

# Mobile Shopping: The New Retailing Industry in the 21st Century

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## INTRODUCTION

In the last decade, the popularity of shopping has been restricted to only two distribution channels. However with the transformation of mobile technologies, shopping no longer takes place between in-store retailing and wired-internet computers but has also extended to mobile devices (m-devices). The adoption of m-devices has been proclaimed as a new medium for consumers to purchase products and services online. With m-devices induced to greater usage, the understandings of how consumer behaves have become increasingly more complex which warrant further investigation. Many observers predict that the 21<sup>st</sup> century to be the decade of mobile computing (Ko, Kim, & Lee, 2009; Mahatanankoon, Wen, & Lim, 2005). The characteristics of m-devices enables consumer to access shopping information and purchase using their m-devices in the absence of physical network connections. Archana and Mukherjee (2013) for example explained that consumers adopt m-devices to compare prices, obtain information about the store, research on products and services and to obtain coupons. Among the common products purchased using m-devices include electronic, apparel, housewares, books, tickets, music and video, housewares, health and beauty, food and grocery and tourism products and services (Agrebi & Jallais, 2015; Cheng & Huang, 2013; Cornerstoneadvisors.com, 2014; Im & Hancer, 2014; Ko, Kim, & Lee, 2009). While there is no accepted universal definition of mobile shopping (m-shopping), m-shopping can be broadly defined as “any monetary transactions related to purchases of goods or services through internet enabled mobile phones or over the wireless telecommunication network” (Wong, Tan, Ooi, & Lin, 2015, p. 94). Zhang and Yuan (2002) constitutes m-shopping as a representation of a different business model, technology and service nature as opposed to electronic shopping (e-shopping). This is because m-shopping is founded on five dimensions namely “always on”, “convenience”, “customization”, “location centric” and “identifiably” (Ko, Kim, & Lee, 2009). Lai, Debbarma, and Ulhas (2012, p. 387) however provides a different definition whereby m-shopping “empowers shoppers with the ability to gather information on the spot from multiple sources, check on product availability, special offers and alter their selection at any point along the path to purchase”. Regardless of the different definitions, m-shopping has been proclaimed as the next service innovation in shopping and is expected revolutionized the landscape of the shopping industry and lifestyles of consumers. There are benefits

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for retailers and consumers in adopting m-devices as an alternative channel. M-shopping enables retailers to increase their market shares as purchases are no longer confined to local foot traffic within a geographical area or the existence of wired-internet computers. M-shopping is able to break down the barriers by providing a seamless end-to-end connectivity and the opportunity for retailers to access into untapped segment market in which currently are undergoing a rapid rise in mobile internet in the same city or another continent. The characteristics of m-devices such as personalization, ubiquity, instantaneity and flexibility also help to improve relationships. Morosan and DeFranco (2014) note on the increasing symbiotic relationship between retailers and consumers. Lu and Su (2009) explained that this is due to the supports rendered by retailers from the initial phase of purchasing to post purchase. M-shopping also permits the usage of feedback system and customer service to monitor on the services offered. The distribution of products and services via m-devices can also help in enhancing the retailer's competitiveness. Superior value proposition which results to competitive advantages will help to create a favorable impression among consumers. Related cost saving could also be resulted from the benefits of hiring less employees, as many of the online process is automated. Without having to meet with an actual staff, consumers can secure the purchases simply by using their m-devices. In addition, cost saving could result from disintermediation which eliminates the dependency of distributor and agent. M-shopping thus represent a cost effective method in distribution and enable organizations to increase their marketing efficiency. M-shopping on the other hand allows consumers to access and purchased products and services wherever and whenever they want. This is because mobile sites can be access 24 hours and also the instant connectivity of mobile internet which helps to deliver ubiquitous values with unlimited access regardless of time and place. Wong, Lee, Lim, Chua, and Tan (2012) pointed out on the enhancement of quality of life for consumers as a result of the adoption of m-shopping. Purchasing via m-devices also bring convenience for consumers. Payment could be conducted and invoices digitized and emailed to consumers' m-devices. This brings convenience for consumers who are always on-the-go. Additionally, consumers can obtain competing offers during their pre shopping process before deciding on a particular retail sites. In the pasts, it has been difficulty for consumers to obtain price information unless the consumers physically presence in the store. With the available of mobile price comparison software, consumers can compare prices of products over their m-devices thus provide additional helps for consumers with different information needs (Broeckelmann & Groeppel-Klein, 2008). According to Portio Research (2012), the number of mobile subscriptions worldwide is estimated to reach 8 billion by 2015. Further, a study by Forrester indicates that mobile commerce transaction is expected to reach USD\$293 billion by 2018 from \$114 billion in 2014 (Folio, 2014). At the end of 2014, the global number of mobile shoppers is also estimated to increase to approximately 580 million users (Juniper Research, 2012). Despite the apparent blessing m-shopping brings, the adoption is not wide or fast as expected and far short from expectation (Wong, Tan, Ooi, & Lin, 2015). Consumers are reluctant to complete their transaction using m-devices. According to a report by Radware "2013 State of the Union: Mobile Ecommerce Performance", m-shopping abandonment rate is at 97% when compared to desktop computers which is between 70 and 75% (Radware.com, 2014). Agrebi and Jallais (2015) commented that only 7.5% of French population whom has purchased products and services using m-devices despite high mobile internet population rate at 47.5%. While the potential is huge, m-shopping still fall short of their performance potential. Recent research has also been conducted to examine a variety of topics related to m-shopping. M-shopping has also been applied in ticketing (Agrebi & Jallais, 2015; Cheng & Huang, 2013), travel (Im & Hancer, 2014; Wang & Wang, 2010) and fashionable products (Ko, Kim, & Lee, 2009). M-shopping has also been extended in different countries using different constructs. Wong, Tan, Ooi, and Lin (2015) applied the extended Technology Acceptance Model (TAM) with compatibility,

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