Implication of M-Commerce on Retail Business in India

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Abstract:
The term M-Commerce is a short for Mobile Commerce. It is used to refer to the growing practice of conducting financial and promotional activities with the use of a wireless handheld device. M-Commerce offers multiple benefits to the Business, Government and Consumer on massive scale. Many companies and organizations in India are doing business using M-Commerce. The tremendous use of the mobile phone is not only limited for phone call but also used in business. Many organizations trust mobile technologies and applications which can bring more profits to their businesses. M-Commerce is one such innovative environment in which mobile computing and wireless technologies are capable of centering the attraction of customers in an absolute way. M-Commerce provides a major impact on the global business environment and has changed the traditional way of conducting business. Many choose to think M-Commerce as meaning “a retail outlet in your customer’s pocket”. By using mobile technology retailers can increase sales, customer satisfaction and can meet need of consumer. M-Commerce provide various services for retailing like extended packaging, self scanning & self checkout, store location, advertising and promotion and payments. Because of which it become favorite for consumer as well as for retailer. Retailers developing mobile applications that provide a key tools and information to consumer at each stage of decision during shopping. In this paper we will study about the implication of M-Commerce on Retail Business in India which will be further helpful for increasing productivity in India.

Keywords: E-Commerce, Retail Business, M-Commerce – Business Model, Applications, Advantages.

Introduction:
Mobile is becoming a dominant factor in each area because it is cost efficient, flexible and convenient medium. In India vast segment of the population that neither had a landline nor a bank account but now not only they own a mobile phone but are also well balanced to transact on their mobile. Mobile technologies facilitate E-Commerce conducted from wired network to a wireless network that is M-Commerce. M-commerce is referred as any E-Commerce transaction that is conducted via a mobile network, all activities related to commercial transaction conducted through communications networks that interface with wireless devices. Delivery of E-Commerce capabilities directly into the customer’s hand anywhere anytime via wireless technology is possible because of M-Commerce. Users can use mobile phone to conduct various E-Commerce activities like E-banking or product purchasing.

Significant growth in mobile technologies creating new opportunities for growth of M-Commerce. It creates new opportunities to both mobile devices and services and provides the same capabilities, functionalities and mobility of E-Commerce. M-Commerce means customers can do shopping anywhere and anytime. Use of wireless network and device is growing increasingly, individuals and organization focusing on new way of conducting business
online. M-Commerce is the way of doing business in a state of motion but it is depend on the availability of mobile connectivity. It offers advantages like personalization, flexibility and distribution, instant connectivity, immediacy. M-Commerce is an attractive area for research because of its rapid growth and potential applications.

**Working of M-Commerce:**

Two fundamental characteristics of M-Commerce mobility and reach ability can solve any geographic or time obstacle of a particular situation. Other characteristics include ubiquity, which satisfy the need for real time information and communication any where regardless of location of user, interactivity and instant connectivity. Mobile commerce has attracted massive traffic because of its unique characteristics. Services available with M-Commerce are mobile money transfer, mobile ATM, mobile ticketing, mobile banking, mobile marketing and advertising, mobile purchase, mobile payments. There are many factors which drive the development of mobile commerce for example faster data transmission technologies, more capable mobile devices equipped with improved computing capacity, enhanced data storage and better user interfaces.

In the current business organizations, M-Commerce entered in finance services, retails, and telecommunication and information technology services. M-Commerce is a natural successor of E-Commerce. With the rapid change in mobile devices M-Commerce is widely considered to be a driving force for next generation E-Commerce. M-Commerce is believed to be driving fundamental changes in the way business is conducted in many industries. For business emergence of E-Commerce allows sending product order and invoices through network. But with advent of M-Commerce enable same thing using mobile devices at anytime from anyplace.

Following are the key actors in M-Commerce and role played by them:

1) Consumers - Interact with businesses through mobile phones.
2) Retailers - Provide relevant applications, provide content and transact with consumers.

**Business Model of M-Commerce:**

3) Mobile Industry & Service Providers - Develop technologies required like device, network.
4) Government Agencies - Provide regulations, standards and guidelines.
M-Commerce Applications:
In the current commerce industry, M-Commerce has been entered in finance, services, retails, and telecommunication and information technology services. In following sectors, M-Commerce is not only being widely accepted but also it is being more used as a popular way of business or commerce.

Finance Sector:
Mobile Commerce works vastly in finance sector including all big and major financial institutes, banks, stock market and share brokers. Whenever any user needs money or wants any sort of banking and finance related services, he or she can access the services or register services via voice calling or via Short Message Services (SMS) services. User can transact money or transfer money, or pay the bill from its bank account using mobile commerce facilities. While in the stock market, the user can access the stock market quotes and get in live touch with current trading status on its mobile in two forms either voice (customer assistance) or non-voice (SMS alerts) or both. The share broker sends market trends and tips of trading on their clients mobile.

Telecommunication Sector:
Mobile has played a giant role in communication technology through its versatility and superiority. The ubiquity and easy usage has further made it extremely popular across the globe. It has already surpassed the landline phone in the world. Software platform is essential for operating any mobile and this tool has revolutionized the communication world because of its functioning as a small computer.

Business Sector:
Business and Retail sectors are also the leading sectors, which have nurtured most from M-Commerce. Several business dealings no matter how big or small are being finalized on the mobile phone. Customer would be able to book the order, can hire courier services and above all could also pay the dues related to it through mobile.

Applications of M-Commerce in business includes:
Catalogue shopping: Mobile phones are used to place orders for products in a catalogue.
Extended packaging: Extra information about product can be accessed by consumer through their mobile phone.
Content purchase and delivery: Digital products like games, videos and music album can be trial and sold via mobile phones.
Mobile coupons: Mobiles are used to capture and redeem coupons and discounts.
Authentication: Product is genuine or not is checked by mobile phone.
Reordering: Order or reorder for product sent to supplier in a standard format using mobile phone.
Mobile self scanning: Consumers in super market use their mobile phone to scan products as they do their shopping.
Payment: Mobile phones are able to make payment anytime anywhere.
M-Commerce Advantages:

Accessibility
Mobile device enables the user to be contacted virtually at anytime and at anyplace. The user also has the choice to limit their accessibility to particular persons or times.

Localization and Personalization
The emergence of location-specific based applications will enable the user to receive relevant information on which to act. The combination of localization and personalization will create a new business opportunity for reaching and attracting customers. Personalization will take the form of customized information, meeting the user’s preferences, followed by payment mechanisms that allow for personal information to be stored, eliminating the need to enter credit card information for each transaction.

Convenient
M-commerce targeted individual customers rather than businesses. In other words, M-Commerce is keenly intended to customer oriented areas, thereby providing individuals with better data exchange and communication. It is convenient to do much from a handy device via M-Commerce. With wherever you are, in just a few clicks on your mobile device, you can do shopping, banking and download media files.

Easy Connectivity
As long as the network signal is available, mobile devices can connect and do commerce transactions, mobile to mobile and even mobile to other devices. No need for modem or WI-FI connectivity set up.

Customized wireless applications
Organizations have recognized the urgency of launching mobile versions for their websites and are considering it a successful strategy for their businesses. M-commerce initiatives bring the rapid development and deployment of customized wireless applications, as well as the integration of these applications with an organization’s existing communication and data infrastructure.

Immediacy
The ubiquity and immediacy of M-Commerce allows user to perform urgent tasks in an efficient manner, irrespective of his current geographic location.

Spontaneous decisions
Spontaneous needs are not externally triggered and generally involve decisions that do not require a very careful consideration results in spontaneous decisions, e.g. purchase decisions involving small amounts of money.

Role of M-Commerce in Retail Business in India:
Today many retailers focus primarily on sales transactions conducted through mobile devices, or M-Commerce, because adoption of mobile devices by consumers is growing by leaps and bounds. According to our study, roughly half of consumers surveyed currently own a Smartphone. Investing in advanced mobile applications can help retailer to retain control of the consumer experience and proactively support what
information consumers have access at each stage of the shopping process. According to our study, the conversion rate in the store for shoppers who use a retailer’s dedicated application is 21 percent higher than those who don’t most likely because such applications can provide a more relevant shopping experience that helps people to make an immediate buying decision.

Retailer needs grappling of highly disruptive and rapidly shifting business environment. Many retailers are struggling to drive incremental growth, and some don’t have enough capital to fund all of the initiatives they want to pursue. Meanwhile, customer behaviors are changing profoundly—particularly due to the ways that technology is now being used as part of the shopping process. Consumer adoption of mobile is growing at an exponential rate, and your competitors are exploiting this trend to invade the four walls of your store.

E-Commerce industry is booming in India, and M-Commerce is following its lead. Big as well as small online businesses developing special mobile websites and applications because they have realized how prominent this platform is. In India there are over 930 millions mobile users against 160 Million Internet users (Including 86 Million mobile Internet users) it is quite possible for M-Commerce to become even bigger than E-Commerce in retailing, because of the following reasons:

1. **Affordability of mobile devices**
   Mobile devices like Smartphone and tablets are far more affordable than desktops and laptops, and an average Indian consumer doesn’t have much income in his hand to buy high end devices. Plus, one doesn’t even really need expensive Smartphone to shop online or make mobile transactions. According to a research, there were over 36 Million Smartphone users in India, but over 431 Million Internet capable mobile devices in use in India as of December 2012, thus forming a strong consumer base for M-Commerce.

2. **Doing things on the go**
   Mobile devices give the freedom to do shopping and their payment anytime anywhere. And in India, there is a large young consumer base, who wants fast instantaneous processes on the move. One doesn’t need to wait to reach home or to a cyber cafe to pay bills or make an urgent purchase online.

3. **Mobile Internet connectivity**
   M-Commerce customers are not bound by limited wired and WiFi Internet connections. In the last 3-4 years, the number of users who access the Internet through a 3G connection has grown to round 22 Million. Now compare this with the 15 Million fixed line broadband connections accrued over the last 17 years, there is a notable difference. Even though E-Commerce has spread its roots throughout the country, it still hasn’t
reached the places where people have no broadband or no computer. M-Commerce has changed this.

4. **Mobile Payments**

Mobile Payments is a new mode of payment as an alternative to traditional methods like cash, cheque, credit cards etc. A customer can use a mobile phone to transfer money or to pay for goods and services. A mobile payment could be made by an application, data connection, and even SMS, so anyone who has a bank account can make a transaction. This has aid in reducing cash-dependencies of people, particularly in rural India.

5. **Security**

Mobile platforms are still relatively free from viruses and other threats. And even in case of a fraudulent activity, credit tracking by GSM/GPRS/GPS is easy and quick. Thus increasing the credibility, and giving better assurance to the skeptical India population. Also, seldom do people part from their phones, so there are less chances of misuse of login information that may happen on computer systems.

6. **Bridging the gap between E-Commerce and conventional stores**

Brick and mortar stores are getting a lot of heat from online stores, which are luring their customers away by offering better product prices and discounts. When a person goes out for shopping, mobile acts as a conduit between the two poles, people compare prices online before buying something. This is being used by retailers for their benefit by offering location based services, barcode scanning, and pushes notifications to improve the customer experience of shopping in physical stores.

7. **Greater target audience for advertisements**

The problem with online advertising in retailing is that people have to be ‘online’ to view it. Several E-Commerce players in India have come out with TV commercials to advertise their websites. However, mobile is a better platform to do the same. Even with Government’s regulation on bulk messaging, companies could still target a mass of people collectively by sending promotional content via SMS if a user hasn’t activated the DND service or wants to receive those advertisements.

8. **Government policies**

To bridge the digital gap in the country, in September this year, the Indian government had proposed a scheme to spend INR 7860 crore to distribute 2.5 crore mobile phones and 90 lakhs tablets specifically to the rural population. Plus there is another initiative to give tablets to the college students. If these schemes are successfully implemented, then the mobile device user base will further grow and in turn increase the consumer base for M-Commerce services.

In addition to this, since reducing cash-dependencies of Indians is one of the biggest challenges of the government to alleviate the status of Indian Rupee, mobile transactions could come as a big relief. As RBI is already encouraging people to use credit cards and debit cards, together with mPOS systems, M-Commerce has a bright future in India.

9. **Personalization**

In a true sense Personal Computers are not really personal. Desktops and even laptops are shared by multiple people living in the same family or working together in an office. However the same isn’t true in case of Smartphone. People are more comfortable using their phones for various activities, as it gives them a sense of privacy and security, while offering easy usability.

**Conclusion:**

1. **Retail environment of India is beginning to evolve**

India’s retail climate is beginning to change. In the past, a common saying among consumers has been “can’t touch, won’t
buy,” but the advent of mobile technology is beginning to change the way people feel about purchasing products. As Internet access becomes more common throughout the country, many Indian consumers are beginning to turn to E-Commerce for everything they need. As more people get their hands of Smartphone and tablets, they are beginning to purchase products using these devices, hence a growing focus in the retail sector on M-Commerce.

2. E-Commerce is experiencing strong growth as consumers become more mobile
India’s E-Commerce business grew by 80% in 2013, according to Flipkart, one of the country’s leading E-Commerce firms. The company notes that this is the most significant growth E-Commerce have seen in the country in the past several years. The momentum behind E-Commerce is expected to remain strong for the foreseeable future. Notably, many consumers are beginning to purchase products from online retailers with their mobile devices rather than with home computers.

3. Retailers are focusing more heavily on M-Commerce
Flipkart suggests that consumer mentality is beginning to shift at a rapid pace. People are beginning to feel that M-Commerce represents a more convenient form of shopping. Consumers are not making the move toward mobile shopping on their own of course, as retailers are also beginning to focus more heavily on the mobile crowd. India’s E-Commerce market is currently valued at approximately $13 billion and retailers are beginning to see a great deal of potential in the mobile space when it comes to the future of E-Commerce.

4. E-Commerce market expected to hit $70 billion by 2020
The E-Commerce market in India is expected to reach $70 billion by 2020 as more retailers begin focusing on mobile commerce. Consumers are quickly becoming convinced that mobile payments will have a major role to play in the future of their shopping.
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