



Chapter I

**NTT DoCoMo's i-mode:
Developing Win-Win
Relationships for Mobile
Commerce**

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ABSTRACT

In February 1999, Japan's NTT DoCoMo launched the i-mode service, becoming, with over 34 million active subscribers, undoubtedly the world's most successful mobile Internet service. While mobile commerce is an often-discussed topic around the world, it is important to look to the success of i-mode in Japan, to gain real insight into the potential for mobile commerce in other markets. i-mode is a success because of a careful balance of the right technology, the right strategy, the right content, and the right marketing. On this successful platform, many players have developed successful business models, be it premium content, e-commerce, advertising, or others. With the expansion of i-mode, it has now become a "lifestyle infrastructure" and a series of alliances with major players such as Coca-cola has expanded the possibilities. With new i-mode services being launched in Europe and Asia, it is timely to learn, based on the experiences of Japan, what the potential could be.

More than two years have passed since Telecom 99 in Geneva, the industry event for the telecommunications sector. Attendees will remember that at that event we were told that a new era of Internet and commerce was about to begin. “Mobile Internet” and “mobile commerce” became buzzwords overnight. Most industry experts agreed that the new technology before them would lead users into a whole new interactive world beyond their imagination. We were promised that we would surf through multimedia websites using mobile phones and would soon be using those same phones for a multitude of transactions—from online to physical payments. It was an amazing concept.

Over two years have passed and it is still concept. The promised world has not yet developed. Around the world, the uptake by users of Wireless Application Protocol (WAP)-enabled phones and services has been slow. The acceptance of this new technology by industries other than the wireless industry has also been sluggish. When attending the many “Wireless Internet” and “Mobile Commerce” conferences and events, real examples providing real data are difficult to find. In such an environment, it is very easy for skeptics and critics to declare that wireless Internet will never develop beyond concept.

To make such a bold statement is premature. It is a statement that overlooks all of the facts. In truth, in Japan wireless Internet is alive and well, and continuing to grow at an extraordinary rate. As of December 2001, nearly 50 million users in Japan had wireless Internet-enabled handsets of some sort¹, with over 30 million Japanese actively using NTT DoCoMo’s i-mode alone. To put that figure into perspective, approximately one in four Japanese are using i-mode. They are using i-mode for a whole range of activities, from sending and receiving e-mail to surfing through over 50,000 websites designed for the small displays of the handsets (see Figure 1). The versatility of the service is great. Having created a solid platform upon which to build and to link with other platforms, as can be seen through numerous projects and services, i-mode proves that wireless Internet and mobile commerce are no longer mere concepts, but reality.

In a book entitled *Mobile Commerce* it is important to examine theory and summarize the results of test projects. It is equally, if not more, important to show actual case studies to explain the realities and to defend the theories. This chapter is intended to be just such a case study. i-mode is an often-used example of wireless Internet, but it is also often misunderstood. Through real examples and real experiences, it is hoped that the real reasons for the success of i-mode will become apparent. This success is not found in some mystic oriental alchemy or in the activities of blond-haired, mini-skirted girls in the entertainment districts of Tokyo, as many propose. i-mode’s success is found in a solid strategy, which considered (and continues to consider) the right technology, services and marketing, hand in hand. Most importantly, i-mode seeks to develop win-win relationships to ensure

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