, booking tickets, hotel reservation, online news, internet telephony/video chat/voice chat, and online banking.

The contribution of e-commerce site traffic to the online shopping category via mobile has increased. Industry believes that M-commerce would contribute up to 70 percent of their total revenue. There is great potential of M-commerce in India.

The few reasons for this trend include the fact that devices are becoming cheaper. Cellphones are far cheaper than desktops and laptops. The second is mobile internet connectivity. According to TRAI, there are over 431 million internet capable mobile devices in India, making access easy for consumers across the length and breadth of India.

Third is access; the on-the-go nature of the mobile phone makes purchases of low hanging categories like movie tickets, fast food, digital goods more convenient than ever. Fourth is personalization. It is a

big advantage for marketers as the nature of the device can help to deliver personalized communication, therefore, aiding better receptivity when it comes to transactions.

According to a study, M-commerce is estimated to be 30 per cent of the \$3 billion e-tailing industry and is likely to grow to nearly 40 per cent of the industry that is expected to be 32 billion by 2020.

### **Challenges of M-commerce**

Mobile commerce growth in India is about 12%. But this growth factor can be high if appropriate policies and other factors come in favor for mobile commerce growth. Mobile commerce is facing many challenges. Furthermore, there are many other issues that indirectly have a huge impact on this industry. Main mobile commerce challenges include:

**Data Transmission Rate:** The major growth factor that makes mobile commerce successful is the data transmission bandwidth, which is as compared to other countries is very limited. Due to this factor even with the latest hardware one cannot access web contents faster. The goal of 4G is to achieve peak mobile speed of 100 Mbps but the reality is about 21 Mbps currently and also the charge of such services are too high.

**Wireless Internet Infrastructure:** Wireless internet infrastructure is not sufficient to provide the path the mobile industries for their growth and success.

**Security:** The main issue revolved around mobile commerce is security. Users worry that their devices could be hacked or attacked by some kind of viruses. Usually it came to the notice that while having mobile transactions user lost their money and to avoid such problems users avoid of using such mobile commerce related services.

**Privacy:** Privacy is another issue related to the growth of M-commerce. For all kind of monetary transactions or other services one need to disclose his identity which many a times creates a huge problem for the customer. Hackers hack the security of wireless transmission and obtain all the information related to the customer, which may be related to the social or financial matter of a customer.

### **Growth of M-commerce**

There is no doubt that India is going through a sort of e-commerce revolution and with more activities happening on the smartphones, experts believe that M-commerce is becoming the future of E-commerce.

Today, companies big and small are seeing the virtue in their mobile investments. Flipkart, for example recently made it clear that it is a ‘mobile-first’ company. Its rival Snapdeal too said it is placing mobile commerce at the centre of its strategy. According to Kunal Behl, CEO, Snap-deal, “It is a very realistic scenario that within the next few years, every single day, tens of millions of mobile top-ups in India will happen online. The potential is absolutely stunning and it’s time to act on these opportunities.”

Not only e-tailing firms’ upbeat on the billion dollar mobile opportunity, practically every sector from banking to retail and government to healthcare is moving towards M-Commerce.

### **Findings**

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. These industries see an outstanding rate of growth. M-commerce market grows in India because so many growth drivers are favorable in India such as changing youth’s perception, introduction of trusteeship model, growth of financial area and numbers of smart phone buyers are increasing. But it is still a single step in long stair as compare to developing nation like China.

### **Conclusion**

There is an extremely competitive market in the telecommunication market of India. Players in this emerged market not only will compete in network quality, investment on network extension and upgrade but also in a new field of offering mobile commerce services. Besides, urgent need of mobile commerce as a next evolution of E-commerce and its effect on increasing revenue, economic and social growth in India, cannot be avoided.

### **Suggestions**

Indian government should take necessary steps to enhance these growth factors like building of infrastructure to internet connectivity, provide awareness and literate more people for English language and M-commerce usage. Some rules and regulations should also be liberalized for enhancing M-commerce industry. At last but not the least, we conclude that since M-commerce industry is new in India, because of this, there are so many challenges, gaps, hurdles and obstacles are in front of the industry, which can be managed & removed for better up-liftment of economy of Indian industry.



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