

## Ring-a-Ring-a-Rock 'n Roll

Our ever-so-slightly convergent Technology Editor **Callum Laing** discovers who are the New Kids on the Block where music and mobiles are concerned.

The mobile music business rocks! A 30 billion-dollar industry, it is now attracting serious interest – though it's also prone to some interesting shake-ups from disruptive technologies.

### RADIOHEAD

The first time many of us considered music on the mobile was probably when we were playing with the early Nokia ringtones. Remember how Nokia managed to introduce classical music to a whole new generation while simultaneously butchering it, ensuring an entire older generation would shudder every time a tinny rendition of the *William Tell* overture blared out?

### NIRVANA

But the ability to customise your phone with downloadable ringtones took off, and from its launch in '98 to today, the ringtone market had grown exponentially. Even the singles charts in the UK take ringtones into account when ranking songs. With an annual turnover of USD 5 billion, ringtones alone make up 16.7 percent of the music industry!

### WALK THIS WAY!

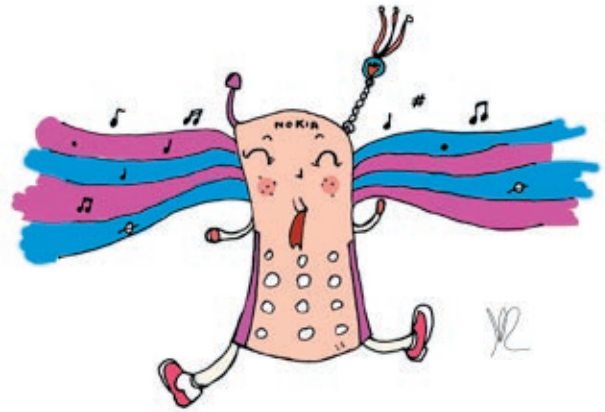
Mobile music is obviously more than just music on the mobile. With Sony's Walkman leading the way the industry went through several evolutions before currently settling on MP3 players. Light, easy to use and relatively cheap, MP3s have taken the market by storm. However, it was a stylish computer manufacturer that really grabbed the headlight (and the headlines) in this area. Unless you have been living in a box you cannot help but have noticed the meteoric rise of Apple's iPod and related paraphernalia: the dazzling white earpieces, the slavish devotion to the product from owners and the consequent forays into ever smaller devices.

### NO WOMAN NO CRY

But all is not necessarily as rosy as it seems. While there is no denying the huge growth in iPods, the top MP3 seller in the world is actually... Nokia. While iPods sold an impressive 40 million units in their first 4.5 years up to '05, Nokia recently pointed out that they had sold that many music-phones in '05 alone. And they weren't the only ones: last year 90 million MP3-enabled phones were shipped.

### THE CLASH

Even more interesting is that after 18 consecutive quarters of sustained growth, the market for iPods went a little lacklustre in the first quarter of this year, leaving them with a drop of 18 percent. A problem with the product? Or perhaps the marketing? Or is it just that if people are already carrying a music player with them on their phone they are unlikely to want to carry another one?



### BRIDGE OVER TROUBLED WATER

That's not to say the days of the iPod are over; audiophiles will still choose an Apple-designed product over, for example, a phone, for their listening needs. However, as the latter continues to increase their music storage capacity, and the musical interfaces improve, how many of us would be willing to carry a second device when our primary device (and the phone is always the primary device) will do the job?

### YOU'VE COME A LONG WAY, BABY

The market in Asia bears out many of the global trends yet also gives some further insights into where the market is going. An impressive 85 percent of North Asians under 25 own an MP3 player, yet 10 percent say that their phone is their main music device. A further 20 percent are currently replacing their existing MP3 players with a music-phone, and an additional 38 percent believe the mobile phone will become the main device of the future. In countries with more advanced networks like Korea and Japan much of the music sales are happening direct to the phone. In Korea, one mobile blogging site alone accounts for three million music downloads a month! In Japan, it is estimated that full-quality musical downloads account for nearly a 2.5 billion dollars in revenue every year.

### IMAGINE

This ability to move consumers away from copying CDs to their phones and instead download on-the-go also offers far more flexibility to the end consumer. Needless to say, it also puts additional players in the value chain – namely, network operators – and that can cause strain on the model.

### DEFINITELY MAYBE

However, the convergence of technologies into one primary device is actually proceeding relatively smoothly. Most phones can store enough music to get you to work and back with the added flexibility of being able to download new tunes as you wish. And let's not forget their ability to make calls and take photos when needed. 