MASARYK UNIVERSITY
FACULTY OF ECONOMICS AND ADMINISTRATION

Mobile Commerce In The Czech Republic

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What can you expect

1. What is m-commerce

2. Why should it be important

3. Trends in m-commerce

Terms

Landline,

- main line or fixed-line - a telephone line which travels through a solid medium, either metal wire or optical fibre

Mobile network carrier

- mobile network operator (MNO), also known as carrier service provider (CSP), wireless service provider, wireless carrier, mobile phone operator, or cellular company, is a telephone company that provides services for mobile phone subscribers

Terms

<u>Postpaid</u>

- on plan, tariff, tariff plan – use and than pay model. Usually period of one month and at least „base" fee has to be paid.

<u>Prepaid</u>

- pay and than use model. Doesn't involve obligation to pay if you don't use the service, usually doesn't require a contract.

<u>Mobile technologies</u>

Infrastructure operated by mobile network carriers

M-commerce: definition

Set of processes which result in financial obligation and where at least one part is executed via mobile technologies

Importance of m-commerce

- For economy
  - Expenses on mobile services (70 bil. CZK)
  - Investments into mobile infrastructure (4.7 bil. CZK)
  - Employment (20 thousand employees in this sector)

- For businesses and individuals
  - Optimization of processes
 - New applications (new services)

Importance for the economy

Example: Marketing spendings by mobile network operators

1992: Czech telecomunications to SPT Telecom 10 mil. CZK
2000: SPT Telecom to Czech Telecom   250 mil. CZK
2002: Czech Telecom to Telefonica O2   500 mil. CZK
2002: Paegas to T-mobile   500-600 mil. CZK
2005/6: Oskar to Vodafone   500 mil. CZK

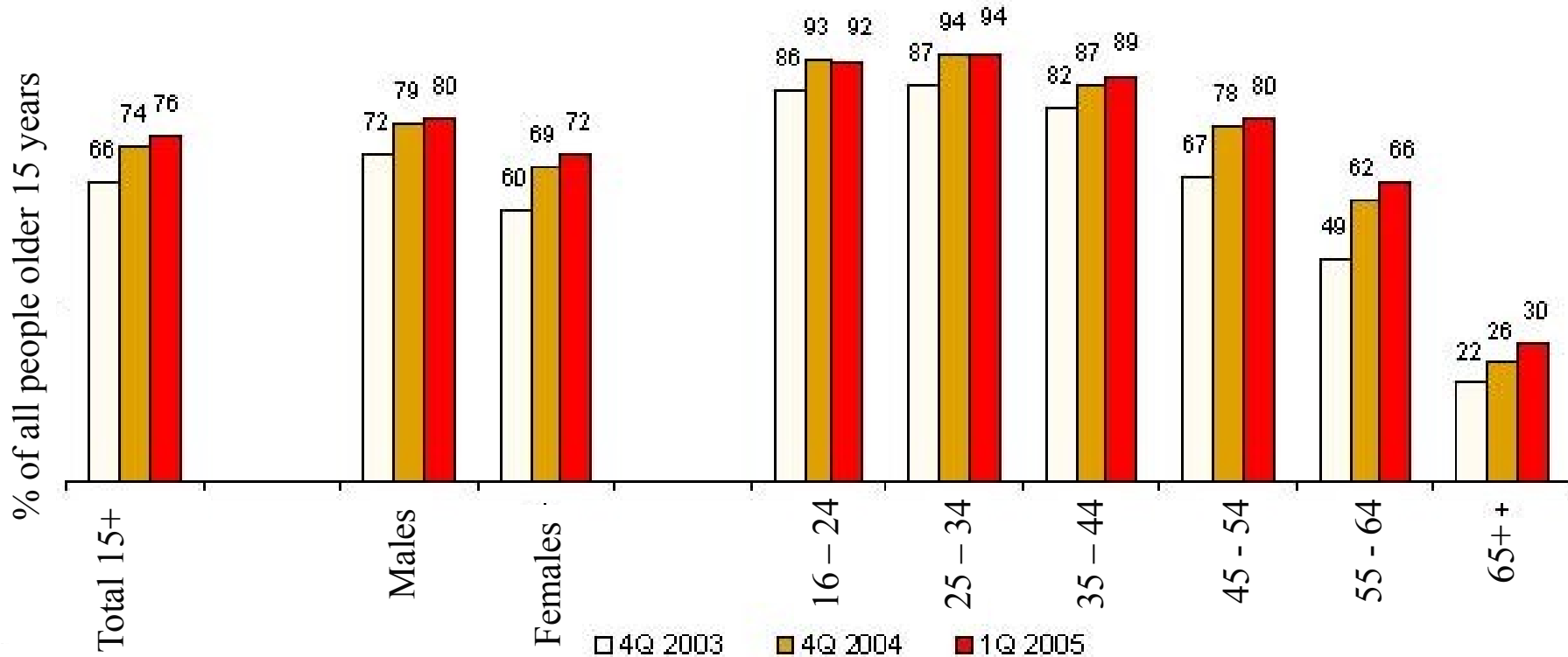Proces sjednání pojištění klasickým způsobem

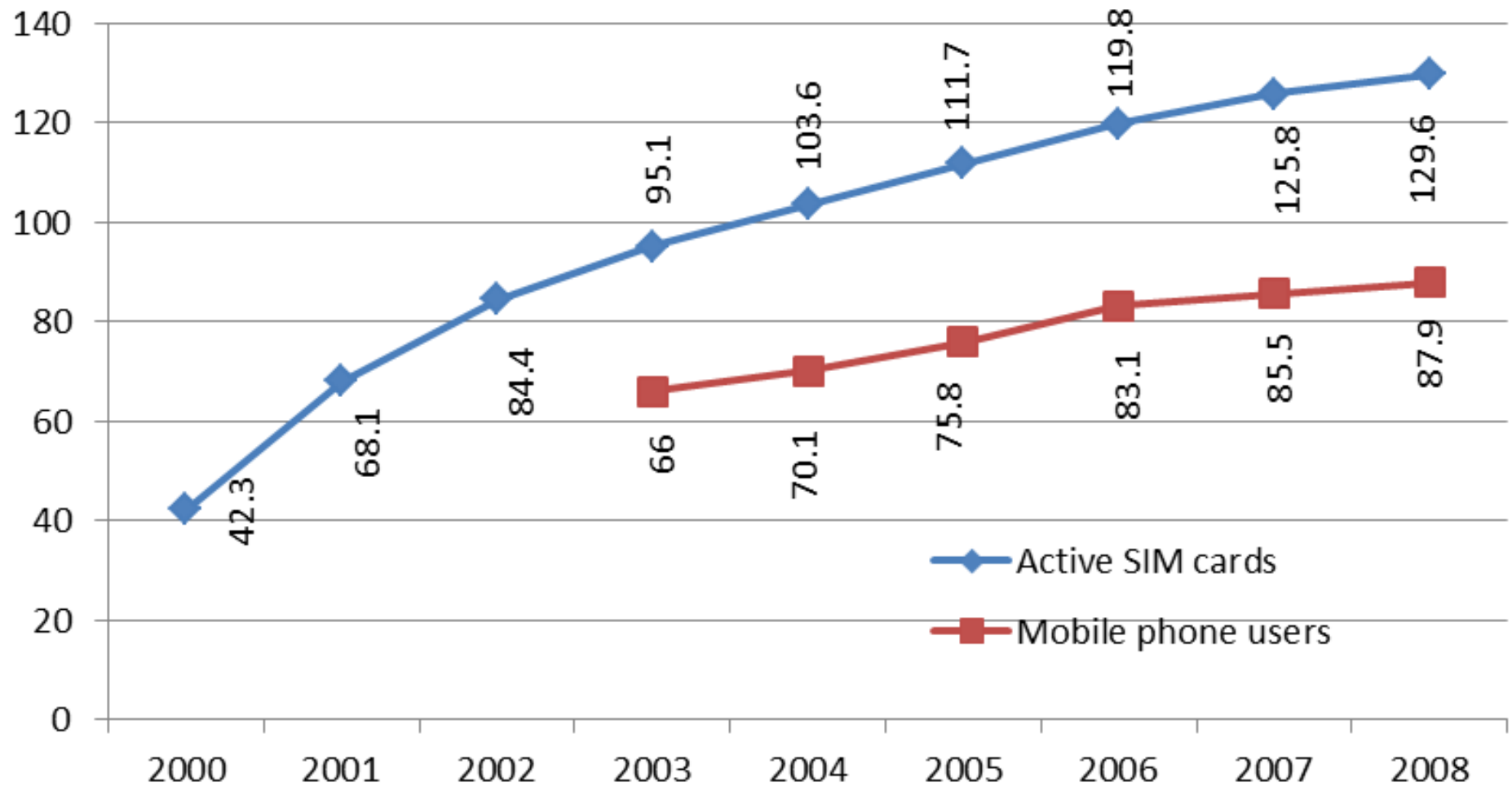Proces sjednání pojištění prostřednictvím SMS zprávy
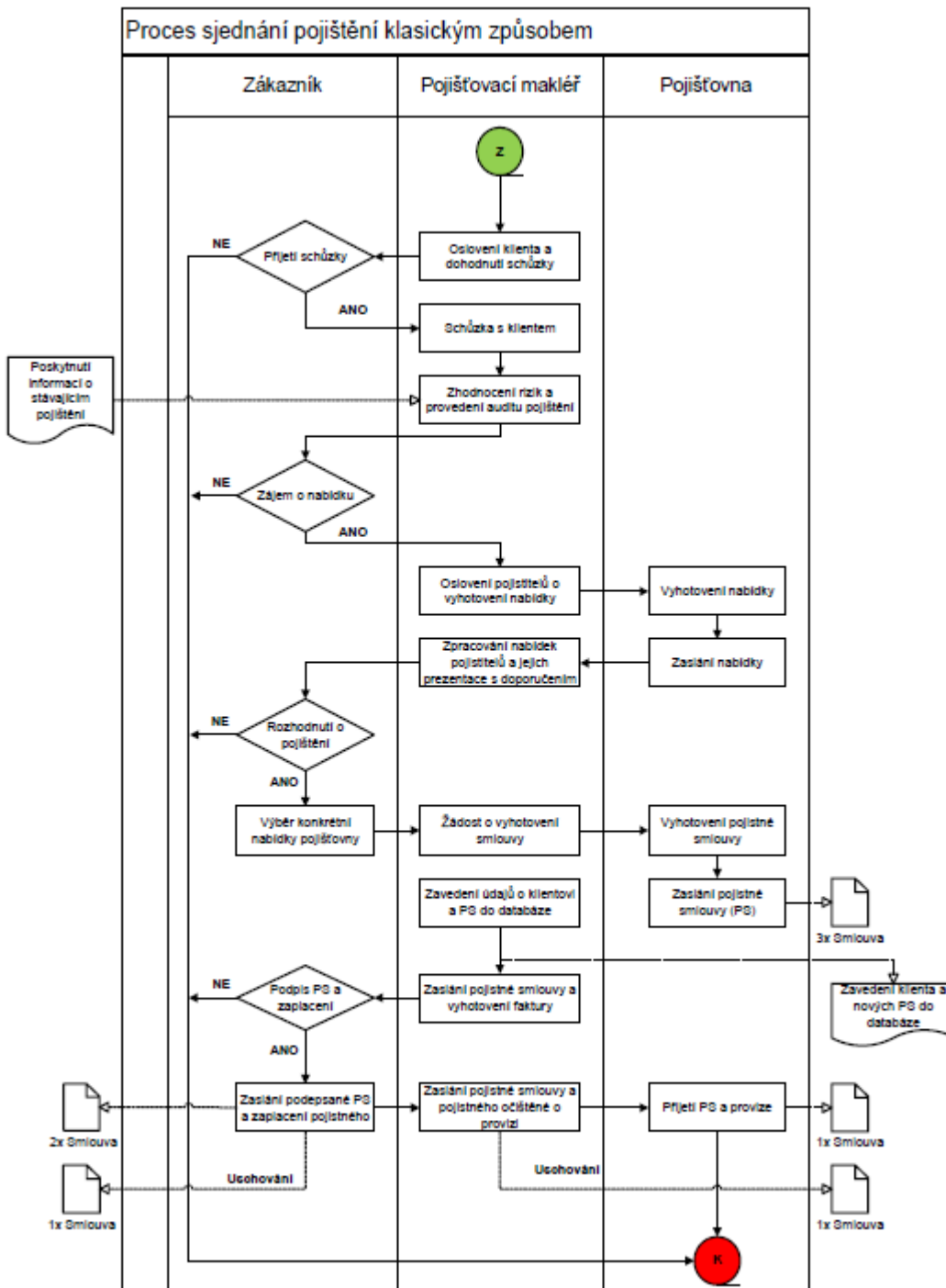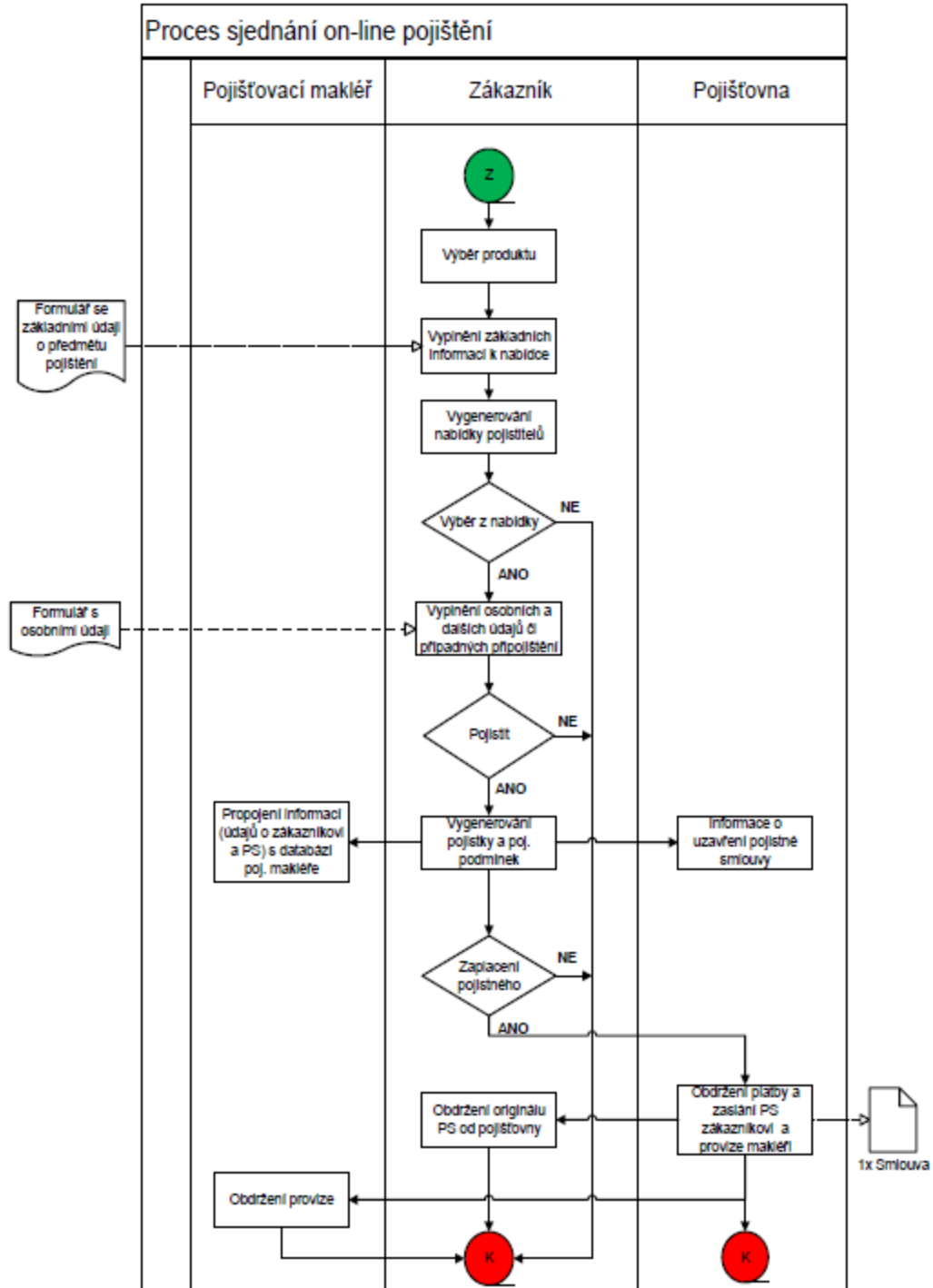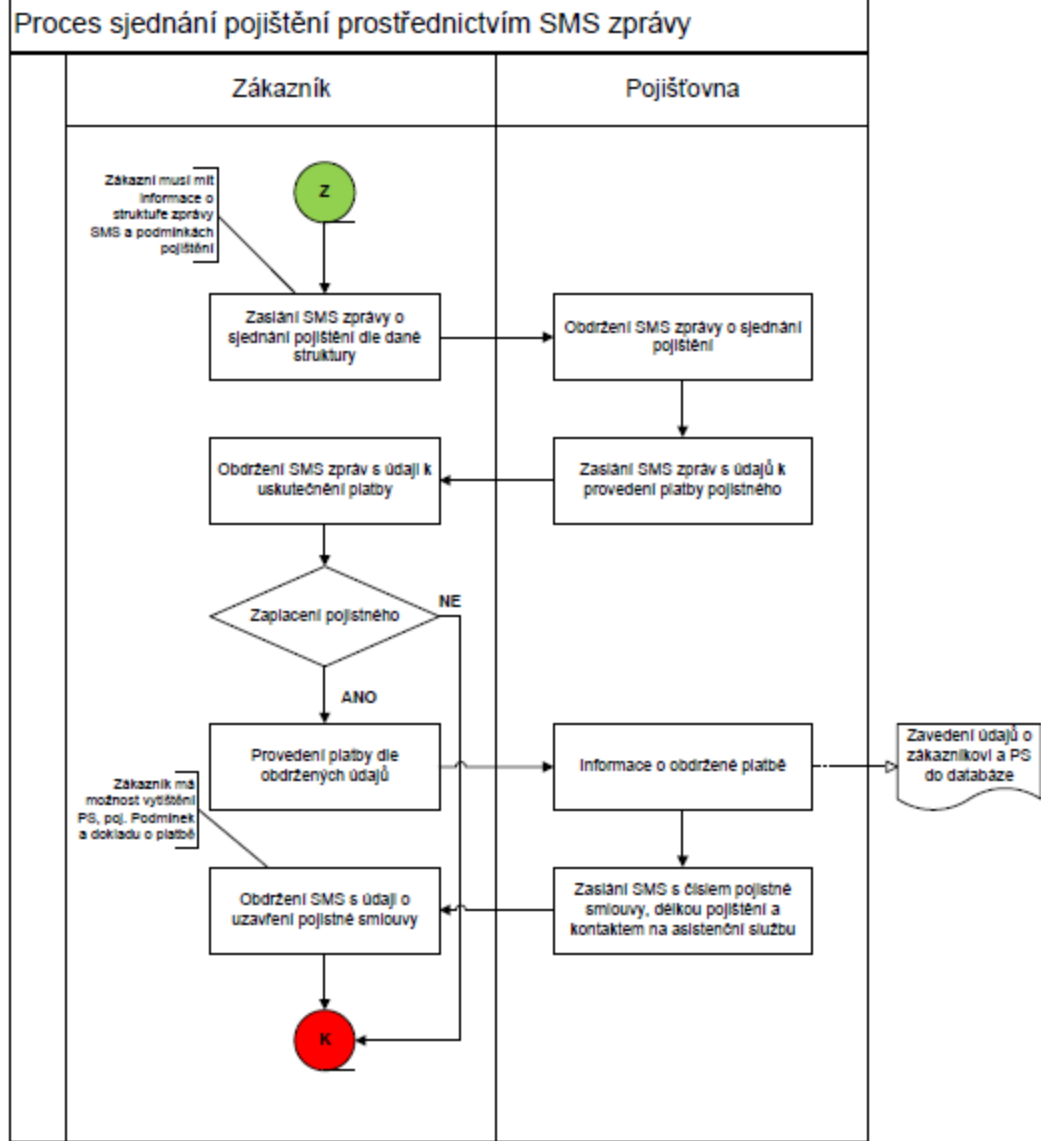
Trends in m-commerce: penetration

- Penetration CZ: 128.5 %, developed nations 117.8 %, Europe 119.5 %.
- Real penetration: CZ in 2005: 76 %, 2008: 87.9 %
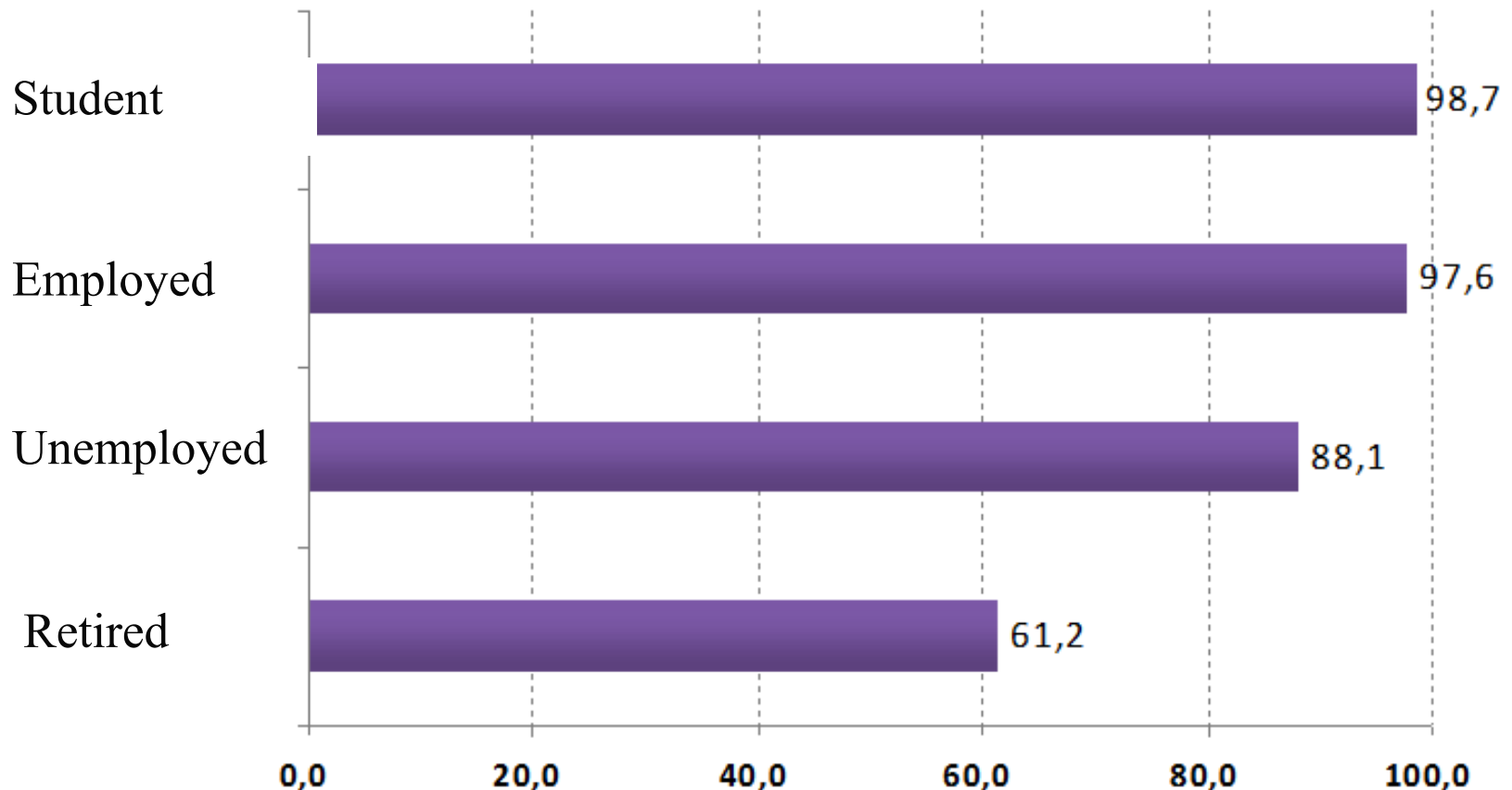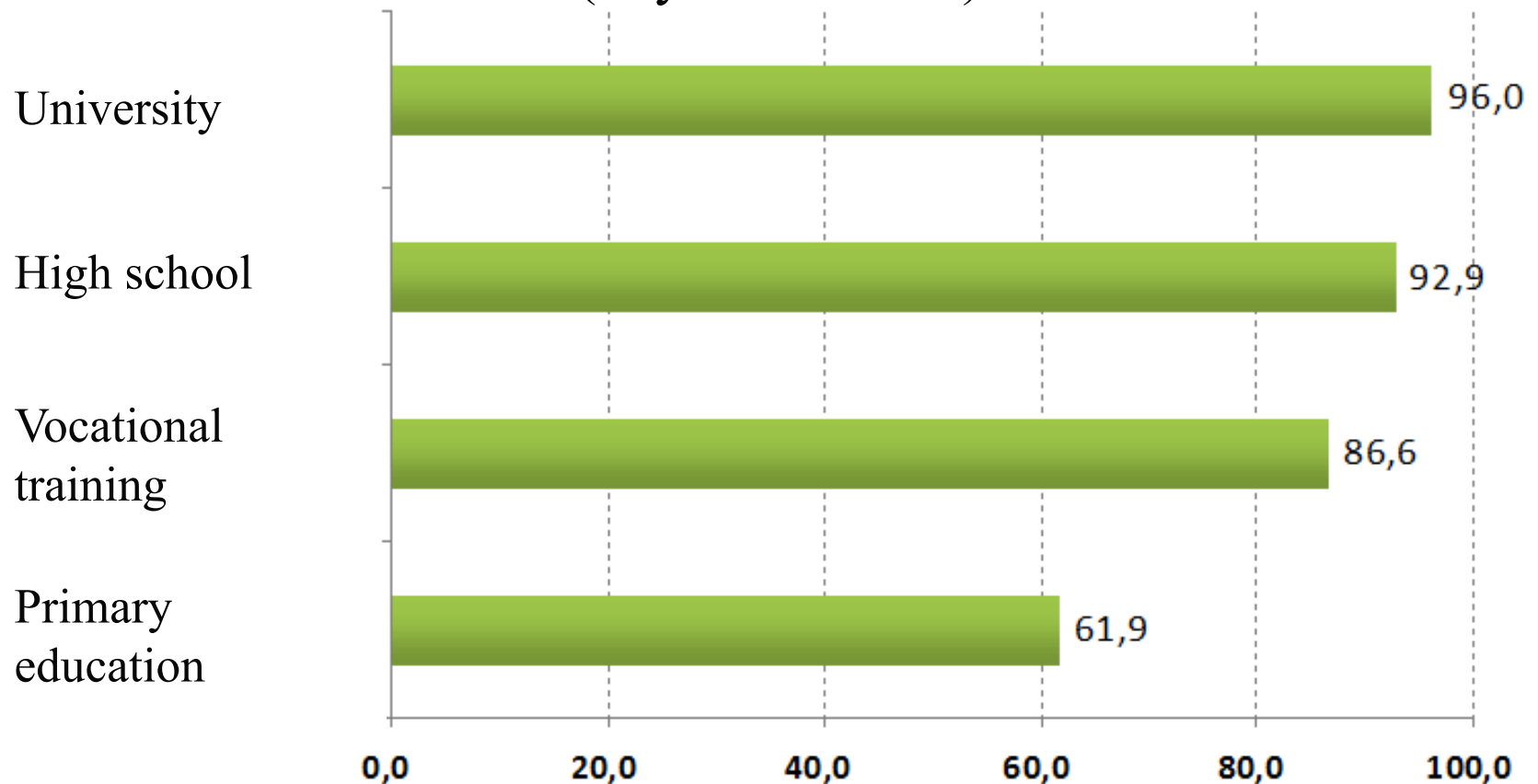
Trends in m-commerce: penetration

Trends in m-commerce: penetration

Mobile phone users according to economical activity
(16yrs and older)

Trends in m-commerce: penetration

Mobile phone users according to education (16yrs and older)
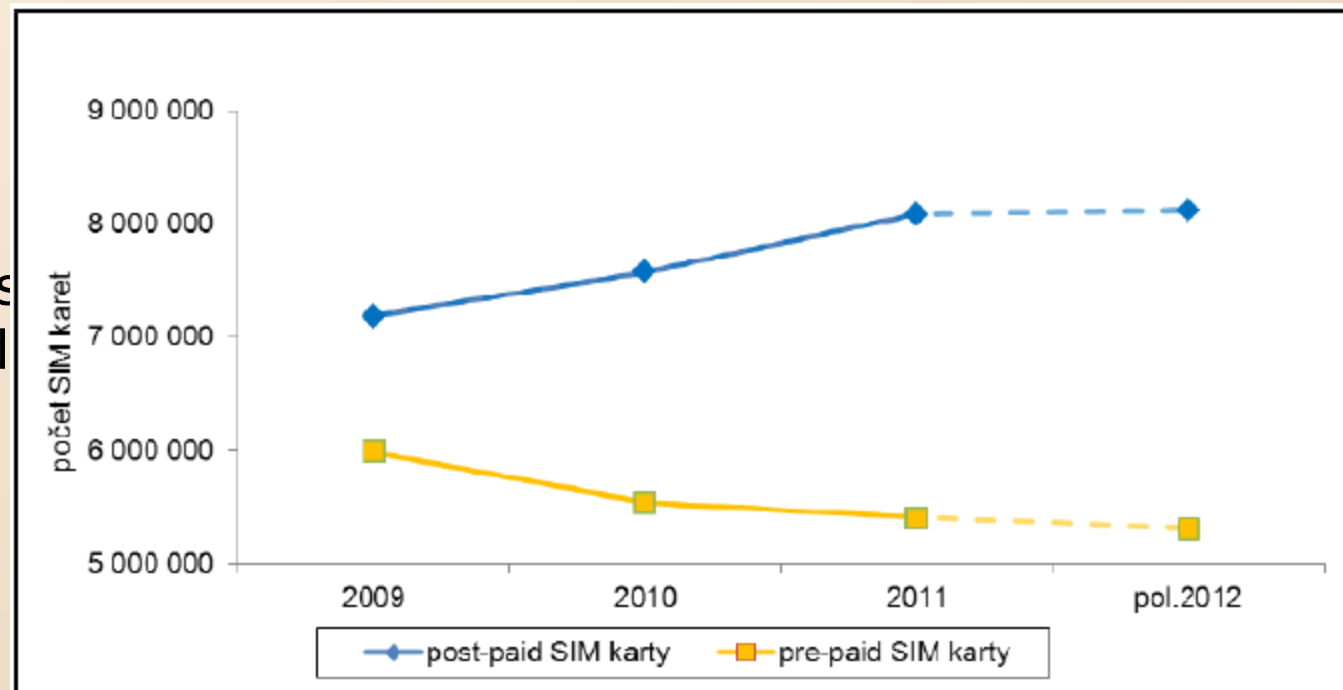
Trends in m-commerce: prepaid vs. postpaid

■ Postpaid customers are much more profitable

- In 2008 Vodafone had about 50% customers on plans (= postpaid) and the ARPU of them was 966 CZK monthly. Compare to ARPU of prepaid customers 342 CZK

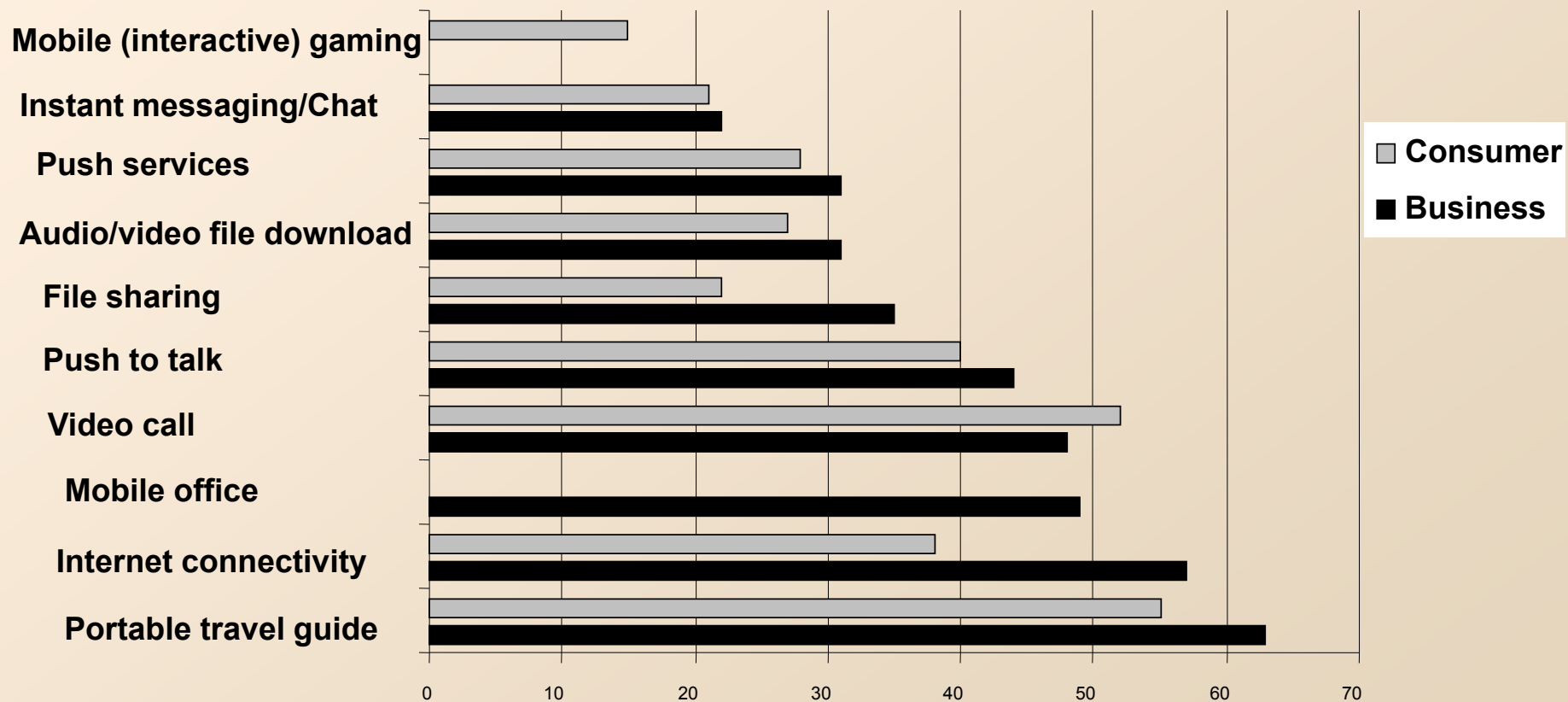■ Customers on plan are more likely to be loyal

- That is important because full portability of phone numbers was introduced

Trends in m-commerce: data services

- Nowadays accesses to the internet from mobile network account for cca 20 % (in CZ in 2011)
- There are more and more services based on fast internet connection offered for mobile phones
- Coverage with fast networks (3G) is higher and higher

Expected services in 3G networks (Milvard Brown survey, CR 2005)

Horizontal bar chart legend: Consumer (gray), Business (black).

Categories (top to bottom): Mobile (interactive) gaming, Instant messaging/Chat, Push services, Audio/video file download, File sharing, Push to talk, Video call, Mobile office, Internet connectivity, Portable travel guide. X-axis: 0 to 70.

Trends in m-commerce: data services
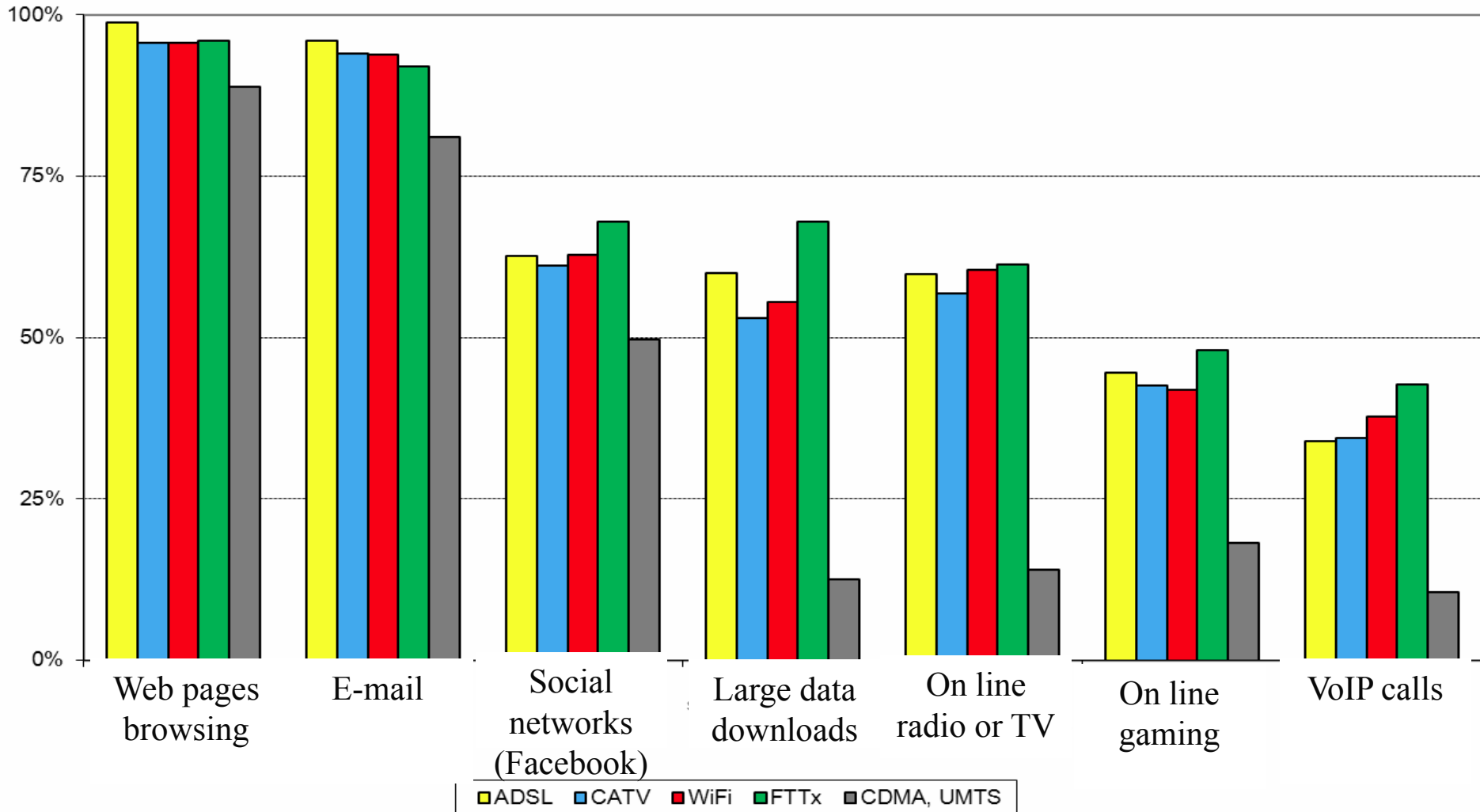
Trends in m-commerce: data services

Standard	Download speed theoretical	Download speed real
GSM	14,4 kbit/s	14,4 kbit/s
HSCSD	115,2 kbit/s	43,2 kbit/s
ISDN	1920 kbit/s	128 kbit/s
GPRS	171,2 kbit/s	85,6 kbit/s
EDGE	236,8 kbit/s	150 kbit/s
CDMA2000	2457,6 kbit/s	300 – 1500 kbit/s
UMTS	384 – 10 Mb/s	200 – 1800 kbit/s

Trends in m-commerce: Use of mobile phones

The start of use of mobile phones

Age	Cumulative frequency (%)
13	10,5
14	52,6
15	92,1
16	98,7
17	99

Why and how do people use mobile phones: Social connectivity (Morley, 2003)

Mobile phone (MP) intensifies the social connectivity of the owner. To have MP means to be connected, to be a part of social network, to be available everywhere by everybody.

When do I switch MP off	(%)
Never	69,9
Night	17,8
Other	6,8
Night + school	1,4

76 respondents between 17-18, 2007

Why and how do people use mobile phones: Attitude toward MP

1. If others had not have it, I would not have it too

    The determinant here is the social network, social connectivity

2. I am addicted to MP

    Saves time, is personal, not to have it is boring

Why and how do people use mobile phones: MP – strongly personal thing

- Ishii, 2006: MP is not as much issue of mobility as issue of personalization and localization.

  50 % of calls are made from home, 40 % from work and only 10 % outside these places

  Mobility is matter of place, time, and context

Why and how do people use mobile phones:

Mobility: place

- Physical motion from place to place

Mobility: time

- Results from physical mobility, means accelerating of processes, saving time, flexibility.
- Micro-coordination, softening of time

Why and how do people use mobile phones:

Mobility: context

- Communication face to face has to comply with context: environment, particular situation, mood. Mobile communication frees the participants of this.

  Case: SMS vs videocalls

- Does m-communication mean greater or lesser freedom?

Why and how do people use mobile phones: Mobility

- Disconnectivity anxiety (Jim Taylor)
- Feel of safety if in reach of own mobile phone
- Own world in the pocket

Why and how do people use mobile phones: Domestication of MP (Silverstone, Silverstone & Haddon)

- Innovation is a process, not a single event

Assumptions:

- look behind function
- (1) imaginativeness, (2) acquiring, (3) materialization, (4) transformation

M-business applications: forms

1. m-Presence
2. m-Payment
   - m-Banking
3. m-Purchasing
4. m-Procurement
5. m-Shop
6. m-Auction
7. m-Care
8. m-Marketing

Trends in m-commerce: M-marketing

- Form of direct marketing
- Still in its beginning
- Any form of marketing activity via mobile phone

Trends in m-commerce: M-marketing (forms)

1. SMS messages
2. SMS competitions, voting, inquiries
3. Advergaming (via SMS, WAP, Java games)
4. Logos, ringtones
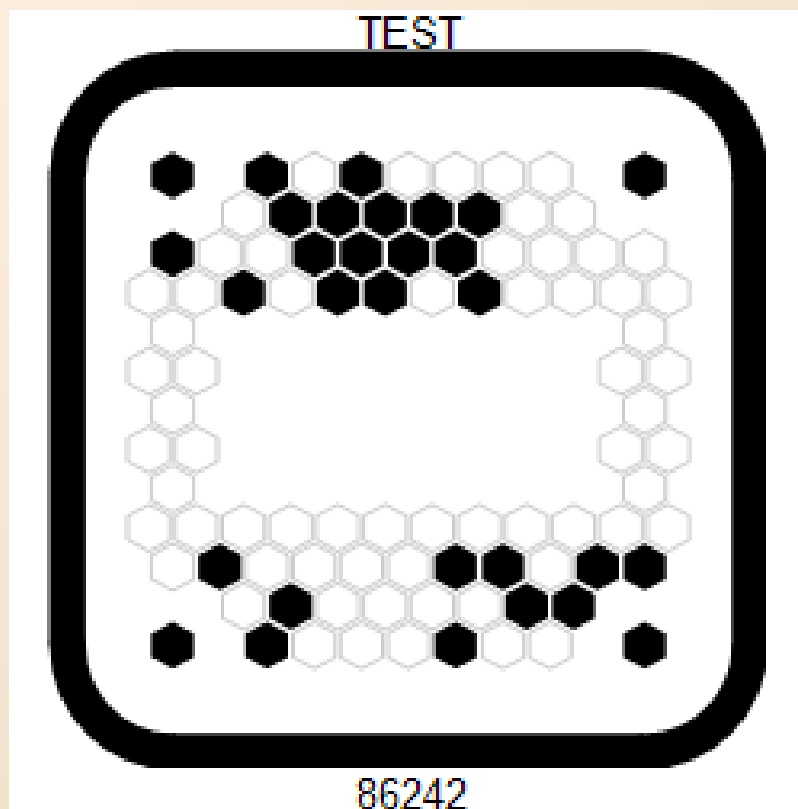5. Bluecasting, cell broadcasting
6. Mobile tagging

Mobile Tagging

- A product bears a tagg
- User takes a picture of the tagg by mobile phone
- Application in mobile phone translates the picture into unique ID code, connects to server and provides link to webpages (or wappages) of product in question
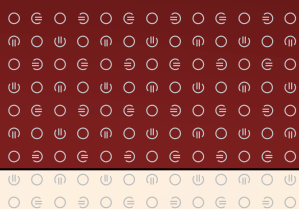
Mobile tagging – 2D code

http://is.muni.cz/

Trends in m-commerce: mobile payments

1. Premium SMS/MMS
   - Most known, most used, most expensive
   - Mobile originated, mobile terminated
2. M-payment
   - Through gateway like with credit card on internet, but phone number instead of cc number
3. M-purse (M-wallet)
   - Connected to bank account, credit card or prepaid amount.
4. NFC (near field communication)
   - Non contact short distance payment
5. M-banking

Trends in m-commerce: mobile payments

Method	Cash	Credit/debit card	Non contact card	Non contact sticker	NFC SIM
Time (s)	29	26	5	5	0,1

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Thanks for attention