

Can Japan's 3G market be up for grabs?



When it comes to electronics, Japanese consumers continue to vote with their wallets that home-grown still remains best. The result is the same when it comes to the popularity of telecommunications carriers.

While foreign competitors -- including Nokia, the Finnish mobile handset manufacturer that dominates the global market -- have made considerable headway in Japan, the most popular brands remain handsets by Sony, Toshiba and other domestic blue chips, even though they may be more expensive than overseas products such as Samsung and Motorola.

The penchant to buy Japanese remains true even when it comes to selecting mobile network carriers, as Japanese networks still reign supreme according to the country's Telecommunications Carriers Association.

The industry group reported Tuesday that NTT DoCoMo, the mobile arm of Japan's biggest telecommunications group, ranked in at first place in January in terms of winning new subscribers. The company had a net gain of 130,500 users last month.

Meanwhile, KDDI reported that its au service (the main mobile-phone unit) gained 221,400 new subscribers, but its TuKa brand saw a net decrease of 114,300 in its customer base.

Still, when it comes to third-generation mobile-phone networks, it appears that there is scope for overseas carriers to gain in one of the world's most competitive markets. While NTT DoCoMo continued to dominate this sector as well with over 30 percent of total market share, Britain's Vodafone actually came into third place with a net gain of 222,800 customers last month alone, following au with 267,200.

Yet if Vodafone is to keep its edge in the market, it may well have to step up its marketing efforts in Japan, for NTT announced late last year that it will be abandoning its so-called personal handyphone system (PHS) service and instead focus its attention on the third-generation broadband-compatible high-speed wide-band code-division multiple access (WCDMA) market.

Certainly, NTT is far from alone in having high hopes for third-generation networks. At the end of 2004 the number of third-generation mobile phones worldwide was about 17.3 million. In 2005 that figure reached about 42 million, marking an increase of around 142 percent. Moreover, according to a report by mobile research group ABI Research Tuesday, that number is expected to reach around 1 billion by 2010, or about 30 percent of the overall mobile-phone subscriber market. The research group suggested that it will only be a matter of time before U.S., European and Japanese markets phase out second-generation networks and focus entirely on providing third-generation services.

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