Faster networks, more media-capable handsets, and a growing range of content developed or modified for the super-small screen are coming together to make video and television on the cell phone a better proposition.

Under pressure to raise wireless data usage among U.S. subscribers, as competition increases on basic voice rates, carriers like Sprint PCS and Verizon Wireless are looking to these new cellular television services as a way to boost data usage, by appealing to consumers' seemingly undying love of television.

Video programming has already been available to some cell phone users for a couple of years -- Sprint introduced 1KTV, its first, elemental service in February 2003. It allowed customers to watch news, weather, and sports updates in a format akin to a PowerPoint presentation coupled with streaming audio.

But it's only in the last few months that the move to higher-speed networks -- like the Evolution Data Optimized (EV-DO) wireless radio broadband being adopted by many CDMA-based carriers in the United States and other countries and the availability of phones that contain built-in multimedia players -- together are creating a viewing experience that's considered worthwhile. That improved speed and picture quality, joined up with wireless providers and third parties cultivating made-for-cell phone content, is creating more marketable services -- at least for early-adopter consumers.

"It's still very early days, but so far the advances in technology have born out our hopes," says Dr. Phillip Alvelda, chairman and CEO of Idetic, a Berkeley, CA-based company that owns MobiTV, a network that delivers live television programming and on-demand multimedia content to phones. MobiTV first came to market through a deal with Sprint in November 2003, and since then has added relationships with Cingular Wireless and regional carrier Midwest Wireless.

While the technology and content are still nascent, television and video services to cell phones are increasingly seen by carriers as a way to boost data plan sales and potentially differentiate their services from the competition. Richard Bennett, CEO of SmartVideo Technologies, a Norcross, GA company that licenses, packages, and distributes televised cell phone content to consumers, estimates that top carriers are getting about four percent of their sales from data plans -- a paltry amount compared with carriers in Europe and the Pacific Rim, where data use is already flourishing. Today, with increasing competition on voice plan pricing, margins are getting tighter and carriers are eager to drive up the percentage of their sales from data into the double digits.

"This has been brewing for quite some time," says Dale Knoop, general manager of Sprint's multimedia services unit in Overland Park, KA. "Now a lot of people are identifying this opportunity in data [services]."

While wireless operators won't openly discuss how many consumers have signed up for these services, Ken Hyers, a principal analyst with ABI Research, estimates that at the end of 2004, there were more than 350,000 U.S. wireless subscribers tuning into some kind of televised programming on their phones. That number may have as much as doubled in recent months -- Verizon and Cingular only launched their services in 2005. By the end of 2010, Hyers expects that roughly 10 percent of all U.S. cell phone users will be checking their handset for live feeds of news and sports reports, movie clips, stand-up comedy routines, or even so-called 'mobisodes' -- programs tailored to the smaller screen and the shorter time spans associated with mobile device use.

Knoop says that the development of these televised services for cell phones has been driven by "a number of different factors," including support from handset manufacturers, who have included media players in phones, as well as the "desire by wireless carriers to drive [up] their average revenue per user," or how much money the carriers make on each customer. Since competition among the consolidating wireless carrier market is forcing all the major players to cut pricing on their voice rate plans, encouraging U.S. subscribers to use data services -- like accessing television or video clips -- may be a carrier's best way of increasing revenues.
In the race to lock in those cell phone-watching eyeballs, Sprint PCS arguably captured an early lead -- the wireless operator has been offering its multimedia content service for nearly two and a half years. Since Sprint launched its initial offering, 1KTV -- which, at first, Knoop admits, was more akin to a "slide show with audio" than the slicker-looking offerings that Sprint and other providers have today -- the cellular service has developed three other multimedia televised content services. These include MobiTV, which offers live television feeds, and, in late 2004, Sprint TV, which according to Knoop is the most advanced of Sprint's multimedia offers, with the broadest array of content.

The eponymous Sprint TV currently offers 17 channels, including news clips from NBC and CNN, Fox sports, music, and cartoons. In addition, its video quality -- at up to 7-10 frames per second (fps) -- is much better than the jumpy feeds of its first service. (Regular television feeds run at about 30 fps.) By the time Sprint rolls out its high-speed EV-DO network early next year, Knoop expects that the frame rate will increase to 15 fps and the audio will be CD quality.

Rival Verizon Wireless, which launched its VCast service in March, already boasts 15 fps, according to Alex Bloom, the company's director of multimedia services. Bloom is quick to point out that VCast is more a "video clip-based service" than linear television delivered to cell phone. Encapsulated news, weather, sports, and entertainment clips from content providers like CNN, NBC, ESPN, and Comedy Central tend to run anywhere from two to five minutes. In addition, subscribers can pay for premium clips -- 99 cents for NASCAR highlights or $3.99 for a music video -- which they can replay as often as they want.

While VCast is a bit pricier than Sprint TV -- $15 a month as compared to about $10 -- ABI Research's Hyers believes that it compares favorably because of its better frame rates, frequently refreshed content, and the fact that "they're making content strictly for mobile."

Verizon has been working closely with content partners to reformat programming for cell phones, and to create new "mobile-centric" programming, such as the buzz-worthy "24: Conspiracy" mobisodes -- short episodes based on the popular "24" television series and filmed expressly for the cell phone audience.

Indeed, the quality of programming that's available will likely be an important selling point for cell phone-based video and television services, as the image quality improves. But customizing content for a 2-inch-by-2-inch screen is no small feat -- from both the legal and development standpoints.

According to Knoop, more television producers are getting wise to the growing opportunity of "cellevision." They're making more of an effort to produce programming that's tailored to the tiny screen, for example, by getting more close-ups on commentators and players when covering a sports event, since wider pans don't show up well. That means not only developing different formats, but also expanding contracts with news and talent guilds, to ensure that content can be displayed legally on the new medium.

Beyond the broader issue of what consumers will want to watch, there's the more immediate issue of how many consumers will be able to access these video services on their cell phones. Right now, only a handful out of the 50 or so phone models that Sprint offers have media player capability, and thus can receive its high-end Sprint TV service. Similarly, only four of Verizon's 20-plus phone models can carry VCast. (Neither Knoop or Bloom would comment on how many of their subscribers actually have these newer, more costly phones.)

"There are only a limited number of handsets that can deliver a satisfactory experience right now," says Mike Bloxham, director of testing and assessment for the Center for Media Design at Ball State University in Muncie, IN. "It's not till we get to a wider penetration of the 'uber-handsets' with greater capacity and media players...that this market will grow."

Bloxham also agrees that cost could be an issue -- even for media-loving Americans. But subsidizing the cost of these services by pushing advertising on consumers, he points out, may prove even more unappealing to would-be users, since "cell phones are considered a very personal form of media... reactions to unwanted SMS or IM messages have proved very hostile indeed."

Playing to such a select market, with a relative pricey service will likely limit the adoption of these services in the next few months, says analyst Hyers.

"Most customers nowadays want to buy a plan and get a phone for free," Hyers says, adding that many of the new multimedia phones come at a higher price point. "And, with the cost for the service being $10 to $15 a month...that could increase a [subscriber's] bill by about 25 percent."

Karen Epper Hoffman writes about business and technology issues from her home in Poulsbo, WA.