

## Ask The Analyst

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### **Question 2:**

**What is Future Horizons' view on the Mobile TV market especially with regard to Mobile TV in Mobile Phones? Is the next big driver for Mobile Phone sales?**

### **Answer:**

There are several issues that need to be resolved for mobile television to achieve a high penetration in the worldwide market. This is particularly true for mobile TV used in mobile phones. Profitable business models need to be established for broadcasters and wireless carriers.

Digital broadcasting service has already started in many countries but some companies have failed due to poor uptake and lack of profitability. The establishment of multiple standards for "mobile televisions," is also a problem with different standards for different countries and geographical regions. Although mobile TV has overcome many of the technical challenges, many uncertainties still remain regarding mobile TV broadcasting and who will maintain the infrastructure. It is also not clear which mobile consumer electronic device will be mainstream choice among consumers. Mobile phones, PDAs, portable media players and portable game consoles are possible candidates for mobile TV functionality.

There are a number of challenges facing the adoption of mobile TVs and particularly in mobile phones.

- Battery power - The issue of limited battery power for mobile phone terminals remains unresolved. Mobile phones are increasingly taking on more and more functions and mobile TV reception adds to these problems either limiting viewing time or running down the battery preventing the primary use of the device as a mobile phone.
- Fragmentation of standards - There are various mobile broadcast TV specifications available. These are different for different countries/regions and often have different frequency allocations. These specifications have become fragmented and unfortunately, at present, there is no single Mobile Digital TV (MDTV) standard. In some cases there is even more than one standard per country, as in the case of Germany and China. This is a potential barrier to adoption and increases the costs of mobile TV equipment platforms.
- Content production - Mobile TVs pose a new challenge to content production companies: to customize programming based on the characteristics of each different type of device. It is possible to copy the content used for normal digital terrestrial broadcasts but that has some problems. Text produced for larger-sized televisions cannot be seen clearly on mobile devices with smaller, lower-resolution screens and it can be difficult to follow the detail on video content.
- Business models - The business model for mobile television remains unclear. Consumers are used to the idea that most broadcast TV content is free-of-

charge and are will pay for movies or perhaps some sports oriented content. Questions remain as to how mobile phone operators or content providers can make profit. One of the possibilities is to provide customized content through pay for links. History also shows that, although portable televisions and mobile phones capable of receiving digital broadcasts have been released into the market, uptake has been limited.

- Mobile TV Infrastructure- Although most of the technical challenges for mobile TV have been resolved there are still some that remain because of varying signal strengths in a moving TV receiver. The ideal mobile TV broadcasting system should provide a clear signal that is available anywhere at anytime. Like normal wireless or mobile phone reception we all know from experience that this is not true.

In conclusion we feel that mobile television does have a market slot but that market slot should not be considered as the 'next big driver' for mobile phones or indeed for any other portable consumer device.

Various surveys and user comments have suggested that today's mobile phone user is open to watching TV on a mobile phone. Viewing patterns indicate that viewing time is unlikely be more than 30 minutes per day. To be successful mobile TV must have a successful business model and offer compelling content at low cost. The user will value the ability to watch 'anywhere at anytime' to fill in period of otherwise 'dead' time, when waiting for a bus, train, or plane. It is very likely that content suppliers will redesign content to match mobile TV viewer needs by re-purposing existing material. Programmes or video material are likely to be less than 15 minutes in length to suit viewing habits.

Future Horizons forecast that Mobile TV penetration will start slowly and be restricted to higher-end models such as smartphones and enhanced models with TV capability. In addition some PMPs and portable games machines will contain mobile TV functionality.

More research information on this topic and mobile phones can be found in our research reports and month subscription