

Practical Exercise 4

Economic Basics II

Mobile Business I (WS 2014/15)

Shuzhe Yang, M.Sc.

**Chair of Mobile Business & Multilateral Security
Goethe University Frankfurt a. M.**



- Exercise 1: Consumer Acceptance
- Exercise 2: Customer Trust in Mobile Business
- Exercise 3: General Model of Technology Acceptance

- a) Explain six issues which influence the consumer acceptance for mobile services.

- ***Which factors are important for acceptance and success in M-Business?***
 - Building customer trust
 - Acceptance of technologies in a market
 - Diffusion of M-Business applications and services
- ***... and why it is important to understand these factors?***
 - Need for understanding the customers' choices for using/not using M-Business applications and services and
 - to tailor such services to their actual needs.

- Mobile applications and services in M-Business can increase the connectedness of their users.
- However, there are several issues related to consumers' acceptance for mobile services and applications, which need to be considered:
 - Willingness to pay for services
 - Network effects
 - Ease of Use
 - Quality of service
 - Product limitations
 - Trust in service provider
 - ...

b) Identify at least one example for each

- Willingness to pay for services
 - Apps, Text Messages, Internet Access, Spotify
- Network effects
 - iMessage, Google Hangout, Skype, WhatsApp
- Ease of Use
 - Mobile Website vs. Desktop Website
- Quality of service
 - Bandwidth of Internet Access
- Product limitations
 - Limited features of Microsoft Office on mobile devices
- Trust in service provider
 - WhatsApp vs. Threema

- Exercise 1: Consumer Acceptance
- Exercise 2: Customer Trust in Mobile Business
- Exercise 3: General Model of Technology Acceptance

- a) Name the two components which influence customer Trust in Mobile Business.



- Reliability and security of mobile technology are equally important, since failures in the early stages of the usage of M-Business reduce the customers' trust significantly.
- As mobile technology evolves, the trust focus shifts from technology to the mobile service provider.

- In order to build an initial trust formation, service providers *must* disseminate information, cultivate interest, etc.
 - ***Enhance customer familiarity***, as people tend to trust the familiar, e.g. by general publicity or advertisements.
 - ***Build vendor reputation***, as a good reputation suggests certainty and less risk in conducting business.
 - ***Deliver high-quality information***, as the information posted on a company has a high impact on the customers' perception.
 - ***Elicit third-party recognition and certification***, as the independent nature of third-party certification helps customers to feel more secure in doing business with the M-Business provider.
 - ***Provide attractive rewards***, such as free trials or gift cards helping to attract new customers.

- It is important to maintain a trust relationship, as creating trust is time-consuming and trust can easily be destroyed.
- There are several successful methods derived from E-Business that can be adopted by M-Business companies to overcome trust barriers.

- ***Improve site quality:***
 - User-friendly design of web-sites accessed by mobile devices (e.g. giving customers sufficient information for purchases) helps to convey the vendor's competence.
- ***Sharpen business competence:***
 - Refers to the skills, technical knowledge, and expertise in operating M-Business applications.
- ***Maintain company integrity:***
 - Providers need to be congruent with regard to the actions and the promises given to their customers.
- ***Post privacy policy:***
 - Similar to E-Business providers, M-Business providers should post their privacy policy online, so customers are informed about the information being processed
 - ➔ Helps to build transparency.

- ***Strengthen security controls:***
 - In order to have secure M-Business transactions, technologies need to be in place that help to allow Multilateral Security for all involved parties.
- ***Foster a Virtual Community:***
 - By building virtual communities, mobile service providers can replicate the success of web-based online communities and create positive evaluations by their users.
- ***Encourage communication and increase accessibility:***
 - In order to build synergies, the users should be brought into close communication with the M-Business provider, reducing information asymmetries and fostering the provider's credibility and trustworthiness.
- ***Use external auditing to monitor operations:***
 - External auditing helps to maintain the customers' trust by keeping the provider to behave fair and legally.

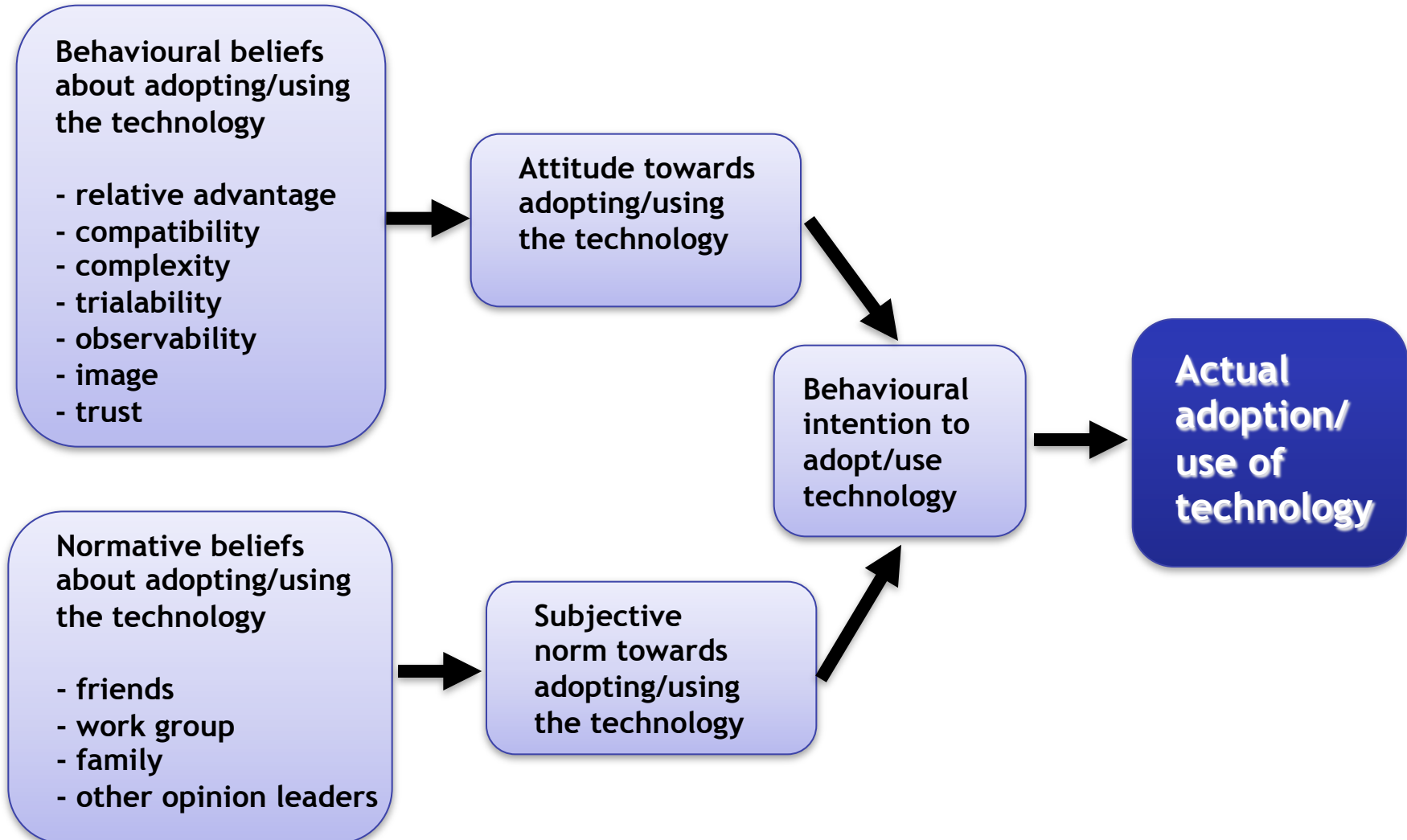
- b) Identify one Best Practice for each attribute of the lectures' Framework for building trust in Mobile Business.

A Framework for Building Trust in M-Business



[SiauShen2003]
16

- a) Make a draft of the General Model of Technology Acceptance introduced in the lecture and describe the interrelation of the single components.



b) Describe the key innovation characteristics.

- **Relative Advantage:**
 - The degree to which the innovation is perceived as being better than the practice it supersedes
- **Compatibility:**
 - The extent to which adopting the innovation is compatible with what people do
- **Complexity:**
 - The degree to which an innovation is perceived as relatively difficult to understand and use
- **Trialability:**
 - The degree to which an innovation may be experimented with on a limited basis before making an adoption (or rejection) decision
- **Observability:**
 - The degree to which the results of an innovation are visible to others

- c) What might be normative beliefs about using smartphones? Name two positive and two negative examples.

- Positive
 - Simple and better communication with friends (e.g. Group Chats)
 - Enhanced reachability via e-mails for working mobile

- Negative
 - Addictive usage of smartphones
 - Being transparent for services provider/companies (privacy issues)