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**ITB11812**

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This chapter appears in the book, *Unwired Business: Cases in Mobile Business*  
edited by Stuart Barnes and Eusebio Scornavacca © 2006, Idea Group Inc.

## **Chapter I**

# **Mobile Innovation and the Music Business in Japan: The Case of Ringing Tone Melody (“Chaku-Mero”)**

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## **Abstract**

*This paper examines the development process and successful factors of the ringing tone melody downloading service, or “Chaku-Mero,” in Japan. Chaku-Mero, arguably the most successful mobile (m)-commerce business in the world, is a mobile Internet service in which a subscriber could download from a wide selection of music melodies his/her favorite for a fee to get it ring when the mobile phone receives a call or message. This chapter describes the process of how this business has evolved from pre-mobile-Internet phase of related business; examines the structure of the business; and analyzes why some content providers have been more successful than others. Some implications for the prospects of mobile Internet businesses for music and other cultural contents will be provided.*

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## Objectives

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The primary purpose of this chapter is to examine how the Chaku-Mero business in Japan has been launched and developed successfully to create about \$1 billion (currently US\$1=110 yen) market within 4 years. “Chaku-Mero” is an abbreviation of “chakusin merodi” in Japanese, which stands for ringing tone melody. A Chaku-Mero service user downloads a digitalized music file through the Internet for a fee and has it played as a ringing tone for the mobile phone handset. This download service accounts for the largest market among Japan’s paid mobile Internet services, thus making the world’s largest mobile Internet market and the most successful mobile (m)-commerce business. Furthermore, the Chaku-Mero business is arguably one of the most successful cases in the world of paid cultural content business on the Internet, be it fixed or mobile.

This chapter attempts to give brief answers to the following questions: What evolutionary paths has the Chaku-Mero business taken to form the current business model? What has made it possible to create the largest mobile Internet market within a short period of time? How do firms compete in this business? Although this chapter still remains preliminary and descriptive, the research results provide some valuable implications for future directions of mobile Internet services not only in Japan but also in other countries. In a broader context, this chapter constitutes a part of a larger research plan that will examine interactions between the music business and technological innovations, including the impact of Internet technologies.

## Overview of Chaku-Mero Service and its Brief History

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### What is Chaku-Mero Service?

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The current Chaku-Mero service is an Internet-mediated content downloading service. A subscriber accesses a content provider’s Web site by his/her mobile phone with an Internet browser, and downloads a selected music melody file into the handset. The downloaded file is saved and used as the handset’s receiving tone melody.

The music data of Chaku-Mero is coded in a simplified Musical Instrument Digital Interface (MIDI) format, which is a digital format designed for music replaying. MIDI file is basically signal data that orchestrate musical tones and control their volume and length. MIDI file is smaller in memory capacity than other recorded music files on the MP3 or WAVE digital format. Chaku-Mero’s file format is a simplified version of the MIDI format specially tailored for mobile handsets’ small memory capacity. The two dominant mobile formats currently used are Compact MIDI (adopted by NTT DoCoMo, KDDI) developed by Faith, and SMAF (Synthetic Music Application Format, adopted by J-Phone, KDDI) developed by Yamaha. Content providers prepare a Chaku-Mero file by

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