Not behind, just different

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Every article about electronic commerce (e–commerce) seems to take it for granted that the US is far ahead of Europe in the field. It's impossible to read something on the topic without seeing Amazon and Dell, and the typical e–commerce strategy advocated seems to be "look at the US and wait 18 months". I think that Europe is developing an inferiority complex here, leading to a self–fulfillin g prophecy of American dominance.

While it's certainly true that the US currently generates the overwhelming majority of web–based commerce, the situation may not be as one–sided as the forecasts show. In the US it's hard to find a web site that you can't purchase anything from and the inventiveness of the web commerce pioneers (such as, according *to The Economist*, "butts–n–sluts.com") is astounding. In time, it may be that European web commerce will be just as vigorous: but it's also possible that European e–commerce is developing in a different direction where the PC, credit card and world wide web are not the central factors.

A significant difference between internet access projections for the US and Europe is the access devices that consumers will be using. In the US, broadly speaking, the personal computer (PC) and "Internet TV" products such as NetChannel and WebTV are growing a multimedia TV sector that will account for the majority of consumer Net access device spending in 2001. Comparable projections for Europe show a different distribution, with access split fairly evenly across three technologies: the multimedia PC/TV (as in the US), the GSM handset and interactive digital TV (idTV).

The converged multimedia PC/TV is round the corner. For the purpose of analysis, it doesn't matter whether the converged devices are more like TVs (except that they'll crash during the Cup Final!) or PCs (except that you'll only be able to do word processing at certain times of day)! The key point about multimedia PC/TVs is that the TV channel is not wholly integrated with the data channel: the device supports both TV and data services, but isn't able to truly exploit their synergies. In Europe, true idTV looks to be closer. There are interactive digital TV services launching in several countries and the real potential of the new channel is already recognised with idTV expected to dominate Net access in the UK (the digital set–top boxes are, after all, free). True idTV integrates audio, visual and data services completely so that TV pictures, to take the obvious example, are just one kind of data. Service providers might choose to broadcast some material as TV, some as web pages and some as games for playing off line: the integration across media will be unlike anything experienced to date and the main beneficiary of digital terrestrial, satellite and cable will Net services, not conventional TV. The 2m+ subscribers to Canal Plus digital TV in France can already buy from TV merchants by putting their Carte Bancaire in their set–top box: you can't beat that for ease and convenience. How long before you'll be getting Boots points for watching particular programmes or commercials ("Insert your card now for 10 *Advantage* points!").

TV aside, the take–up of mobile phones is such that it's possible to argue that in many European countries the GSM/PCN digital mobile handset is evolving towards the

"network computer" much faster than PCs, NCs or WebTVs are in the US. Data transmission speeds are set to increase in the near future (reaching 2Mb/s with the introduction of the Universal Mobile Telephony Service in 2002: full motion video to your phone). The GSM Short Message Service (SMS) is proving hugely popular: text messages ("g–mails") are running at a billion a month in Western Europe and doubling every six months. Add to that the fact that the GSM handset is a wonderful transaction device. In Finland, you can already buy a Coke from a vending machine by ringing it from your mobile. In Sweden you can trade shares using your mobile and in Spain bank customers can get their balance sent to their phone whenever their ATM card is used and so on.

Interestingly, across all of these access device sectors there is a unifying technology in which Europe has a well–established lead: smart cards. With the UK banks' decision to roll out more than 100 million smart payment cards (my new Barclaycard already has a chip on it), it means that there is an opportunity for the bank–issued smart card to become the consumers' indispensable friend and single access token to online services across all devices. What could be more natural than putting your smart Visa card into your BIB set–top box when you want to purchase something from the home shopping channel? If you quickly need £10 in digital cash to pay your taxi driver, where else would you expect to put your Mondex card but your mobile phone? Which is an easier method of accessing home banking: remembering usernames and passwords or putting your smart Switch card into your PC and punching in your PIN code?

It's boring reading about web commerce in the US all the time, as if this is the only model for future commerce in a wired world. What's going on around Europe points to a richer and more diverse environment: one in which European companies actually have a lead.

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