

Mobile faces more challenges

Published: 13 August 2007 00:00



Wandrille Pruvot VP Europe at BuzzCity discusses the new challenges facing the mobile industry and why operators should be focussing on building systems that deliver services and content that the users really want, regardless of who creates them.

Content accessed on a mobile phone has become a way for operators to make a tidy profit. Whether it be charging users to download the latest ring tones or selling video clips to entertain while on the move, mobile operators have managed to overcome the “blip” experienced in the last two years, when mobile services were in transition to 3G. However, the mobile content industry is yet again facing a challenge. Now, the revenue operators receive for paid mobile content is in danger of crumbling. Users are becoming more picky about what they purchase from their network provider, demanding more choice.

In recent months, YouTube has signed deals with Verizon, Vodafone, LG and Windows Mobile. The iPhone also ships with a dedicated YouTube application. More than anything, these deals are based on the strength of the Google/YouTube brands and a scramble to be associated with such iconic names.

Manufacturers and operators are trying to reduce churn by offering lots of big name content to attract consumers. Access to all YouTube content on iPhone is restricted due to a combination of technical issues and the fact that many operators now only offer content via license deals secured. Could controlling access to what subscribers can see really be the answer? Of course not. Less consumer choice just won't work in the long run. If the current trend of signing big name deals and restricting access to alternative content continues, consumers will revolt. Revenues won't stop declining and churn will carry on.

User generated content is one way to tackle this because it puts the consumer in control, and that is really what they want. One needs only look at the popularity of Web 2.0 and the explosion in peer-to-peer marketing to see that content generated by users is what really sells. Our own experience with our mobile social networking site, myGamma, supports this. Operators should focus on building systems that deliver services and content that users want, regardless of who creates them – not blocking them.

Operator walled gardens were supposed to try and reduce churn and increase revenue, but this has not worked. Adding in YouTube and other big name license fees will only add to falling margins if the operators keep restricting access to content. Even though YouTube has also signed a deal with LG, there is still the problem of the operator, who really has the final say on the content and applications consumers can access. In addition, the operators must demand that the compliant handsets that allow a wider cross-section of users to benefit from mobile content become widely available and more affordable.

Ultimately, it is the user who decides whether content is interesting enough to access or purchase. Without such thought, the future of the mobile content industry may be in peril.



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