Chapter VI

Mobile Services in Japan

Introduction

In the second section of this book, we will focus on the mobile industry in Japan and Europe, specifically in Finland and the United Kingdom. The goal is to use the various theories, models, and frameworks described in Section I to understand why the mobile industry looks like it does today and where the industry is going. Let us start with a brief overview of the mobile industry in Japan. The emphasis is on the word “brief” because the intention is not to go very deep into the special characteristics of the Japanese way of doing business; neither does this book offer an in-depth description of mobile business in Japan — there are far better books and research reports for that. However, this chapter tries to pinpoint the features that are the most important for comparison of the business models in Japan and in the two selected European markets.
Japanese Way of Thinking About Consumer Electronics

According to an old story, in 1936 Konosuke Matsushita, the founder of the Japanese electronics company Matsushita, saw a poor man take a drink of water from a tap and realized that this is how consumer electronic products should be: abundant and available to everyone like water (Ohtsubo, 2004). Albeit this tale was told in an opening keynote address of a consumer electronics show in Las Vegas, it captures well the philosophy of Japanese consumer electronics manufacturers. As Fumio Ohtsubo, the president of Panasonic AVC Networks Company, explained, everything should flow naturally, everything should serve a purpose, and everything is connected. It is important to bear in mind that although manufacturers and service providers need to focus on product features and technological innovation, consumers think about these products and services very differently than the industry. According to Ohtsubo, consumers have powerful emotional ties in the electronic products. As a result of this “emotional bonding,” consumer electronics companies like Matsushita have realized that in addition to manufacturing exciting products, they are also “in the business of providing comfort, relaxation, and a sense of well-being — and even escape” (Ohtsubo, 2004, p. 3).

This new way of looking at business from a human perspective, or taking “ideas from life” to develop “ideas for life” as Panasonic phrases it, is crucial for the success of any consumer-related business, from consumer electronics to PCs, and from mobile services to mobile content. In the Japanese mobile services business this philosophy of “ideas for life” and the consumer-centric view of product and service development are strongly present. Next, we will take a closer look at the structure and dynamics of the Japanese mobile business in order to better understand the drivers behind the success of mobile Internet services in this exciting market.

Facts and Figures About the Japanese Mobile Industry

Few industries offer such a great opportunity to catch a glimpse of the future as the mobile industry: the El Dorado of mobile business can be found in Japan (and increasingly in Korea) where the local operators are doing profitable business with wireless voice and data services. In Japan, over 80% of the users of mobile phones also subscribe to mobile services. The value of the mobile service market is estimated to be US$74 billion (Sekioka, 2004). In Japan,
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