FOUR BILLION OPPORTUNITIES AND RISING

The 21st century has witnessed a phenomenal increase in mobile phone usage, with numbers doubling in the last five years to over four billion. Over half the people in the world now have a mobile phone, with many users having more than one. Technology consultant **Roger Stone** looks at the implications of the forecast which says that by the end of 2010, there will be twice as many mobile phones in use as radios and three times as many as television sets

When you look at mobile phone usage, the growth in developing markets has been dramatic, with Asia-Pacific and Africa now accounting for over half of the world market. Asia-Pacific accounts for over 40% of the global market, powered by growth in China (700m subscribers) and India (470m), the world's two largest mobile markets.

Africa provides another demonstration of the vibrant mobile market in the developing world, with over 370m mobile subscribers, making it 40% bigger than the North American market in volume. Nearly four out of ten

Africans have mobile phones, which shows their popularity compared to other technologies (e.g. 17% TV ownership) while still emphasising the continuing growth potential.

FOUR BILLION OPPORTUNITIES

Opportunities for broadcasters in the mobile market grow as phones increase in functionality. Annual sales of 1bn new phones, 90% of which now have internet browsing capabilities, are driving this increased functionality as is investment in faster communication speeds. 3G (third generation) or faster connections are needed to allow significant volumes of data to be transferred to (and possibly from) mobile phones, and operators in countries from Afghanistan and Albania to Zambia and Zimbabwe are investing in and rolling out 3G services. Moreover, 54% of phones are forecast to have in-built FM radio capability by 2011 and 450m phones to receive mobile TV by 2013, providing a growing market for traditional broadcasts using mobile phones as receivers.

The market has many attractive attributes for broadcasters: - huge potential global audience; two-way communication that allows audiences to interact with broadcasts (in real-time); - devices that users keep with them (nearly) all the time; - independence of a constant supply of mains electricity. But one of the key challenges is to work out how to fit in with the way mobile phones are used. There are many different uses - e.g. gaming, music, entertainment and email - in addition to voice and text communications. What is the place of broadcast content in this market?

COMPETING FOR ATTENTION

Users' choices of how to use their mobile phones depend not only on the services available and their price, but also on how the phones fit into local culture. Even between developed nations, mobile phones are treated differently.

To quote Michael Mace of Rubicon Consulting: "In the US, a cell phone is a tool. In Europe, a mobile phone is a lifestyle".

Entertainment, news/politics, music and sport are areas where broadcasters can add real value but the content they produce (whether broadcast, streamed or downloaded) has to compete for users' attention particularly against email, games and music stores. There is also increasing pressure from mobile social media applications – for example, MySpace mobile has grown over 450% in one year so that now it accounts for 35% of all MySpace page views.

Main mobile internet uses

Brazil
Email (57%); Music (27%); Entertainment (25%); Games (18%); News/Politics & Movies (tied 12%)

Russia
Entertainment (34%); Search (29%); Email (24%); Music (24%); Games (24%)

India
Games (38%); Email (33%); Entertainment (21%); Music (18%); Sports (15%)

China
Entertainment (55%); Games (36%); Music (31%); News/Politics (26%); Business/Finance (18%)

USA
Email (65%); Weather (41%); Search (29%); News/Politics (26%); City Guides/ Maps (24%)

Europe
Email (46%); Search (25%); News/Politics (24%); Weather (24%); Sports (22%)

Source Nielsen 2008

The question about how much time users spend watching TV on mobile phones compared to other devices is likely to generate as much debate as the question of online TV viewing. In a 2008 worldwide poll carried out by CNN.com, respondents watched TV on mobiles for 1.4 hours per week compared to 8.9 hours on traditional TV sets – a significant proportion but not one that was

> **"A key challenge is to work out how to fit in with the way mobile phones are used"**

growing very fast.

As for mobile phones receiving TV broadcasts, the number of subscribers was nearly 70m at the end of 2008, over half of whom are in Japan and South Korea. The dominance of the AsiaPacific region among the subscribers will continue with growth from China and India. However, we need to be cautious in interpreting these figures, since the main use of Korea's mobile TV service is for applications like traffic forecasts and not for traditional broadcasting, demonstrating that mobile users use services in different ways.

Understanding how mobile phones are used and what content users want could bring great rewards to broadcasters. The mobile entertainment industry is forecast to be worth $32bn by 2012 with over 500m users paying for mobile video services by 2014.

LOST AMONG THE WIDGETS

New mobile phones present users with a bewildering range of options – menus constructed by the operators on top of options set up by the handset manufacturers, widgets that can be downloaded onto the mobile phone screen and, once connected to the mobile Internet, all the choices of the worldwide web. To stand out among the alternatives, content from broadcasters and production houses must not just be appealing and engaging, which is where broadcasters traditionally excel, but also has to be easy to find and consume. This is a constant challenge as mobile phone technology and services keep developing.

Broadcasters can make their content easy to find in a number of ways. Firstly, by working directly with operators to have their content displayed prominently in the phone menu; secondly, via content aggregators who will offer it as part of a whole range of content; and thirdly by providing their own links to content accessed from the internet via widgets or downloaded applications. Of course, the case of direct broadcast to mobiles (e.g. for

APP STORES

Internet sites offering applications to download to mobile devices have been around for years but it was Apple's launch of their App Store in July 2008 that really brought the market to life. Apple built on the success of their iTunes music store; and their intuitive user interface, tight integration of hardware, software and service, brand name and marketing expertise caused the number of downloads to grow exponentially. There were over 2BN up to September 2009 and at the current rate of growth the next billion will only take three months. These astonishing numbers equate to over 40 downloads per device already, although this does include upgrades to applications.

Responding to Apple's success, app stores have been set up (or existing services re-launched) by leading mobile manufacturers, operators and operating system developers, as well as some independent suppliers. Nokia's Ovi store leverages Nokia's position as the leading mobile phone manufacturer and so is available in 130 countries for over 100M devices. Nokia recently announced that downloads from the store had reached 1M per day, excluding upgrades. Meanwhile Vodafone is looking to exploit its installed base of nearly 300M users with its Vodafone 360 service. To increase the attractiveness of the store to application developers they use a common development platform (JIL) designed to allow the same applications to run on other services without any need for redevelopment. This could eventually provide access to over 1BN users by including the installed base of China Mobile and Verizon among others. In December, Orange launched a store that resides on the mobile not on the internet.

Two other major players are just starting to ramp up their efforts – Microsoft with Windows Marketplace for Mobile and Google with Android Market. Although these stores are embryonic, both organisations can use the strength of their PC and online presence and have the resources to promote their stores heavily to build up their market share.

With so many stores it is difficult for owners to make their content available to the widest possible mobile audience without significant development effort. In the short term, it is necessary to prioritise the choice of stores based on the markets to be addressed. But in the next few years a handful of players are likely to dominate and, unless independent stores like GetJar find some really innovative features to include, the winners will come from two or three consortia of operators and one or two manufacturers or operating system providers. This will reduce the effort required to produce apps for content, while still hopefully ensuring a competitive market.

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phones with FM radio receivers or those supporting mobile TV standards such as DVB-H, T-DMB or FLO) requires direct cooperation with manufacturers and operators.

Agreements with operators can be very hard to achieve, since they need to satisfy their users' demands for a vast variety of content and their own strategy is constantly changing. However, there is a demand for quality content and some partnerships have been put in place (e.g. Safaricom in Kenya with BBC news flashes). By contrast, working with content aggregators provides broadcasters with partners who have existing relationships with operators and are experts in monetising content using advertising, in billing and in ensuring the correct formats for transmission.

These are highly valuable benefits for those whose main expertise is not the mobile market. Many aggregators focus primarily on entertainment and games, but there are a growing number of specialist companies such as Content Connect Africa or Swanbay. Because of their expertise

> **Content from broadcasters and production houses must be appealing and engaging – and also easy to find and consume**

in the Asian video market, UK-based international industry association AIB has been actively brokering deals between Swanbay and AIB members.

Developing and launching an "app" which users download to access your content is the current hot topic. A number of AIB members have had great success with this - for example, the France24 Live app on the iPhone and the Al Jazeera application on Symbian and Windows Mobile based phones. Early adopters achieved wide publicity and success, but as app stores become more crowded, it is more and more difficult for users to find the required content. Search facilities need to improve otherwise stores risk becoming unwieldy due to the sheer number of applications available.

USER DEMAND
Mobile phones can receive content either via download, streaming or broadcast. Streaming and download obviously have the disadvantage of requiring

increasing bandwidth for each new user. But broadcasting is limited by the number of channels and also requires a sufficient user base to make the investment worthwhile. Although the increasing use of streaming places strains on mobile networks, user demand for a whole range of multimedia services is driving continual investment in bandwidth. This, together with increasing pressure for on-demand video and for greater choice (the "long tail" effect), means that mobile streaming is likely to increase in importance. This provides the opportunity for broadcasters not only to reach a larger audience with specialised material but also to monetise their archives.

Users will choose video and audio content from many different sources, but for ease of use they want to standardise on one software application to play it. So players such as RealPlayer or Windows Media Player Mobile are important on phones, and this simplifies the broadcaster's task of providing content in the right

format since they handle many codecs and file types. Because Real software is on over 420m phones worldwide, their highlighted channels and recommendations provide another useful way for broadcasters to promote content.

The market for high quality mobile video and audio content is still in its infancy. There is huge potential for making a vast choice of content, including archives, easily available and for allowing users to interact with it (for example, providing one-click solutions for feedback via polls and messaging or allowing simple integration with social networking applications) and for exploring which revenue streams are most effective (with operator provision of in-application billing facilities being one key element).

BUILDING THE RELATIONSHIP

Global growth and increasing capability confirms the mobile phone as the dominant communications device for the foreseeable future. This is not to say that users will spend more time

listening to radio or watching TV on mobile phones than on traditional radios or TV sets. But where it's a question of limited income, the mobile phone will be the affordable means of listening or watching. And even for those who have several dedicated radios and TVs, it will be the device they carry with them at all times and so become more and more the hub of their personal communication preferences and choices.

Broadcasters can take advantage of the great opportunities for expanding their audience, building more communication with it and experimenting with different multi-channel formats. But this requires not only an understanding of the technicalities of delivering content to mobile phones, but also of the key players in the market with whom to partner. Mobile operators have great power, not just because of their size and revenues, but also because of their direct relationship with the user covering the initial sale, configuration and control of services and billing. Apple and Nokia are the only manufacturers

who have the brand strength to control and prioritise access and applications – note how Apple blocked Google's Voice App, which was obviously a competitive threat. But the increased adoption of standard mobile operating systems (Symbian, Android, Windows Mobile) continues to open up access for different services and make it easier for the best, and best promoted, to become the most popular.

Therefore it is vital that broadcasters form strong relationships with major players in the mobile market. Industry body AIB recognised this early on and is committed and active in helping its members all over the world in this task. The fact is that the mobile as a device is used by over half the people in the world and is with them nearly every minute of every day. The fact also is that broadcasters are well placed to serve the increasing demand for content from users. The question is how each of them will seize the billions of opportunities – with that figure of course constantly rising. ∎