
Getting the **picture** right

The results from the first-round launches of mobile TV are mixed. Some launches were quite successful but, disturbingly, most viewers don't think mobile TV works well. Why not? And what can marketers do to improve the situation in an area that holds so much promise?



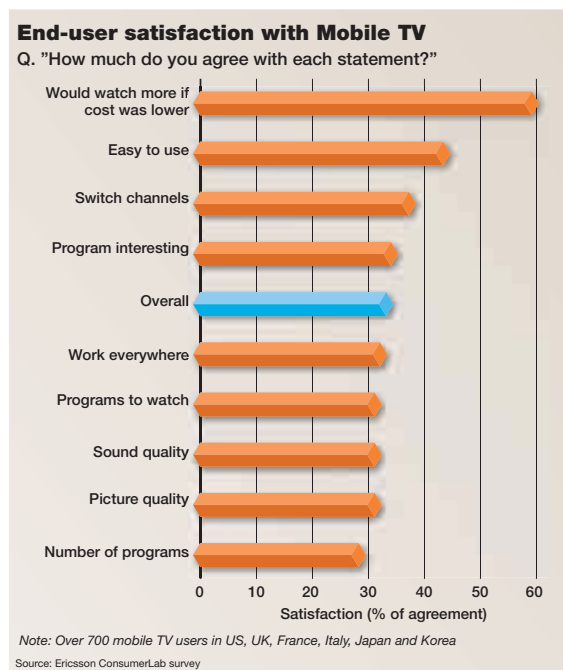
...Getting the picture right



MORE THAN 120 MOBILE-TV offerings had been launched around the world by mid-2007, but they have met with mixed success. Some companies have been able to achieve high penetration levels after launch, while others have had slow and steady growth.

The differences can be explained in two ways. On one hand, performance issues regarding the end-user experience have affected the adoption of mobile-TV services. On the other hand, these variances can be explained by the companies' strategic intent for mobile TV. Here we aim to provide insights into how companies can overcome some of the hurdles and give perspectives on potential strategic intent for mobile-TV services.

Results from a survey by Ericsson ConsumerLab finalized in early 2007 show that about 70 percent of mobile-TV users rated their mobile-TV services as either "so-so" or unsatisfying.



The reasons for end-user frustration with mobile-TV services can be grouped into four areas:

- Usability – ease of use and switching channels.
- Quality of service – sound and picture quality and whether the service works everywhere.
- Content – interesting programs to watch and adequate number of channels.
- Affordability – users would watch more if costs were lower.

Marketers recognize many of these issues as challenges common to launching other services.

The correct sequence of actions is critical in order to solve these problems effectively and to improve the end-user experience and satisfaction with the service.

The initial step in this case is to address usability and quality of service. Only after these basic requirements are addressed should one tackle more sophisticated offerings and begin increasing uptake through content, affordability and service awareness.

Get the basics right...

Fixing the basics involves improving the end-user interface and the quality of service. The market is developing in terms of end-user interfaces as companies change from WAP or portal-based mobile-TV offerings to client-based offerings via software downloaded to the handset.

Client-based offerings enhance the end-user experience by making channel-switching more user-friendly and introducing other features such as programming guides. Client-based solutions also boost usability by dramatically reducing the number of clicks necessary to access services and by using keys much the same way as a regular TV remote control is used to change channels and adjust the volume.

Dealing with quality of service requires an end-to-end perspective in addressing these issues. Companies need to understand consumer behavior towards mobile-TV services, regardless of whether they are scheduled/linear TV (similar to regular, free-to-air TV), on-demand services or push/podcast TV (where an end user signs up for services, such as a weekly news program, that are delivered through downloads). On the other hand, companies need to identify the most effective method of delivering these services, taking into consideration the content type, service type and location, as well as associated costs from an end-to-end perspective.

Companies must have a clear understanding of which elements affect the quality of service for mobile TV. On the handset side, screen size and resolution are the major criteria. On the network side, coverage and bit rate/codecs are the most important. This means mobile-TV services delivered to similar handsets at the same bit rate/codec will achieve similar quality of service. As a result, any improvements in quality of service should be based on adjustments to specific bottlenecks in the delivery chain, ensuring adequate delivery to the end user. Areas requiring improvement should be identified through an end-to-end audit or evaluation of mobile-TV performance. Although mobile TV is a data service, its performance requirements differ from that of other data services such as web-browsing. Delays and packet loss, for example, have a critical impact on image and sound quality, with such requirements varying even by type of content. When it comes to terminals, companies need to test and identify which handsets are more suited to mobile-TV and video services. And then they must establish a comprehensive monitoring and improvement process that focuses on the specific quality aspects of mobile TV and video.

...then add sophistication

After addressing these basic requirements, companies can start making their mobile-TV offerings more sophisticated, and begin increasing uptake through content, service awareness and affordability.

Because content is local and mobile phones are personal devices, developing content for mobile TV requires in-depth understanding of local and individual consumer needs.

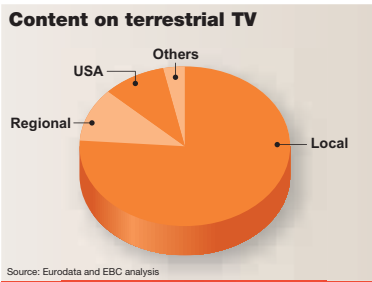
In broad terms, the ConsumerLab survey shows that most mobile-TV content watched today relates to news, sports and music. Yet consumers say they would gladly watch content that includes movies, series and comedies.

Although sourcing content is important, getting viewers to search for and find that content is also essential. The use of built-in program guides is still low, so people rely on “zapping” and other methods to find content, such as newspapers, word of mouth and the internet, accessed through a mobile phone or PC.

The mobile handset’s intrinsic attributes of personalization and mobility should also increase the uptake of mobile TV by enabling the development of offerings around push and podcast TV, based either on subscriptions and sign-ups or recommendations and referrals from friends and communities.

Referrals and communities can also increase service awareness for mobile TV, the low level of which is another barrier to higher uptake. Some companies have successfully increased public awareness of mobile TV through marketing campaigns on terrestrial TV as well as via other media such as the internet.

Other companies have been using other models, such as events and trials, to increase service awareness. For example, Telefónica



and Orange in Spain have attracted attention to their mobile-TV services by showing local concerts and soccer games on mobile phones.

And other companies

have been offering free mobile-TV trials for new customers from certain target segments or with specific handset profiles (such as HSDPA), in some cases with the mobile-TV client already included in the terminal.

After service awareness, the most common barrier to uptake is affordability. In this case, companies need to find the right price levels to attract different market segments until they eventually reach mass-market adoption. On the demand-management side, this involves creating affordable pricing models based on combina-

tions of bundling, pay-per-view and mechanisms such as advertising to reduce the total cost for end users.

The supply-management side requires understanding of the business and operating requirements for a given mobile-TV subscriber base. This involves processes within the company organization, including partner and content management, revenue management, and network and operations management.

The last of these, network and operations management, involves analysis of the most efficient methods for delivering mobile-TV and video services. The analysis should include user location and density, the popularity of content, the mobile-TV format, the technology platforms that can serve each format, and regulation with regards to spectrum availability and standards, especially for dedicated broadcast technologies.

Mobile-TV delivery strategies are likely to involve a combination of unicast (one stream per end user) and broadcast (one to many) methods. The most appropriate method should be based on cost-effectiveness, regulation, investment and risk analysis over time as demand for mobile TV increases and matures. Although the delivery strategy is a strategic and competitive choice, companies must understand that end users should have a seamless mobile-TV experience regardless of delivery method or technology.

As a result, by ensuring business and operations readiness for mobile TV, companies will be able to identify where they need to invest in order to fulfill their strategic intent.

point

» 70 percent of mobile-TV users rated their mobile-TV services as either “so-so” or unsatisfying. «

Mobile TV formats and delivery methods

Formats

"Scheduled/linear TV"



Same or modified TV content
Selection by brand/channel
Channel switching

"Push/podcast TV"



Automatic updates
Off-line consumption (downloads)
Sign-up or referrals

"TV on demand"



Streaming
Selection by content/search
Time shift, RW/FW

Delivery methods

3G UNICAST

3G-BASED BROADCAST TECHNOLOGIES (MBMS)

DEDICATED BROADCAST TECHNOLOGIES (for example DVB-H, MediaFLO)

Wanted position on mobile TV

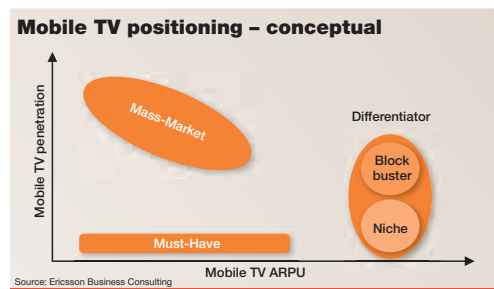
There are three market positions foreseen in relation to mobile-TV and video services.

The must-have position is a case of offering mobile TV in order to have a complete portfolio of services. In this case, mobile TV is not a key value generator for the company. This position could also be seen as an initial one, in which the company experiments with the service while waiting to assume one of the other positions as the market evolves.

» ...Getting the picture right

The differentiator position has companies using mobile TV as a key source for differentiation and creation of brand equity for all its services. One way is to have niche content targeted at specific user segments who are willing to pay more for it. The other way is through using “blockbuster” content that appeals to a large number of customers. A good example would be sports events such as the soccer World Cup.

The mass-market position is based on a large number of customers, with a combination of low subscription fees and free-of-charge services with advertising- and/or commerce-based business models. Advertising models for mobile TV (as for mobile in general) have great potential because they can combine interactivity



and better targeting, making the most of user location and the role of mobile phones as personal devices (see article Sweet dreams of advertising revenues).

Although advertising- and commerce-based business models are critical for providing free mobile-TV services, they can also play a role in the two previous positions, especially for the differentiator. In that case, specific target segments or larger customer bases are addressed using advertising and commerce in a similar way to traditional terrestrial TV and with new TV offerings from cable-TV and IPTV players, such as free video-on-demand services.

Mobile TV is an opportunity that bridges two winning concepts

point

» The companies that succeed in mobile TV are likely to be the ones that improve on their current positions and have a clear sense of direction. «

– the mobile phone and the television – and enables companies to take advantage, through personalization and interactivity, of the ways in which people are consuming TV and media. The companies that succeed in mobile TV are likely to be the ones that critically assess and improve on their current positions, and have a clear sense of direction in terms of where they want to go.

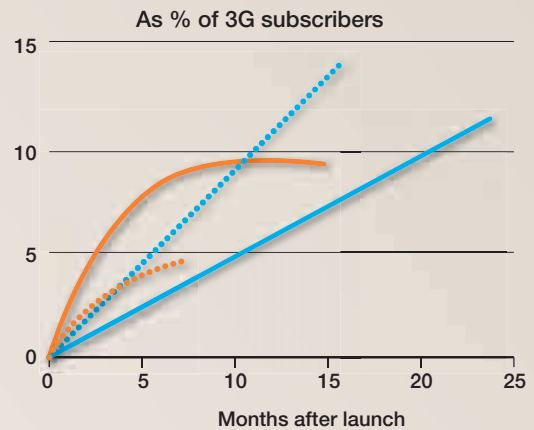
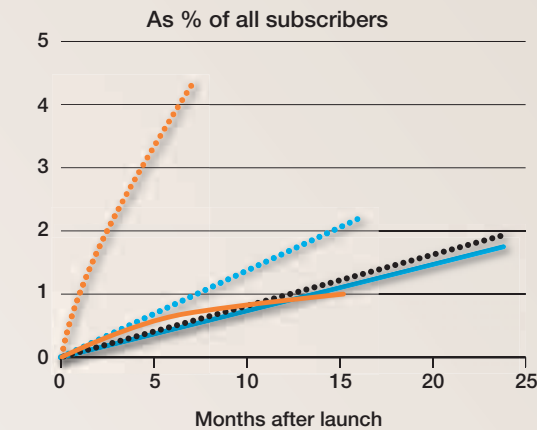
Where are you today? And where do you want to go?



the author

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Mobile TV adoption after launch



Mobile TV includes linear TV and video-on-demand services. Each curve represents one operator.

Source: Ericsson Business Consulting analysis