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What's Wrong with WAP

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Whatever happened to the WAP revolution? Remember how e-commerce was going mobile? How we would all be surfing the Net using our cell phones or some similar portable gizmo, thanks to Wireless Application Protocol software? Well, could it be that Asian consumers have taken a look at WAP, and said “no thanks”?

The initial evidence from Asia and Europe seems to be that m-commerce is not taking off as expected. The enthusiasm that hit Hong Kong and Singapore last year has been dampened by the fact the companies are still struggling to come to terms with where m-commerce fits in their traditional business models. How can we use this new technology to make it easier for customers to work and interact with companies? When does WAP go from being a gimmick to something that is truly useful, and how can businesses turn it into a profitable distribution channel?

M-commerce should be a winner because of the ubiquity of handsets, especially in Asia. Half the population of Hong Kong and Singapore currently use mobile phones. In other Asian markets, penetration rates are averaging 30% and climbing. WAP, the putative universal language that allows mobile phones and wireless handheld devices to link to the Internet, is backed by leading mobile telephony equipment suppliers – Ericsson, Nokia and Motorola – as well as by Microsoft. Some 40% of mobile phones sold in Hong Kong this year will be fitted with WAP, according to Ericsson, Nokia estimates that half of the handsets in circulation will be WAP-enabled by 2003.

Once again, however, enthusiasm for technology has outstripped the reality of market demand. Many consumers cannot try m-commerce even if they want to due to a shortage of WAP handsets. Applications – mobile stock quotes, airline ticketing and others – have also been in short supply and, in some cases, available only from certain wireless network operators. Consumers are finding services that are available to be slow and unwieldy – WAP requires continuous and often costly connections, unlike Japan's rival i-Mode

system, which sends and receives data packets in bursts. Finally, there is the big drawback of trying to conduct transactions on those tiny mobile-phone screens.

Not surprisingly, buyers aren't buying. In Northern Europe, where WAP-powered m-commerce is supposed to be most advanced, one mobile operator estimates that just over 1% of its subscribers use WAP services. In Taiwan, the three top mobile operators claimed in July to have about 33,000 WAP users – out of more than six million potential users.

The technology will get better. Better handsets will come along. Improved packet-switching protocols will speed up networks, as will greater bandwidth through wireless technologies including GPRS (general packet radio service) and later 3G, the much-hailed third-generation digital technology for mobile telecommunications. The latter will be available in Japan next year and in Hong Kong in 2002. New and smarter applications will become available; many manufacturers are already incorporating MP3 players and PDA features into a new generation of handsets.

However, m-commerce will succeed only if it offers consumers something they need and want – if it serves a valuable purpose in their lives. For example, are people really going to do their banking over their mobile phone? It depends. If they are not happy with their existing banking services, there is an incentive to try a mobile alternative, as is happening in Korea. But if there is no real reason to change, if there are easy-to-use alternatives such as call centers and automatic teller machines, then the answer could be less obvious.

Applications must also match the uses to which the technology is best suited. M-commerce is ultimately limited by the screen size of portable devices. What it offers is convenience, so perhaps it will be ideal for simple transactions that are time dependent, such as ordering a specific book or selling a stock. These may prove more successful than “big picture” transactions, such as web surfing or reviewing an entire bank account.

But the focus should not be on the technology, nor even on speculation over what consumers really want. Corporations, manufacturers, banks and financial institutions offering m-commerce solutions need to ensure that delivering their products and services

on the move is integrated with the rest of their business. For example, a customer should be able to conduct a transaction over an m-commerce channel, but should also be able to modify the transaction from a PC using the company's conventional website or through a follow-up phone call. Unless the enterprise has properly integrated systems that share information and data, then the result will be a frustrated customer having to re-key information or explain everything to an operator.

For a business with a thorough approach to customer relationship management, m-commerce can provide a valuable distribution channel. It offers one more way to reach and service different groups of customers. But unless and until user needs are well understood, it will be little more than a technological trophy to show off to shareholders.