

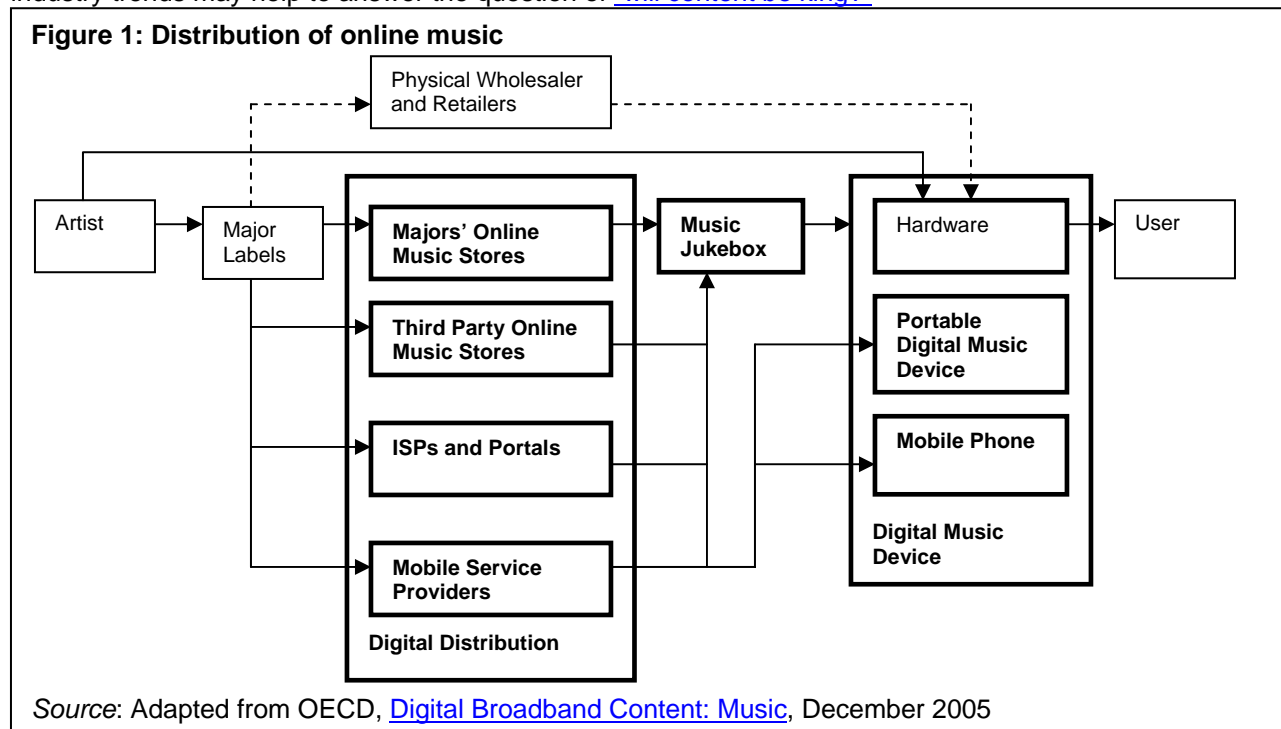
Digital Content Market: Opportunities for All

This briefing note is prepared as background information for the [Forum at ITU TELECOM WORLD 2006](#). This is part of a series of articles providing an analysis of some of the hot topics in the [Programme](#).



Introduction

The digital content market is increasingly the focus of corporate strategic planning as different companies and market sectors vie for advantage. The growing digital content industry presents an attractive business opportunity for a number of different players, especially in the music, games and scientific publications markets. As internet enabled-mobile handsets, with broadband capacity, become more widely available, access to content service also becomes crucial for the mobile services market. As the case of the online music industry shows (Figure 1), there are high stakes for a range of different players. A closer look at industry trends may help to answer the question of [“will content be king?”](#)

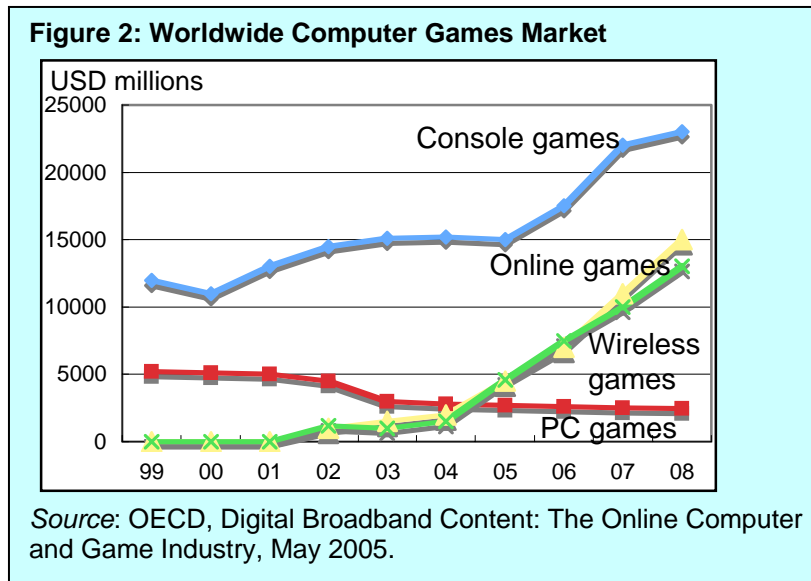


Online Music

Once dominated by the issues of unauthorized file sharing and piracy, [online music](#) is now growing as legitimate business. The launch of Apple Computer's [iTunes Online Music Store](#), in 2003, marked something of a turnaround. Major music labels gave permission for a significant part of their collections to be sold online. Estimates for the coming years are positive. Some 140.9 million songs were downloaded legally in the first half of 2004 (a significant increase from the 19 million songs downloaded in the second half of 2003). As online music has become more popular, the number of providers has also increased. There are more than 30 in the United States and more than 100 in Europe. Some estimates that the worldwide sales of online music, at USD1.5 billion in 2005, will outpace the sales of traditional physical copies in 2007, and will reach USD10.7 billion in 2010. The online music industry is becoming more competitive. In France, for instance, [Microsoft](#), in collaboration with [Bouygues](#), announced the launch in 2007 of a new mobile music download service. Some of the key factors to better serve the potential users include an easy-to-use interface and the availability of broadband infrastructure. [Nokia](#), the world largest mobile phone provider, announced the launch of a handset, which enables wireless download, in 2007.

Games

Although standalone and off-line games still dominate the games market, [online and wireless games](#) are the fastest growing segments. Off-line games, including console- and PC-based games, still account for 90% of the market by value, but online and wireless games have a 6.4% and 3.4% share of the market respectively. Indeed, most console- or PC-based games now come with some sort of online or multiplayer features. It is estimated that in the next few years, both online and wireless games will grow faster and increase their market share significantly (see Figure 2).



In Massively Multiplayer Online Role-Playing Games (MMORPG), more than a thousand players can play simultaneously on each server. For instance, [Lineage](#), a Korea-based MMORPG, has 4 million players registered, and generates the largest revenue in online gaming industry. It now attracts consumers in Europe, the US, Japan, as well as in Korea. Asia-Pacific, the fastest growing online gaming market, generated USD 1.09 billion in subscription revenue in 2004, representing a 30 per cent growth over the previous year. It is estimated that the regional market size will double by 2009 with increasing investment. In realizing the potential of online and wireless games, there is still room for improvement. The diffusion of broadband infrastructure is crucial, for both internet-based and wireless games. While an improved billing system is also regarded as a key factor in the growing industry, content development including branding is also crucial in boosting the industry.

Scientific Publication

[Scientific publication](#) is increasingly shifting online. It is estimated that 75% of scholarly journals published in 2003 were available online. Sales of scientific publication continue to increase, and users have more convenient access to these valuable assets over the internet. In Europe, the year 2005 was the fourth consecutive year of double-digit growth in online scientific publications while worldwide scientific publication has seen a 5 per cent growth. Publishers are now realising the commercial potential of digital delivery of scientific publications. By eliminating printing costs, publishers can reduce a significant proportion of the overall production cost. But, at the same time, they face new challenges in protecting intellectual property rights.

Digital content markets for online music, games, and scientific publications are on the rise, and the growth is set to accelerate. At the same time, continuing uncertainties in the digital content market, such as digital right management, are preventing some players from investing in the market or delaying them from doing so. Changes to the [regulatory environment](#) may also be needed to provide a level playing field as different industry sectors converge and collide.

Relevant Sessions on “Digital Content” at ITU TELECOM WORLD 2006

Digital Ecosystems Theme Session K: [Creating Compelling Content and Services](#), Tuesday 5 December, 16.30-18.00

Digital Ecosystems Theme Session 9: [Delighting the Customer \(gaining new ones\)](#), Wednesday 6 December, 11.30-13.00

Digital Lifestyles Theme Session O: [Digital Lifestyles @ Play](#), Wednesday 6 December, 11.30-13.00

Digital Lifestyles Theme Session Q: [My Mobile Phone for My Lifestyle](#), Wednesday 6 December, 14.30-16.00

Key Speakers on relevant sessions on “Digital Content” include:

[Mr Jamie Davis](#), Managing Director, [ESPN Star Sports](#), Singapore

[Mr Craig E. Ehrlich](#), Board Member, ECI Telecom and Chairman, [GSMA](#)

[Mr Fernando Xavier Ferreira](#), President, [Grupo Telefônica do Brasil](#), Brazil

[Ms Evanna Kearins](#), Director, Marketing Communications, [Valista](#), Ireland

[Mr Richard Li](#), Chairman and Chief Executive Officer, [PCCW Ltd.](#), Hong Kong, China

[Mr Damian Mgeta](#), Switch Engineer, Technical, MIC-MOBITEL Tanzania Ltd, Tanzania

[Mr Shane Robison](#), Executive Vice President and Chief Strategy and Technology Officer, [Hewlett-Packard Company](#), United States

[Mr Eberhard Schoneburg](#), Chairman & Chief Executive Officer, [Artificial Life, Inc.](#), Hong Kong, China

Note:

For more information, see OECD’s work on [Digital Broadband Content](#), and ITU New Initiative Programme on [The Regulatory Environment for Future Mobile Media Services](#).