

Product pricing analysis: wireless e- bill

[Business](#), [E-Commerce](#)



The product pricing analysis will examine the economic and business impact of implementing a wireless solution for on-line bill payment. The purpose of the paper illustrates competitive issues and economic assessments that ultimately affect profits. It does this by examining the practices of two major players within the wireless and on-line bill paying industry, Skytel Corporation and First Union Bank. The paper examines the utility of the service in relation to the consumer, industry substitutes and the impact on the pricing decision, demand of service, issues affecting consumer demand and the price, and strategies to enhance revenues.

It focuses on the financial aspect of electronic transactions and other types of e-bill payments. First Union like other companies trying to cash in the electronic world are all offering some form of wireless services to better serve the consumers. Wireless E-Bill Background SkyTel Corporation is a wholly owned subsidiary of WorldCom, which provides traditional paging, text messaging, interactive two-way messaging and wireless telemetry services to more than 1.8 million customers, including more than 105,000 corporate accounts.

SkyTel offers SkyPager numeric paging, SkyWriter interactive two-way messaging, plus wireless email solutions like SkyTel Mobile Mail and BlackBerry. Similarly, First Union is also a company offering its consumer online or wireless financial services. First Union, like many other financial institutions are beginning to offer financial services electronically. Moreover, First Union is a mid-sized financial service company offering different types of the financial services. The online-banking market, which is worth \$4

million to \$7 million annually, will increase by 30% a year for the next five years, says WingspanBank.

com's Stewart. In the online banking industry, the concept of customers banking still remains at a cross road as customers are very sensitive to price, banking features and services. Moreover, there are many buyers and sellers offering and buying financial services, products, vice versa. Moreover, the online bank market structure would continue to change as more competitors enter and exit the market in the future. The market structure for the growth of online banking is that of a perfectly competitive market.

Moreover, the online bank concentration promotes the growth of the industry. Utility and Consumer Needs First Union is in the businesses of financial services, with emphasis on electronic technology; especially in e-banking as well as online billing. According to the consumer report, financial institutions are just beginning to gain publicity with electronic bill payment and other financial services (Consumer Report, 2000). In the next few years, more consumers would rather handle their financial services needs online compared to seeking financial services the traditional way.

Similarly, wireless technology and the companies servicing the products / services are also experiencing almost the same trend as the financial service companies. Skytel, on the other hand is in the businesses of wireless two-Way messaging based on ReFlex technology. Remote e-mail products, according to Wynn Saggus, Skytel's marketing communications director, are gaining broad retail interest and distribution (Jetter, 2000). The distinct

advantage of two-way paging allows the user to send and receive pager messages alphanumerically (Rysavy 1997).

Through Skytel's nationwide two-way wireless messaging network, customers send text messages back and forth using a small pager. Rysavy also explains that customers can exchange e-mail messages wirelessly over the Internet with users of personal computers. For example, a customer can send a message via Skytel's home page (www.skytel.com) by entering a message or by using quick access software on a Microsoft Windows platform. After composing a message, the software dials into Skytel's system and transfer the messages. The software also lets you check on the status of messages sent (Rysavy, 1997).