

Ringtones -- and their theft -- on the rise

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The mobile-content industry has become a new distribution source for entertainment companies and celebrities who license their music and faces for ringtones and games, fueling a trend that U.S. consumers can't get enough of and also creating a new breeding ground for online shoplifters.

A relatively young market in the United States, the mobile-entertainment industry is likely to enjoy this new source of income as the popularity and diversity of ring tones, ring backs and games are likely to increase with newer devices, full-track downloads and video set to be released in the future.

Jonathan Dworkin, vice president of artist and repertoire at Lagardere Active North America, the company that launched BlingTones, told United Press International the mobile industry has the ability to diversify the distribution of industries like the record business that would otherwise continue to watch their retail sales fall.

"Retail is not the only outlet, as digital and mobile are two viable methods of distribution, it's really going to change the landscape of the record business," Dworkin said. "People won't continue to buy CDs for \$18 when they can get a favorite ringtone song for \$2.50."

BlingTones, which is carried by mobile carriers Sprint, Nextel and T-Mobile among others, provides original mobile content from artists of the hip-hop, rap and R&B community and has sold over 4 million ringtones since its start in September 2004.

BlingTones' latest addition includes an exclusive phone-only golf game featuring an animated Lil Jon, known for producing such hits as Usher's No.1 smash hit "Yeah!" and Ciara's breakthrough No.1 hit "Goodies." In the game, the rapper/producer golfs in urban neighborhoods of New York, Los Angeles, Miami and Atlanta on top of rooftops, on the beach between bikini-clad women tanning, and on movie lots and expressways.

"Artists are playing with a medium that isn't fully formed," Dworkin said. "Mobile content can be used for retail and promotion. ... It's a powerful promotional tool they built into an actual product. You hear artists' music on your phones and see their pictures, people want to express themselves, most likely, associating themselves with a celebrity, and (one way is through the phone)."

The mobile-content industry in the United States continues to grow, bringing in \$4 billion in revenues last year alone, Forbes reported.

This trend seems unlikely to slow down, as Jupiter Research's March 2005 report "Wireless Market Forecast, 2004 to 2009" found that ringtone revenues were \$91 million in 2003, which more than doubled to \$217 million in 2004 and is forecast to reach \$724 million in 2009.

Jupiter also found that mobile-game revenues were \$24 million in 2003, tripled to \$72 million in 2004 and should reach \$430 million in 2009.

But ringtone shoplifters may pose a problem to the mobile and entertainment industry reminiscent of illegal online music downloading if entertainment sites aren't secured, says Seattle-based digital media and services company Qpass.

According to Qpass's study of 100 U.S. and European digital-content Web sites that included 42 mobile-carrier portals and 58 online entertainment/music stores, more than one-third of Web sites were

unsecured, allowing users to "shoplift" music tracks and download them as free ringtones.

Such behavior may have already cost both industries an estimated \$40 million since the beginning of 2004, and \$123 million by 2007, Qpass reported. Attributing the security loophole to customers' access to preview music, they found that two-thirds of Web sites offered 15- to 30-second unsecured music samples that could be converted into ringtones.

Steve Shivers, Qpass's senior vice president of corporate strategy and development, told UPI the company first heard about this issue after a couple of music companies inquired about the problem.

Qpass decided to look into the problem, first by surveying chatrooms and weblogs as to how people were making free ringtones, and using their methods visited Web sites that enabled them to shoplift ringtones.

As Shivers explained, a person could simply download a preview music file by saving a sample file, if not secured, onto their computer, and then transfer it onto his or her mobile phone using Bluetooth, infrared, chip, and data cable technology.

"It's not hard. The average mobile and computer user can do this," he said. "Many of them are in their late teens and 20s; they're a computer savvy crowd."

However, Clark Siegel, a lawyer based in Los Angeles who specializes in intellectual property and entertainment law, said this is still a relatively new development and doesn't think it would be as big of a problem as CD piracy.

"If it's a problem, the music industry will go after it big time," Siegel

told UPI.

Much of the entertainment industry and mobile content have licensed deals, and many consumers are already paying the small fee required, he said.

"Many consumers have already paid for ringtones," Siegel said. "The cost isn't huge, and they are easy, micro-payments."

Siegel also said he doesn't think that as mobile phones become endowed with more Internet capabilities and a bigger memory, the addition of another device would make a huge difference in increasing piracy as seen since the introduction of Apple's iPod.

Although no data could be measured to count how many people are actually ringtone shoplifting, Qpass says using streaming, embedded pre-listening or the use of a DRM-protected file format like Real Player or Macromedia Flash could secure preview content.

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