

JAPANESE TEENS CAN TAP AN AVERAGE OF 90 WORDS PER MINUTE INTO THEIR MOBILE PHONES



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Postcard from Japan

ISSUE 02

A WORD TO THE WIRELESS



Stephen Cox,
Board Director,
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Step off any train in Tokyo – along with the 27 million passengers who pass through the city's stations each day – and you are immediately confronted by a population seemingly permanently wired into their mobile phones, or keitai.

According to Japan's Telecommunications Carrier Association, which publishes mobile user statistics monthly, there was a keitai in the pocket of 87.4 million of the inhabitants of this small island nation at the end of April 2005. A whopping 30.2 million of those were 3G phones.

But what strikes the first time visitor is not the cacophony of voices chatting over the ether – Japanese are careful not to use their voice functions on trains, in restaurants, and other crowded areas of this rather crowded city – but the rapid blur of fingers over key pads as users send emails, download games, music, ring-tones, browse catalogues, purchase products and even check out their location on digital maps of every corner of the country. The Internet has come to the mobile. Indeed, IPS research shows that 60% of teenagers had their first Internet experience via the mobile phone – and those same teens account for 70% of the mobile content market.



Yasunori Kato,
Vice President,
doeprofero

USEFUL PHRASE

Pleased to meet you

- Doozo yoroshiku
- どうぞよろしく



CULTURAL QUIZ

How should you hand over your business card when being introduced:

- Business cards are not used in Japan
- With two hands holding it vertically
- With your left hand vertically
- With two hands holding it horizontally

(Answer on page 2)

WHAT DRIVES THE MOBILE MARKET?

Traditionally, it has been music content, in the form of ring-tones and ring-tunes that drive packet revenues for carriers and subscription revenues for content providers. In 2004, the ring-tone market reached 100 billion yen (approx US\$925 million) and the ring-tune market exceeded 20 billion yen (US\$180 million). Compare this to the declining CD industry valued at a mere 400 billion yen (US\$3.7 billion).

In the last year, with the spread of 3G, subscription-based content has been twinned with phone-set functionality to expand the market. Official (carrier menu listed) and unofficial (url accessed) mobile sites offer a range of rich informational content as teasers to monthly subscriptions that allow downloading of set quantities of ring-tones, ring-songs, screen characters, games, recipes, 2 minute weekly soap operas and even full-length music tracks.

Content is dovetailed with functionality by the telecom carriers (who dictate phone specifications to handset makers) to empower phones to act as portable music players, GPS navigators that can recommend nearby restaurants, and even re-chargeable electronic wallets for use in convenience stores and train station ticket gates.

continued overleaf...

CRAZE OF THE MONTH



Japanese toilets have long been known for their added functionality - including electrically warmed seats, music, built-in bidets and bottom blow-dryers, but Toto Ltd. goes one better with a toilet that tells you your weight, percentage of body fat, sugar levels and blood sugar. The near US\$6,000 price tag doesn't seem to deter health-conscious consumers from snapping up these handy bathroom counselors.

58.5% of Japanese high-school students go to bed after midnight (vs 13.7% in the US)



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SO WHAT'S NEXT?

First of all, the demise of 2G mobiles and the fading out of i-mode in favour of FOMA, NTT DoCoMo's 3G service. With only 11 million 3G users on a subscriber base of 49 million, DoCoMo trails the number two carrier, KDDI whose 3G service 'au' boasts 18 million users, or 92% of its subscriber base. To help change that, DoCoMo has announced the phasing out of 2G phone offerings this year, and all carriers are reducing data transmission costs to consumers.

This is music to the ears of corporations who see a new advertising channel that reaches consumers throughout the day, and wherever they are. Sponsored programming and spot ads on video content are set to be the next big driver of mobile business. Indeed mobile advertising, at only US\$95 million in 2003 has been growing at up to 300% per year and that rate is projected shift sharply upward in 2005/2006.



TOKYO TRIVIA

1,600 International flights carry people into Tokyo's Narita Airport every week. Once there visitors can stay at any one of 84,000 rooms in 3,600 hotels... and eat at over 100,000 restaurants offering cuisine from every country on earth.

Of course they have to get to those restaurants. To do that visitors share 13 subway lines and 65,000 taxis with 12,400,000 residents of central Tokyo, and 33,000,000 people of Greater Tokyo.

That makes for some pretty crowded transport hubs - each day, 4,000 trains leave Tokyo Station and 3 million people pass through Tokyo's Shinjuku Station.

And are they on time? You bet! In 2003 the average delay time of 160,000 Shinkansen bullet trains was 6 seconds.

In the rare moments between commuting and working, Tokyoites can relax in 240 museums and art galleries, 30 zoological and botanical gardens and aquariums, or 159 spas, or join the 17 million annual visitors to Tokyo Disneyland - the world's most visited amusement park.

Or a quick stop at one of the city's 2,700,000 beverage vending machines offers a brief respite for the chronically time-challenged.

CULTURAL QUIZ

Answer d)

Always give and receive your business card with two hands holding it horizontally. Always study the business card carefully. The time you do so will depend on importance - the more important the more time you should take. Carefully place the card in front of you on the table



SUCCESS STORIES

Japan is now Coca-Cola's most profitable market - in part because it has mastered the art of continuously releasing new products for the trend-heavy market. Coca-Cola changes 20% of its line-up of canned and bottled juice, soda, tea, and coffee every year.

By revenue, HMV Japan's Online Store is among the company's top five outlets globally (both offline and online). By matching online offerings with offline inventory, and by investing in logistics that guarantee delivery of orders within 24 hours, HMV has met two important criteria for success in Japan: full selection and immediate gratification.