Mobile Content from the Masses

Introduction

The astonishing success in the fixed environment of sites such as YouTube, MySpace and Match.com has not unnaturally led those companies and others to consider that similar services could be offered within a mobile environment which, with the advent of 2.5G and especially 3G services, is itself increasingly capable of hosting such services. This belief appears to have been vindicated given the adoption levels of a number of UGC sites, such as Mobile Cyworld in Korea, 3 UK's SeeMeTV and MOKO, and the off-portals successes of itsmy.com.

However, the industry is still at a nascent stage, and few services are yet generating substantial revenues. Nevertheless, the migration of UGC services into the mobile environment is seen a key means of providing consumers with compelling content while at the same time driving data usage.

Types of User Generated Content

Juniper Research splits out UGC (User Generated Content) users and revenue into the following three sub-categories:

- Personal content distribution;
- Social networking;
- Mobile dating and chatroom services.

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Personal Content Distribution

Personal content distribution (PCD) refers to audio and video files uploaded on to third-party sites for other mobile users to watch or listen to. Perhaps the best-known of these sites in the fixed space is YouTube, which has itself now branched off into the mobile environment. However, mobile-only brands, such as 3's SeeMeTV, have also acquired substantial user bases.

Social Networking

Social networking sites are those which enable people with shared interests to interact. Typically, such sites (or groups within such sites) form after founder members send out messages to friends inviting them to join, and these members in turn invite their own acquaintances. In the fixed space the most popular sites include MySpace and Facebook; these are now offering services in the mobile environment, where mobile-only services such as itsmy.com have also attracted a large user base.

Mobile Dating and Chatroom Services

Mobile dating services are in essence a highly specialised form of social network, in that subscribers join in the hope of meeting a long-term (or short-term!) partner. While a number of fixed internet services have for a number of years augmented their revenues via push SMS (sending details of new members to the mobile numbers of members), the development of dedicated mobile dating services is somewhat more recent in the majority of markets. However, in a very short space of time a vast array of such services has become established.

The Hurdles to UGC Adoption

While many UGC services are up and running, their future prosperity depends upon facing up to the many hurdles en-route to mass market adoption. These hurdles are summarised in Table 1.

Table 1: The Hurdles for UGC

Issue	Why is it a challenge?
User-interface	Difficulty in discovering content; Difficulty in accessing content; Difficulty in navigating content; Difficulty in utilising multiple applications simultaneously; Difficulty in creating content; Difficulty in uploading content
Industry Structure	Operator dominance of value chain perceived by start-up service providers as restricting industry growth and limiting opportunities
Network Speed and Capacity	Latency issues with 2.5G and 3G; excessive uptake of some mobile entertainment services could place a strain on network capacity
Service Pricing	Pricing UGC content at too high a level may alienate the user base. Conversely, by setting prices too low, providers may fail to extract maximum value from their products
Cost of data services	Retail price per MB much higher than in fixed space, pricing structure often unclear to consumers
Handset capacity and battery life	Concerns remain over impact of multiple active applications on battery life; significant capacity needed to store/upload/download media files
Privacy	Possible (criminal) misuse of information
Differentiation	Start-ups in particular will need USPs to gain a critical mass of users
Customer Retention	In a competitive market, service providers will need to ensure of high quality of service to maintain customer acquisition/retention levels
Regulation	Providers must ensure compliance with copyright, age-verification and data mining regulation

Source: Juniper Research

Mobile UGC Revenue Opportunities

When calculating mobile revenues attributable to user-generated content, the difficulty lies in defining precisely what is user-generated content, and what consumers are paying for. Content from services such as 3 UK's SeeMeTV is fairly straightforward in this respect: the mobile phone user creates the content, submits it to the service provider, which then publishes it. However, with social networking sites, consumers are not paying for a specific piece of UGC; rather, they are paying for access to interact with people of a like mind, and part of that interaction may (not will) involve the acquisition of tangible content generated by other users. Nevertheless, such sites would not be possible were it not for the willingness of the public to create some form of content (a personal profile, photographs, videos); the service provider is essentially acting as a facilitator in this regard. Therefore, Juniper Research has classified such services within our user-generated content category.

Obviously, there are some sites which offer at least two, if not all, of these subcategories, but it is our intention to give some approximation of the relative size and value of each of these respective areas at the present moment, and of their likely developments in the future. Market evaluation is also further complicated by the fact that such services are increasingly being bundled – both by operators and service providers – with branded content such as ringtones and games. In such cases, we have sought to allocate a proportion of bundle revenue to UGC, depending on both the relative retail price of such services elsewhere in the market, and on the data usage of such services relative to other content in the bundle.

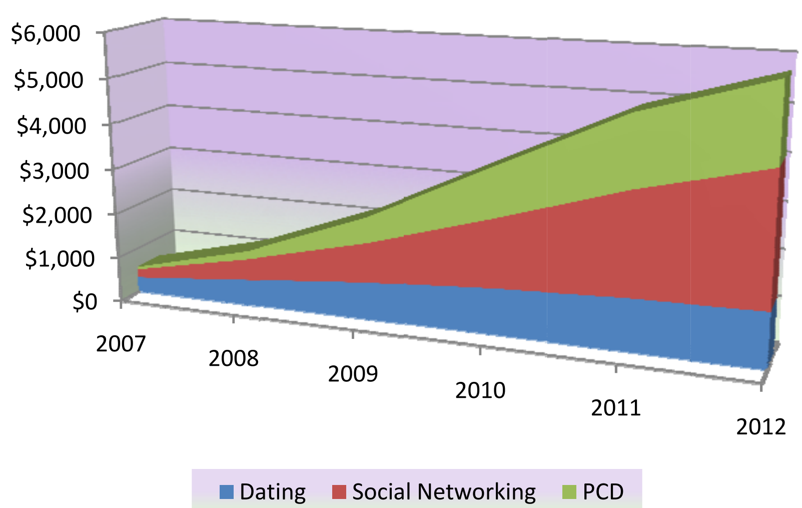
Global Market Product Breakdown

While mobile UGC services are in their infancy, a number are already generating substantial revenues for their operators (most obviously Mobile Cyworld in South Korea, which returned $55m in revenues during 2006). Furthermore, the high profit margins on such services indicate that most services would be profitable even on relatively low subscription levels.

We anticipate the total value of the market rising from $576m in 2007 to more than $5.74bn in 2012, a more than tenfold increase over the forecast period.

At the present time, the largest contributor to UGC revenues is mobile dating, followed by social networking and personal content delivery. This is primarily due to (a) the long-standing popularity of mobile dating services, particularly in Japan, and (b) the fact that most mobile social networking/PCD sites are relatively new. By the end of the forecast period, therefore, we envisage that social networking will have become the most lucrative service, with nearly 50% of total end-user generated revenues, followed by personal content delivery and dating.

Figure 1: End-User Total Revenues ($m) from Mobile UGC (Social Networking, Dating and Personal Content Delivery). 2007 - 2012.



Source: Juniper Research

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Mobile User-Generated Content: Dating, Social Networking and Personal Content Delivery 2007-2012

This whitepaper is taken from Mobile User-Generated Content: Dating, Social Networking and Personal Content Delivery 2007-2012. This detailed report offers a complete analysis of the mobile user generated content market whilst providing vital forecast data on subscriber numbers and revenues up until 2012. The report comprises interviews with key players, focused case studies and analysis from representatives of some of the leading organisations involved in this promising sector. Key Questions Answered In the Report:

- Which markets have thus far been most successful for mobile UGC services?
- Which mobile UGC services are likely to generate the highest revenues?
- What are the key hurdles to the mass adoption of mobile UGC services?
- What business models are mobile UGC players implementing, and how successful are they?
- Is advertising likely to provide a substantial revenue stream for mobile UGC services?
- What strategies should operators, service providers, vendors and regulators implement to facilitate the successful deployment and adoption of mobile UGC services?

For more details on this report visit the website www.juniperresearch.com or phone +44 (0) 1256 830002.

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