

The Competitive Strategies in the Mobile Commerce

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ABSTRACT

Mobile Internet has become a convenient tool for information exchange, the new 4C business rules in the mobile commerce are co-creation, commodity, community and connecting. In today's mobile commerce, enterprises should pursue the following competitive strategies, which are strategic planning period is shortened adjusting to changing circumstances is crucial, organizational structure will be more flat, flexible, and adapted to the environment, enterprises become customer operators, remove intermediaries, reduce distribution channels or service networks etc.

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1. Introduction

Since the beginning of the twenty-first Century, the essence of the world economic evolution is the transformation of productivity and production relations brought about by science and technology breakthroughs. At the end of last century we used the Internet to send e-mail, it was regarded as a tool, later, with the appearance of e-commerce and search engines, the Internet has been regarded as a channel. Today we have entered information economy era and the Internet, especially mobile Internet has become a convenient tool for information exchange, interpersonal communication, financial payment and market transactions. With the popularity of smart phones, some traditional enterprises have accessed the network, whether due to a forced or willing transition situation, it seems obvious that the Internet makes efficiency improvements for enterprises. According to a China Internet Network Information Center report released in July 2015, *the 36th Report on the Development of China Internet Network*. Up to June 2015, the number of China's mobile phone users reached 594 million, and the number of mobile Internet users reached 88.9%. Compared to the PC Internet, the application of mobile Internet is more convenient and flexible, which marks the "Post Internet Era" with "mobile Internet" and "social network" as the core is coming.

The essence of the Internet is to realize "connection" by transmitting information: connection of objects, connection between man and man, connection between commercial elements and individual people, mobile Internet produced by the popularity of smart phones greatly enhanced the convenience of connectivity. In the context of mobile social networks, the aggregation of information becomes ubiquitous, the network connection port moves from the physical to virtual, from single to multiple and achieves the full range of fast connection of "people, money, goods". Relative to the traditional Internet, mobile Internet connection mode, given the scope of the connection, as well

as the organization of information, has brought a complete change.

While e-Commerce is still growing, a rapidly changing technology promises to deliver even more value than e-Commerce (Clarke 2001). This is made possible through mobile devices. Although mobile devices (as cell phones) have been useful for some time for voice applications, entertainment and gaming, the change to digital devices and the availability of variety of handheld devices with digital and information-based applications has been promising new growth in commerce through mobile devices or m-Commerce (Kini 2004).

Mobile commerce users showed their preference to be always available by 17 percent of them indicating it is very important to them. In addition, m-Commerce users also revealed that everywhere available and comfort is other two factors which are very important to them in adopting m-Commerce. When inquired about the problems faced while using e-Commerce, nearly half of the respondents surprisingly showed their displeasure with access speed, along with about a quarter of respondents who showed concerns about the security and quality of service. The m-Commerce user however did not indicate the problems they faced. Only 13 percent of the m-Commerce respondents indicated that they faced problems with access speed and service quality. It is unclear why such a small percentage is indicating problems with m-Commerce since large number have indicated they are not using m-Commerce.

2. New 4C Model in the Mobile Commerce

Mobile commerce emerges around 2000. It can be viewed as a subset of e-commerce and is usually defined as "any transaction with monetary value that is conducted via a mobile network".

Y.F.Chang, C.Chen studied the features and characteristics of current smart phones, putting an emphasis on the required and desirable features for mobile commerce.

Sumita provides a mathematical model for comparing e-commerce via the traditional PC access with m-commerce which accommodates both the traditional and mobile access. However, there is no specific work on utilizing context-awareness in m-commerce settings.

In the context of business history--the rules and model change experienced by the 4P combination of the industrial economy era and the 4C model of the traditional Internet---today's mobile Internet era business model has evolved into the new 4C business rules -- new connections among customer, product and enterprise. In the 1960s, marketing guru Kotler in his best-selling book *Marketing Management: Analysis, Planning and Control*, put forward the marketing combination method with 4Ps as the core, namely the Product (the product should have unique quality, product function), the Price (the market price depends on the brand, pay attention to the value of the brand), the Place (establish a sales network, and establish communication with consumers through the network of distributors), the Promotion (establish methods of promotion and ways of combining methods including brand promotion (advertising), public relations and other marketing activities). Since the beginning of this century, 4C in the traditional Internet era reset the four basic elements of marketing: Emphasizing consumers, cost, convenience and communication, 4C theory explains that the customers need value, discount, convenience and bidirectional communication, rather than unidirectional promotion. With the rise and the popularity of mobile Internet, the connection of commercial elements has created a fast, multi-dimensional experience with no boundaries. The resulting new 4C business rules in the mobile Internet era are shown in Figure 1, and explained in detail below.

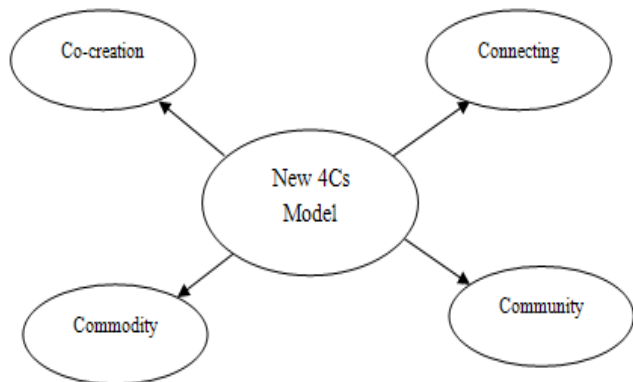


Fig 1. New 4Cs model in mobile-internet business.

(1)Co-creation

Co-creation means putting experience design at the core and creating a new business model together with the user. Since the requirements of product function have largely been met by strong technology and industrial strength, users pay more attention on the user friendliness of a device and the emotional experience of using it. Not that the performance of the product is no longer important, but the performance must serve the purpose of satisfying the user by meeting the user's expectations. Because the central position of the enterprise in the market network is no longer as powerful as it was in the past, the "center" of the market has been scattered among the users.

NOKIA's waterproof, anti-dropping, self-defense super magical phone eventually lost to iPhone which let users be surprised. As NOKIA strives to enhance the quality of the industry, Apple is committed to creating the exciting experience that the user really looks forward to.

(2)Commodity

Build a new business model based on a free and good commodity. As Google founder Schmidt firmly believes: if you take good care of your product, the product will take care of your profit; no matter what, "quality is king". But the business logic is in cutting costs: the advantage of Norton 360 lies in dropping the expensive anti-virus service costs to zero. Attracting and increasing user stickiness this actually generates a lot of money through the browser and search link; Similarly, Amazon sells the Kindle at a low price, and Facebook is preparing to offer the free wireless internet access, which following the same business logic.

(3)Community

Use community to achieve marketing that does not need subdivision location and advertising. In the social networking era, consumer aggregation does not happen because of consumers' external characteristics and attributes, but because of their interests. Consumers follow the recommendations of their "good friends"; a friend's praise is far better than overwhelming advertising, and attractive ads cannot compare with "word of mouth". The core of Xiaomi's "fan economy" success is constructing an active community, which aggregates its users and potential users.

(4)Connecting

Connecting means constructing a broader industrial ecological circle, and achieving success in the industrial network. In the mobile Internet era, constructing, consolidating and integrating a product into the user's life network is far more meaningful than simply providing more resources and assets. No one can avoid relying on others in the modern division of labor system. A powerful enterprise organization does not lie mainly in its own resources, but in its position in users' networks and in the ecological circle of the industrial network. In the market competition, enterprises can allocate resources, and this is no less important than actually owning the resources.

3.Competitive strategies in the mobile commerce

Peter Drucker once said: the greatest danger of turbulent times is not turbulence, but the continuation of the logic in the past. In today's mobile Internet era, people pursue individuation, facilitation and conceptualization constantly. Enterprises should face the resulting new competitive environment with a new strategy and countermeasures. Throughout the development of human history, machine replaced manual labor, electric power became widely used, and all kinds of science and technology rose.

3.1 Strategic planning period is shortened, adjusting to changing circumstances is crucial

Strategy is the determination of basic long-term goals for an enterprise, as well as the course of action to achieve this goal and the methods and paths of the allocation of resources. Strategy can solve the organization's survival and development problem in a changing environment; it creates a decision-making model, and it puts forward the guidelines, policies and plans which can achieve the overall goal.

In the traditional industrial development process, "the degree of development in three years depends on the degree of opportunity, the development in ten years depend on the strategy", which explains how strategy affected stability and long-term success.

To adjust to this era, the traditional brand needs to invest a lot of energy and cost into carrying out below-the-line channel communication and maintenance, and into product

marketing and brand promotion. The new Internet brands focus on design, timely interaction with consumers and other key links to that enhance the user experience. Therefore, in this environment long-term stable strategy will no longer exist. In the mobile Internet era enterprise strategy is limited to a small number of high-level thinkers. No strategy or no long-term planning is expected from most middle managers and junior staff who only need to adapt to changing circumstances and to achieve accurate execution.

Products are evolved in the mobile Internet era, rather than planned out. Uber doesn't have any long-term plan, Uber will only be busy with this week's or next week's plans, since many activities only need one week's time from planning to performing.

3.2 Organizational structure will be more flat, flexible, and adapted to the environment

The organization structure is a kind of frame around the other factors, which are the internal division of rights, the location, the gathering state, the way of communication and the relationship. The Mobile Internet era is the era of DDCU(diversity, dynamic, complexity and uncertainty). The environment is more and more one of uncertainty, the information trend of organization structure is undoubtedly more flat. In the Red Collar group, all are designers, consumers, operators, entrepreneurs. The organizational structure has almost no vertical strata, is completely flat.

(1) Since everyone is a designer, solving the design problem and overcoming problems that arise can make the design that much better; Red Collar opened a platform that fully met the needs of everyone to create, and saved costs on design, development and research.

(2) Red Collar's marketing and inventory, allows direct sale by the factory.

(3) Everyone becomes an operator, through the mechanism of send, wechat, spread "word by mouth", inform one's fans and form a "fan energy".

(4) Allowing everyone to be an entrepreneur, helps employees to achieve their self-worth in a most simple and convenient way.

3.3 Enterprises become customer operators

Mobile Internet makes information transmission convenient and fast, and builds trust between the community friends it helps enter the consumer terminal directly. Whoever can lock in consumers will be able to gain a competitive advantage. Whenever your user community is large enough, your business model is no longer a problem. Because the social interest and the brand operation mode of fan economics is popular, interest in social networking can generate user stickiness and loyalty. Whenever there are "opinion leaders" who have comparative advantage in some respect, interest groups are likely to evolve into groups of fans. The opinion leaders can accelerate the accumulation of the number of fans through experience sharing and interaction that ultimately combines the interests with the product and transforms the fans into huge potential consumer groups.

3.4 Remove intermediaries", reduce distribution channels or service networks

Because virtual social networks, mobile Internet, big data, new business, product, and customer relationships, multi-dimensional connections, strong interactivity, and more in-depth interactions are the keys to the mobile Internet era ,these are the keys to remove the intermediary. They mean that the mode of marketing communication must be changed, and the production organization mode of enterprises will no longer be the same. Intelligent Internet products bring more direct and in-depth customer relationships to the company, and this reduces the demand for distribution channel partners. For examples, companies can remotely diagnose problems and failures, and even remotely repair, which reduces dependence on the service network. Minimizing the impact of the intermediary, the company can get more income and profit, advertise the value of products directing to consumers, and deepen its consumer insight, there by strengthening the brand influence and customer loyalty.

3.5 Products and brands are more humanized and personalized

In the new era, brands transform from "big and whole" to "small and beautiful". With the development of the Internet, it was gradually realized that the previous long industrial chain market had difficulty discovering and to meeting "niche products" demand. Alibaba data shows that over the past three years, the proportion of small and medium brand merchandise trading accounted for 10% of the market. Small and medium-sized brands get the market's favor for their more personalized approach to meeting consumer's demand.

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