

## BRICK-AND-MORTAR KIOSKS SELL MOBILE CONTENT



### TELECOMMUNICATIONS

Although mobile content is something consumers can buy and download from virtually anywhere, Chinese start-up **Duo Guo** is banking on a different approach by selling such content through specialized kiosks in brick-and-mortar retail stores. Based in Shanghai, Duo Guo—a subsidiary of D Mobile Inc.—has developed partnerships with China’s largest retailers and leading global media companies to bring games, ringtones, software and other mobile services to China’s 500 million mobile phone users in a retail setting. Each Duo Guo kiosk is staffed by a salesperson, who can help consumers as they browse for content. Once customers make their selections and pay, the content gets beamed to their phone via Bluetooth. In addition to its starting line-up of ringtones, wallpapers and games, Duo Guo recently began offering exclusive mobile content from emerging Chinese artists through its “artist of the month” program, and has launched into ticket sales as well. Wal-Mart, Best Buy and Tesco are among the stores that have signed up to host Duo Guo kiosks in China, while the company also operates its own standalone stores in subway stops and Shanghai’s busy Zhong Shan Park area. Content at Duo Guo kiosks is updated every Friday to encourage frequent browsing. While it may seem counter-intuitive that consumers would want to buy mobile content in a physical setting, many Chinese consumers are reportedly wary of buying online, fearing that they’ll be overcharged or end up paying for the wrong thing. There’s also apparently a fair bit of uncertainty as to which products will work on which phones. In China’s smaller cities, meanwhile, mobile phones can outnumber wired internet connections, fuelling a black market in high-priced street-side sales of pirated content, CEO Jonathan Serbin told **Pacific Epoch**. Duo Guo is positioning itself as the legitimate alternative. While its cost structure is higher than those of the online services, Duo Guo also enjoys new ways to generate revenue, such as by collecting fees from mobile application companies for introducing customers to their services, he added. “We realized that there is a great opportunity for selling mobile content, applications and services at retail,” Serbin explained. “People were excited about buying a phone—they had maybe just spent a month’s salary on their phone—and they were saying, ‘Why don’t you give us the opportunity right here, at retail, to buy this cool stuff rather than go home and have to search online [for it].’ This is a great moment, when the customer is learning about their phone and is excited about it. We saw an opportunity to sell content in a very dynamic setting; to have a guided experience. The sales people help them find content and discover what is most appropriate for them.” Launched last year and backed by US hedge fund Jana Partners, Duo Guo currently has about 25 stores in Shanghai. It is in the process of expanding to Jiangsu, Zhejiang and Beijing, with hopes of having 100 stores by year’s end, 500 by the end of 2009. One to partner with—or emulate—in other markets around the world? Spotted by:

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