Subho Ray

Digital Content and Services: Does Mobile Hold the Key?

Doesn't it sound interesting that after 15 years of growth, based on "user generated content" mobile phones walas are now moving towards non-user generated content and after 15 years of non-user generated content, the internet walas are moving towards user generated content?

Sounds confusing? Let me try and make it easier: In the first round of growth, mobile/wireless phones have thrived only on voice which is nothing but user generated content. To be slightly technical, the telecom operators have provided a platform on which we the users have contributed our voice content based on which the industry has grown to have more than 400 million customers. In case of the internet over PC/Laptop however, the beginning was made with web 1.0 where the content was provided to the user to web 2.0 where the platform is provided to the user and he/she contributes him/her own content.

So it appears that the adage "The grass always seems greener on the other side" is coming to be true so far as digital content in India is concerned: Mobile walas are now increasingly moving towards getting their customers hooked on to non-user generated content and the internet walas are seducing their users by user generated content.

As of now, so far as the Indian market is concerned with its various skewed and awkward developments, it appears that the mobile walas have a distinct advantage in distribution of content and services on the following four fronts:

a) User generated content OR voice has proved to be a killer application
b) Which in turn has meant that the benefits of "networking" is accruing to the users [the more the mobile phones the more the people would like to buy one; if you are the only mobile phone user you would have very few people to call]
c) A mobile phone after all is a complete gadget: it allows you to talk, it provides connectivity and also acts as a tool for interaction [if you use the internet on a PC you would at least need to have a PC/Device, a modem, connectivity and sufficient electricity/battery supply. Mobile phones integrates all of these in a small and portable gadget]
d) Unlike the internet walas, the mobile phone walas have

taught the users how to pay for content and services

It is a small wonder that everyone is now trying to capture a share of the new user demand for what is perhaps a little too loosely known as mobile value added services. These services range from ring-back tones on one end to mobile banking facilities on the other and anything in between.

This need for pushing content and services on mobile phones would continue to be driven by two significant factors:

a) The falling ARPUs (average revenue per users) , arrival of 3G and stiffer competition from new licensees would drive the telecom companies towards more value added content
b) On the other hand content and service providers which include such different entities such as internet companies, film and music production houses and service providers, banks, retailers; increasingly use mobile phones as an important channel for distribution of content and services.

There is, however, an interesting dichotomy here: telecom users are not used to creating content and services [flourishing as they have done so far on voice]. The content and service providers on the other hand have so far not used to paying the lion's share of revenue for distribution [they are used to paying small commissions], and the current business models primarily dictated by telecoms irks them quite a bit.

So the current situation is somewhat like this: mobile phone walas need content and services to obtain and retain customers but do not know how to create it. Content and service walas are seduced by the huge customer base of telecoms, but are apprehensive of revenue models. While the industry has grown quite a bit within this constraint, it is time to break the ice and work out a sustainable model that benefits telecom operators as well as the relatively smaller content and service providers.

"The grass always seems greener on the other side" is coming to be true so far as digital content in India is concerned

From business models to what content would work in the future? This is a tricky one since the 400 million odd mobile users in India represent the entire universe of user types. In my view, a few things will work well [quite apart from p2p SMS, premier SMS and RBT (ring back tones) that currently goes for all the content and service on mobile]: a) anything that is a part of the process of monetary transaction including actual transfers b) critical information that call for action now, c) active search for information and d) entertainment/fulfilment on the go. Interestingly again, telecom companies can not get into these businesses without losing their core competence just as much as content providers can not set up their own wireless networks to distribute their wares.

While it seems that once the telecom operators, content and service providers have developed a sustainable business model, the growth of the industry is going to be unfettered; it would not be unwise to guard against a few roadblocks: a) at 400 million users, we have crossed all heretofore single product/service market sizes; we do not know our customers except that they want to talk, it is always difficult to service such customers b) at 400 million we are more than 400 times over the English literate population, we still do not have local language phones worth mentioning c) at 400 million we are set to cross the total literate and numerate population of the country, will the next set of users be interested in mobile content and services at all? If so, what kind? We do not know!

So even while the b2b issues are solved in the near future, the primary issue of "knowing the customer", is an issue that perhaps irks all. Mature industry will have to be faced and the industry will be limited by its knowledge or lack of it of its customer.

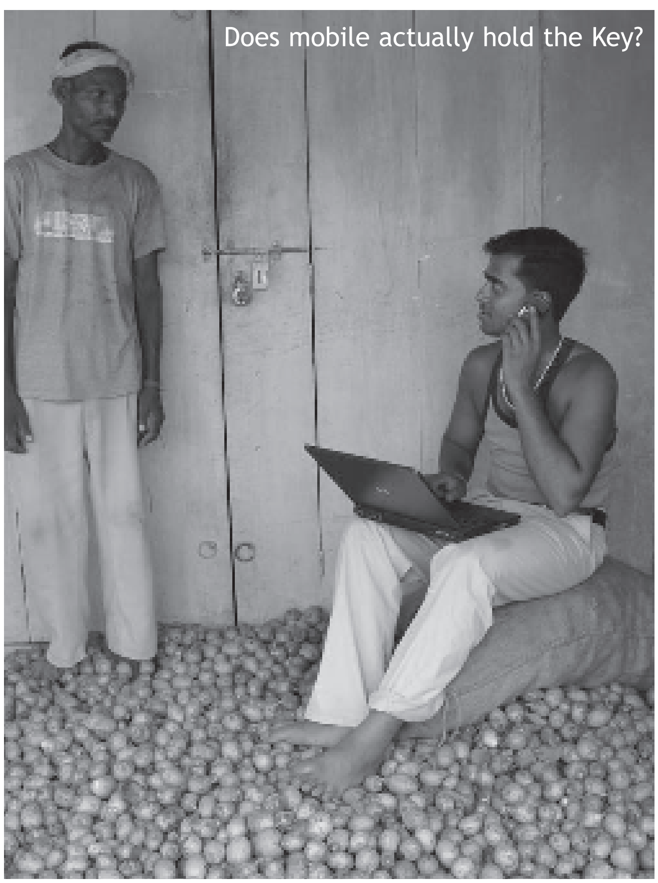
Does mobile actually hold the Key?

Photo: Osama Manzar

Subho Ray is the President of Internet & Mobile Association of India. He can be reached at subho@iamai.in