3-1-0
"Industry" Overview

Background to the theme

According to the White Paper on Information and Communications in Japan, the total value of sales in the mobile communications industry in fiscal 2004 was 6.3 trillion yen, and in the past 3 years this has grown by an average of 1.9% per year. According to figures released by the TCA (Telecommunications Carriers Association), furthermore, there were 95.32 million mobile phone contracts in operation as of January 2007, with 4.91 million PHS contracts in place. The number of mobile phone contracts first exceeded 90 million in December 2005, so for it to have already grown beyond 95 million shows strong development. The PHS market has been re-stimulated by the introduction of WILLCOM's flat-rate voice call packages, and at one point was increasing by about 50,000 net new contracts per month, although recently it has evened out once again.

The Communications and Information network Association of Japan (CIAJ) states that the value of mobile phones shipped during fiscal 2005 was 2.2 trillion yen, and that this figure represents a small rise on the previous year. Approximately 120 billion yen of this represents mobile phones shipped overseas, around only 1/20th of the domestic sales.

According to the Mobile Content Forum, the scale of the mobile contents market in fiscal 2005 was 21.0% up on the previous year, worth 315 billion yen. Analysis of these figures shows that "Chaku-Melo " took up a smaller proportion of this than the previous year, with "Chaku-Uta" and mobile games taking up larger proportions.

Attributes of the theme and specific topics

Since the introduction of MNP (mobile number portability) on October 24th 2006, consumers have been able to change mobile network operator but keep their own mobile phone number. Each mobile network operator has introduced discount programs, but looking at the net growth in mobile network operator market share since the introduction of MNP shows that NTT DoCoMo posted a net fall in contracts for the first time in November 2006, while KDDI grew, with 320,000 new net contracts in the same month. According to three companies, of the net growth during December, 148,900 of KDDI's new contracts brought their own phone numbers with them using MNP, while Softbank Mobile lost 39,600 contracts and NTT DoCoMo lost 109,000. Softbank Mobile introduced their fee plan, White Plan in January 2007, and NTT DoCoMo introduced a program of improved handsets and new services under the name of "DoCoMo 2.0", designed to appeal to customers of its distinct features. The increased competition caused by MNP should be observed carefully from now on.

In terms of mobile handsets, the Ministry of Internal Affairs and Communications established the Panel on ICT International Competitiveness in October 2006, and indicated the importance of the mobile phone sector there. The mid-term report from the Panel (issued in January 2007) proposes ideas such as the development of a common platform that can stand up to competition within the low-end market.

Regarding mobile contents, Napster, au's LISMO! and other music distribution services that are also available via personal computers have now become available, and other computer-based applications such as Google and Yahoo! are now easily accessible from mobile phones. One-segment broadcasting, additionally, allows the convergence of mobile phones and broadcasting technology, and is expected to provide a new range of options in the future.

Future predictions

The number of mobile phone contracts in Japan is expected to increase further with children, elderly people and corporate users continuing to grow, but this increase in users who only use their phones for a relatively small amount of time, added to the increase in competition, means that the ARPU (average revenue per user) is in fact projected to decrease further in the future. The significance of platform businesses such as i-mode would be reconsidered, as internet access by full browser, without the need for a platform, is expected to grow further. The markets for mobile contents, mobile commerce and mobile advertising are still small in comparison with the overall market, and are anticipated to grow in the future. As methods of mobile payment also become more and more mainstream, cashless payment methods using mobile phones are expected to become more popular. Incentive systems for mobile phone handsets are being reconsidered, and companies would be reexamining their business models for the future.

3-1-1 The Trend of Mobile Phone Related Industry

Specific figures are given for the sales within the mobile communications industry, the scale of the mobile media market, the number of mobile phone contracts and ARPU (average revenue per user), and the trends in the mobile industry viewed from a range of perspectives. The information and communications industry market scale has not grown recently, and is considered a mature market, but it still represents more than 10% of total industry and is therefore a significant presence.

Key Words
■ Number of contracts ■ Flat-rate voice call ■ Data communication ■ Wi-Fi ■ IP phone ■ Skype ■ PDA ■ FMC ■ NGN ■ WiMAX

3-1-2 The Trend of Mobile Terminal Industry

The total value of handsets shipped in 2005 was approximately 2.2 trillion yen, and the value for those that shipped overseas represented only approximately 1/20th of the domestic sales. Japanese manufacturers remain at an 8% share of the overseas markets. Japan is a highly developed country in terms of mobile phone use, and yet it is still a relatively minor player in the international market. In response to this, the Ministry of Internal Affairs and Communications has established The Headquarters for ICT International Deployment, and this section analyze its indexes, while at the same time introducing projects featured by a range of manufacturers.

Key Words
■ Incentives ■ Mobile phones for use by elderly people ■ Full browser ■ Notebook computer for mobile use (Mobile notes) ■ Nintendo DS ■ Nintendo DS Lite ■ PSP ■ Wi-Fi

3-1-3 Spread of Mobile Phone as Platform and Channel into Other Industries

The scope of mobile contents is increasing, mainly based on the categories of music downloads and games. Mobile commerce (shopping and auctions) is also increasing significantly, and has reached a scale that has overtaken the size of the mobile contents market. Mobile payment systems such as "Osaifu-Keitai" functions have benefited from advances in security and electronic verification technology, and it is anticipated that the number of users in this area will continue to increase.

Key Words
■ Pay-easy ■ Mobile electronic verification ■ Convergence of mobile and broadcasting technology