

iTunes Goes Mobile With Motorola and Cingular

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The new Rokr mobile phone with iTunes will help test consumer appetite for downloading tunes off their computers.

NEWS ANALYSIS

Event

On 7 September 2005, Apple, Motorola and Cingular jointly introduced the Motorola Rokr, a mobile phone with an integrated version of Apple Computer's iTunes "jukebox" software.

Analysis

The Rokr with iTunes software and Cingular service is an important step in gauging U.S. consumers' appetite for loading rich media onto their mobile phones. Here's why:

- Apple's iPod and iTunes are the market leaders, providing most, if not all, of the momentum in the online music market.
- The trio of Apple, Motorola and Cingular is getting a solution to the U.S. market ahead of over-the-air offerings that allow consumers to download songs directly to their mobile phones over a wireless network.

The Upside

The Rokr may not be the sleekest product in the mobile-phone market, but its functionality as a music player delivers as promised: A user can move 100 songs onto the phone via a Universal Serial Bus (USB) cable, in much the same way the user would using an iPod or iPod Shuffle. This "side-boarding" method of loading songs is familiar to consumers with libraries of digital songs. Cingular appears to be hedging its bets on over-the-air delivery of full-length songs. Success for the Rokr will mean that carriers may have to rethink their role in the content delivery value chain.

The Rokr will be in Cingular stores nationwide immediately, and will ship with a stereo headset and a USB cable. Motorola officials expect battery life to be about three hours of talk time or eight hours of music-playing time.

Challenges Ahead

- At a price of \$249.99 and requiring a two-year commitment to Cingular, the Rokr with iTunes faces the challenge of getting consumers to either upgrade to the phone or pay their way out of an existing contract to sign up with Cingular (this pricing is, however, in line with that of other feature phones with cameras)
- The simultaneous launch of the iPod nano — with its stylish, compact design and 10 times the song storage of the Rokr at the same price — presents a huge marketing challenge.
- Gartner questions whether consumers will be willing to make the battery-life trade-off just to listen to 100 songs. Battery life is a crucial factor for consumers when purchasing a mobile phone.

Recommendations

Wireless carriers: While readying over-the-air services, consider offering options that allow customers to side-board their music collections onto a mobile phone .

Content providers of all media: Monitor the progress of the Rokr as the first major step toward device convergence. Look to simplify the extension of content to mobile phones without the need for such close device integration.

Analytical Source: Mike McGuire, Gartner Research

Recommended Reading and Related Research

- "Music and Video on Mobiles Still Don't Ring True With U.S. Consumers" — Most U.S. consumers aren't interested in "rich media" services for cell phones, but this could change as mobiles become better at content retrieval and playback. **By Daren Siddall**
- "Apple-Motorola Mobile Phone Plan Is Music to Ears of Music Fans" — Carriers might not like the Apple-Motorola plan to put iTunes software on Motorola mobile phones, but Gartner studies show that U.S. consumers may be much more receptive. **By Mike McGuire**

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