Chapter 4  

Driving Forces for M-Commerce Success  

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Abstract: Is m-commerce just an extension or a subset of e-commerce? Will it turn out to be just more hype? In this paper we discuss the realities of m-commerce and the major differences between mobile commerce and Internet-based e-commerce. Based on this understanding, we identify key factors that must be taken into consideration in order to design valuable m-commerce applications. We emphasize that the success of m-commerce relies on the synergy of three driving forces: technology innovation, evolution of a new value chain, and active customer demand.  

Key words: M-commerce, E-Commerce, Wireless Communication Networks  

1. INTRODUCTION  

What is mobile commerce? Is it just hype? Almost every company in telecommunications is trying to figure out what m-commerce really is, and how to exploit it. From the marketers’ vision, in the new world presented by m-commerce, consumers can use their cell phones and other wireless devices to purchase goods and services just as they would over the Internet using their personal computers (PCs). Specifically, m-commerce is about content delivery (notification and reporting) and transactions (purchasing and data entry) on mobile devices (Leung and Antypas, 2001). Unfortunately, in reality, m-commerce is often a highly frustrating experience. Industry observers attribute this drawback to the immaturity of mobile technology, but they believe 3G (third generation wireless digital cellular telephone technology) networks could change the situation (Colin, 2001). While m-
commerce is still in its infancy, enhanced devices and networks are irrelevant unless m-commerce applications are compelling and user friendly.

Most often m-commerce is understood as mobile e-commerce (Donegan, 2000; Schwartz, 2000; Liebmann, 2000). M-commerce is supposed to enable us to buy everything from anywhere over the Internet without the use of a PC. Internet access and Web browsing is assumed to be the key to extending m-commerce to customers (Harter, 2000). In many ways, m-commerce is the continuation of e-commerce with the palm handheld, wireless laptops and a new generation of Web-enabled digital phones already on the market (Keen, 2001). Thus it was once believed that if you brought together mobile communications and the Internet, two of the biggest things in telecommunications, there would be an almighty explosion of growth. However, it has not happened yet. In many ways, m-commerce and the wireless Internet have been the victims of over-excited speculation (Darling, 2001). Among 1,700 people surveyed in Spring 2000 by Jupiter Communications, the majority said that they would not use nor pay for the wireless Web (Lindsay, 2000). WAP (Wireless Application Protocol) services were disappointing, particularly in Northern Europe countries, where mobile communications are most advanced and consumers know well the limitations of the wireless Web (Monica, 2000). Consequently, the enthusiasm that originally greeted the concept of the mobile Internet has waned.

Contrary to conventional perspectives on m-commerce, forward-thinking marketers should not view m-commerce as e-commerce with limitations, but rather as wireless in its own unique medium, with its own unique benefits (Cotlier, 2000). Even though wireless technology is sometimes regarded as an enhancement tool rather than a brand new medium (Ramakrishnan, 2001), successful players in the m-commerce market space must take a much broader view of the technology, the market, and potential consumers. M-commerce is not simply a new distribution channel, a mobile Internet or a substitute for PCs. Rather, it is a new aspect of consumerism and a much more powerful way to communicate with customers. Obviously, people will not shop with their phones in the same way they shop with PCs. Unleashing the value of m-commerce requires understanding the role that mobility plays in people's lives today. That calls for a radical shift in thinking (Nohria and Leestma 2001).

In this paper, we will identify driving forces for the success of m-commerce. To clarify the nature of m-commerce, we discuss several fundamental differences between m-commerce and Internet-based e-