

Revenues from Mobile Ringtones to Decline by 28% over the next 3 years, as Mobile Digital Music rises.

Submitted by: Juniper Research

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Juniper Research

[Basingstoke, UK] A new study from Juniper Research finds that the market for mobile ringtones has already peaked, and is now showing signs of saturation and weakness. Worth just over \$1bn (worldwide) last year, the sector is forecast to slowly decline to around \$490m by 2008.

In contrast, the analyst firm believes that the digital music sector (from master recordings) will continue, in part, to adopt the mobile platform, and generate direct revenues of around \$560m by 2008. Whilst this is a conservative estimate, Juniper believes there are still significant hurdles yet to be faced by the sector. For instance, users will continue to download music via their fast home connections and update their mobile devices locally. Other hurdles include:

- Copyright, licensing and distribution – the sector still has some fundamental issues to resolve before it can fully grasp the mobile opportunity.
- Security & Rights Management – Winning the battle against the internet pirates is key, with encryption and digital rights management (DRM) still at the top of the agenda.
- Pricing & Cultural Acceptance – Understanding consumer behaviour and attitudes will be absolutely key in positioning and pricing these new mobile music services.
- Device Availability, Functionality & Cost – The opportunity for the music sector is directly tied to the number of capable devices and networks.

Paul Skeldon, Senior Analyst at Juniper Research, and mobile entertainment specialist comments: “The ringtone market is already showing signs of being a passing fad, and is in many social groups, already consider ‘naff’ and annoying. The use of the mobile channel to distribute master recordings of music is however one that is being eyed with considerable interest by both the mobile and music industries. While the use of the mobile channel as a top- up medium for portable MP3 players is one aspect, there is growing interest in using mobile as a way of selling music promo material to encourage the purchase of more traditional ‘hard copy’ music.”

Mobile Ringtones & Music Market (Worldwide) for 2006

Ringtones - \$657m
Music - \$218m
Total - \$556m

Mobile Ringtones & Music Market (Worldwide) for 2008

Ringtones - \$486m
Music - \$556m
Total - \$1,042m

Further Information

Juniper Research is a European based provider of business intelligence.

Details and white papers can be found at: <http://www.juniperresearch.com>

Source: Juniper Research

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