A Moving Target: The Mobile-Commerce Customer
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The race for dominance in mobile commerce (m-commerce) has begun. The promise of the technology will not be fully realized, however, if companies simply make their existing online services available through wireless devices. Successful players in the m-commerce market space will take a much broader view of the technology, the market and consumers.

M-commerce is not a new distribution channel, a mobile Internet or a substitute for PCs. Rather, it is a new aspect of consumerism and a much more powerful way to speak with consumers. Unleashing the value of m-commerce requires understanding the role that mobility plays in people's lives today. That calls for a radical shift in thinking. Companies that spent decades understanding consumer-buying psychology traditionally assumed that specific products could satisfy discrete consumer needs. Now, they will need to define consumers by their fundamental life intentions (the life aspirations of the target group share and the experiences they seek to fulfill their identity). Companies will need to assemble the components of a total solution, some elements of which might be far from their traditional businesses.

Opportunities in mobile commerce abound for any company that thoroughly understands how specific consumers can benefit from collaboratively marketed mobile services.

If capitalizing on the promise of m-commerce requires a deep understanding of consumer behavior, then significant opportunities arise not just for providers of telecommunications services — the early leaders in this market — but also for companies that have a rich and thorough knowledge of consumer behavior. Good examples of such companies are leaders in the consumer packaged-goods industry such as Coca-Cola, PepsiCo, Procter & Gamble and Kraft Foods — or retail organizations such as Wal-Mart and Best Buy.

Consider the following hypothetical scenario that illustrates how a company could leverage its knowledge of consumer behavior to create killer applications in the m-commerce arena. Imagine a brand well positioned to satisfy the life intentions of the youth market: Let's call it "Soda X."

What if Soda X built a "wireless window," or portal, for trend-setting young people? The Soda X wireless window would allow consumers to access an individually tailored list of products and services anywhere, anytime. It would be a natural community-building device and would define users even as it attracted them. By exploiting the permanent virtual link between the user and the wireless window, the service would capture real-time, location-specific information about the user's interests and priorities.

Imagine a young consumer named Tommy, a high school senior in Chicago. He's riding his skateboard through Lincoln Park on a Saturday afternoon to meet his girlfriend, Jenny, after she finishes work. His cell phone beeps: It's a message from the Soda X portal. The Chicago Fire soccer team is playing tonight, and the Guess? store that Tommy is approaching is offering him half-price tickets for the game if he buys a pair of jeans today. (How does Soda X know he is passing Guess? Tommy's wireless device has GPS-like location-sensing capabilities.) Tommy's tempted, but he's running late to meet Jenny — and she wanted to go to a movie anyway. Still, it can't hurt to ask her. He pushes a button and calls Jenny. She's OK with the change in plans, so Tommy gets the pants plus tickets for the game.

What does Soda X get out of the transaction? Revenues from Soda X products and services jointly developed with alliance partners such as Guess and Chicago Fire, revenues from products and services that users buy through the Soda X wireless window, advertising and promotion revenues from targeted consumers, and personal access to consumers. We looked at what such opportunities could generate for a real company: we know — one that is similar to Soda X and has $10 billion in revenues today. We estimated that a wireless window could provide it with $2 billion in incremental revenues over a five-year period.

Building m-commerce applications will present huge challenges. Instead of improving a product or refining a distribution channel, companies will need to leverage superior consumer insights to develop powerful branded solutions with value outside their traditional markets. They will have to forge alliances with telecommunications carriers, retailers, entertainment businesses and e-commerce companies that will appeal to the consumer groups they have targeted. They will also need to address complex issues of logistics and coordination. Each problem is difficult, but none is insurmountable.

The m-commerce opportunity exists — and it is huge — if companies understand consumer groups intimately and develop ubiquitous solutions that recognize the role that mobility plays in consumers' lives.

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Reprint 42311
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