

Excerpt from brand new book

## ***Mobile as 7th of the Mass Media***

***Cellphone, Cameraphone, iPhone, Smartphone***

by Tomi T Ahonen

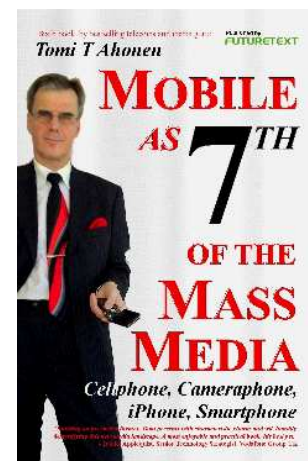
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*"Tomi instinctively knows that in the tumult of convergence between mobile and other media, there lies opportunity. In this book, building on his earlier themes, he presents his ideas with characteristic wit and charm, handily demystifying this new media landscape. A most enjoyable and remarkably practical book, his best yet!"*

Daniel Appelquist, Senior Technology Strategist, **Vodafone Group UK**

*From the back cover:*

### **Mobile as 7th of the Mass Media**

**Cellphone, cameraphone, iPhone, smartphone**

***...On the other hand, you have your other cellphone.***

The cellphone is emerging as a mass media. Twice as many cellphones as TV sets, three times as many cellphone subscribers as internet users, four times as many cellphones as PC sets, five times as many cellphones as automobiles. 31% of all music dollars spent worldwide already go to a wide array of cellphone based music services. 20% of videogaming software revenues. Advertising, news, TV, internet giants, social networking and even Hollywood movies and printed books are now rushing to capture their share of the 7th of the Mass Media.

How addicted is the youth to cellphones? Why is SMS text messaging used by twice as many people as email worldwide? How can banks, libraries, dentists and airlines serve customers better through the 7th of the Mass Media? What are the seven unique benefits that none of the legacy six media, including the internet, can replicate? Why is small screen size and limited keypad only a myth? Cellphones are not the dumb little brothers to the internet; rather mobile is to the internet, like TV is to radio, a far more compelling and complete media platform that will soon dominate.

Packed with up-to-the-minute statistics and bursting with international comparisons, ***Mobile as 7th of the Mass Media*** includes media concepts, service examples and user statistics covering 40 countries. It features 16 insightful case studies from Japan, South Korea, Hong Kong, China, Finland, the UK, the Netherlands and the USA including such trailblazing 7th Mass Media innovators as Blyk, Cyworld, Virgin Mobile, SeeMeTV, i-Channel and Flirtomatic. The book also provides the latest thinking on how to build successful wireless services using the 6 M's service creation tool.

This is the must-read book for anyone who thinks that their business might have a role on devices which are becoming increasingly even more powerful than the radical Apple iPhone.

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## Foreword

Mobiles are an integral part of our lives – so much that many of us cannot remember a time without them. To have a mobile has become second nature and we are generally never separated from them – we eat, breathe and, yes, even sleep with our mobile phones – making them the most private and personal accessory we own today.

And yet, there is still a lack of understanding about how mobile can be a powerful, complimentary mass media. It can be boiled down to two key differentiators: 1) mobile is interactive; and 2) mobile has unique features including SMS and MMS. These differentiators create something that no other media can – the ability to respond to, initiate and maintain a dialogue between those wanting to communicate, whether they are family and friends, colleagues, or brands and advertisers. In Tomi Ahonen's book, *Mobile as 7th of the Mass Media*, he describes the differentiators associated with mobile in a thought-provoking way.

He brings to light some interesting insights about mobile as the 7th and most compelling mass media. While the book rightly concedes that mobile will not replace other media, he makes a strong case for why it will be the dominant media – namely because it will be more disruptive than the Internet was ten years ago. For example, SMS text messaging – the primary source of mobile communication – enables immediate response. Tomi points out that on average people respond within 5 minutes to SMS messages. Moreover, immediate response, interactivity and mass mobile adoption have been spearheaded by the youth generation. This insight sets the foundation for successful mobile media models – Blyk is an example of this – and illustrates how young people can be incentivised (e.g. free voice and texts) to engage in a dialogue with brands via SMS.

So with this, marketers would do well to heed Tomi's call to action and understand the scale of the opportunity presented by mobile as a mass media. Consumer behavior has made it clear that mobile phones are vastly important to our everyday lives and are the major vehicle by which we communicate with one another. Bearing this in mind, marketers must also recognize the importance of providing relevant mobile messages that add value to the life of people. I recall a post from Tomi's *Communities Dominate Brands* blog: "Brands in today's world need to be three things: 1) life enabling; 2) life simplifying; and 3) navigational (help me navigate my life better)." Mobile as a media can allow brands to be these three things.

*Mobile as 7th of the Mass Media* sharply describes how mobiles will change the media landscape and presents new thinking about how brands and advertisers will communicate with consumers in the future. Tomi articulates his vision for mobile as a media with a rare marketing prescience that is sure to benefit all that are listening.

Pekka Ala-Pietilä  
CEO and Co-Founder, Blyk  
Past President, Nokia

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### FIRST OPINIONS ON THE BOOK:

*"Tomi Ahonen has always been a visionary and lucid thinker about media in general, but especially ahead of the pack in his insight about the profound computing revolution that is being led by digital mobile phones. This book provides a solid foundation for how we got here, why, and what's next."*

Trip Hawkins, Chairman & CEO **Digital Chocolate** USA  
Founder of **Electronic Arts** USA

*"The internet in every pocket."*  
**Jorma Ollila, CEO of Nokia**

## **Chapter 1 - Introduction**

### **Cellphone, the only universal gadget**

Because the need to communicate is more powerful than the need to compute, to be entertained, or to be informed.

At the end of 2007 there were almost three times as many cellphone subscriptions as there were total users on the internet. There were four times as many cellphones as there are personal computers of all kinds laptops, desktops and servers combined. There were more than five times as many cellphone subscriptions in the world as there were cars. Twice as many people had cellphones as had credit cards. The population of cellphones was twice as big as the population of TV sets in use. There were 2.5 times as many cellphones as there were fixed landline phones.

In fact, by late November 2007 there was a cellphone subscription for a staggering 50% of the world's total population. Since Taiwan first did it in 2001, today over 60 countries have achieved cellphone penetration rates of over 100% per capita. For comparison, the USA cellphone penetration rate was about 85% at the end of 2007, placing it second-to-last among industrialized countries. Canada was in last place with about 65% penetration. In the most advanced mobile markets such as Hong Kong, Taiwan, Italy and Finland, the typical first-time cellphone customer is well under the age of eight.

How can you reach over 100% per capita penetration rates? Hong Kong, Taiwan, Italy, Israel, the UK are all at 130% or above - means that an increasing part of the employed population has two or more subscriptions. Informa measured that by 2007 already 28% of all cellphone owners in the world already have two or more subscriptions. Moreover, in most cases this means also carrying two phones. Half of Western Europeans with a cellphone actually have two or more subscriptions - and most of them carry two phones.

**There were 6.6 billion people on the planet in October 2007**

Source United Nations

There is no other gadget that is even remotely as widely adopted and spread across the planet as the cellphone. Anyone with a job and disposable income has a cellphone, so if you want to sell anything, anyone who is "economically viable" on the planet, carries a cellphone. Even in China (40% penetration rate per capita), India (20%) and Africa (15%) cellphones are everywhere. I will discuss the overall economics, the big picture numbers and contrasts to other major technologies in the next chapter about the numbers involved in this industry soon to hit a Trillion dollars in value.

**There were 3.3 billion cellphone subscribers in October 2007**

Source Informa 2007

### **60% take it to bed every night**

Then I will examine the owners of cellphones and how they use the devices. I will explore the society and how our behavior is changing with this technology. Earlier, the only gadget the "whole population" used to carry was the wristwatch. However, even here the cellphone is trumping the watch: young people have stopped using wristwatches and rely only upon the cellphone to tell time. A global Nokia survey of cellphone users in 2006 found that 73% of cellphone owners use the clock on

the phone. Not all of these have abandoned wearing a wristwatch, but an increasing portion of the world uses the phone as the only time-keeping device. The cellphone is the only universal device.

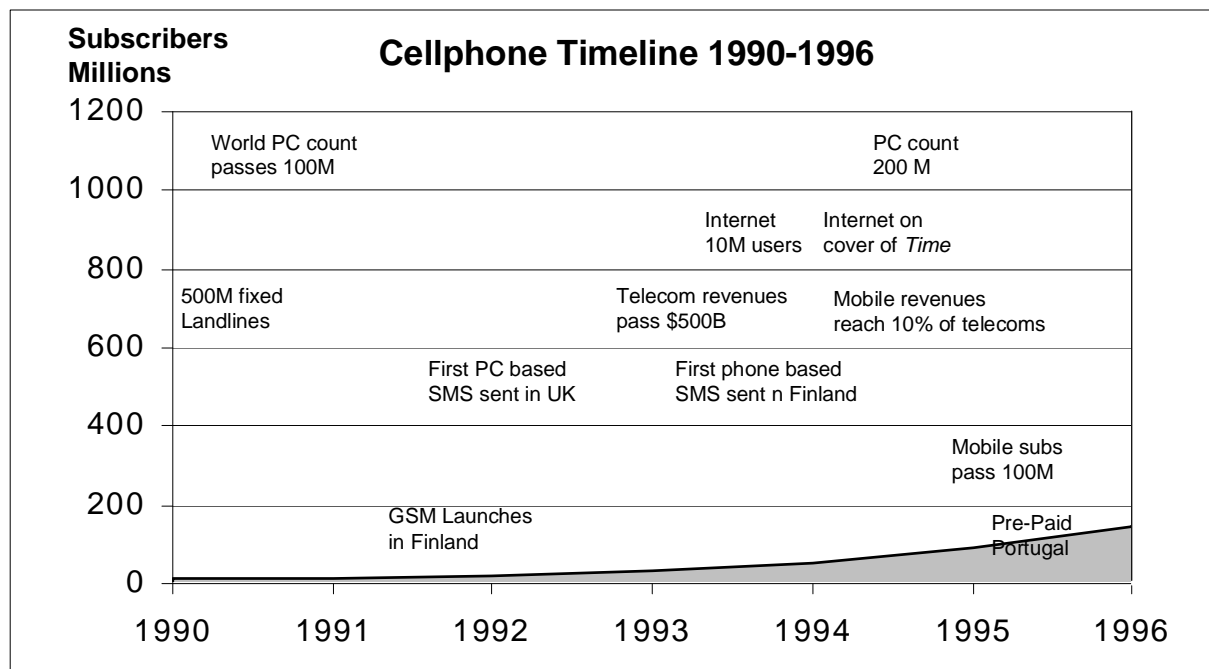
As the cellphone has become a universal gadget, it is also inducing remarkably addictive signs of behavior. Almost every cellphone user, 91% in fact, keeps the cellphone literally within arm's reach 24 hours, seven days a week, 365 days of the year according to Morgan Stanley in 2007. A 2005 study of global cellphone use by BBDO revealed that 60% of us actually take the cellphone *physically* to bed with us! When I was telling this to audiences around the world in 2005, I got a lot of smiles and laughter in the conferences. But then when I asked the audience members to raise their hands if they did so, invariably about half of the hands went up. In advanced wireless telecoms countries like Finland, Singapore and South Korea it was nearly the whole audience who admitted to sleeping with the phone.

Why to bed? Some use the cellphone now as the alarm clock - Nokia's 2006 survey found that 72% of the total phone owner population does this. Others use it to send or receive messages still late into the night, or to make (or expect) a nighttime call. A study by the Catholic University of Leuven in Belgium found that the majority of teenagers send text messages from bed. I will have a whole chapter looking at young people and their cellphone behavior. The cellphone is the last thing we look at before we fall asleep and again the first thing we see when we wake up. If you are into media, this is a powerful device.

A study by Unisys revealed that if we lose our wallet we report it in 26 hours. If we lose our cellphone, we report it in 68 *minutes*. As to those who are new to these phenomena, no, we do not only use the cellphone outdoors. A study by NTT DoCoMo the largest wireless carrier (mobile operator) of Japan discovered that 60% of all wireless data access by cellphone is done indoors, often in parallel with watching TV or surfing the internet on a PC. To help readers develop successful services, I discuss how to build magic for wireless services in one chapter, and use my theory of the 6 M's, the very widely referenced mobile service development system, in examining service concepts.

### Center of convergence

The cellphone is becoming the evolution target for much of the digitally converging industries. I will show how the battle for the pocket saw the rapid victories by smartphones over stand-alone PDAs, soon outselling them by more than 10 to 1; cameraphones over stand-alone digital cameras by more than 4 to 1;



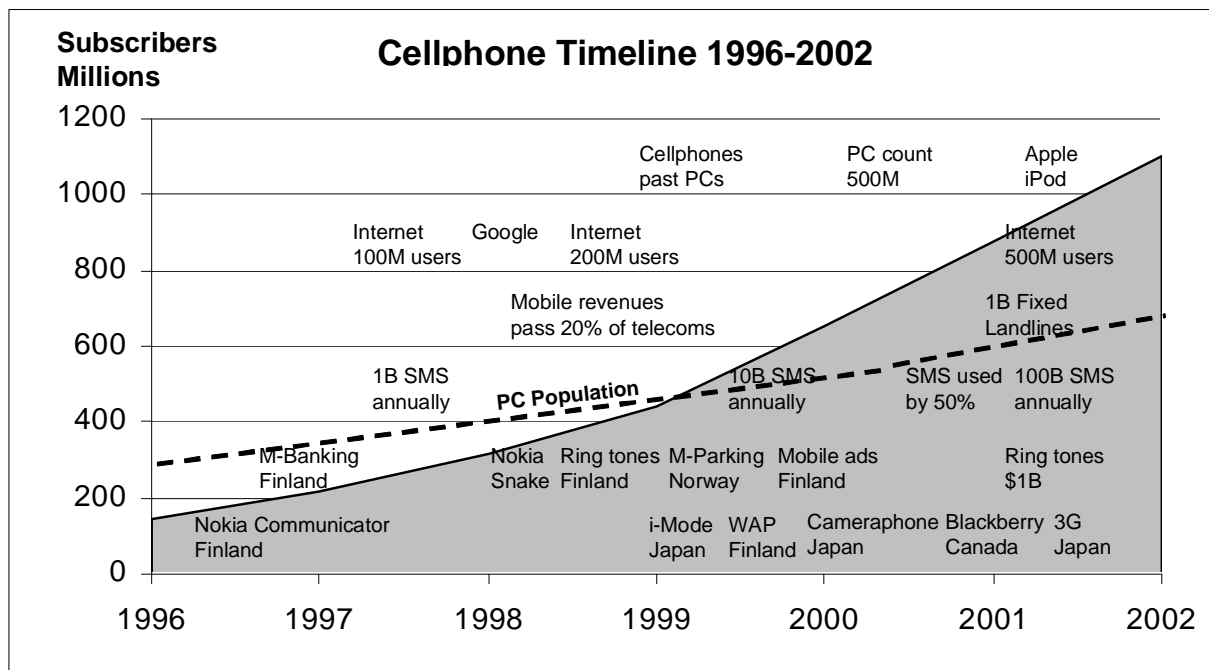
and more musicphones than iPods and other stand-alone MP3 players by a ratio of 7 to 1. Towards the back of the book I take brief looks at convergence also from the industries that are involved, in how the internet, TV and cellphones are converging today; and how the banking/credit card industry and advertising are joining into that convergence soon. I touch upon the features creeping onto the cellphone and show how the phone has added new functionalities from one, communication, to eight functionalities today in the chapter on the Eight C's. In the Disruption chapter, I also examine the role of the Apple iPhone as a disruptive technology, as well as the concept of the MVNO as a disruptive business model for the industry.

### Powerful media platform

In the book, I devote several chapters to examine the early popular media categories for cellphones. I start with the music business. As 31% of all consumer dollars spent on music worldwide is already spent on cellphone music, I devote a chapter to this phenomenon. Yes, it starts with ringing tones, of course, but there is a bewildering array of more advanced music services in the 9.3 billion dollars that people spend on cellphone music services worldwide today, such as true-tones (mastertones), ringback tones (waiting tones), music videos, music streaming, karaoke, welcoming tones, background tones, etc.

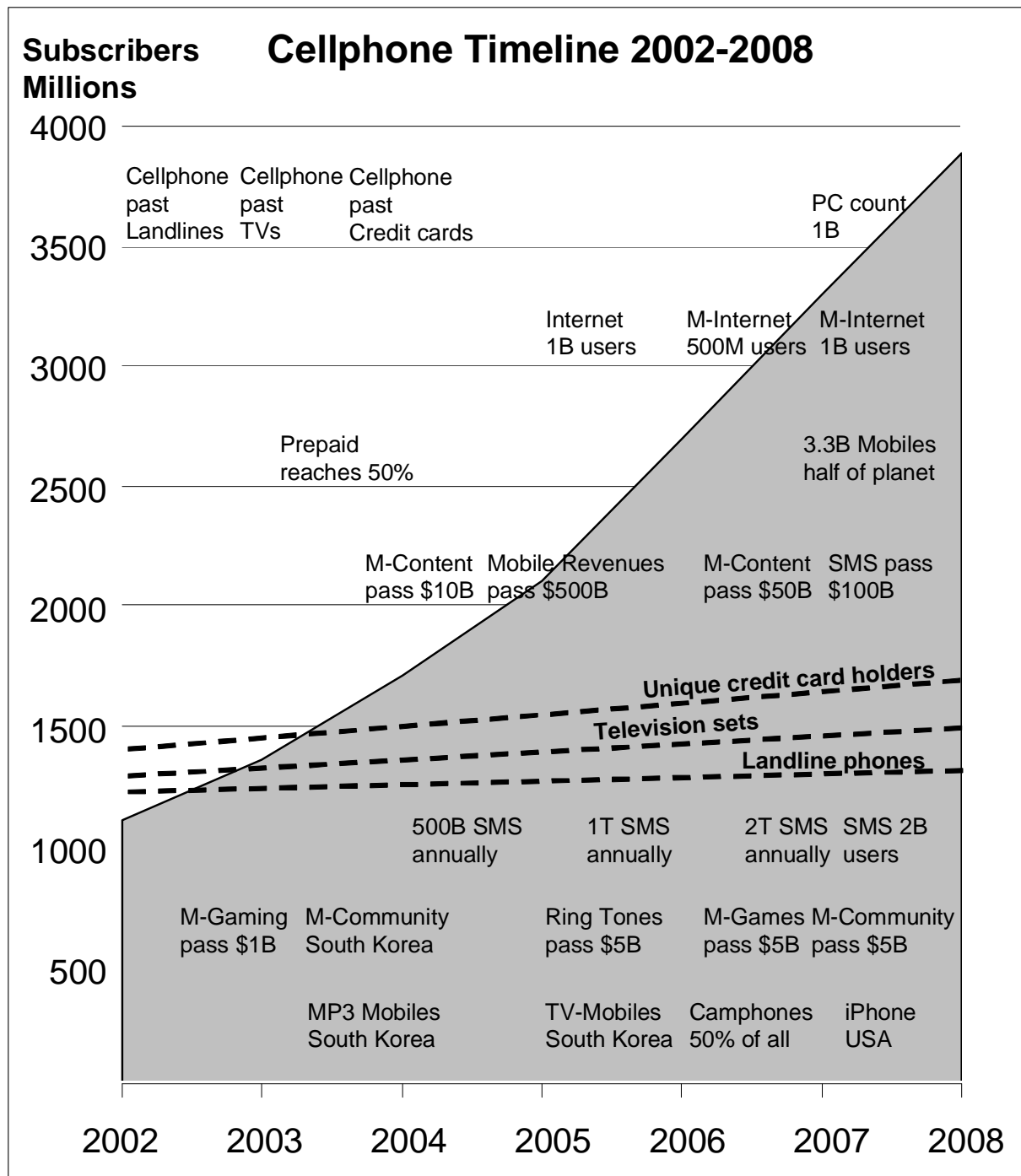
In videogaming we see the same pattern. Growing rapidly, in 2007 already 20% of videogaming software revenues came from cellphone games. Advertising is another industry headed to your cellphone, and by the end of 2007, the worldwide advertising spend on cellphones had reached 2.2 billion dollar in value. Spreading fast, more than half of all cellphone owners in countries as diverse as Japan, UK and Spain received ads on their phones.

The latest industry to discover the cellphone as a delivery platform is TV. The first cellphones with digital TV tuners (i.e. built-in "set-top boxes") went already on sale in South Korea in the Summer of 2005 and by the end of 2007 there were seven million of such advanced TV-phones in Korea, or 17% of the total cellphone subscriber base watching full broadcast TV on cellphones. I will discuss music, gaming, TV and advertising for cellphones each in detail in their respective chapters later in the book.



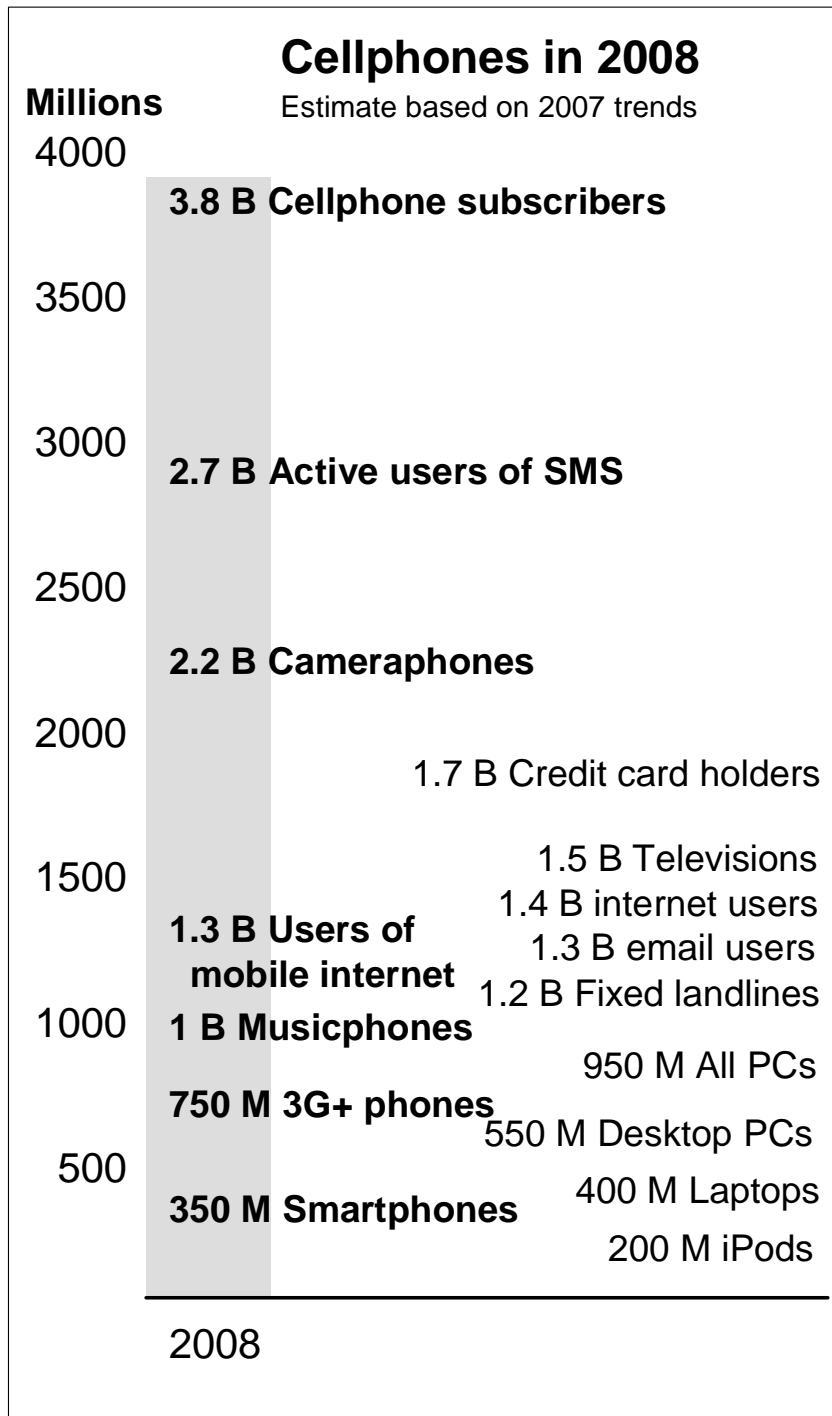
### The texting divide

The impact of cellphones to communication is enormous, and that communication is shifting away from voice calls to cellphone messaging. Not wireless email like on a Blackberry, no: the big cellphone messaging system is SMS text messaging. Over 2.5 billion people were active users of SMS text messaging in 2007. For contrast, while there were only 1.3 billion users of the internet, only 1.2 billion active users of email who maintained 2 billion email accounts. So out of the planet's population of 6.6 billion, only 18% can be reached via email. Compare that with the 3.2 billion of all cellphone subscribers or 48% of the planet who are capable of receiving SMS text messages, and 2.5 billion or 38% of the whole population worldwide who are active users, and thus able to respond via SMS. No wonder all industries from automobile service garages to airlines to libraries to dentists are now rolling out SMS text messaging based customer communication systems.



SMS is perhaps the least understood of the new services on cellphones. It is definitely the most counter-intuitive service of them all and were it not for irrefutable facts and incredible usage patterns, no amount of logic could possibly explain the business or the use cases for SMS text messaging. That is why I have a whole chapter on this phenomenon. In addition, no matter how much you may love your Blackberry, trust me, the "Crackberry" is a *mild drug*, compared with SMS text messaging. With annual revenues of 100 billion dollars and still growing at double digits annually, this is a monster of a service and must be understood to grasp how compelling the cellphone can be as a media channel.

**Multipurpose device clever at payments**



Each cellphone can handle payments. There are some early examples of these appearing in the USA and Canada, so some may find the concept plausible, if not obviously practical. Nevertheless, keeping in mind that we carry our cellphone everywhere, if payment abilities are added to the device, it soon becomes the *preferred* means of payment. Why worry about having the correct change for the bus, the parking meter or to buy a can of Pepsi? You do not need to handle the small change: do the payment on the cellphone instead. Just click the button, and the payment appears on your next phone bill.

What may have seemed like novelties, are now real industries. Payments by cellphone are very widely deployed already, ranging from paying for public transportation - trams, the subway and busses - as 53% already do via their cellphones in Helsinki Finland. In Estonia, *all parking* is now paid by cellphone. In Slovenia, all taxis accept payment by cellphone. In the Netherlands you can pay for your train tickets by cellphone. The governments are getting in on the action as well. In Finland, you can buy a fishing license by cellphone while in Abu

Dhabi the police will allow you to pay for speeding tickets with your cellphone.

In countries from the Philippines to South Africa, many employers pay full salaries direct to cellphone accounts and in Kenya already a fifth of all bank accounts have migrated to cellphones. The Singapore government announced in 2006 that all e-government initiatives would be made compatible with cellphones and SMS text messaging. Will it be the future? Today over half of Koreans use their cellphone for paying anything from public transportation to the grocery bill to paying for their petrol at the gasoline station. I will discuss the mobile payments and mobile banking later in this book, as well as the topic of how society is changing with wireless services on cellphones.

### **Birth of Gen-C**

I've already written a lot about Generation-C in my fourth book, *Communities Dominate Brands* with Alan Moore. One might assume it means Generation "C for Cellphones", or maybe it is "C for Content"; but actually the C in Gen-C stands for "Communities". It is the *Community Generation*, the first generation that experiences life, its anxieties, decisions, emotions, successes and failures, with the best buddies always at hand. Almost telepathically connected, living collectively, with a "hive mentality".

No longer reacting to a school bully alone, now Gen-C will fetch friends to rally to help with the cellphone. While the gadget of choice for Gen-C is the cellphone, that generation is actually the first multidevice (or multiplatform) generation, using cellphones, text messaging, chat, instant messaging, blogging, multiplayer gaming, virtual reality worlds, social networks, search etc interchangeably and concurrently. Gen-C is the super-consumer of tomorrow. The preferred gadget of Gen-C is of course the cellphone. I will discuss Gen-C in its own chapter later in this book.

**Over 50% of email users expect a response within 24 hours.**

Source 160 Characters 2007

A related concept is that of social networking, known also as user-generated content, digital communities and Web 2.0. Since our book in 2005, recently most social networking experts have joined in our conclusion that the inevitable direction for all social networking services will be to cellphones. What may surprise readers is that while *mobile* social networking is only five years old, less than half as old as that of internet based online social networking, the cellphone variant already earns more money worldwide. Mobile social networking was worth 5 billion dollars in 2007 and as the business was launched in 2003, it makes mobile social networking the fastest-growing billion-dollar industry in the economic history of mankind. I will devote a chapter to it.

**84% of SMS users expect a response within 5 minutes.**

Source 160 Characters 2007

### **Before iPhone, After iPhone**

There is one more element that has been changing perceptions of cellphones particularly in America, and that was the launch of the Apple iPhone in June of 2007. I have been saying, writing and blogging that the wireless telecoms industry will come to look back at June 2007 as a threshold moment. We can actually count cellphone development time, like two eras. The era Before the iPhone (BI), and the era After the iPhone (AI). Therefore, I discuss the iPhone and its impact in the disruption chapter near the end.

The cellphone started as a communication device, what I call the "first C". In a very short period of time that expanded to include consumption (the browser), then charging (payments),

commercials (advertising) then creation (the camera). Now we are adding communities (social networking such as uploading pictures to Flickr), cool (fashion) and even control (remote control of our lives such as our locks, home heating, security systems etc). I will discuss this evolution pattern as the "8 C's" in its own chapter later in the book.

### **American creativity will wake up**

The other benefit of the introduction of the iPhone is perhaps more subtle, but more far-reaching. The June 2007 launch of the iPhone was certainly the most visible technology marketing campaign ever.

In the past American audiences have been poorly served by the handset makers and the wireless carriers. Americans have never had first releases of new top-line phones in the world - many of the top models by the giant handset makers have not even been launched in America at all. In addition, the American wireless carriers are also seen by the industry pundits as nearer Third World carriers than their more advanced rivals in Europe, Asia and Australia. Cellphone features, carrier services, pricing and interconnectivity are all much more advanced in other major industrialized countries than in America.

So American consumers and business executives have an outdated view of cellphones and wireless services. Imagine if you lived in an African country where the local airport only served propeller driven airplanes. You would have a hard time believing how comfortable travel could be in modern jetliners. Nevertheless, once that airport was expanded and modernized and modern jets started to serve your city, you would rapidly understand how relevant jet travel is to world commerce today.

When Apple rolled out its iPhone launch marketing, suddenly every American executive noticed a large screen, color screen cameraphone with web browser and media player. Moreover, the prevalent thought was: "*Wow. I want one of those.*" And the next thought was "*Why can't my business be on it?*"

So after the launch of the iPhone, suddenly every IT industry executive, every TV industry boss, every Hollywood mogul, every print baron, every gaming developer etc, woke up to the potential of cellphones. To illustrate how the North American cellular telecoms industry compares to the rest of the world, and to help discover regions where the cutting edge and bleeding edge of the industry currently exists, I end the book with an analysis of what factors have caused North America to fall behind in this rapidly growing industry.

### **Seventh of the Mass Media**

This book looks at the cellphone emerging as the Seventh of the Mass Media. Print was the first, five hundred years ago. At the turn of the century around 1900, we had three "new" mass media in short succession, with recordings the second, cinema the third and radio the fourth mass media channel. Then around 1950 we had TV emerge as the fifth. Then after 1990, the internet appeared as the sixth. Now around 2000 mobile (the cellphone) appears as the latest, the seventh mass media channel.

It is not the dumb little brother of the internet, nor the dumb tiny screen version of TV. Yes, the cellphone is small, but it has attributes that make it a *superior medium* in many ways and a *dominating media channel* in the three most important factors - reach, audience accuracy and money.

I like to say that mobile as the 7th mass media channel, is as different from the internet, as TV is from radio. TV overtook radio almost totally as the predominant media channel, replicating all previously existing radio content, and then adding countless new content types and formats not possible on radio. Now we face a similar situation with mobile taking over from the internet - and very shortly will become the predominant interactive media, replicating most that exists on the internet, and creating already today numerous media formats that cannot be replicated on the internet. Early in the book, I go to considerable detail to explain exactly why the cellphone is as powerful as a media channel, can it truly be more potent than the internet? I devote one chapter just to understand the unique benefits of the cellphone as the seventh of the mass media. I then show how we can build magical new services for it.

## To sum up

The cellphone is certainly the most widely spread technology. There are 20 times more cellphones than Playstations; 30 times more cellphones than iPods. It is the only universal gadget, and it has now become the newest media channel. The first media content to discover cellphones was music ten years ago and today over 31% of all music sold worldwide is consumed on cellphones. Videogames were the second category and over 20% of that industry has migrated to cellphones. TV, news, social networking, even internet services are all now headed to the cellphone, as the newest and most prevalent mass media channel. Advertising is also headed to a cellphone screen near you.

It is not easy to build successful services for cellphones. You cannot just copy the internet or other media and be guaranteed a success on the 7th of the Mass Media. However, by understanding what makes the cellphone unique, and more powerful as a medium than any of the six legacy media; that is how future media empires will be built. That is why we all need to understand the cellphone. This is a book to help you on that journey. I will start by putting the big picture into context, with the next chapter focusing on the numbers of this emerging giant industry. At the end of each chapter I will also showcase some example from leading innovators in this industry such as Blyk, Flirtomatic, Cyworld and SeeMeTV. For those wondering is the cellphone viable as a media channel, consider these words from the former Director General of the BBC, Greg Dyke, *"The time is coming where all the traditional broadcast shows will be available on your mobile phone."*

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## FIRST OPINIONS ON THE BOOK:

*"Tomi's book takes us through the changes and opportunities in this new converged world of voice, data and broadcast media. With fascinating examples from around the world he lays out the potential for an industry that could become one of the largest in the world. Anyone who is interested in the future of mobile should read this book."*

Colin Crawford, Executive VP Interactive, **IDG Communications** USA

*"Tomi Ahonen is the most thoughtful commentator on the mobile industry: his theory that mobile is a new mass media is spot on."*

Mark Curtis, CEO **Flirtomatic** UK  
Author of *Distraction: Being Human in a Digital Age*

*"Tomi has built a compelling story not just of how the mobile platform will evolve, but how the other 6 media platforms will ultimately be part of the 7th mobile platform. In other words, he demonstrates the fundamental shift from 'mobile communications' to 'personalized communications' and in the long run, to 'all personalized transactions and interactions' and that this will encompass all elements of the value chain from research and awareness building to sales, marketing, production, service and lifecycle. Welcome to the world of the segment and segments of one customer. Bravo, Tomi."*

Garrett Johnston, Chief Marketing Officer, **MTS** Russia

## Case Study 2 from the UK Flirtomatic

Flirtomatic is a UK based flirting and dating service available on cellphones and the internet, which was developed by Fjord. It launched in May 2006. Much of Flirtomatic is predictable in concepts similar from dating/flirting online services. It has user profiles, with pictures, and the chance to send messages across to other Flirtomatic users. Where Flirtomatic goes far beyond the traditional online services is in its new business and service concepts built around the 7th Mass Media channel.

One of the features of Flirtomatic is the virtual gift, which includes anything from virtual roses to virtual champagne to the virtual kiss (yes, virtual kisses...). These are paid for by "Flirt Points", a virtual money system, which can be topped up by cellphone users with premium SMS payments as well as other payment methods.

There is a strong emotional and communication element to the virtual gifts, so for example there is the animated graphic of a girl smiling and twirling a bra. This is a clear suggestion of the fun to follow, from the woman sending that animation to the man (or woman) of her choice. These kinds of gifts are all charged either to the user, or offered via sponsorship deals, such as L'Oreal sponsoring the virtual Big Wet Kiss.

Another money-making feature is built around the personalization. Users get to rate their flirting partners and obviously some pairings will yield bad reviews. Flirtomatic allows its members to remove a bad rating, but at a premium cost.

The service has taken the auction-based advertising idea from Google Adwords and developed a Flirtomatic version of that idea. Members can bid for the top slots of the opening page, to be the "First Face" featured Flirtomatic member of the hour. These are auctioned. The current rate will cost about 8 UK Pounds (16 US dollars) to gain six hours on the Flirtomatic opening page as their First Face to generate flirting contacts. Flirtomatic has brought not only user-generated ads to cellphone based dating and flirting, but also auctioned personal ads just like Google Adwords.

How is Flirtomatic doing? By the autumn of 2007 Flirtomatic had 80,000 members, 20,000 on cellphones using its WAP service and the other 60,000 as web users. The cellphone users generated more than twice as much traffic as the web users, and cellphone users were far more active, logging into the site on average 8.5 times per day.

The best success story is the virtual Red Rose. During 2007 Flirtomatic sold 3.5 million virtual red roses to its 80,000 members, and generated £805,000 (US\$1,710,000) in revenues. 3.5 million roses in the year? That is almost 10,000 roses per day out of a total user base of only 80,000. Flirtomatic is already one of the largest florists in Britain today.

With all the innovative revenue models Flirtomatic CEO Mark Curtis announced in April 2007 that Flirtomatic was terminating its subscription fee altogether - as unnecessary!

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### FIRST OPINIONS ON THE BOOK:

*"Tomi Ahonen's latest book adds to the wealth of insights he has given to the industry, and has useful perceptions of how the Japanese market is evolving as it adjusts to cellphones as a mass media channel."*

Ted Matsumoto, Executive Vice President and Chief Strategy Officer, **Softbank** Japan

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*"The mobile will be the main device to enjoy radio and TV programs anytime anywhere."*

**Yun-Joo Jung, CEO Korea Broadcasting Service**

## **Chapter 4 - 7th Mass Media**

### *And the fourth screen*

We made a thorough case study of digital convergence from the experiences of the most advanced information society with Jim O'Reilly in my fifth book, *Digital Korea*. In the book, we explored various media heading to digital platforms and concluded that there will not be only one network or medium. Much as I believe in the addictiveness, pervasiveness and sheer dominance of the cellphone, still in our lifetimes we will tend to have multiple overlapping networks and all seven of the mass media. Just like TV did not kill off cinema, and radio did not kill recordings, and the internet did not extinguish the business of newspapers and magazines, so too the cellphone will be more of an *additional* new media, than the final end-state of all media.

Still, the cellphone will become the ever more *predominant* media channel. It will be cannibalizing elements from all previous of the mass media. Mobile as the newest mass media channel is by far the least well understood. Nevertheless, make no mistake about it, mobile is not the dumb little brother of the internet. In a way similar to how TV took over from its predecessor, radio, as the dominant media of the late 20th century, mobile will soon take over from the internet and emerge as the dominant media of the early 21st century.

We have much to learn from the previous transitions when a newer media channel emerged. Television came in the 1950s and it rapidly repurposed all of the formats of content from radio. However, newer content formats created for TV the newer media, were not all able to migrate back to radio (most game shows and reality TV would not work on radio, and obviously music video without video is only "plain old music" etc).

Similarly, everything we can do on the internet today, we can also do on an advanced cellphone today - not always as well obviously, but all can be done. Yet there are many types of services that already exist on the newer media, mobile that cannot be replicated on the PC based internet (such as ringing tones for example). To understand mobile as the 7th mass media channel fully, we need to start by examining the previous six mass media channels.

### **A FIRST FIVE MEDIA ARE UNI-DIRECTIONAL**

The first five of the mass media are mature, over 50 years old each. Even the sixth media - the internet - is well into its teens. So let's examine them all briefly, with a focus on each of the transitions from the older media to the newer one.

#### **First mass media channel: Print**

The first mass media is print, which arrived with the printing press. At about 500 years old, it gave us first books, then pamphlets, then newspapers, and later magazines etc. Early on, it was even the only mass media for selling of music? Yes, before recordings (records, tapes, digital MP3 files etc) and radio, the only way to sell music was through the sheets of notes - "sheet music" - that the musically inclined could then play on their pianos at home. Now, five hundred years and six newer media channels later, print is still going strong. No matter that with almost every newer mass media there were predictions that newspapers, magazines and books would disappear.

Print introduced the concept of advertising for the mass media. Moreover, its format was a buy-to-own model. Printed items are totally portable and even though much of the printing process has been digitized, still almost all print material (on print mass media, see recording and internet as separate media below) is "analogue" or paper-based. Print also introduced the subscription model, in particular for many magazine titles.

## The Seven Mass Media

First Mass Media Channel - **Print** from the 1500s

Second Mass Media Channel - **Recordings** from 1900s

Third Mass Media Channel - **Cinema** from 1910s

Fourth Mass Media Channel - **Radio** from 1920s

Fifth Mass Media Channel - **TV** from 1950s

Sixth Mass Media Channel - **Internet** from 1990s

Seventh Mass Media Channel - **Mobile** from 2000s

### Second mass media channel: Recordings

The second of the mass media appeared about 1890, as recordings. The first recordings were music, starting with "clay" records at 78 RPM (Revolutions Per Minute) and later with LP (Long Playing) record albums at 33 RPM and singles at 45 RPM. Early records also were used to sell speeches, spoken books and comedy routines of comedians. Other analogue recording materials appeared such as open reel tape, c-cassette and cartridge/8-track. Videocassettes appeared to allow recording television content and the sale and rental of movies. Then digital formats appeared for content on computer disks, CDs and DVDs. Music shifted from vinyl to CD and movies from videocassettes to DVD.

Like print, recordings are also a "buy-to-own" media, although there are many rental services as well, in particular for movies. Recordings are not as inherently portable as print, as you also need to have a player for its given format, i.e. a CD player or iPod to listen to music today, or DVD player to watch the movie, and Playstation or other gaming console for videogames. Recordings soon cannibalized much of the music from print, but not that much of the content from books and magazines, and nothing from news.

Recordings introduced a new type of media talent, the ability to have a "pop music star" who was not necessarily the writer of a song, but rather the performer. Edith Piaff, Frank Sinatra, Elvis, the Beatles etc built their worldwide following through the sales of their recordings.

Looking at all recording formats (music, movies, computer software and videogaming) - the total recording business is growing at very healthy rates, even though individual elements, in particular music recordings, especially on CD formats are shrinking. During 2007, the DVD sales seemed to hit a plateau for movies but still growing for TV series content. Videogames and PC software recordings continued to grow strongly.

While some advertising existed on early recorded media, and today some ads appear inside videogames and on DVDs, this media is not very strongly conducive to advertising support.

## Was first "new media"

Note that about a hundred years ago, recordings were the first "new media". As such, recordings were also able to totally cannibalize a previous media format. The sheet music sales that were the only way to sell popular music through the late 1800s rapidly disappeared in the early 1900s as recordings (and later also radio) demolished this part of the music industry. Today, when thinking about how the internet is cannibalizing newspaper content or mobile is cannibalizing music, this is actually nothing new. Often a newer media will discover its particular strengths, and previous ways to deliver given content may well migrate to a newer media channel. We just need to understand that it is part of being in the media business. More importantly, recordings did not *destroy* print, and after

the advent of recordings, print has continued to grow as an industry.

Another fascinating side note was the emergence of one media discussing another media. Songs on records became a topic of magazines (and even books). Youth pop magazines appeared in most countries in the 1960s and 1970s as pop music artists became staples in all markets. Therefore, the advent of a new media channel can spawn more content formats for a legacy medium.

**439 million people bought newspapers globally in 2007.**

Source: Deloitte Media Predictive Rport 2007

## Third mass media channel: Cinema

The third of the mass media was cinema, from about 1910. This was the first "pay-per-view" format so every time you viewed the movie (at the cinema) you had to pay again. This was also the first "multi-media" format incorporating moving pictures and sound. It should be noted that with the early technical limitations, movies themselves were silent, and a pianist would typically play the music score of the movie as it played in the cinema. Eventually cinema developed sound movies ("talkies") to allow a richer sound experiences.

**798 million, 24% of cellphone owners on mobile web in 2007**

Source: Informa 2007

Cinema started to migrate the long-form stories of books onto the silver screen, eventually having authors write directly to screenplays that never were released as books, or that are only released as books after the movie has become a success. Cinema also provided the first threat of a newer media challenging an older one in the area of news. In the late 1800s and early 1900s, the only way to consume news media was via the newspaper. In the 1920s and 1930s, the cinema became the weekly viewing place for "newsreels" - a kind of grandfather for what is television nightly news today. While popular before the main feature of a night at the movies, newsreels did not seriously cannibalize news content from newspapers, which continued to grow in influence during this period.

The cinema introduced continuing storyline films i.e. the cliffhangers that were often released on a weekly basis (precursor to today's soap operas). Cinema also produced the world's first global celebrities starting with Charlie Chaplin. Cinema content was consumed in large groups (i.e. not privately). The advertising in cinema was shown before the main feature started.

Many suggested cinema would be the end of printed books. Of course, nothing could be further from the truth, the print industry has grown steadily for most of the glory days of cinema and much like recordings, cinema also spawned its own magazines and its own sections in the newspapers. Many successful books and comic books were turned into movies, and where some movies were original screenplays and became surprise hits, they in turn were turned into books, magazines and

comic books, such as recent *James Bond* movies, which appear on cinema first, and are released as books later.

#### **Fourth mass media channel: Radio**

The fourth mass media channel appeared also very close to that time, essentially around 1920: radio. This was the first broadcast media, where the consumption was a "streaming" concept. The listener did not own the content and the listener could not replay it. It took 50 years until about 1970 that technology emerged for mass-market use to capture broadcasts onto tape recordings, when Philips introduced the c-cassette. Radio was mostly personal or consumed in a small group, but almost from the start, the format was portable, or mobile. Radios started to appear in cars - this was the start of Motorola for example. After the Second World War personally portable pocket radios became possible and popular with the use of transistors in the manufacturing of ever smaller radios.

Radio became a very serious outlet for news. Radio ran regular drama and comedy shows including stories with continuing storylines. We know the style as soap operas on TV today. Families would gather around the favorite broadcasts and listen together. Weather became a serious separate content category, as did live sports that up to radio could not be delivered on any mass media. In some countries, the radio broadcasts were paid for by radio licenses, in other countries paid for by advertising, or a mixture of both.

Radio started to dominate other media - a pop music artist who was favored by a radio DJ would then become a hit on selling records. Thus for the music industry very specifically there became a close symbiotic relationship between radio airplay and record sales.

And again like recordings and cinema, radio spawned print titles that focused on it. The BBC's *Radio Times* was one of the famous publications that discussed what was to be broadcast in the coming week and similar magazines appeared in all countries. Newspapers would add pages with daily radio schedules.

While weather reports had been part of the newspaper industry, they now also appeared on radio. It did not kill off weather reports in newspapers.

## **B TV AND THE INTERNET**

The fifth mass media channel is the biggest and most dominant to our culture today: TV. Invented in the 1930s but introduced to the mass-market in about 1950, TV did not really introduce anything new. As we consider mobile as the 7th mass media channel, this is a very important point to understand. Each of the first four mass media did introduce something new, but TV did not.

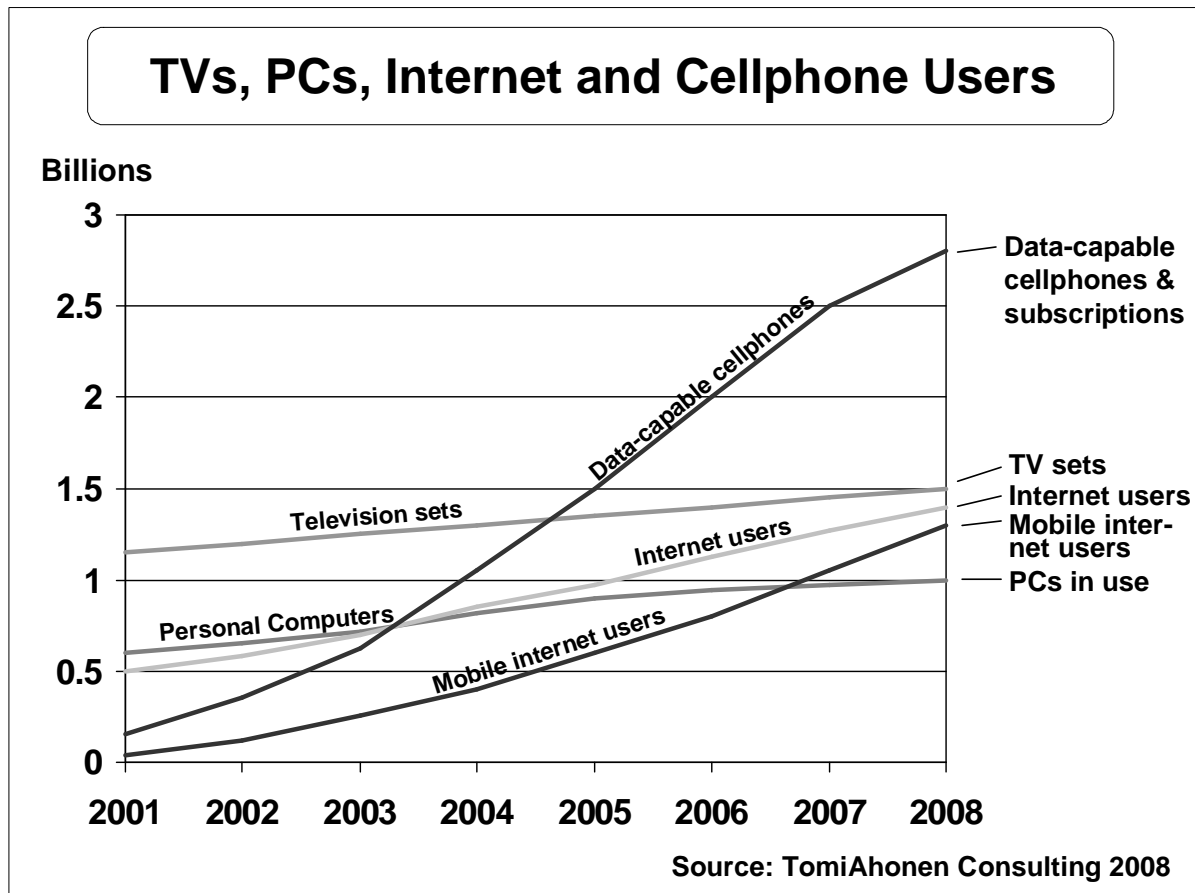
### **TV gave us nothing new**

We had multimedia in the cinema, and broadcast in radio, so all TV did, was to combine those two. Nothing new as such. Even the business models of licenses, advertising (from radio) and subscription (from print) had been seen prior to television. Yet in spite of not providing anything new, as TV combined two very powerful media elements, the multimedia experience of cinema with the immediacy and reach of broadcast, TV soon came to dominate the media space.

TV is consumed in small groups at home with a few members of our family or alone. TV is mostly not portable (yes, pocket TV have existed for 25 years but few actually own them, and even fewer bother to carry them around).

Television was a monster at cannibalizing content formats and stealing media audiences from older media. TV soon took over totally the newsreels from cinema but radio and newspapers were able to hang on to their news reporting. TV took over much of the drama series from radio, now called soap operas, and more gradually many of the live sports broadcasts.

TV was at first only a "streaming" proposition - if you did not see the show or episode on TV, you missed it forever. It was not until the mid 1970s that home video recording appeared pioneered by Philips in Europe and then by Sony Betamax around the world.

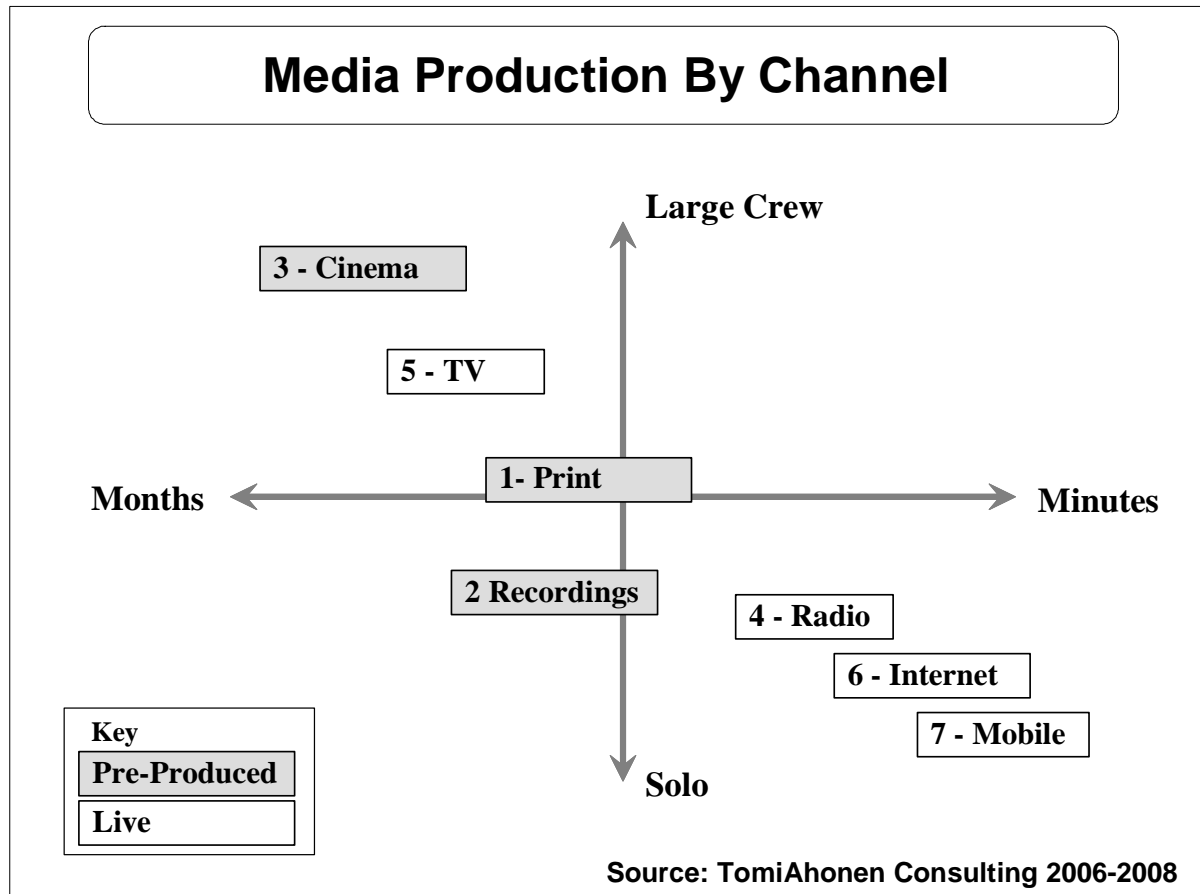


TV discovered the power of the celebrity, and soon shows emerged that promoted celebrity (e.g. talk shows) and those that propelled normal people into temporary celebrity status (e.g. game shows, reality TV). TV reduced attention spans, cutting drama series durations from two hours to 90 minutes to one hour; and making the 30-minute sitcom a standard format. Music TV (MTV) and music videos cut the standard storyline length to about 3 minutes. Continuing storyline soap operas emerged killing the serial movie concept from cinema, and removing most continuing storyline drama from radio. After the advent of MTV music videos, suddenly the connection between radio and music recordings was severed, and MTV became the deciding factor to a music artist's success.

Today, roughly half of the industry revenues are derived from advertising and another half from subscription fees. TV displaced radio as the daily most relevant media, and pushed radio to a niche opportunity. Radio is listened to in the car, or as background noise. TV also started to generate content expansions into previous media - e.g. TV shows turned into movies (e.g. Mission Impossible, Star Trek); TV shows turned into recordings (DVD collections); and a lot of further print content relating to TV - in the UK, there are for example seven TV related weekly listings magazines, similar to the familiar *TV Guide* in the USA.

### BBC TV and news anchors

A great lesson on the difficulty of transition from a legacy media to a newer one comes from the transition from radio to TV. The early "services" on TV (i.e. programming formats) actually avoided TV's particular strengths. For example, the BBC guidelines for TV news broadcasters in the late 1940s and early 1950s were based on BBC radio's considerable experience and reputation in radio. The radio experts had said that news would probably succeed also on the new TV format. So they thought long and hard about how to make news a success on TV. They were thinking with a radio mindset. They knew that on radio, the listening audience was identifying with the familiar and reassuring *voice* of the news reader (or "news anchor" as we might know the job description today).



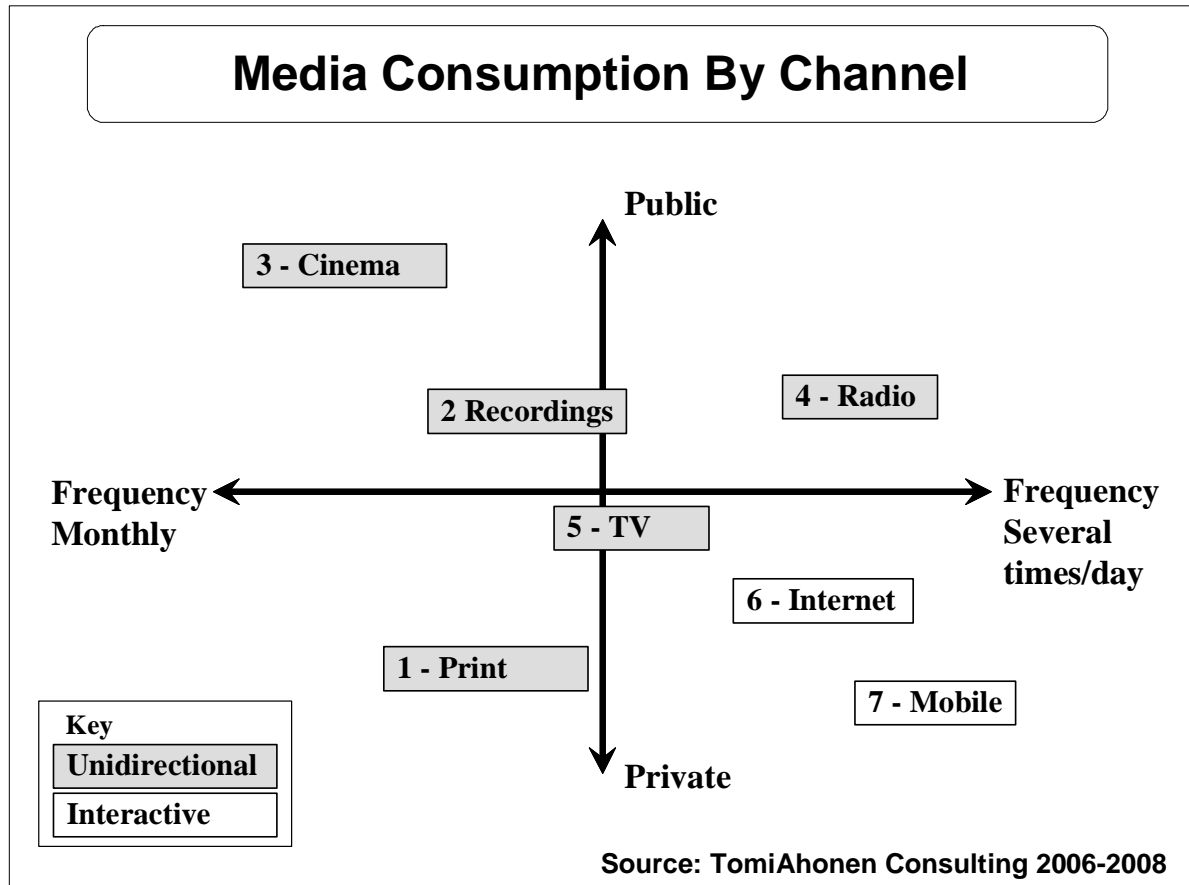
So the BBC guidelines said that TV news were allowed to show images of what the news item was about, such as maps from the country, pictures of the politicians involved, and any news film that was recorded by any on-site news crews. However, in the broadcast it was expressly forbidden to show the face of the person reading the news (i.e. news anchor)! The prevailing thinking (from a radio mindset) was that if TV viewers would see the news reader's face while reading the news, the TV viewer would be distracted by any emotions that the news reader might display on television.

Isn't that quaint? It took about a decade until TV news discovered that viewers preferred to see the news reader, and that the home viewers identified with, learned to trust, and connected to seeing the regular anchor every night on the news. Only after the advent of the modern TV news anchor could we have such TV news super celebrities as CBS icons Walter Cronkite and Dan Rather or say CNN's Larry King. It was only after TV learned to think beyond radio that the concept of the "television" TV celebrity could be discovered.

Today, TV is full of the kind of programming that they cannot do on radio. This all falls under the broad category of "reality" shows. We want to see the expressions of our talk show hosts like Oprah and Letterman and Conan, and their various celebrity guests on chat shows. We want to see the faces of gamers and quiz masters on a game show, or the people participating in any reality TV "vote the player off the show" type of show like American Idol, the Apprentice, Big Brother, Survivor Island, etc.

### **Sixth media channel is the internet**

So enter the sixth mass media channel, the internet, in the 1990s. This is very young as a media channel. Its most radical innovations were interactivity, search and community/social networking.



Recalling that TV offered nothing new, yet it grew to dominate the four older media, now consider the internet with its three innovations. First, the internet is inherently interactive. Not only can we offer content to audiences, we can have the audience rate our content, comment on it, link to it, blog about it. Then the internet has search. This is a very powerful ability, which makes the online archives of major newspapers and magazines so much more useful than a stack of back-issues in a bookshelf. Moreover, finally social networking, the community dimension. Everything from YouTube to citizen journalism and Wikipedia, we can now collaborate online and bring our audience to co-create our media experience. Massively multiplayer games like *World of Warcraft* and *Lineage II* have up to 20 million active users engaging with each other.

### Inherently threatening

As a mass media, the internet was the first "new" mass media that was "inherently threatening" to all five previously-existing mass media channels. The web could offer equivalent content as all of the other five previous media - we can read books, magazines and newspapers online; we can view movies; we can listen to radio and podcasts; we can view TV content in clips, video streaming and IPTV; and yes, we can download the digital equivalents of recordings e.g. MP3 files, MPEG movies, computer software, videogames etc. In its short life the internet has already moved rapidly into content areas of each of the older established media, including several arguments, debates and even legal actions about the legality of distributing content via the web. These include music with Napster, television with YouTube and printed books with Google.

Not all media are inherently threatening. Upon quick observation, it is easy to think that any media can cannibalize previous media. We have seen music go from print to recordings, radio and TV, news appear first in print, then in cinema, radio, and TV, and so forth. You might think that every newer media can "automatically" cannibalize all older media. Actually, none of the first five media could offer all that their preceding media could provide. For example you cannot deliver a dramatic news picture, think Abu Ghraib prison pictures, from a newspaper page, to listeners *over radio*. You

cannot sell a top 10 rock song through the cinema screen. You cannot read a book you selected, through broadcast TV (someone could read a book for you on TV, but that would be the same book for the whole nation at the same time). No previous media could offer all of the previous media contents through its medium.

The internet is different. It is an "*inherent threat*" media channel as it can efficiently offer all of the main content types of all of the previous five mass media. This is why the internet is so greatly a concern to the existing media giants from newspapers to TV to radio to the movies and so forth.

The internet is based on philosophies of freedom and shareware and collaboration. There are subscription models and advertising revenues also but most content is "free" and the revenues are earned via advertising. In terms of content "ownership", it is a total hodgepodge, some stuff you can own, others you should not and still others are very difficult to capture to own. Nevertheless, with interactivity and community/social networking innovations on the web, opportunities emerged ranging from citizen journalism to *Wikipedia* to multiplayer gaming and virtual worlds, like *Second Life*. Meanwhile search has allowed a replacement to reading encyclopedias and visiting the library. I will be returning to the internet more in the chapter about the mobile internet.

**TV could not replicate all legacy media; had no new benefit**

Source: SMLXL White Paper 2007

A final comment of relevance of the internet is its cost, which is almost nothing to the media content owner. You can become an internet service provider at trivial costs compared to any of the previous mass media; and to become a website or blogsite, you do not really need more than your connection. If you have free access say through the local library, you can become a web publisher for totally free.

As to cannibalization, it is too early to make absolute statements, remember the internet is less than two decades old as a mass media channel, but the early signs are very strong that print and recordings are strongly threatened by the web. Radio and TV are feeling the heat, TV in particular with the new IP TV concepts. Movies are also increasingly facing piracy and with faster broadband speeds, the cannibalizing threats will no doubt only rise.

**Mobile can replicate all legacy media; has 7 new benefits**

Source: SMLXL White Paper 2007

**C SEVENTH OF THE MASS MEDIA: MOBILE**

So how of the 7th mass media channel? The cellphone was realistically only a voice device for the masses through the 1990s and only emerged as a mass media outlet from 1998. At ten years of age, the youngest of the seven mass media, mobile is by far the least understood. It might be tempting to think that with a tiny screen and a cumbersome limited keypad, the cellphone is somehow "lesser" than for example the internet or TV as a media channel. That would be a hasty generalization. In reality, mobile is a remarkably powerful mass media channel. Like TV is to radio, soon so too the mobile will be to the internet. That much more important as a media channel.

**Mobile is also inherent threat**

Similar to the introduction of the internet before it, mobile is also an "inherent threat" mass media channel. Yes, today the cellphone can replicate everything that all previous six mass media can do. So from an abilities point-of-view, cellphones can be at least as disruptive as the internet has been so far. You can consume newspapers, read magazine articles and books (don't laugh, I'll give you an amazing

case study from Japan later in the book), listen to radio and podcasts, buy MP3 songs and video games, watch TV, even watch whole movies on the phone. (Nokia was shipping the full movie version of *Mission Impossible 3* with its top-of-the-line N93 phone 2007; the movie works well on the 2.5 inch screen)

Remember that for cannibalization the experience *need not be as good* on the new media, only that it is *possible*. Consider the quality of the experience. Take cinema content. Certainly, nobody can deny that the typical Hollywood movie is better suited for consumption at the cinema, rather than on a TV screen, but all movies ever released have managed the transition to the TV screen. The experience need not be as good, only that it is technically possible and commercially feasible for migration to the newer medium. Radio could not show movies, but TV could. Radio cannot technically cannibalize movies, but TV can.

Now let me return to the cellphone. So yes, any web content can be consumed on the phone, and the phone easily supercedes the interactivity of the web, because e-mail and IM Instant Messaging are already available on cellphones, but SMS text messaging and MMS picture messaging are unique to mobile. In 2007 with over 2.5 billion active users of SMS text messaging, there are over twice as many people using messaging on cellphones worldwide, than are using any kinds of messaging on the internet. Similarly, search already exists on cellphones and is used by over 10% of all cellphone users worldwide. In addition, as to social networking or digital communities as the third innovation of the internet, yes those already exist on cellphones as well, as I will illustrate in a whole chapter dedicated to mobile social networking later in this book.

## D MOBILE HAS SEVEN UNIQUE BENEFITS

The power of the cellphone as a mass media channel starts from its reach, which I discussed in the numbers chapter. That is only the beginning. The cellphone is also very versatile as a media channel - being digital, multimedia and interactive; with the ability to deliver broadcast content. Mobile is also only the second inherent threat media, capable of replicating all that the previous six media can do - even inherently threatening to the internet. It should be noted that the opposite is not true that the

<b>Cannibalization Threat by Media Channel</b>		<b>Ability to cannibalize other media content</b>						
<b>Threat to be cannibalized</b>		<b>Print</b>	<b>Record'g</b>	<b>Cinema</b>	<b>Radio</b>	<b>TV</b>	<b>Internet</b>	<b>Mobile</b>
<b>Print</b>		Some	No	No	No	No	Yes	Yes
<b>Recording</b>		No		No	Some	No	Yes	Yes
<b>Cinema</b>		No	Yes		No	Yes	Yes	Yes
<b>Radio</b>		No	Yes	No		Yes	Yes	Yes
<b>TV</b>		No	Yes	Some	No		Yes	Yes
<b>Internet</b>		No	No	No	No	No		Yes
<b>Mobile</b>		No	No	No	No	No	No	

internet cannot replicate all that the phone can do. In fact, the cellphone as a mass media channel introduces seven new benefits that do not exist on any of the previous six mass media, including the internet.

### **Unique Benefit 1 - The phone is the first truly personal media.**

Compared with the legacy mass media, all of which are shared or include consumption by groups, cellphone content is consumed in private. A book, magazine or newspaper is typically consumed in private but can very well be shared after it has been read by the first reader - many couples will split a newspaper in the morning with the husband starting with the sports section, etc. Movies are consumed in public. Radio and TV often consumed with others in the room. Even the internet often has others around a screen or at least people can easily be within viewing range, such as parents keeping an eye of what teenager kids are doing on the family computer, so at best, the internet is semi-private.

Cellphone content is consumed almost totally in private. As I said earlier, 63% of the population does not share the phone even with one's spouse. Now we can deliver media content that is dramatically more personalized than on legacy media. I explain two in case studies in this book: Blyk the UK based advertising funded telco and i-Channel the breaking news "ticker" service on NTT DoCoMo's network in Japan using the idle screen of the cellphone.

## **7 Unique Benefits of 7th Mass Media**

1. Cellphone is first personal mass media channel
2. Cellphone is permanently carried
3. Cellphone is always on
4. Only cellphone provides a built-in payment channel
5. Cellphone is available at point of creative impulse, enabling user-generated content
6. Cellphone is first media with near-perfect audience data
7. Only cellphone captures social context of media consumption

**Sources: TomiAhonen Consulting,  
AMF Ventures, Xtract, SMXL 2006-2008**

### **Unique Benefit 2 - The phone is permanently carried.**

The cellphone is within arm's reach of most users. A survey for the banking industry by Unisys, who supplies banking computer systems, found that the average time it takes to report a lost wallet is 26 hours. However, the average time to report a lost cellphone is 68 minutes. It takes us a day to notice we have misplaced our wallet, but just over an hour and we notice we're without our phone. We cannot imagine going through our day without our phone.

And it is not just in our daytime. As I have said, 91% of the population keeps the phone within arm's reach 24 hours a day, seven days a week. We sleep with the phone. As I often say, we do take the phone to the bathroom with us.

### **Unique Benefit 3 - first always-on mass media**

Beyond the device being upon our person at all times, the cellular network and phone allow it to be the first mass media that is designed to be "always-on". Yes, we might leave our TV set on all the time and some even sleep with the TV still on, but television was not *intended* to be permanently on for the viewers. Yes, we have 24-hour news, but the concept is that we tune into CNN or Sky News or BBC to catch up the latest up-to-the-minute news when we want it. However, the channel was not designed to be consumed 24 hours a day by the home viewer. The cellphone is different. It is designed to be always-on. That is the only way it can receive the inbound calls and SMS text messages (and emails if it is a Blackberry) for us.

Why is this relevant? Now we have a mass media channel that can deliver news and entertainment services, which capitalize on breaking stories. The scandal by the baseball player. A live chase by the police. Alternatively, what is happening in a reality TV show, etc. There even are alert services, which let you know when your favorite rock stars are performing on radio etc. Only the cellphone can deliver such breaking news services directly to your pocket.

Note that this is not the same benefit as permanently carried. We can carry our iPod permanently, but it is not always connected. In addition, we can leave our home PC on, permanently 24 hours a day on our broadband connection ("always-on"), but that PC is not permanently carried. Only the cellphone is both permanently carried, and always-on. Thus, these are two distinct benefits.

### **Unique Benefit 4 - built-in payment mechanism.**

Perhaps the most powerful unique attribute separating cellphones from the legacy media is money. On mobile as the 7th mass media channel, you can directly handle payments. No other media has a built-in payment mechanism. You cannot point to a page on a newspaper and have the money deducted from your bank account. On radio, you cannot somehow "grab" the transmission and make a payment. Even on the internet, you have to subscribe to PayPal or provide a credit card for payment.

On cellphones, however, the payment ability is built-in. Any click, any link, any content. If the carrier enables the payment, or if the payment is handled by premium SMS services, all you need to do is click, and the money is charged from your cellphone account. Click to buy. Just like buying a ringing tone. Teenagers who do not qualify for credit cards, no problem. Pay for a Sprite at a vending machine as in Poland, or a movie ticket as in England or parking as in Croatia or a ski lift ticket as in Norway or public transportation as in Finland or an airline ticket as in Japan. Not just content bought onto the phone. Already today, older media collect payments through the phone. Habbo Hotel the web online playground collects payments using premium SMS. TV shows from Big Brother to American Idol earn billions via SMS votes. Some gaming and chat cable TV channels earn 80% of their total revenues from mobile payments.

### **Unique Benefit 5 - available at creative impulse**

The media world is moving away from a uni-directional media experience where professional producers (Hollywood, Madison Avenue, etc) create the content and then push it via media channels at the audience. Today user-generated and co-created content is spreading rapidly from original clips at YouTube and pictures at Flickr to the *i-Report* news clips and pictures sent to CNN. Amateurs and semi-professionals are joining in media creation from blogs to wikis to citizen journalism such as *Ohmy News* in South Korea.

For this new trend in media of user-generated content the cameraphone is a critical tool. The cameraphone is the only gadget that is always available at the point of creative inspiration, as we were told by the author Tony Fish, the CEO of AMF Ventures. Mostly when the photo opportunity emerges, our digital camera sits safely at home in its camera case. Nevertheless, the cameraphone

(which is also our video recorder and podcast recorder) is in our pocket, always at the ready to snap images and clips when the mood hits us.

### **Unique Benefit 6 - most accurate customer information**

The biggest impact specifically to media owners is that only on the cellphone we know every time the exact composition of our total audience, individually, explicitly, completely and exactly. Not even on the web do we have this level of precision and accuracy. Audience measurements, media (and advertising) targeting etc will be revolutionized! AMF Ventures measured in 2007 the relative audience information accuracy of three mass media. On TV, they found that only 1% of the total audience information is captured. On the internet, about 10% of audience information is captured, far better than TV obviously. However, on cellphones, 90% of audience information is captured. Dramatically better than anything else. Not perfect customer insights, as some of us have multiple phones and accounts, some phones are shared, etc, but by far the most accurate. In addition, if we can capture 90% of audience data, for any mass media that is as good as perfect audience activity data, if the next-best media can only capture 10%.

### **Unique Benefit 7 - only the cellphone captures social context**

All interactive media have the potential to capture our digital footprint, what we do. Nevertheless, no other media so accurately identifies every user in the network that we can also capture the *social context* on cellphones. What is social context? It is measuring not what we do, but *with whom* we do it. Therefore, if a user sends lots of text messages during the broadcasts of *American Idol*, to a set series of other phone owners, and some of those others also vote on *American Idol*; we can rather safely deduct that our target person is watching *American Idol*, even though that person never voted on the show. We know it not because of his/her direct activity, but rather because of the social context.

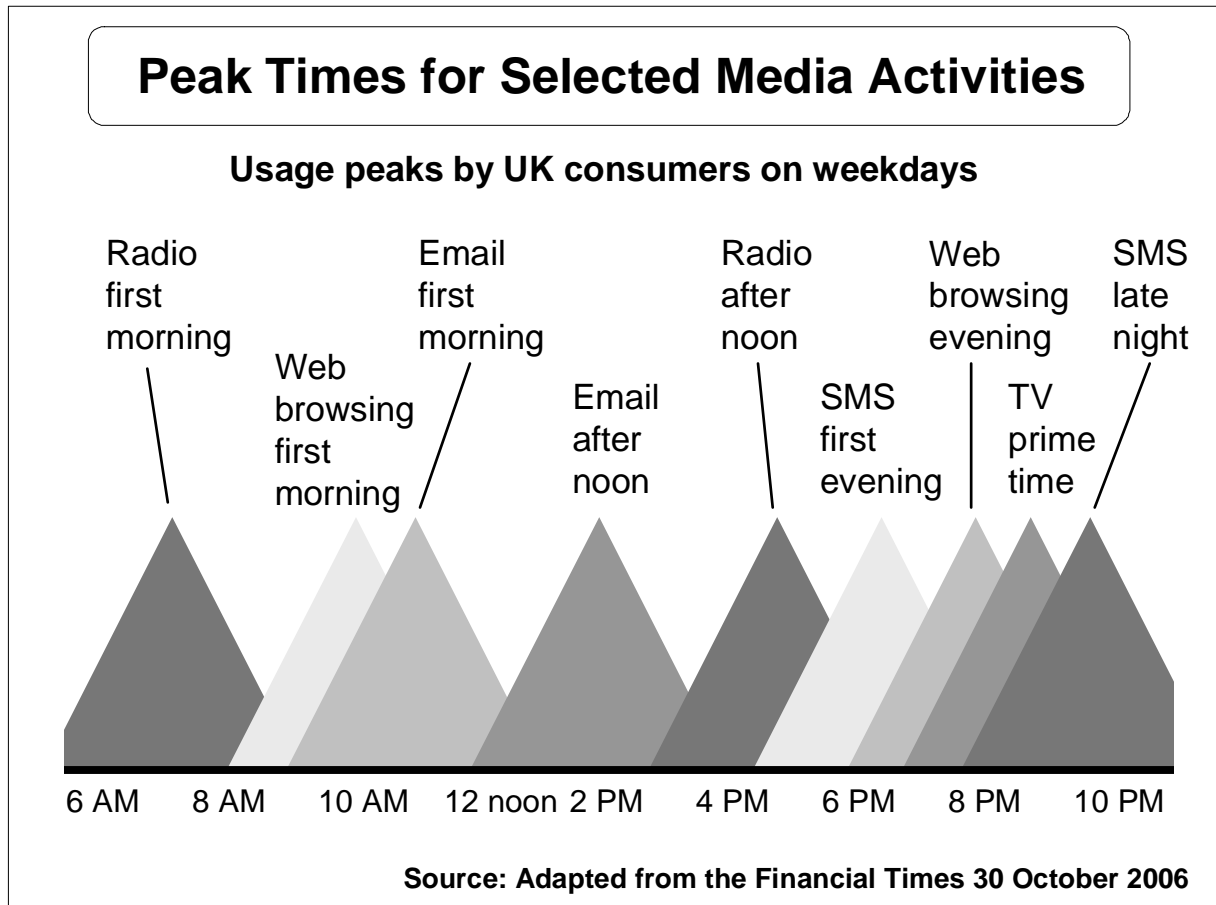
The leading customer analytics company, Xtract, which specializes in social analytics, reports that nearly three out of four consumer decisions were most influenced by recommendations of friends. They have also measured that the 2% most influential members of a community will know personally 58% of the total group sharing that passion or interest. This kind of insight leads marketers to develop a whole new dimension of customer insight, which Xtract calls social context. Xtract President Jouko Ahvenainen explained in 2005:

*Customer analytics is becoming a key competitive edge. Traditionally customer analytics has been focused too much on the past, looking at a rear-view mirror. It is not enough to analyze individual customer behavior, analysts must now learn to isolate the social networks among the customer base, and start to market to the most influential of the groups. We now have to learn to utilize the social context in marketing and personalization.*

- Jouko Ahvenainen, President, Xtract

The kind of revolution that happened this decade, when the internet moved from "web 1.0" or single users consuming internet content mostly alone to "web 2.0" with user-generated content and shared experiences; we now will see in "data 1.0" about the single user consumption patterns to "data 2.0" where user information incorporates the patterns of fellow users, fans, colleagues, friends; the social context of media consumption. This is the pot of gold...

With these seven benefits, the cellphone as a media channel is not only an inherent threat mass media; it is an *inherently superior* mass media. Remember that mobile is the youngest mass media. Its older sibling, the internet, is now demolishing existing industries from the media (music, gaming, newspapers) to main street businesses (travel agencies, music stores) etc. Then consider that all you can do on the internet, can also be done on the cellphone but there are now seven unique aspects to the cellphone that cannot be replicated on the PC-based internet. Moreover from a media perspective, if we have all existing media content, a far wider reach, and add powers of near-perfect audience information and the ability to enable payments; this is the inherently superior media channel.



Some day soon - within about five years - most phones in use around the world will be equivalent in performance to the iPhone today (screen size, data connection speed, etc) - look how quickly all personal computers were more capable than the original Apple Macintosh computer. In addition, in our world, when a new cellphone is automatically replaced every 18 months, how quickly will many people stop replacing the old family PC that nobody uses anymore. Moreover, recognize that while today the iPhone or Nokia N95 may seem like an extremely valuable gadget, after two generations and thus three years, they are the hand-me-down phones given to 10-year-olds as their first or second phones, when we buy "superphones" that are far more powerful for our own needs.

### **What of the small screen and lousy keypad**

Yes, I hear that all the time. Again, on first glance, it is easy to fall prey to the misconception that cellphones would have "fatal flaws" due to the tiny screen and poor keypad. These are not fatal limitations by any means; and in both cases, there are far more powerful benefits to outweigh the screen and keypad; abilities that make the cellphone far superior for media consumption. The screen is also in our pocket every day and we look at it more than once per hour, all waking hours, on average. The keypad has less keys than a PC keyboard that is true; but the phone has also the camera - a powerful scanner - which gives it far greater creative and input power. I will expose the myth of these "supposed deficits" of the screen and keypad in the chapter on Creating Magic for cellphone services.

### **As different from the internet as TV is from radio**

With its seven unique benefits, mobile as a mass media channel is as different from the internet as TV is from radio. As TV was soon absorbing most of the content concepts from radio, so soon as well, cellphones will absorb most of the content from the internet. Weather services have already migrated to cellphones, with more internet access to USA based weather services coming from cellphones than

## Audience Data Accuracy by Media

AMF Ventures measured the relative accuracies of measuring audience data by the three major media channels, TV, internet and mobile in 2007 and found that:

On TV, the total audience data that can be captured is	1%
On the internet, the total audience data that can be captured is	10%
On mobile, the total audience data that can be captured is	90%

Source: AMF Ventures 2007

personal computers as Telephia and Comscore reported in November 2006. Soon other web services will follow.

Before long, as the content owners and application developers learn to create new, unique content for mobile, a vast new media opportunity will emerge. As I will show in the music chapter soon in this book, music on mobile is almost five times larger than music on the internet. However, most music on mobile is ringing tones, ringback tones, and other such music services that would not even work on the internet or on an iPod.

Much like on TV we have reality TV shows and music videos and the CNN ticker, these are all broadcast TV innovations that would not work on radio (nor indeed, in the cinema). Yes, soon the time will come when media content and services on cellphones will be better than those on the internet will be. In addition, if you travel to Japan or South Korea or India - countries where the majority of internet access is from cellphones already - that is the case today. Content is formatted for the small screen as a default, as that is the predominant access device.

*The Guardian* newspaper reported on 24 May 2007 that the global value of paid content on mobile at 31 billion dollars was bigger than paid content revenues on the fixed wireline internet at 25 billion dollars worldwide. We have already passed the tipping point. The younger media has passed its older sibling in size. Moreover, earlier in this book, I told you that mobile content revenues for 2007 reached 45 billion dollars worldwide. More devices, more users, growing faster; now already more revenues. There is no going back.

### **Will not kill other media**

I do need to make this point as well, please do not misunderstand me. Like we saw before with the emergence of newer media channels, the new medium will not kill the older media. Therefore, this book is not an argument that the phone would *kill off* older mass media like the internet; it will not. All seven mass media will continue. However, what I stress in my workshops, seminars and executive

briefings all around the world, and at my short courses at Oxford University, is that mobile as the Seventh of the Mass Media is the youngest, newest, most far-reaching and most powerful. With seven unique benefits that cannot be replicated on legacy mass media, not even efficiently on the internet.

Here is where we have enormous opportunities. As recordings created global giants out of EMI, Warner Music and Universal; and how Cinema created a motion picture industry out of Hollywood, Bollywood etc; each dawn of a new mass media channel has created economic openings for new companies to establish global positions. We saw it again over the past ten years as the internet spawned billion dollar giants out of Ebay, Google and Amazon. Now we are facing the dawn of another new industry. It will have its own creative and technical competences, unique to this medium, as different as it is to edit a newspaper compared to directing a live TV news studio. New competences will be needed and here the young, SMS-addicted Generation C for Community youth will be in the driver's seat for inventing and mastering the new required professional competences. I will devote two chapters to these customers so we can start to "get into their heads" in trying to deliver services to satisfy them.

Mobile will bring about a new media ecosystem and be fertile grounds for new giant corporations of the next decade. Those companies will be built understanding mobile, its unique benefits, and services, applications and media formats that will capitalize on the new areas, will be built with the tools in this book. Most importantly, the eventual winners will not be those who only copy the legacy media; one has to "create magic" as I show using the 6 M's mobile service creation tool in the next chapter.

Only those who understand the power of mobile as the newest mass media channel will be able to share in its success. Just like those who understood interactivity and search on the web, or those who understood reality and celebrity on TV. I should mention that even though we have six newer rivals to it, the first mass media - print at 500 years - is still very healthy, and none of the seven is seriously at risk of ending as a commercial opportunity. So while the internet and the cellphone show very powerful strengths to cannibalize areas of the established five media, all seven mass media will co-exist for a long time to come.

With that, it is clear that mobile is the only mass media channel capable of replicating each of the previous six media, and mobile offers seven unique benefits. It will become an increasingly important media channel for all media content. Maurice Levy, the CEO of Publicis the world's second largest media company, put it very well in 2006 when he said, *"In a couple of years, most of the information you share, most of the advertising you read, most of the messages you send, most of the music you listen to will transit through your cell phone."*

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**FIRST OPINIONS ON THE BOOK:**

*"Tomi's latest book continues his deep insights into the mobile industry and provides practical examples of advanced media concepts utilizing the unique benefits of mobile. I can warmly recommend this book for anyone who wants to deploy media concepts to mobile."*

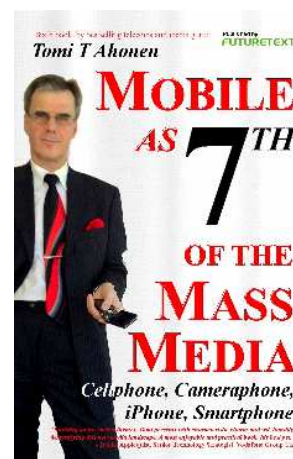
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BJ Yang, CEO **AirCross** South Korea

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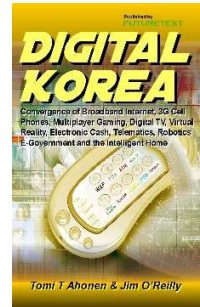
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About the Author:

**Tomi T Ahonen** is a technology consultant and five-time bestselling author at [www.tomiahonen.com](http://www.tomiahonen.com) who lives in Hong Kong and lectures at short courses on digital convergence at Oxford University. Most widely respected in the industry the former Nokia and Elisa executive advises Global 500 companies on their digital and telecoms strategies. Tomi's original theories and tools are references in 35 books by other authors. The blogsite for this book is [www.7thMassMedia.com](http://www.7thMassMedia.com)



**Opinions of Tomi T Ahonen's fifth book  
Digital Korea with Jim O'Reilly  
technology bestseller from 2007  
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*“Having been involved with the planning and implementation of the Broadband and Telecoms revolution in Korea and internationally on Telecoms missions since, I am really impressed how Tomi and Jim have captured the essence and achievements of the Korea Digital journey from a range of cyber citizen, venture, corporate and Government perspectives. This book really helps the reader understand what makes a winning Digital ecosystem within a Global context”*

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Book Review **Korea IT Times** August 2007 issue, South Korea

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Alvin Yap, CEO **Nexgen Studio** Singapore

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Book Review, **JoongAng Daily** August 25, 2007 South Korea

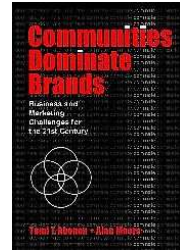
*“Having worked with, admired and continually been amazed at the sophistication of the Korean telecoms sector, **Digital Korea** goes a long way to uncover and explain some of the secrets of this success and how it could influence digital futures internationally.”*

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Dr Axel Alber, Marketing Director, **Masterfoods** Europe

*"This book provides a comprehensive understanding as to why business, media and customers will never be the same again; where interrupting audiences and one-way flows of marketing communications are things of the past."*

Rishad Tobaccowala, Chief Innovation Officer, **Publicis Groupe Media** USA

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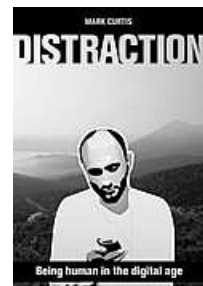
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