

## Chapter 8.2

# It's an M-World After All: Lessons from Global Patterns of Mobile Commerce

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### ABSTRACT

In this concluding chapter, we gather together the lessons emerging from the patterns of mobile commerce evident in the preceding chapters. Mobile applications, commercial and others, are based on four core CLIP functionalities — communications (C), locatability (L), information (I) exchange and payment (P) facilitation. How these capabilities are deployed depends on resources, corporate imaginations, market development and cultural and personal preferences. The chapter authors, based on their close first-hand contextual observations as well as conceptual insights, find a variety of patterns of personalization, permission and specification of m-commerce service formats and content.

### IT'S A SMALL, SMALL M-WORLD

By 2005, there were nearly two billion mobile phone users in the world. Of these, 20 percent — 400 million by late 2005 — were in China. Counting shared usage of mobile phones in the developing nations, the actual user base could be nearly twice as big as the base of paid mobile subscribers. Next to the television, mobile communications clearly represent the most pervasive modern technology to affect our world.

Mobile commerce, or m-commerce, when construed narrowly as monetary transactions conducted via mobile telecommunications and devices, is still merely a tip of the mobile communications iceberg. In broader terms, seen as a constellation of ways to generate revenue beyond

just voice calls, m-commerce covers a larger and submerged portion of the mobile communications iceberg. In the various case studies, our authors expose many of the not-so-visible ways in which mobile applications create revenue streams.

Understanding the emerging and constantly evolving landscape of mobile communications and mobile commerce requires a global approach. The traditional approach for understanding the worldwide diffusion and impact of a new technology was to look at a “lead country” — in most cases the United States — and then to project how the rest of the world would follow suit. Such is not the case with mobile commerce. For a variety of social, economic, regulatory and technological reasons, different countries of the world have taken leadership in specific aspects of mobile

communications and are following distinctive trajectories. For example, the United States — the world leader in Internet usage — and China — the world leader in mobile communications — were beginning to exhibit different trajectories with regard to mobile communications by the mid 2000s (see Box 1).

## Structure of This Chapter

We begin with four sections that summarize the collective insights of the preceding chapters along the four core m-commerce dimensions: communications (C), locatability (L), information (I) provision and payment (P) facilitation. We then review the challenges and progress towards integration

### *Box 1. Mobile communications: Trajectories of China and the U.S.*

#### ***The China Pattern***

- With over 360 million mobile phone users by mid 2005, China's mobile phone user base was 3.6 times the size of the country's Internet user base.
- China's mobile phone user base in 2005 was the size of the mobile user bases of U.S., Japan and Germany combined — the nations with the next three biggest mobile user bases.
- Relative to countries with much higher income levels, the Chinese were heavier users of mobile data services.
- Unlike the West, a very substantial proportion of Internet access in China was over mobile devices rather than via PCs.
- Chinese companies such as KongZhong and TOM Online had figured out ways of charging money for mobile content well before similar U.S. firms.
- Striking a deal with MTV, China Mobile — the world's biggest mobile operator — became the first company to distribute MTV content using mobile phones.

#### ***The U.S. Pattern***

- The Internet user base of the U.S. in the mid 2000s was equal to the sum of the Internet user bases of the next three nations.
- In 2005, well over 90 percent of mobile usage as well as mobile revenue in the U.S. came from voice communications only.
- Unlike Europe and Asia, prior to 2001 mobile data communications such as SMS and mobile personal Web pages were hardly used by U.S. mobile consumers. In 2004, U.S. users sent about 3 billion SMS text messages a month compared to nearly 18 billion a month in China.

*Source: Adapted from MacManus (2005), Sinrod (2005) and authors' research.*

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