

MOBILE COMMERCE IN INDIA: AN OVERVIEW

Dr. Jatan Kanwar Jain

Associate Professor, Dept of Business Finance & Economics,
Faculty of Commerce & Management Studies,
Jai Narain Vyas State University, Jodhpur (Rajasthan)

India is now enjoying the status of one of the world's largest telecom markets with enormous growth potential particularly in the field of mobile internet due to its high population and development potential.

Mobile commerce is at emerging level in India. People have started using mobile not only to make a phone call but use it for web access, booking of tickets, E-Shopping etc. Mobile commerce has the potential to bridge the digital divide as it has the opportunities to connect businesses, small organizations and consumers and allow to reach one another easily than ever before. The impressive growth of mobile usage in India is due to decrease in instrument cost and emergence of high speed internet like 4g that enables the user to use the smart phones for various personal and business usages.

In this study an attempt has been made to get some insight about the Mobile commerce in India.

Key words: M-Commerce, E-Commerce, Mobile Commerce, Smart Phones, Mobile Internet.

Introduction

According to Ovum study report, 2016, global Mobile commerce transaction value is estimated to reach USD 693359 million by 2019. Research conducted across 19 participating countries reveals that the behaviour of purchasing products or services on mobile devices is prevalent (2016) today. It further brings out,

- i. Mobile purchases and payments account for 31% of total monthly purchases, whether that be purchasing directly via their mobile device or by paying in-store

- using their mobile.
- ii. Mobile purchasers report having nearly one-third of total monthly purchases bought and paid by their mobile device.
 - iii. Mobile purchases are becoming habitual - nearly a quarter purchase products and services via their Smartphone/tablet weekly.
 - iv. On average, 75% of mobile Internet users have purchased a product or service via their Smartphone/tablet in the past 6 months.

A market report by consulting firm Zinnov estimated that India's market for mobile commerce was worth \$2 billion in 2014 and is estimated to grow up to \$19 billion by end of 2019. Presently, India is one of the top five regions for the Google Play store, as more of its 1.2+ billion people look to search, interact, and shop on the go via their Smartphone and other mobile devices. Smartphone sales are surging in India - the world's second most populous country -due to low-cost handsets. Another study by CISCO report projects that the number of Smartphone users in India at 651 million by 2019, a nearly five-fold jump from 140 million by end-2014.

In 2015, mobile retail e-commerce sales in India amounted to 7.78 billion U.S. dollars and were projected to reach 63.53 billion U.S. dollars in 2020. Total retail e-commerce sales are set to generate 79.41 billion U.S. dollars in revenues in 2020.

While the composition of e-commerce has remained relatively stable over the past decade, the phenomenal growth in mobile broadband and the expansion of shopping tools available on mobile platforms could potentially set the stage for growth in the B2C market segment over time. Mobile commerce is significantly extending the potential connectivity options between businesses and their clients via mobile devices. This is an important shift because access to online services was originally only available from computers attached to fixed Internet connections.

Review of Literature

Gupta and Vyas (2014) state that Mobile commerce is complex to adapt for Indians, as it is at emerging level, in India. Now Indian users have started using Mobile commerce for web access, surfing and a few times shopping. They have also focused on how Mobile commerce

has evolved and developing in India along with some benefits & drawback of Mobile commerce in India.

Batra and Juneja (2013) listed the issues faced by Mobile commerce industry and also discussed the internet speed, security issues to pay online and make purchases that are not sufficient in India.

Tandon Mandal and Shah (2012) explored the possible issues in Mobile commerce and discussed the challenges associated with wireless technology protocols like GPRS, WAP and UMTS. Mobile commerce in India is still at the nascent stage, or embryonic stage and companies are still in experimentation stage for the growth of Mobile commerce.

Objectives of the Study

- To Study about the Concept of Mobile Commerce in India
- To Enquire about the factors affecting Mobile Commerce in India

Development of Telecommunication in India

India is now enjoying the status of one of the world's largest telecom markets with enormous growth potential particularly in the field of mobile internet due to its high population and development potential.

The mobile industry in India has grown recently to become one of the country's success stories. With over half a billion mobile subscribers, the Indian market is the second largest in the world with half billion mobile subscribers.

Technology migration is underway and accelerating, with more than 40% of mobile connections forecast to be running over mobile broadband networks by the year 2020.

The companies like Airtel, Vodafone, Idea, Telenor India, Reliance, Jio, Tata DoCoMo, BSNL, Aircel, Tata Indicom and MTNL are the major operators doing mobile services in the Indian economy. However, rural India still lacks strong infrastructure.

Indian Telecom Sector: Key Statistics

Telephone subscribers (wireless and landline)	1058.01 million
Landlines	24.81 million
Cell phones	1033.20 million
Monthly cell phone addition	1.1 million
Teledensity	82.82%

(Source: TRAI, May 2016)

According to Telecom Regulatory Authority of India (TRAI) telecom subscription report March 2016, continues unabated saw Seven million new mobile subscribers added to the Indian mobile subscriber base, on various telecom networks, with Bharti Airtel being the highest.

Mobile Operators in India

Telecom Operator	Total Subscriber Count
Bharti Airtel	251,237,263
Vodafone	197,946,755
Idea Cellular	175,074,042
Reliance Communication	102,408,072
Aircel	87,086,612
BSNL	86,345,709
Tata	60,097,988
Telewings / Telenor	52,454,949

(Source: TRAI, May 2016)

With the growing momentum of wireless revolution and Mobile commerce explosion, it is evident that mobile devices are becoming a critical component of the new

digital economy.

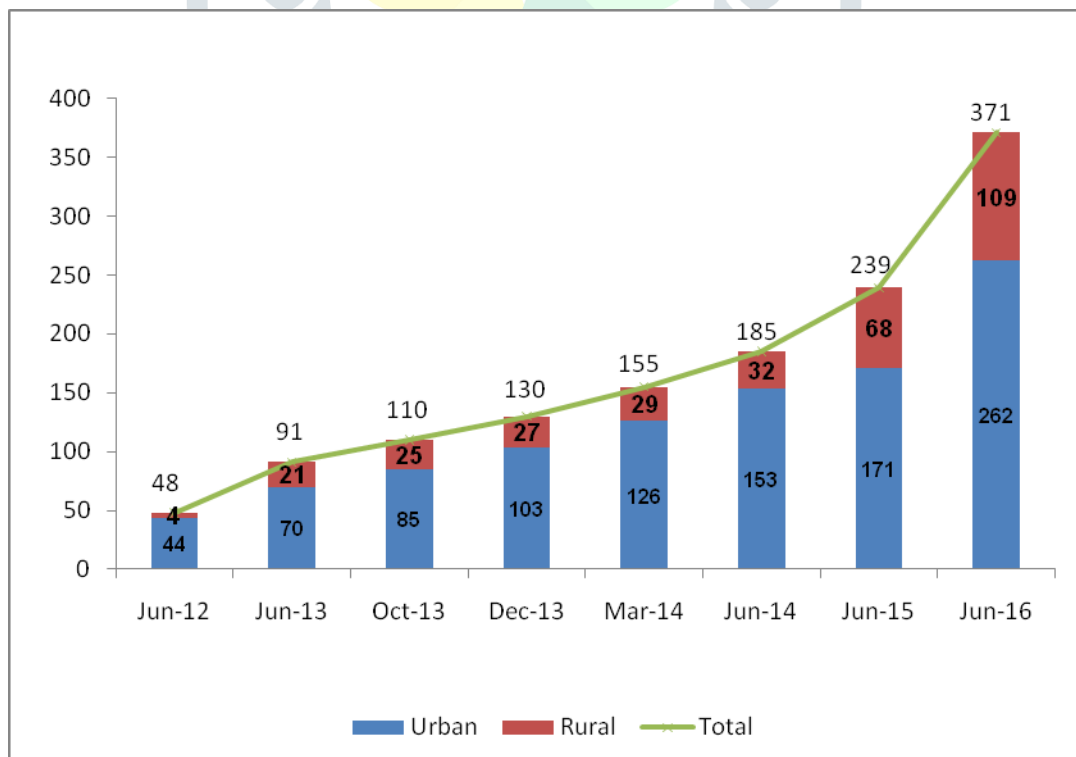
Internet Users in India

Internet Users in the World	3,424,971,237
Share of India Population	34.8 % (penetration)
Share of World Internet Users	13.5 %
Total Population	1,326,801,576

* (As On June 2016)

Figure illustrates the growth pattern and development over the period and the impact of the internet and mobile technology. It spells out the mobile internet users in India among urban and rural people in India. Majority of rural Indian people have started using more of internet related services are the basic reasons for the speedy growth of mobile commerce in India.

Mobile Internet Users in India: Urban Vs Rural



(Source : IAMAI, February, 2016)

Smartphones: Driving the Mobile Commerce Growth

The rapid adoption of Smartphone due to declining price is resulting in a surge in the number of mobile internet users in India. According to the report from IAMAI, Mobile Internet in India 2016, India has become the second biggest the latest market regarding active smart phone users, crossing 220 million users, surpassing the US market, according to a report by Counterpoint Research. "While smartphones are shifting the paradigm for consumer media usage in mature markets, cheaper handsets are creating opportunities in emerging markets where many users of smart devices had no access to the internet".

According to Indo-Asian news service fact sheet, India to overtake the US in Smartphone, and further elaborates that:

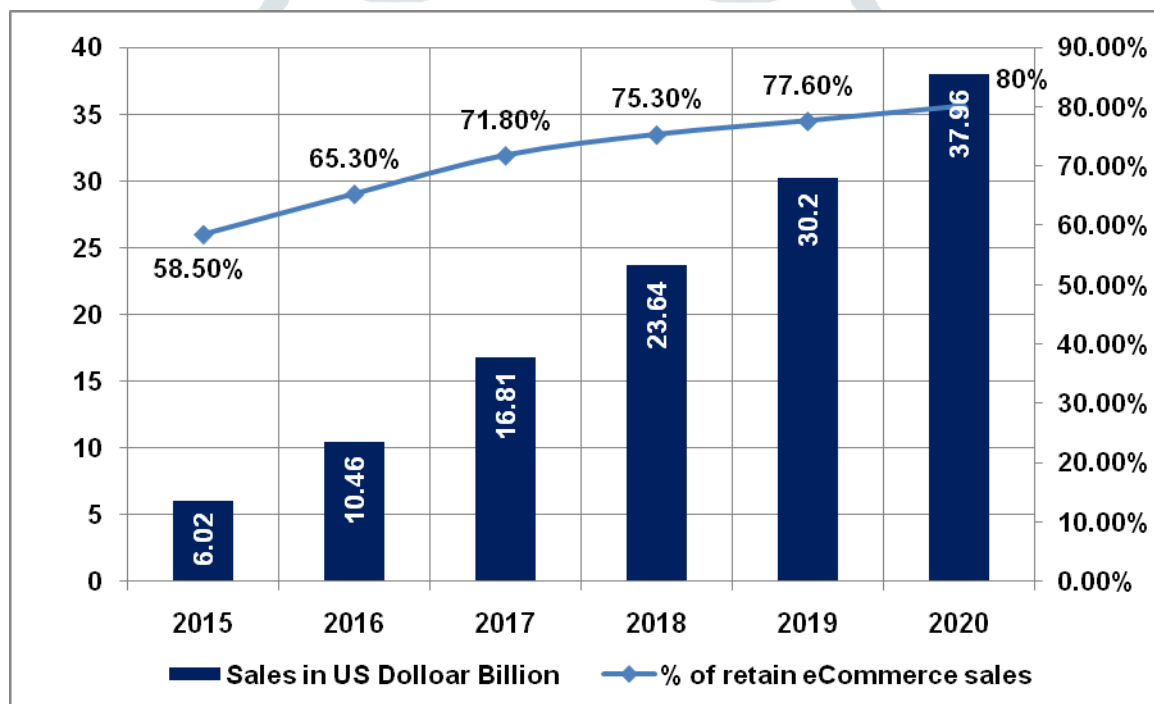
- i. The number of active smart phone users globally touched the one billion-mark (1.31 billion) in 2013 for the first time, with China in the lead at 436.1 million, followed by the US (143.9 million), India (76 million), Japan (40.5 million) and Russia (35.8 million).
- ii. China has 519.7 million smart phone users, followed by the US at 165.3 million, India with 123.3 million, Japan with 50.8 million and Russia with 49 million, in 2016.
- iii. "Over a quarter of the global population will use smartphones in 2015 and by 2018 one-third of consumers worldwide (2.56 billion people) will do so," the report noted.e-Marketer @statista 2015, forecasts that 21.5% of Indian population will use Smartphones by 2018.

India is the world's second most populous country, with nearly half of the population under the age of 25. It is also the world's second biggest Smartphone market. This gives a big opportunity to offer transaction services to an economy that is still largely unbanked and cash-dominated. Indian retail customers are taking strongly to mobile commerce, with nearly 83% of people owning a Smartphone, shopping online on their mobile phones. In particular, customers in the age group of 25-34 are taking to their mobile phones to shop online, with 90% of customers in this group doing so.

Future of M-Commerce in India

According to TechNavio's analysts forecast the Mobile Commerce market in India to grow at a CAGR of 71.06 percent over the period 2012-2016, and key factors contributing to this market growth is the growth in mobile subscriptions, government and regulatory support. However, the data security concerns of end- users could pose a challenge to the growth of this market.

Retail m commerce sales in India, 2015-2020



(Source : eMarketer, Dec 2016)

According to the Goldman Sachs Group, the number of Smartphone and or tablet users making purchases on their mobile devices will increase significantly in the years ahead. A whopping 686 million consumers around the globe will make a purchase on their mobile devices in 2015. This figure is set to increase 21 per cent to 830 million from 2016, and subsequently, it is expected rise 16 per cent to 961 million in the year 2017, and peak 13 percent to 1.09 billion in the year 2018.

Recent Trends in Mobile Commerce

According to a recent survey conducted by ACNielsen and Paymate, India has currently around 5 million Mobile commerce users. In India paymate, oxycash, paytm, mcheck and ITZcash are some players in Mobile commerce.

Airtel launched Mobile commerce service mcheck which help customers to pay Airtel mobile and fixed landline bills, recharge Airtel prepaid and digital TV accounts, buying gifts, paying insurance premiums, tickets and shop using their mobile phones.

Banks issue credit and debit cards with magnetic strips as a smart card. This will solve the problem of security in terms of payments through credit and debit cards in mobile commerce. It is an opportunity for the banks as Smart cards can be multifunctional as ID card, e-purse and loyalty programmes.

Bombay Stock Exchange (BSE) launched mobile trading after Securities and Exchange Board of India (SEBI) had cleared the way for trading in securities using wireless technology. This helps investors who are cannot access the internet through PC while at work.

ICICI Lombard is selling through mobile phone first of the kind in India. Customers can choose various products, pay a premium while on the move or out of the country, mobile commerce can be used for renewal of policies and claim processes. ICICI Lombard has pioneered the concept of mobile commerce in Insurance to give efficient and quick services to the customers.

In Bangalore city in India, the consumer is paying water bills with their mobile phones, consumers in Chennai paying property taxes using mobile phones, services provided by NGPAY technology. Consumers tie their debit or credit cards to the mobile platform.

ITC launched e-choupal in 2000, version 1, it helped farming communities to get best prices for their produce. It also procured supplies for its supplies for its agribusiness division directly from the farmers. In version 2.0 it used the network to market the products in the rural areas through hypermarkets. In version 3.0 it is empowering farmers in villages by integrating the mobile phones to the digital and physical network of the e-choupal.

Reliance communication with “Atom technologies” an Mobile commerce solution provider allowed subscribers to purchase insurance services, DTH recharges, movie tickets, books and periodicals, consumer goods, holiday packages and train and bus tickets using Reliance mobile connections.

Tata Indicom has launched “mobile money transfer service” in association with corporation bank and payment. Nokia recently announced to launch of its Nokia money partnering with Yes bank and mobile payment technology developer obopay. It is used to pay bills, friends, merchants, banks, reload prepaid mobile accounts and remit money to other countries.

The launch of 3G services will revolutionize the Mobile Commerce, as the content, data speed and other services provided will improve drastically in India. Handset manufacturer is producing high-end features with reasonable prices which can be reachable for all Indian consumers. New alliances being happening between vendors, operators and application developers to develop better content for the customers. Web browsing is expected to be the most used service among mobile broadband subscribers in India. More products and service firms are going to offer their products and services on mobile to the customers.

Limitations of M-Commerce Market in India

- Lack of Awareness: - People are, still, not aware of the Mobile commerce. People are still afraid to adopt to purchase things online. Moreover, people are uncomfortable in buying a product through Mobile commerce.
- Lack of Internet Connectivity: - In India, still internet connectivity is not accessible at many places in India.
- Language Barrier: - Majority people are not good in the English language. So that for the transaction over the internet through mobile devices, language becomes one of the major factors.
- Less Graphic Resolutions:- In comparison to computer/laptop, mobile devices had fewer graphics resolutions.
- Research Online and Purchase Offline tendency of the people- People believe in feel and buy

method as they do not want to involve in returning policies.

- Security issues: - Online threats, like hacking, phishing, identity theft, are there in online technology. When a user makes a payment, he is taken to the third party, and in many cases, the third party is found very inefficient, if anything goes wrong.

Conclusion

When mobile technology was introduced in India, not even the biggest telecom experts had predicted the impact of cellular phones on the life of Indian people. Now, the majority of transactions are carried on through the use of Cellular services. The future is here, day-by-day the techno-oriented customers are demanding newer and newer technology. Mobile commerce is the technology of the future. It will change the way the people carry on the routine transactions. Mobile commerce is expected to play an important role in the economic and social development of a country. Growth in Mobile commerce will accompany downward transaction costs besides increasing the reach and possibility of business. It is expected that emerging Mobile commerce will create new trade models for mobile operators and offer new avenues for growth in Mobile commerce as well as for economic growth, offer new applications to consumers and business in India.

Thus, the mobile commerce is in for a bright future. The unprecedented growth in mobile devices in urban and rural areas gives the mobile companies and mobile commerce developers to look for more services that can be provided to customers with a good revenue generation model. People are also increasingly looking for easy access to an umbrella of services under one mobile phone. The services providers are competing with each other to offer varied services at a competitive price, thus giving customers a chance for a wide range of options to get the service from different operators. The mobile phone subscription in India as seen earlier has increased remarkably, so Mobile commerce has a good growth opportunity.

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