

Wireless World: \$30 billion in TV phones

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The content isn't quite up to the level of Kiefer Sutherland's anti-terrorist, noir drama "24" just yet, but mobile TV enabled telephones are nonetheless poised for massive market growth, and experts tell United Press International's Wireless World that the sales could reach \$30 billion in the coming years.

A report released this week by Boston-based Strategy Analytics, called "TV Phones: Integration and Power Improvements Needed to Reach 100 Million Sales," predicts that TV phone sales revenue will soar from \$5 billion in this year to more than \$30 billion by 2010.

Enabling technology vendors, including Qualcomm, TI, ATI, Philips and STM Microelectronics are working with handset vendors, as they struggle with an array of issues, including the size, design, power, integration and price of the new products.

Just as during the first big era of consumer electronics, back in the 1980s and early 1990s, foreign firms may dominate the initial development of the American market.

"Japan and Korea dominate market volumes today, accounting for over 80 percent of TV phones sold in 2006," said Neil Mawston, associate director of the global wireless practice at Strategy Analytics said.

"However, Western Europe and North America, as well as China, will be the hot spots for global volume growth over the next few years. We expect Western Europe to ramp up to over one million units sold this year, with North America and China coming online in 2007."

The share of TV phone volume held by Japan and Korea will drop precipitously to less than 50 percent by 2008, and under one-third by 2010, he added.

Why will that happen? Experts see component integration and improvement in the power-performance driving form factors and total product weight below the "sweet spot" 100-gram level, said Chris Ambrosio, director of wireless device research at Strategy Analytics. "The feeding frenzy around TV phones however, is a tremendous positive for component vendors such as ATI, as well as memory vendors like Sandisk and display vendors who will see that over two-thirds of mobile phones sold will have displays larger than 2.5 inches," said Ambrosio.

The study also reports the following:

- Players such as Nokia, Sony Ericsson and Siemens will account for 19 to 40 percent of the market initially;
- Early product developments are creating a technology where the handset becomes a "pocket server" which will have wired connectivity to send content directly to other devices.

Right now, though, customers are none too impressed with mobile TV offerings -- seeing them as something akin to bad public access, without the charm of "Wayne's World." There are reports of poor network performance, lack of compelling content and inadequate devices for the first round of mobile TV programming.

The firms T-Mobile and Vodafone are actively marketing their mobile TV services in Germany right now.

"Users were virtually unanimously opposed to paying for current

generation mobile TV offerings due to frustrations with perceived network quality and performance," said Paul Brown, analyst of the advanced wireless laboratory at Strategy Analytics. "Out of more than 50 test users, more than half experienced network-related problems over three consecutive nights of testing."

There are concerns about other digital applications too. With the increasing popularity of camera phones in the market, some analysts are surprised that multi-media usage and revenues in the U.S. are still so low. Many subscribers have the capabilities but are not utilizing the services. According to SmartTrust's Mobile Trends Guide, only 28 percent of camera phone users in the U.S. send photos through MMS, and only 8 percent commonly do this.

Part of the problem is that technologies are being pushed at the market -- but standards are still lacking industry wide, experts said. The full potential of wireless networks and services will not be realized without global standards. New services -- from music downloads to video -- need to be of a consistently high quality for end user buy-in. Otherwise, carriers will be forced to leave these services behind.

Carriers interested in marketing video TV apps need to learn from the companies that developed standards for wireless technologies and have created successful technology launches, including VoIP, like Psytechnics, the firm that co-developed the PESQ standard for Internet telephony and is actively working on more, new standards, a spokesman tells Wireless World.

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