

Market Notes:
Mobile Video and TV in the US

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Market Notes: Mobile Video and TV in the US

Introduction

Mobile Video services are gaining popularity among subscribers in developed markets, as operators look to increase the utilisation of their networks through the provision of data-centric services. With evolving network technologies and a focus on developing dedicated broadcast networks using efficient frequency bands, mobile networks are becoming increasingly competent to provide high-speed downloads and interactivity features. These technological advances are complemented by the development and evolution of business models to facilitate the provision of attractive service offerings for viewers.

However, stakeholders in the development of Mobile Video Services still need to clear certain hurdles that are preventing these services from gaining mass appeal. Such issues include the scarcity of suitable broadcasting spectrum, stringent regulatory issues and delays in issuing licenses. In this regard, there is a strong need for cooperation between telecom regulatory bodies, government officials, operators and equipment manufacturers to remove these roadblocks.

Mobile operators have chosen a number of standards to provide Mobile Video services. The major Mobile Video Services standards are as follows:

- Digital Video Broadcasting for Handhelds (DVB-H)
- Satellite Digital Multimedia Broadcast (S-DMB)
- Satellite Terrestrial Interactive Multiservice Infrastructure (STIMI)
- MediaFlo - launched in US, trialled in UK and Germany
- Integrated Service Digital Broadcasting (ISDB-T)
- Terrestrial Digital Multimedia Broadcast (T-DMB)
- Digital Audio Broadcast (DAB-IP)

Of the above-mentioned standards, DVB-H and Qualcomm's MediaFlo have the widest worldwide footprint related to Mobile Video service deployment.¹

This gradual acceptance of Mobile Video is evident in the growth of worldwide mobile video revenues, which have trebled in value over 2006–2008, to reach USD 6.7 billion at end-2008. This figure is expected to reach USD 9.1 billion at end-2009 and then double to USD 18.2 billion by end-2013.

At end-2008, North America held an 18.6 percent share of worldwide mobile video revenues; come end-2013 this is forecast to increase to 20.4 percent.

North America

The North-American mobile video services market has experienced steady growth throughout 2008.

There were various reasons responsible for this growth. Firstly, mobile operators outsourced the delivery and aggregation of content to third-party companies, such as MobiTV and QuickPlay Media, which reduced the investment and increased the quality of services. Concurrently, with the launch of the iPhone, handsets evolved into devices that could be used for audio visual entertainment, hence spurring the growth of mobile video services.

There are a host of technologies as well as business models emerging in the North American market. The dominant model is the mobile video-on-demand (VOD) model wherein users download clips or streams, which are usually delivered via a 3G network.

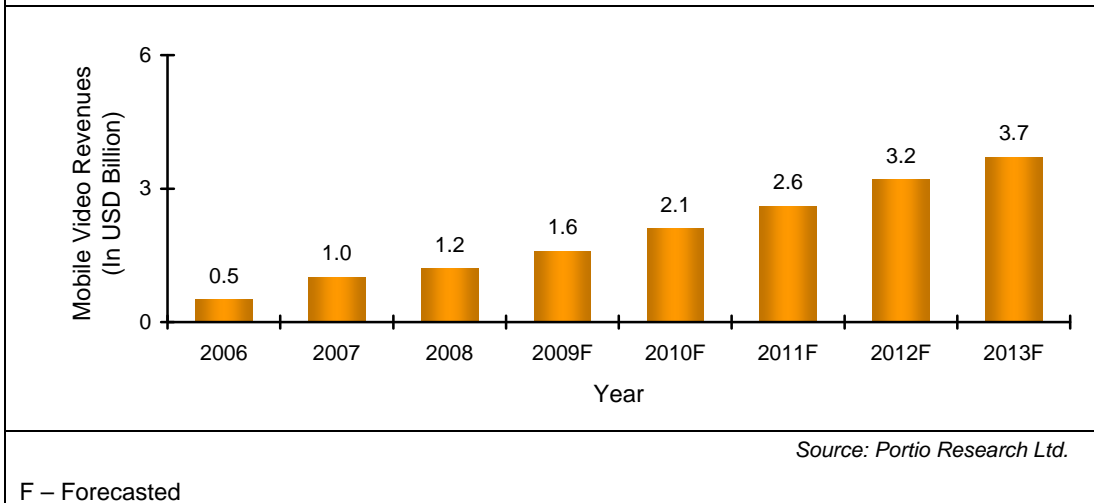
A second emerging model is mobile television, which promises a more "TV-like" experience for the end user, with channel changing that mimics the television at home and content similar to what customers receive through large-screen units.

With evolving network technologies and a focus on developing dedicated broadcast networks using efficient frequency bands, mobile networks are becoming increasingly competent to provide high-speed downloads and interactivity features.

Mobile video and TV services are forecast to grow rapidly and double in worldwide revenues by 2013 as compared to 2009.

¹ Source: <http://news.bbc.co.uk/1/hi/technology/6902541.stm>

Figure 1: Mobile Video Revenues – North America (In USD Billion, 2006–2013F)



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The US

The US is one of biggest Mobile Video Services markets worldwide. Mobile Video-on-Demand (VOD) and linear TV have been gaining popularity among Americans, and there has been a growing interest among subscribers for premium mobile video services. The mobile video service penetration in the US was comparatively lower than European countries in 2007, but the market is expected to catch up owing to a combination of factors working in favour of mobile video services uptake. These factors include availability of 3G handsets at subsidised prices, selection of a single mobile broadcast standard (MediaFlo), and the emergence of content aggregators, such as MobiTV.

Mobile video services in the US are delivered either via broadcast technology or via 3G networks. AT&T provides more than 60 channels using MobiTV in the US and since 4th May, 2008 it has also started offering mobile Video services via Qualcomm’s MediaFlo technology.²

Mobile video subscribers in the US stood at 12.5 million at year-end 2008, and are expected to reach 19.5 million by 2013.

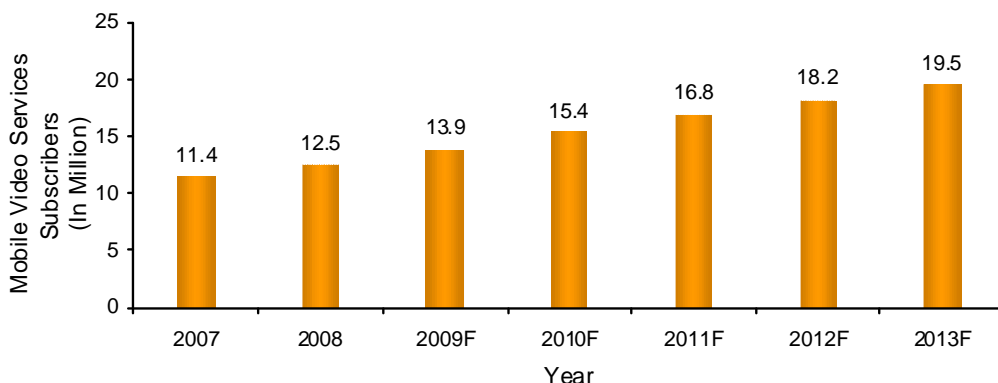
The technology is used by another major operator, Verizon Wireless, to provide Mobile Video services. These operators also control the distribution of handsets capable of receiving free TV broadcast signals.³ Using MediaFlo technology, Verizon’s V-Cast Mobile Video service has eight channels and offers unicast TV to its customers. The operator reported 34.6 million mobile video and music downloads during the first quarter of 2008.^{4, 5} With growing acceptance for Qualcomm’s MediaFlo standard as a unifying standard, the US mobile video market is expected to grow at brisk pace in the future.

The growing popularity of Mobile Video Services in the US can be gauged from the fact that there are over five million subscribers of MobiTV – a Mobile Video Service and digital radio service provider – in the US. The firm added one million subscribers in the second half of 2008. The company’s average daily viewing figures increased 111 percent during the U.S. election race, and it was 373 percent on the Election Day – indicating that content may play a major role in attracting more subscribers.⁶

² Source: <http://boston.bizjournals.com/eastbay/stories/2008/05/12/story11.html>
³ Source: <http://www.mobileburn.com/news.jsp?id=5044>
⁴ Source: http://news.cnet.com/8301-10784_3-9930048-7.html
⁵ Source: <http://www.wirelessweek.com/Article-Reality-Mobile-TV.aspx>
⁶ Source: <http://www.camera-core.co.uk/09-12-2008-us-election-stimulates-mobile-tv-boom.html>

Mobile video subscribers in the US stood at 12.5 million at year-end 2008, and are expected to reach 19.5 million by end-2013. The mobile video services subscriber forecast for the US during 2007-2013 is given in the figure below.

Figure 2: Mobile Video Services Subscribers – The US (In Million, 2007-2013F)



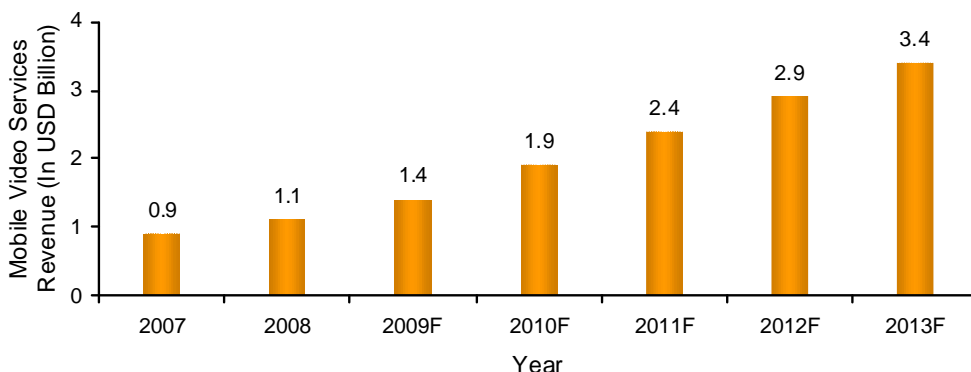
Source: Portio Research Ltd.

F – Forecasted

Although only about 4.5 percent of US mobile subscribers watched video on their handsets as of end-2008, accelerated uptake for this service is anticipated in the near future. Annual mobile video services revenue for the US market was USD 1.1 billion for 2008, and is expected to grow at a CAGR of 33.6 percent during 2007-2013 to reach USD 3.4 billion by end-2013.

Annual mobile video revenue for the US market was USD 1.1 billion for 2008, and is expected to grow at a CAGR of 33.6 percent during 2007-2013 to reach USD 3.4 billion by end-2013.

Figure 3: Mobile Video Services Revenue – The US (In USD Billion, 2007-2013F)



Source: Portio Research Ltd.

F – Forecasted

These notes were extracted from the Portio Research report:

[Markets for Mobile Music, Games, Video and TV \(2009-2013\).](#)

This essential report provides analysis and growth forecasts for mobile entertainment markets worldwide.

With detailed briefings on mobile music, mobile games and mobile video and TV services, plus projections to 2013 on both global and regional levels, this study is crammed with data that helps identify the next growth frontiers for mobile entertainment services and how to tap these future opportunities.

For further details about the report please [click here](#).

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