

Practical Exercise 4

Economic Basics II

Mobile Business I (WS 2015/16)

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- 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
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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.

Initial Trust Formation

- 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

*Mobile
Service
Providers*

Familiarity
Reputation
Information Quality
3rd-Party Recognition
Attractive Rewards

Site Quality
Competence
Integrity
Privacy Policy
Security Controls
Open Communication
Community Building
External Auditing

*Mobile
Technology*

Feasibility

**Reliability
Consistency**

*Initial Trust
Formation*

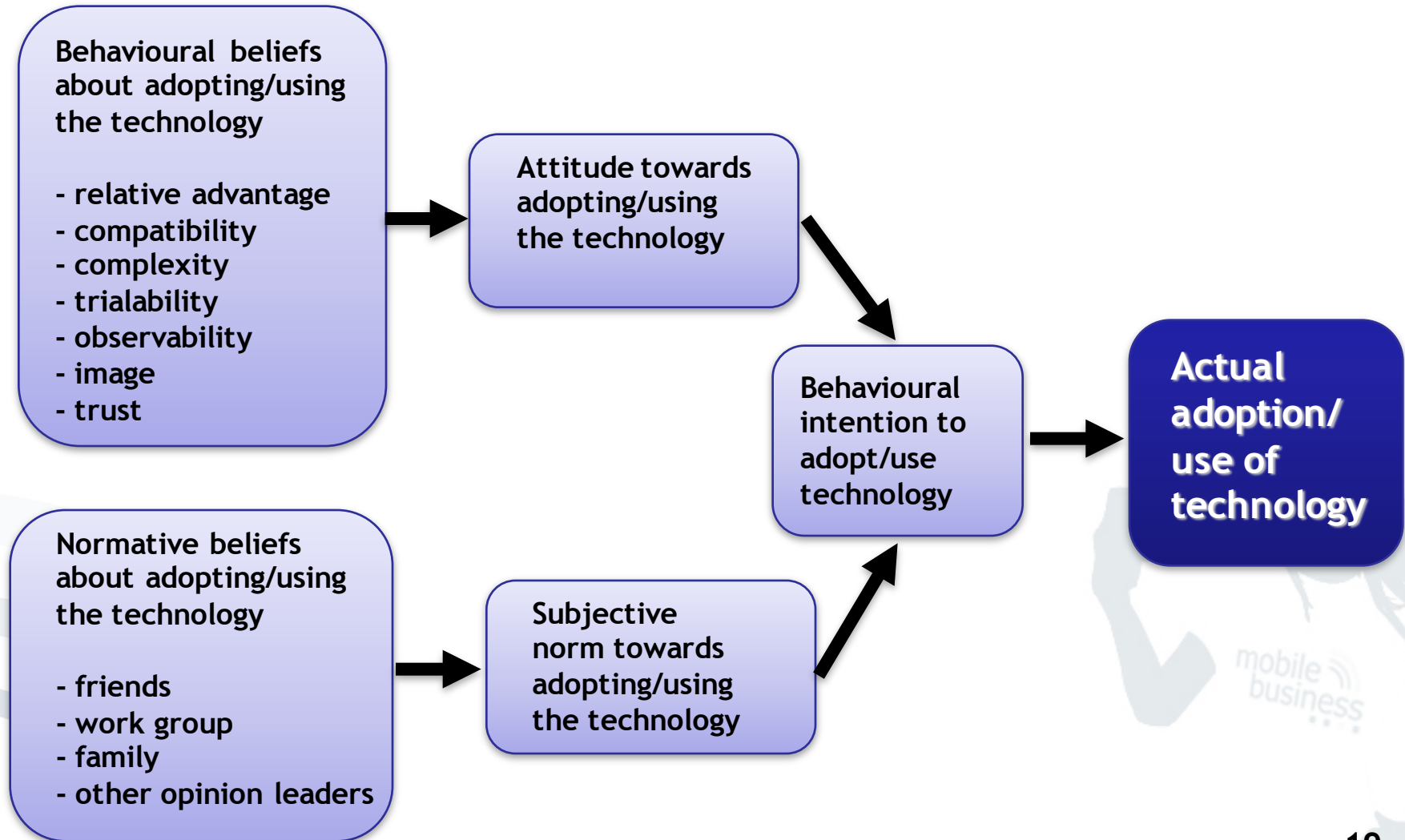
*Continuous Trust
Development*



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- Exercise 3: General Model of Technology Acceptance

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

General Model of Technology Acceptance based on TRA and DOI



b) Describe the key innovation characteristics.

Diffusion of Innovations

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)