Mobile Entertainment: Challenges and Possibilities
Consumer Demographics

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Introduction

The mobile phone can be thought of as a key cultural artefact in modern social life throughout Europe and elsewhere. Mobile phones have become mundane, everyday devices that have been quickly integrated into routine practices. However, despite their perceived mundane and 'pedestrian' nature, technological development means that they also represent a significant face of cutting-edge digital entertainment.

Mobile entertainment, it is hoped, will drive the sales of new handsets and increase service provider revenues as people use the data networks to send photographs, play games, find a nearby restaurant or get cinema listings with their phones. Here we concentrate on the **consumer side of the mobile entertainment equation**.

Despite considerable enthusiasm within the mobile sector with regards mobile entertainment (often described as the 'saviour' of the industry), it is not yet entirely clear whether mobile *entertainment* will become as indispensable for consumers as mobile *communication* has become.

Mobile Entertainment: European Facts and Figures

- **Penetration**: In 2003, 70% of Europeans will use a mobile phone. Mobile penetration in Europe has grown from 53% of the population in 2000 to 66% in 2002. Mobile Internet usage is expected to reach 10% of the European population in 2003 (Forrester Research 2003).
- **Saturation**: Some analysts maintain that saturation point has been reached in most Western nations. Mobile subscriber levels are predicted to stagnate at around the 300 million mark in Europe for the foreseeable future (Analysys 2002).
- **Upgrade**: If mobile entertainment is to be widely used in Europe, consumers must be prepared to upgrade their handsets. In markets with high penetration rates such as Italy, UK and Germany there is evidence that upgrading is occurring but not necessarily as regularly as operators and manufacturers would hope (MobileYouth 2002). Less than a third of European users indicate that they have any intention of upgrading to 3G services in the near future.

For further information on topics raised here see "Mobile Entertainment: State-of-the-Art" at www.mgain.org

- **Phones and PDAs**: European member states vary in the type and number of 'web-enabled mobile devices'. In Europe mobiles are the most likely devices for mobile entertainment applications. No country (Bulgaria excluded) is expected to have more than 20% of its web-enabled devices in PDA, laptop or console form (Figureseeq 2002).

Mobile Entertainment: Demographics

Disparities exist between and within European countries in terms of penetration rates, churn rates, number of 3G licences, consumer adoption of 3G, network coverage and localised consumer preferences.

Age:

There is a pervasive assumption that it will be teenagers that drive the mobile entertainment market. This results in a concentration on young people within research into mobile entertainment.

> The term 'young person' is culturally fluid term. Sometimes it is taken to include those in their early 20s, at others it is used to denote teenagers. In addition 'young people' are not a homogenous group.

- 73% of children (aged 10-17) surveyed by Accenture used mobile phones, but whilst the majority thought that gaming was one of the key functions of the phone, 91% described current games as 'poor' or 'average' (Accenture 2002).
- Age *is* a significant factor in SMS usage although it is not clear whether this will translate into MMS usage. It is predicted that by 2006, 15-19 year olds will constitute the bulk of MMS in the larger markets (Wireless World Forum 2002).
- Age is also thought to be a significant factor in mobile gaming demographics. A recent IN-FUSIO/Orange market survey of 600 existing Orange France customers with ExEn-enabled handsets revealed that 78% of players were less than 25 years of age, and 92% under 34 years.

Gender:

Further investigation is needed to explore the possible similarities and differences between the genders in terms of mobile entertainment usage patterns, particularly as these demographic details could be used by the European mobile entertainment industry to better adapt and target their products to end-user needs.

- In terms of SMS, females are more likely to rate SMS as a more important service than males, whilst males are more likely to rate WAP as an important service (Skog 2002). It remains questionable whether a simple extrapolation of such gender differences to provide indicators for EMS and MMS usage in the near future is wise.
- The INFUSIO study indicated of the customers surveyed who played mobile games 56% were male and 44% female. This is a similar gender split to that of the PC/console games market (INFUSIO/Orange Market Survey 2002).

Mobile Entertainment: SMS and MMS

It seems probable that full multimedia MMS is unlikely to take off in the youth market as a tool for everyday communication in the near future. However, it does seem possible that it will be popular for event-driven communication and marketing such as for birthdays, holidays and so forth (MobileYouth 2002).

- **SMS/MMS**: As the image below demonstrates it is predicted that after 2004 SMS growth will start to level off and revenues are projected to decline as MMS rises in popularity.

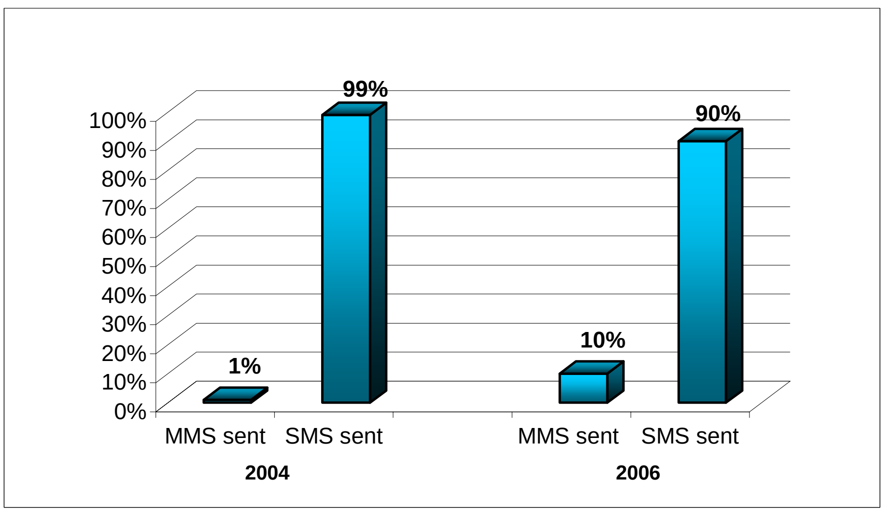

Figure 1: 'MMS-The Big Picture', Wireless World Forum, September 2002. Based on data from 16 key markets including the UK and USA

MMS affords a greater degree of '**individuality**' in the peer-to-peer messages that are possible to send which may prove an important factor in the youth market with young people keen to personalise their phones with ringtones, fascias, stickers, and screen logos.

- **Conservative predictions**: The Wireless World Forum (2002) maintains that industry-based predictions for MMS are generally over optimistic. Whilst consumer spending on mobile messaging is predicted to reach €22 billion by 2005, only 18% of total revenues are expected to come from MMS.
- **Heavy vs. Light Users**: Heavy SMS users *may* be more likely than light SMS users to pay for multimedia content (see graph below).

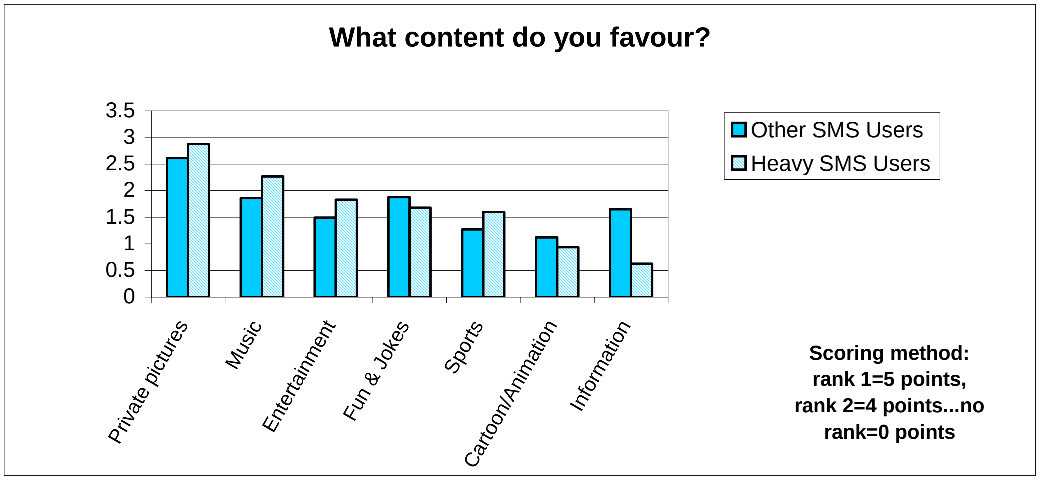

Figure 2: 'Preferred Multimedia Content Amongst SMS Users', conVisual, 2001

- Users tend to perceive SMS as cheaper and often more convenient than voice. However, the upgraded functionality of colour, audio and graphics may not entice users to shift to MMS for as long as the initial cost of MMS and related compliant devices remains high (Wireless World Forum 2002). For the majority of messages, **multimedia is seen as adding little or no value for additional cost and complexity**.

Mobile Entertainment: WAP and the 3G Challenge

The difficulties which faced the end-user with regards WAP - including dropped calls, slow response rates and low quality and choice of content – meant that services were largely deemed a failure in the European market. Despite high hopes for 3G services, consumer scepticism may still prove to be a sticking point for the industry.

- 61% of 6000 mobile phone owners surveyed in 15 countries, including the UK and the USA, were aware of third-generation services, but only 29% planned to upgrade to a 3G network (AT & Kearney and the University of Cambridge 2002).

- Over 70% of respondents maintained that they had yet to access the Internet over their phones because they did not understand the total ‘user experience’ (AT & Kearney 2002).
- It is expected that an **assimilation gap** will develop, meaning that the use of 3G services will be notably lower than the penetration rate of 3G phones.

Mobile Entertainment: Mobile Gaming

Mobile gaming is a nascent market. While mobile users are relatively familiar with embedded games such as *Snake* the concept of wireless gaming is a little less well established. However, will consumers actually be willing to pay to play on their mobiles?

- Schema (2002) found that 35% of gamers they surveyed thought it unlikely that they would play games on a mobile phone.
- Studies demonstrate that mobile gaming will have to cope more with a lack of time as a barrier to play in addition to the price or even quality of games (IN-FUSIO 2002). Dips in weekday WAP traffic patterns during morning rush hour challenge the assumption that users access mobile services during ‘downtime’ when travelling.
- If consumers have more time to play at home than whilst on the move then mobile games will be in competition with any ‘static’ gaming platforms the consumer may have in his or her home.
- However, the mobile communication device is one technological artefact that is likely to remain constantly with a user (unlike a Game Boy Advance for example). The mobile gaming industry will have to **exploit mobile devices’ convenience, personalisation and localisation** (through games that tap into location-based information and communication for example).

Mobile Entertainment: Consumer Issues

The implementation and success of mobile entertainment products, business models, technologies and content relies ultimately on the creation and ongoing development of a solid end-user market. Secure, transparent, and reliable billing and micro-billing systems for mobile entertainment products and services must be implemented as swiftly and as effectively as possible.

Finally, mobile entertainment must, above all, be entertaining (and to a certain extent ‘useful’) to the consumer. Without sufficient understanding of the social contexts in which mobile entertainment is embedded it is unlikely that consumers will come to think of mobile entertainment products and services as significant components of leisure practices.

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mGain (Mobile Entertainment Industry and Culture) is an 19 month research project funded by the European Commission as contract number IST-2001-38846. The project explores six areas of relevance to Mobile Entertainment: Concepts and culture, Technologies, Business models, Benchmarking, Guidelines, and Relevance in FP 6. All knowledge generated through the project remains property of the European Communities.

September, 2003