Chapter VI

France: Mobile Communications and Emerging M-Commerce

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Abstract

This chapter introduces the emerging m-commerce market in France. Despite the current low level of use, this market is characterized by the implementation of an increasingly efficient m-commerce value chain by network operators, content providers and content enablers. As a consequence, innovative and attractive services are being introduced progressively for both consumers and businesses, which are analyzed here with the help of the CLIP framework. Furthermore, the authors argue that an m-commerce strategy should be designed in synergy with a fixed network-based e-commerce strategy while carefully following and anticipating the progressive implementation of significant technological advances.
Introduction

Despite the significant growth exhibited in previous years, France has the lowest wireless penetration in Europe, 73.9 percent, compared with an average penetration rate of 77 percent in Western Europe, and 80 percent in Italy, Finland or Sweden (Jupiter Research, 2004). This is consistent with several other ICT indicators (OECD Key ICT Indicators, n.d.; Vialle, 2003) where the French market scores lower than average in Western Europe.

In addition, the French mobile telecommunications market exhibits three other characteristics. First, a relative concentration of service supply, since there are only three mobile operators in France and Mobile Virtual Network Operators (MVNOs) are quasi-absent from the market. Second, it is the only large European country where Vodafone does not directly operate a mobile telecommunications company. Third, the market for both voice and data services tends to be somehow less developed than in other European countries. However, with 44.5 million subscribers, the French market is the fourth most important market in Europe and is expected to become the second market by 2007 (Salcedo, 2004).

Multimedia Services Market

Nearly one quarter of the market, or 10.3 million subscribers, uses a diversified range of multimedia services. The bulk of the market concerns messaging services. The most popular service is SMS: 10.7 billion SMS were sent in the year 2004, corresponding to a monthly average of 23.6 messages per subscriber. The SMS+ traffic enjoyed a 66 percent growth in 2004, reaching 228 million messages and generating revenues amounting to 135 million euros. The MMS consumption is also increasing, but is limited by the number of compatible handsets — around 12 million in 2004 — technical complexity and high tariffs. Tariffs can vary according to the operator and the type of message (text, picture, video and postcard), from around 0.10 to around 2 euros.

The bulk of the content services market concerns ringtones, then icons, wallpapers, logos and animations, followed by mobile alerts, and finally mobile games (Salcedo, 2004). According to Bigot (2004), 58 percent of mobile handset owners regularly send SMS, 29 percent download icons, logos and games, 18 percent use vocal information services, 13 percent send SMS+, 11 percent send MMS and 8 percent consult mobile Internet sites. The current usage of services involving monetary transactions is very limited, and is not expected to represent a large share of revenues in the near future.

This rather undeveloped picture of the mobile multimedia market corresponds to the “old” supply environment: that of the relatively low bandwidth of GPRS.