Chapter XII

United Kingdom: Current M-Commerce Developments and Future Prospects

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Abstract

This chapter provides an overview of the current development of m-commerce in the UK and explores its future prospects. A number of mini-case studies are drawn from a diverse range of business and government sectors. Although m-commerce is still in its infancy in the UK, there are many rapid developments taking place that suggest strong future growth.

Introduction

On January 1, 1985, the UK’s first mobile phone conversation took place between St. Katharine’s Dock, London and Vodafone’s headquarters in Newbury. By the year 2002, 76 percent of the UK’s population owned a mobile phone and
7 in 10 (67 percent) of the “young communicators” said they could not live without their mobile phone (Mori, 2002). By 2004, the UK mobile phone penetration rose to 82 percent (Mori, 2004).

Telecom operators have recognized the potential of investing in 3G licenses, which cost them £22.5 billion, with bids vastly outstripping predictions made. The auction winners were Vodafone, BT Cellnet, Orange and One2One and WIA. The conditions of these licenses dictate that each operator must have built a 3G network covering 80 percent of the UK population by December 31, 2007 (Wearden, 2002). Serious concerns have since been raised over the effect that the vast sums paid for licenses will have on the long-term development of the industry (Strategis, 2003), which is crucial for the development of more advanced m-commerce applications.

This is reflected by the cautious strategies that most UK companies are employing in their attempts to deal with the uncertainty surrounding the m-commerce arena. Lack of customer demand and unproven business models (Computerweekly.com, 2005) have so far prevented the progress of m-commerce. According to the Strategis (2003) report, the “UK m-commerce bonanza is likely to start once the technology savvy consumer has been convinced that the networks and content providers can deliver on their promises of quality content and acceptable data rates.”

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The first section of the chapter examines the evolution of mobile communications in the UK, presenting some background statistics and an overview of recent developments. The section following presents a diverse range of mini-case studies to provide a flavor of recent UK m-commerce developments across different organizational types. The third section applies the CLIP framework to the UK experiences and the case studies, examines issues for successful m-commerce adoption and considers current UK consumer demand for m-commerce services. Finally, the last section reflects on the evolution of the UK m-commerce sector before the fifth section closes with the conclusions of this chapter.