



## Mobile Entertainment: Business and Marketing Opportunities

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Mobile entertainment is a growing industry that has consumers demanding for more. These services such as TV mobile, games, text-messages, video recording/play back, voice mechanisms, locator devices, and web-base service providers capture the hearts of consumers' life style. Mobile phones have become a common household commodity. Companies are looking for unique ways in enticing their consumers in purchasing their products. Throughout the United States and Europe, mobile entertainment has been an open market in innovation and business opportunities. In this paper, I will discuss the marketing strategies being used to build growth in services pertaining to mobile entertainment in the United States and Europe. Furthermore, competition in innovative mobile phones has become fierce. As part of this discussion, I will address the battle between iPhone vs. gPhone, and what services providers are lacking in consumers customized contents for mobile entertainment.

### **Mobile Entertainment: USA vs. Europe**

Mobile entertainment has been integrated into one big multimedia network. It has spread all across the globe. In mobile wireless marketing between the U.S and Europe the industry has grown into a competitive business. Critics reported that Europe is the leading continent to bypass U.S. in mobile entertainment<sup>1</sup>. The market drivers for the U.S are games, text messages, and TV streams. As researchers analyzed the gender sector, the youth are the driving force of the games and text messages. For business consumers they are the driving force in contents from news to TV streaming. Similarly in Europe there driving forces are games, text-messages, and music players, but their focus now is mobile virtual network operators (MVNO). (“Mobile Virtual Network Operators”)

### **Marketing Strategy**

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<sup>1</sup> Bruce Gibson. “Entertaining Mobile.” Mobile Entertainment Markets: Opportunities & Forecasts 2006-2011, [http://www.ihollywoodforum.com/old/documents/white\\_Paper\\_Mobile\\_Entertainment.Juniper.pdf](http://www.ihollywoodforum.com/old/documents/white_Paper_Mobile_Entertainment.Juniper.pdf), White-Paper Juniper Research, November 2006, p. 8

There is a large market in mobile entertainment TV streaming, TV mobile broadcasting, IMS, and aggregating content for consumers' preferences. Between USA and Europe there has been many ways of distributing marketing technique to increase revenue for retail stores and service providers. Currently, overseas marketing advertisement companies have been working on attracting consumers to retail stores by asking customers to join a service that would provide them with updated information on discounts and sales from various stores as they walk past department stores in shopping malls<sup>2</sup>. This technique attracts buyers by luring them in with discounts and coupons from their favorite products. Thus, between retailers and service providers the possibility of an increase in sales and revenue could be a new strategy in dominating the market. However, the United States is unable to introduce this form of marketing advertisement due to a consumers privacy act<sup>2</sup>. Other new business opportunities that may seemed to increase revenue in a faster and more efficient way is mobile banking. Customers will have the ability to bank anywhere, anytime, and at any moment. These customers can transfer money to different accounts, make payments, receive banking alerts on accounts, review their account on the spot, or contact the bank representative on the go. Another business strategy that impacts revenue is the convenience for consumers to make payments on their mobile bill from their mobile phone. Which brings us to connection aggregators, according to Frost & Sullivan reporting, "Connection aggregators enable mobile operators to include multiple content providers within their offering. The expected revenues in the U.S off-deck mobile content markets to increase to more than \$2173.7 million by 2011 which is near-linear impact on the market opportunity for the connection aggregators."

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<sup>2</sup> Ross Tieman, "Volunteers sign up for adverts MOBILE ADVERTISING: Marketing that offers discounts to phone users as they approach stores and restaurants is being tested in Asia", Financial Times (London, England), 2007, pp.5, v. FT REPORT - DIGITAL BUSINESS

<p>Market Drivers Impact (U.S.) 2007-2011, Chart 1</p>
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Rank of Importance	Market driver	High	Medium	Low
1	Connection Aggregators play an extremely important role in enabling off-deck transactions and will be a critical part of the ecosystem	1-6 years		
2	Rapid growth of the U.S. off-deck mobile content markets translates into increased market opportunity for the connection aggregators	1-4 years	5-6 years	
3	Increasing payout for higher priced transactions and increasing contribution of such transactions results in better payouts to the connection agregators	1-2 years	3-6 years	
4	Connection aggregators also provide a wide range of value-added services to content providers thus increasing the market opportunity		1-6 years	
5	Involvement in alternate services such as mobile banking and mobile payments, mobile advertising and others represents additional revenue opportunity for the connection aggregators		1-4 years	5-6 years

Source: Frost & Sullivan

According to Frost & Sullivan see Chart 1, their prediction of connection aggregators increases over the years as a growing market that impact service providers' revenue. Off-deck is understood to be content services purchased on non-service providers' websites such as ringtones, music, and other valuable content. More businesses are focusing on off-deck transactions because it is a demanding service that allowed the consumers to choice what type of content to download onto their mobile unit. Chart 1 rates the role connection aggregators will play, market opportunity effect, level of payout from price, range of importance of service to the content providers, and other innovative services being rated from High to Low for the next six years. Considering that customers are looking to have more control over their content connection aggregators is the way to go.

Revenue Forecasts for Connection Aggregators, Mobile Operators, and Content Providers from Off-deck Mobile Content Sales (U.S.), 2004-2011								
	Revenues (Million)							
	2004	2005	2006	2007	2008	2009	2010	2011
Content Providers	62.3	168.3	334.9	466.2	639.5	821.5	1017.3	1191.4
Mobile Operators	54.4	139.1	262.1	353	470.8	582.5	702.4	814.7
Connection Aggregators	5.2	15.4	33.4	57	82.3	109	141.1	167.6

Source: Frost & Sullivan

Looking at Chart 2, Frost & Sullivan assumption for all three elements: content providers, mobile operators, and connection aggregators will each increase in revenue over the next 4 years starting from 2008 to 2011 and the business that will pick up the most revenue will be content providers. Why? Because of new innovative services and consumers demands.

### **War on Cellphones**

Technology within cell phones today is getting more advanced, faster connections, and unique interface features. They are no longer just basic standard phones with push buttons. Advance technology has escalated on mobile wireless features to voice recognition, navigation, TV streaming, and TV mobile broadcasting. Business growth come from business innovation, and if you are not innovative your business will not be able to compete in the long-term.

### **iPhone vs. gPhone**

Apple Inc's. iPhone has really started an new era in what a cellphone's performance can do to attract consumers to a unique product that causes people to stand in lines for hours or even a full day before receiving the most outstanding innovative technology that has built an adrenaline effect on people. Currently, Google is still working on developing their new innovative cell phone named gPhone and the whole mobile industry is whispering about it and maybe even some concerns about how the competition of the mobile phone community will change.

iPhone may have stirred up the mobile community, but the consumers do not seem to be impressed after realizing that their phones were locked. Locked phones are no use if you are interested in switching to a different service provider. On the flipside, iPhone lacks concern content services such as instant messages, video, GPS, 3G, and low battery lifespan when operating the video and music functionality.

On the other hand, gPhone could take advantage of this moment and learn from Apples' mistakes. This is their golden opportunity to building a phone that carrier most consumers' needs. Google idea is to have an open source operating system such as Linux to allow consumers to interface with other application without being limited to mobile service providers' contents. gPhone application will be developed from Android platform. Currently, Steve Horowitz, Android representative, discussed on youtube.com, "Android prototype application has higher end prototype advance technology such as

high speed, 3G network, accelerated 3D graphic, and touch screen.”<sup>3</sup> As Mr. Horowitz, demonstrated and highlighted on youtube.com, the user can use the map for direction to locate a friend from the contact information easy without going through several screens. As shown, the browser is operated by a 3G network and it loads up quickly, and the most interesting function that caught my eye was the Globe Time, this is run by the application 3G OpenGL ES. From KHROOS group website, OpenGL ES is software developers standard for embedded accelerated 3D graphics. The user will have a 3D and 2D graphic view of a globe using a touch screen and the games will also run from the OpenGL ES API providing the customers fast loading, image quality, and 3D effects.

Google will open new doors to consumers needs. As a consumer, I always wanted a product that would allow me to choose my own content. Consumers need that flexibility to open the market in mobile service. Not everyone wants TV stream or instant message implemented into their application, even though, that is the way the mobile industry is going. I like the idea that Android has opened the platform development to the public to create their own unique interface and ideal features functionality into the future gPhone software application. Google is all about marketing and if you think about it this is the best strategy that I have seen done underhanded. Android has a website for the public to tune in on a competition in progress to develop the best platform for the gPhone software. If outside software developers join in on the competition to help Android create new innovative ways of making gPhone application attractive they would be awarded 10 millions dollars. If you think about it wouldn't it be interesting if the winners invested in their own product that has been awarded by Android. Not only will Google benefit from having an open source mobile phone, but the interest of the outside public that has put their own time and sweat into the product that may pique an interest in buying stock which could bring their market shares to a high. How clever! That's what I mean by underhanded. Furthermore, if Google win the bid for 700mhz channel in 2008, with the ideal from FCC requirement, for the owner to develop an open mobile services without restriction. Personally I think Google is heading in the right direction. As a consumer,

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<sup>3</sup> Steve Horowitz, Sergey Brin, Android-Open Handset Alliance Project, [http://code.google.com/android/#utm\\_campaign=en&utm\\_source=en-ha-na-us-bk&utm\\_medium=ha&utm\\_term=gphone](http://code.google.com/android/#utm_campaign=en&utm_source=en-ha-na-us-bk&utm_medium=ha&utm_term=gphone), 2007.

my concern was having the right to customize the content for my mobile phone without being forced to purchase pre-packaged software already installed on the cellphone. In the BusinessWeek, Michael Mahoney, Investment adviser at Falcon Point Capital, says “Within a year to 18 months, customers will make their choice by software, not service.”<sup>4</sup> Software application is an important weapon in the mobile industry and if you don’t use it right it could back fire on you.

## **Conclusion**

In conclusion, mobile entertainment is a revenue builder, between media and other added content there are numerous innovative opportunities waiting to be introduced to the world. It only causes a motivated, out the box thinker, energetic, creative, original, and unique styles of content for revenue to continue to flow. Even though, Europe is leading the mobile entertainment sector, it is only time before America will soon catch up<sup>1</sup>. There is enough market space and business opportunity for starter companies to spread their wings. In order to take advantage of the marketing opportunities the business must form a strong market strategy to win over customers’ hearts. Businesses should know what the customers want and build on top of those ideals. Obvious, Apple Inc. did their research when they developed the iPhone creating a well designed cellphone to capture the consumers’ attention. Once the iPhone was consumed customers wanted more and they demanded to have their phone unlocked, which gave Google the advantage to step in with a new product called the gPhone. gPhone will be an open source handset that will allow consumers with more power over the application content and the availability of an unlocked phone. Between iPhone and gPhone the war over cellphones is on and this could benefit the consumers by better phones, better content applications, and better prices.

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<sup>4</sup> Olga Kharif, “BusinessWeek: Apple, Google vs. Big Wireless”; December 2007, [http://www.businessweek.com/technology/content/oct2007/tc20071029\\_749114.htm](http://www.businessweek.com/technology/content/oct2007/tc20071029_749114.htm); accessed 29 October 2007.

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