

Looks and music to drive mobiles

Mobile phones are still enjoying a boom time in sales, according to research from technology analysts Gartner.

More than 674 million mobiles were sold last year globally, said the report, the highest total sold to date. The figure was 30% more than in 2003 and surpassed even the most optimistic predictions, Gartner said. Good design and the look of a mobile, as well as new services such as music downloads, could go some way to pushing up sales in 2005, said analysts. Although people were still looking for better replacement phones, there was evidence, according to Gartner, that some markets were seeing a slow-down in replacement sales.

"All the markets grew apart from Japan which shows that replacement sales are continuing in western Europe," mobile analyst Carolina Milanesi told the BBC News website. "Japan is where north America and western European markets can be in a couple of years' time. "They already have TV, music, ringtones, cameras, and all that we can think of on mobiles, so people have stopped buying replacement phones."

But there could be a slight slowdown in sales in European and US markets too, according to Gartner, as people wait to see what comes next in mobile technology. This means mobile companies have to think carefully about what they are offering in new models so that people see a compelling reason to upgrade, said Gartner. Third generation mobiles (3G) with the ability to handle large amounts of data transfer, like video, could drive people into upgrading their phones, but Ms Milanesi said it was difficult to say how quickly that would happen. "At the end of the day, people have cameras and colour screens on mobiles and for the majority of people out there who don't really care about technology the speed of data to a phone is not critical." Nor would the rush to

produce two or three megapixel camera phones be a reason for mobile owners to upgrade on its own. The majority of camera phone models are not at the stage where they can compete with digital cameras which also have flashes and zooms.

More likely to drive sales in 2005 would be the attention to design and aesthetics, as well as music services. The Motorola Razr V3 phone was typical of the attention to design that would be more commonplace in 2005, she added. This was not a "women's thing", she said, but a desire from men and women to have a gadget that is a form of self-expression too. It was not just about how the phone functioned, but about what it said about its owner. "Western Europe has always been a market which is quite attentive to design," said Ms Milanese.

"People are after something that is nice-looking, and together with that, there is the entertainment side. "This year music will have a part to play in this." The market for full-track music downloads was worth just \$20 million (£10.5 million) in 2004, but is set to be worth \$1.8 billion (£9.4 million) by 2009, according to Jupiter Research. Sony Ericsson just released its Walkman branded mobile phone, the W800, which combines a digital music player with up to 30 hours' battery life, and a two megapixel camera. In July last year, Motorola and Apple announced a version of iTunes online music downloading service would be released which would be compatible with Motorola mobile phones. Apple said the new iTunes music player would become Motorola's standard music application for its music phones. But the challenge will be balancing storage capacity with battery life if mobile music hopes to compete with digital music players like the iPod. Ms Milanese said more models would likely be released in the coming year with hard drives. But they would be more likely to compete with the smaller capacity music players that have around four gigabyte storage capacity, which would not put too much strain on battery life.