Future Watch: The Rise And Rise Of The Indispensible Cell Phone

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The use of cell phones by consumers to buy and communicate is the topic of the third in a new series of 'Future watch' pieces: comment pieces with even more of a slant on what will be.

While all our trends pieces are about where we (consumers) are going, some topics really lend themselves to this future watch treatment. Thinking about the consumer relationship to cell phones in the near and more distant future is one of these.

Cell phones have become an integral part of our lives, allowing us to do everything from text message, surf the internet, check email, play games, take pictures and shoot video. We can add one more function to the list now â€“ shopping. Consumers are able to buy directly from their phones nowadays, anytime and anywhere, without being confined to the computer when shopping online. This trend will only get bigger, with companies rapidly changing the way we shop.

Future directions
Text-to-buy
iPhone revolution
Looking for love
Mobile cash
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New business openings
The healthy development of mobile commerce relies not just on marketing campaigns but the participation of all parties of the chain including network operators, mobile application developers and equipment manufacturers;
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Virtual coupons via cell phones are already old news. Integrating the brand offering to the actual brand experience is the big next step in the retail world. Shoppers will want efficiency and reliability when shopping via their cell phones, just like they do at an actual store.
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The new context
For years, we have been told that the era of "mobile commerce" is coming, in which we will all routinely use our cell phones to pay for goods and services. According to data released by Nielsen at the Internet Retailer Conference and Exhibition in Chicago this year, some nine million US cell phone users have already used their phones to pay for merchandise or services, and nearly half of cell phone users with data plans expect to do so in the future.

As more mobile commerce services become available and consumers develop a greater trust in phone-based transactions, mobile commerce is increasingly becoming an important part of the mobile experience.

Cell phones may also become the new currency, employing the use of near field communications (NFC), which is a short-range high frequency wireless communication technology that enables the exchange of data between devices over about a 10 centimetre distance. In Europe, Nokia already has such phones on the market. Research by the company shows that once younger consumers start using the technology, they tend to use it frequently and repeatedly, making it a useful tool for companies to track their customers and shopping habits.

"For young people the phone is more important than the card when they leave home," said Nokia's Head of NFC Market Development Gerhard Romen. McDonald's and 7-Eleven convenience stores in Japan have been testing mobile discount coupons, and FeliCa Networks, a joint venture of Sony and Japanese Mobile Operator, DoCoMo, have launched a mobile platform for retailers to offer such services on.

"For shopping, I use it everywhere I can and I also use coupons such as Gourmet Navigator Touch wherever possible," said 26 year-old student Daisuke Nakamuro in Tokyo, citing services at some restaurants that offer coupons and free gifts when customers wave their phones at reader terminals.

"With many cell phones around and most of them being wallet phones, we cannot ignore them as marketing tools," McDonald's Japan spokesman Kazuyuki Hagiwara said. The company plans to widen its mobile discount coupon offering it nationwide in Japan next year.

Text-to-buy

More consumers in America will be able to shop directly from their cell phones, as retailers and mobile services providers are launching sites and services for consumers to do this with ease. American department store, Sears, has announced that Sears2go.com, a website that allows shoppers to call up purchases via any web-enabled cell phone, will be launched just in time for Christmas this year.

According to an article on the Publishers Weekly, a website on international books and book selling news, a company called ShopText is allowing consumers to buy, among other things, books directly from their phones. It is not just an electronic version of the book that could only be read off a tiny screen, but an actual hard copy that will be shipped to the buyer.

The system lets people buy products instantly using text messages, a process that eliminates the need to go to a retailer or even visit a website. For instance, a woman seeing an ad for a laptop in a magazine can order it on the spot simply by sending the text code found beside the item through her cell phone. To use the system, a consumer must first place a phone call to ShopText to set up an account, specifying a shipping address and card account. After that, all subsequent purchases can be made by thumb.

More consumers will also be able to shop with ease via their cell phones as efforts tackling security issues have been stepped up. For example, PayPal allows consumers the same services for mobile shopping as they would enjoy shopping on the internet.

iPhone revolution
Via an iPhone and its applications, consumers are already able to buy songs, films, TV episodes and games directly from their phones. Soon, they will be able to forget about filling in room service forms or hanging do not disturb signs on the door, as hotels in the USA are starting to communicate with guests using iPods and iPhones, a practice that could soon spread to the rest of the world.

Guests at the Malibu Beach Inn and the Sky Hotel, both in California, can order food, drinks, wake-up calls, spa treatments, concierge services and transportation, all from a special application on their iPhone or iPod Touch. There is an option to request â€œdo not disturbâ€•, room cleaning, or additional linens, towels and toiletries. Hotel Evolution's developer, Runtriz, said the system was also being installed in several hotels in Las Vegas, Orange County, Miami and New Jersey and "would love to expand outside of The States to luxury properties in Australia."

And speaking of Australia, ANZ Bank is the first in the country to launch an application just for the iPhone that allows its customers to perform banking procedures such as viewing balances, transferring money, paying bills and locating transaction history all on the phone. This will no doubt set a trend for rival banks to follow. A customer of ANZ, known as Jeremy, wrote on his blog, "Love it. Just a brilliant use of the mobile phone where internet banking meets consumer needs 100%. I hope to see this application for other banks too."

Looking for love
Tech-savvy singles are now relying on cell phone-based services to find dates and friends. The online dating scene has evolved to a text messaging service that provides random female subscribers with messages such as â€œHello to all the beautiful ladiesâ€•.

The programme, developed in Los Angeles, helps users find strangers to exchange text messages with, and even locate, on a handset's digital map, nearby people looking to connect. Joshua Beaman, a 29-year-old sound engineer from Calistoga, California, signed up for one such service, Bouncephone. He soon started texting Hattie Rohr, a 19 year-old in Wisconsin. "I've paid hundreds of dollars for some of those online dating services, but I'd never found someone that I'm compatible with - until thisâ€• he remarked.

With phones accompanying them everywhere, people are turning to mobile dating services. "With a cell phone, you can date any time, any place,' said Mr. Bob Bentz, director of marketing and sales at Advanced Telecom Services, a company in Pennsylvania, which offers a 350,000-member dating service called MatchLink Mobile. Juniper Research projects that the mobile dating industry will see US$1.4 billion in global revenue by 2013, up from US$330 million last year. Much of that business currently comes from Japan, where mobile dating is already very popular.

Mobile cash
Japanese office worker Satoshi Tada pays for shopping and gets store discounts all by waving his cell phone. "I use it pretty much every day," the 25-year-old said. "You can charge money on it right there if needed, and you don't have to run around trying to find an ATM."

International firms Visa Inc. and Nokia are still mostly testing phone use for payments, but in Japan, more than 50 million, or about half of all cell phone users, already carry phones capable of serving as wallets. Japan has pioneered not just the technology but also the business models that will pave the way for wallet phones to become a standard payment method in the future.

According to JPMorgan Securities, some 700 million people worldwide are expected to own such phones by 2013. "You can't deny that having such applications on a phone is convenient, and that will likely be the way that mobile phones are going worldwide," said analyst Hironobu Sawake in Tokyo.

Success in Japan and trials abroad have shown that the technology is ready for cell phones to replace credit cards and cash as well as serve as transportation and cinema ticket payment systems plus as electronic keys for homes and offices.

Future scenarios
The world's biggest payment card company, MasterCard, said it is in talks over commercial launches of phone+ wallets with several banks, and expects to see substantial activity from retail-focused banks in the next two years. "I have no doubt in the technology. There is a very strong consumer pull for this service," said James Anderson, vice president of MasterCard's mobile business wing.

Director of mobile payments, Nav Bains, of GSM Association, a global trade association representing more than 750 GSM mobile phone operators across 218 territories, said he expected banks and operators to start offering commercial mobile payment services within two years. The first service, he said, is likely to appear in France.

Juniper Research says there will be 700 million NFC-capable phones by 2013 globally, from some 50 million in Japan now. Credit card network Visa is developing an application to allow in-store contactless payments by cell phone for Google Inc's Android operating system, and UK mobile operator O2 is also testing wallet phones.

In China, while the future for mobile commerce looks rosy due to the economic and technological boom, there are still many obstacles to overcome. China is still largely a cash-based economy, with mobile payment support structures only recently being developed. The rate of mobile phone uptake is also very biased toward urban areas, especially when it comes to smartphones and PDA's. Still, with mobile commerce proving increasingly popular and profitable, the financial incentives will surely continue to drive investment in both infrastructure and applications.

Companies concerned about the needs of aging mobilers including hearing-impaired original rock 'n' rollers have already designed simple phones with padded earpieces like the Jitterbug but bloggers are praising the new Pantech phone targeting the baby boomer market with its â€œstylish Breeze model which includes simplified menus, an oversized display, a large keyboard and quick-call keys under the screen to keep emergency contacts on speed dialâ€• writes a fan on the Yahoo! Tech blog.

Innovative cell phone software will soon fulfil users' wishes to adopt environmentally sound practices, with applications making it easy to monitor the individual "carbon footprintâ€•. A London-based start-up has developed a mobile phone application called Carbon Diem to be launched in spring 2009, which automatically calculates the user's carbon footprint. The software collects speed and distance data via the handset's GPS system, from which it identifies the user's mode of transport.

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