

Mobile Social Media in Asia September 2011

Information contained in this presentation is confidential & proprietary in nature and contains information pending patent protection. This document is meant strictly for the addressee and may not be copied or redistributed without prior authorization from Bubble Motion, Inc.

Agenda

Social Media Across Asia

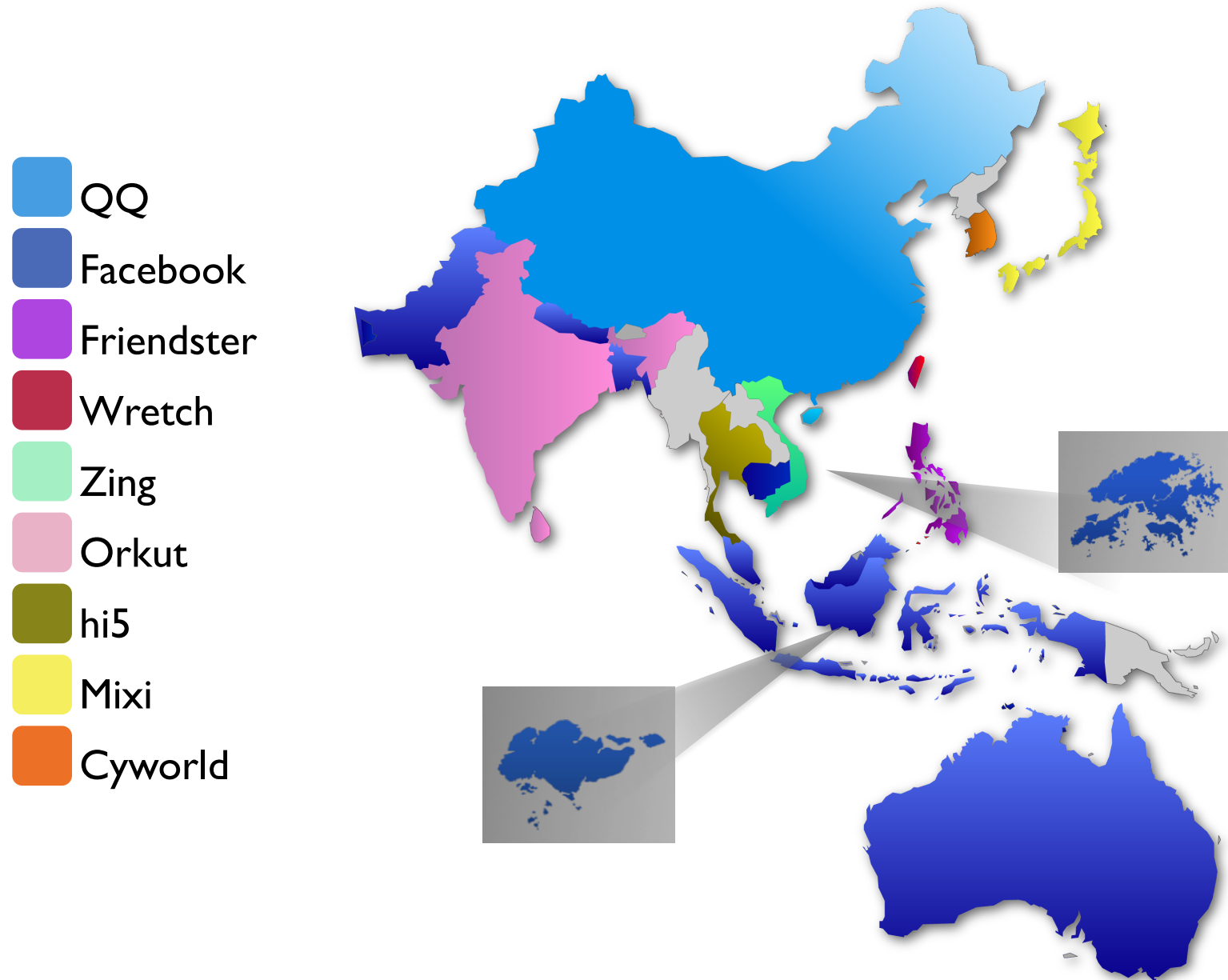
India – What Are the Operators There Doing?

Indonesia – the Social Phenomenon of Asia

Japan – Most Advanced Mobile Market Globally

Summary – What Should Operators Do

Most Popular Social Networks in Asia 1 Year Ago



Most Popular Social Networks Across Asia Today

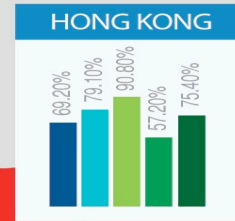
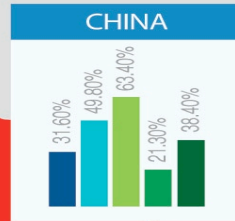
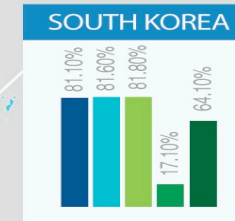
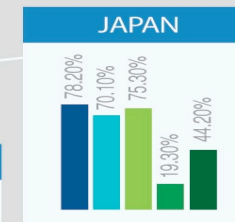
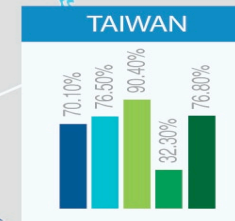
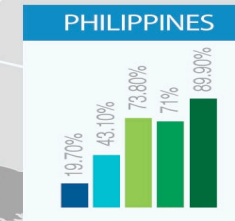
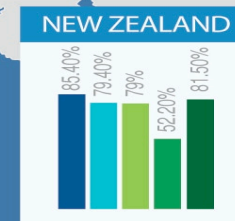
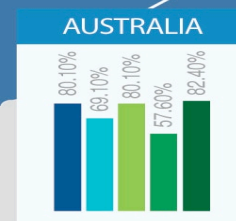
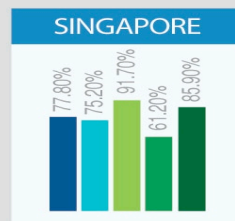
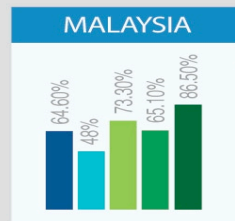
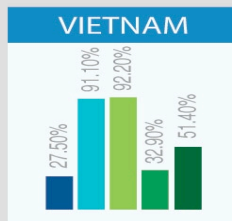
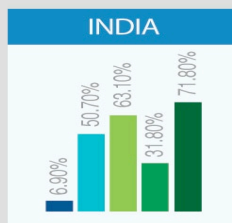
SOCIAL MEDIA IN ASIA

SOCIAL MEDIA IN USE

- Internet Penetration
- Reading & Writing blogs
- Video watching
- Photo Sharing
- Social Networking

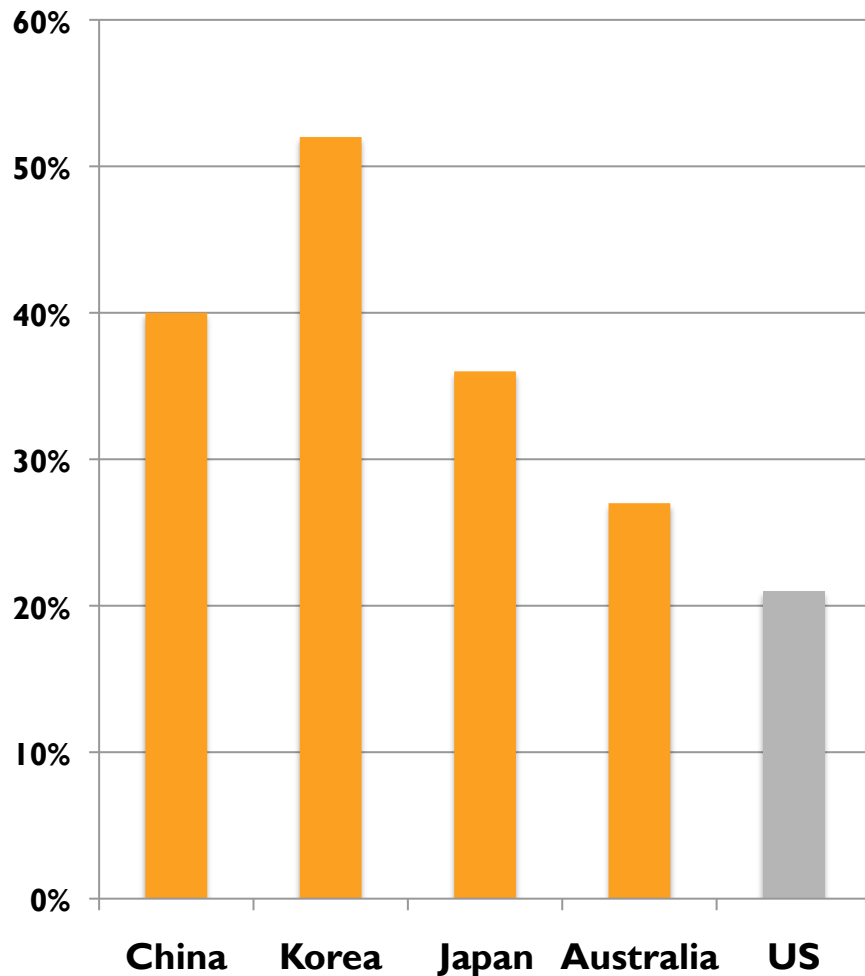
POPULAR NETWORKS

- Facebook
- Renren
- Twitter
- Cyworld
- Wretch

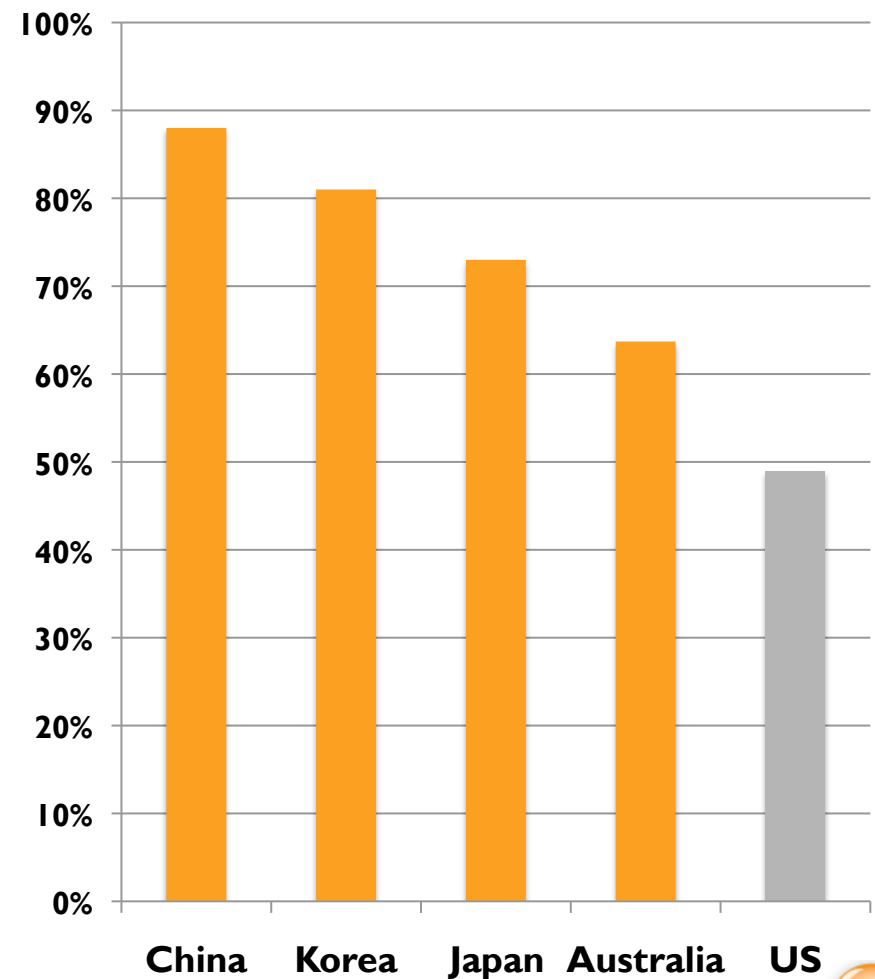


Asians Have Always Been Much More Blog Savvy

Portion of Internet Users Who have Published Blogs

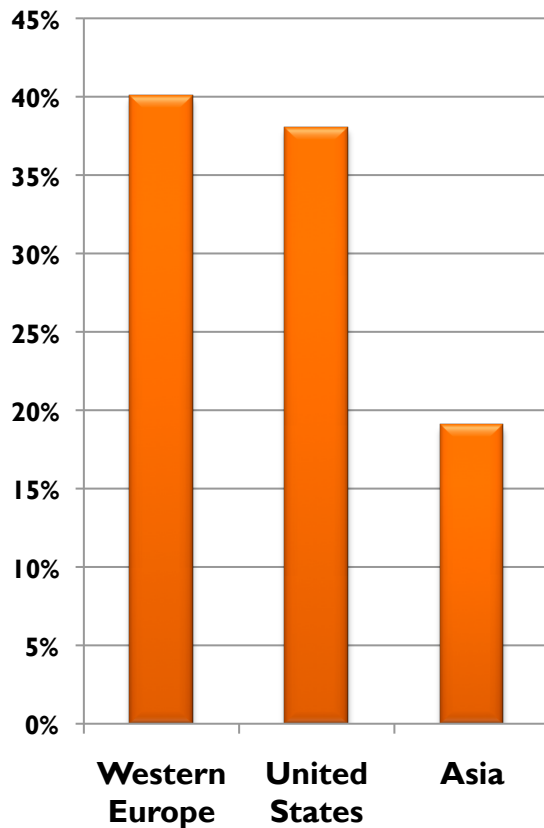


Portion of Internet Users Who Regularly Read Blogs

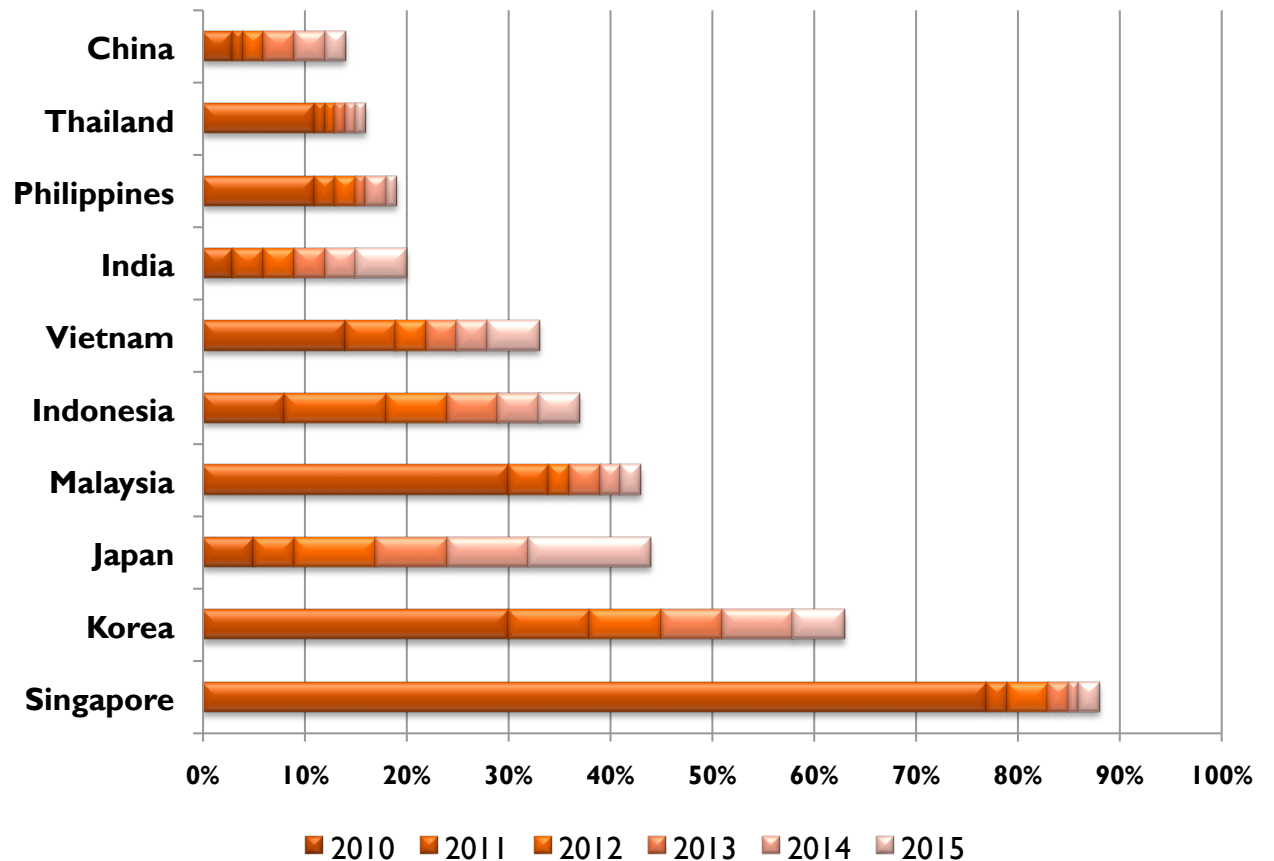


Smartphone Penetration in Asia Still Lags Though

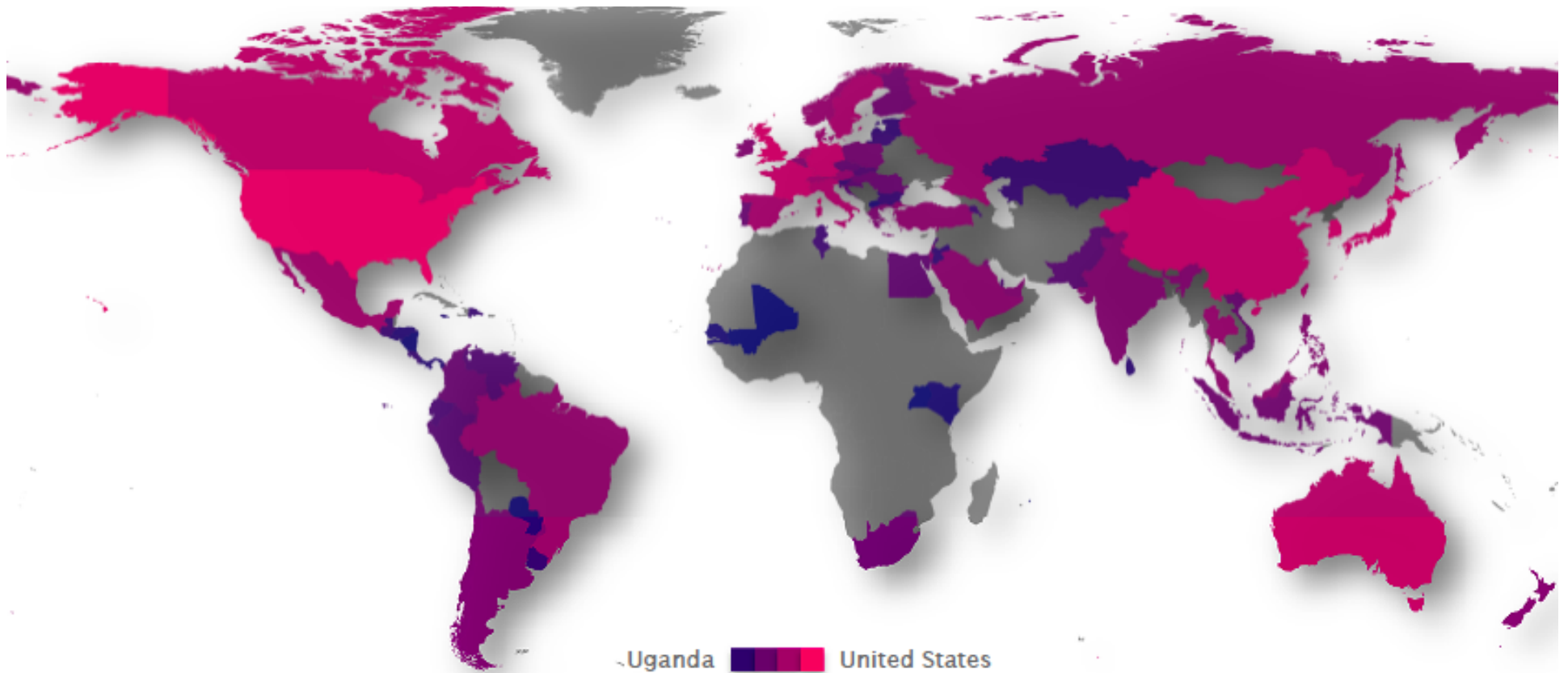
2011 Regional Smartphone Penetration



Asia Smartphone Penetration Forecast

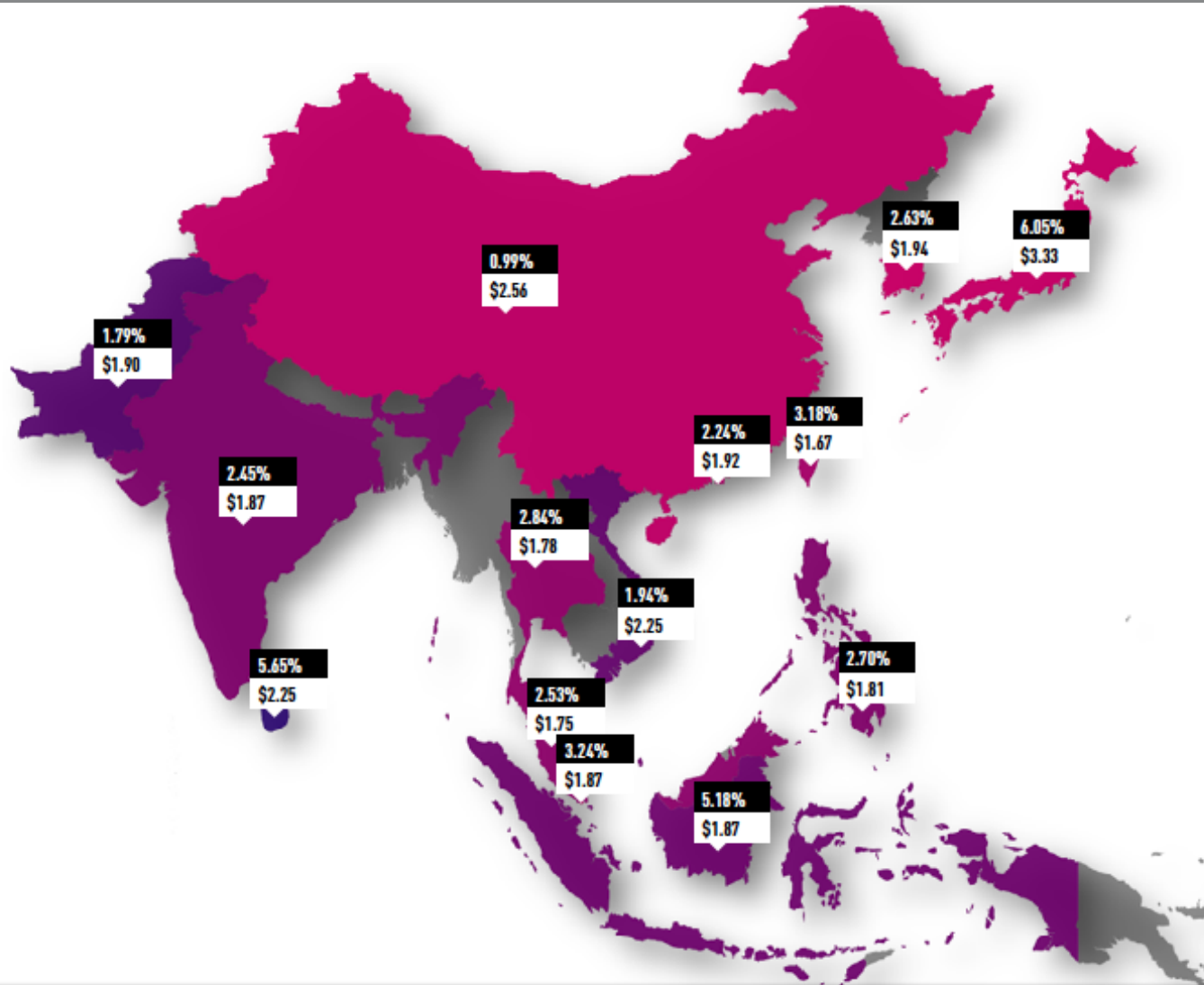


App Growth is a Global Phenomenon



China is now 2nd largest App Market in the World – and All Asian countries are still growing rapidly; whereas, App download rates have begun to slow in key Western

However, Monetization of Apps Still Lags in Asia



Price sensitivity to Apps is much higher in Asia and thus users are 6X more likely to purchase the 'paid' vs. the 'free' version of an App in Western countries

Macro Factors Drive Need for Different Monetization Strategy in Asia

- **Lower purchasing power with higher price sensitivity**
 - Excluding Japan, consumers are much more price sensitive and have lower purchasing power;
 - Thus, their likelihood to pay for an app is 1/6th of that in Western markets
- **Digital ad spend is still in its infancy**
 - Online and mobile ad spend in most Asian countries is significantly smaller than Western markets
 - Thus, companies cannot rely on an ad-funded monetization strategy
- **Low credit card penetration and other electronic payment mechanisms**
 - Even if consumers want to pay for an app, low credit card penetration makes it impossible for most users
 - Thus, while virtual goods are a very popular model in the online world throughout Asia, it still lags in smartphone app world

Thus, Operators Still Have a Key Role to Play in Asia

Asian Operators need to leverage key advantages they still have:

- **Reach and distribution**
 - Feature phone pervasiveness far outstrips Internet users in most Asian countries
 - Thus, while in Western countries, operators are quickly becoming ‘dumb pipes’, in Asia, the operators are still key to distribution
- **High-quality, low-latency voice and messaging infrastructure**
 - Numerous creative services can be built and launched over the pervasive voice and messaging infrastructure already deployed
- **Micro-billing capability and infrastructure**
 - Probably the biggest asset Asian operators have is their ability to charge micro transactions to any consumer

Agenda

Social Media Across Asia

➤ **India – What Are the Operators There Doing?**

Indonesia – the Social Phenomenon of Asia

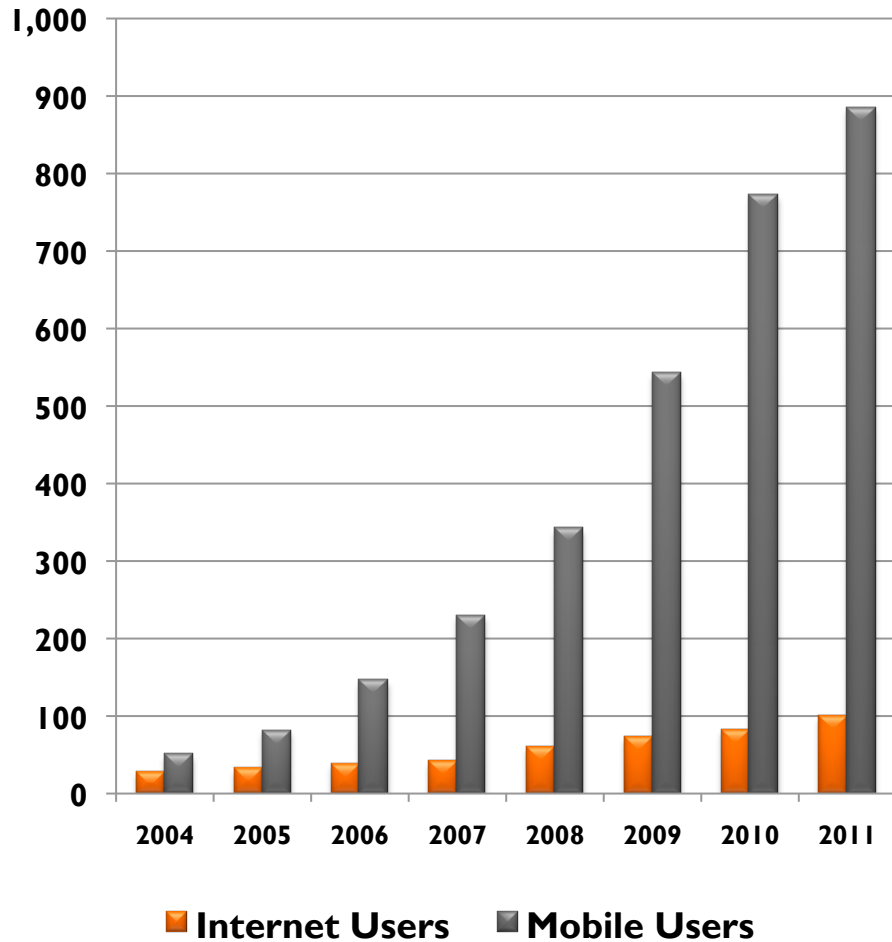
Japan – Most Advanced Mobile Market Globally

Summary – What Should Operators Do

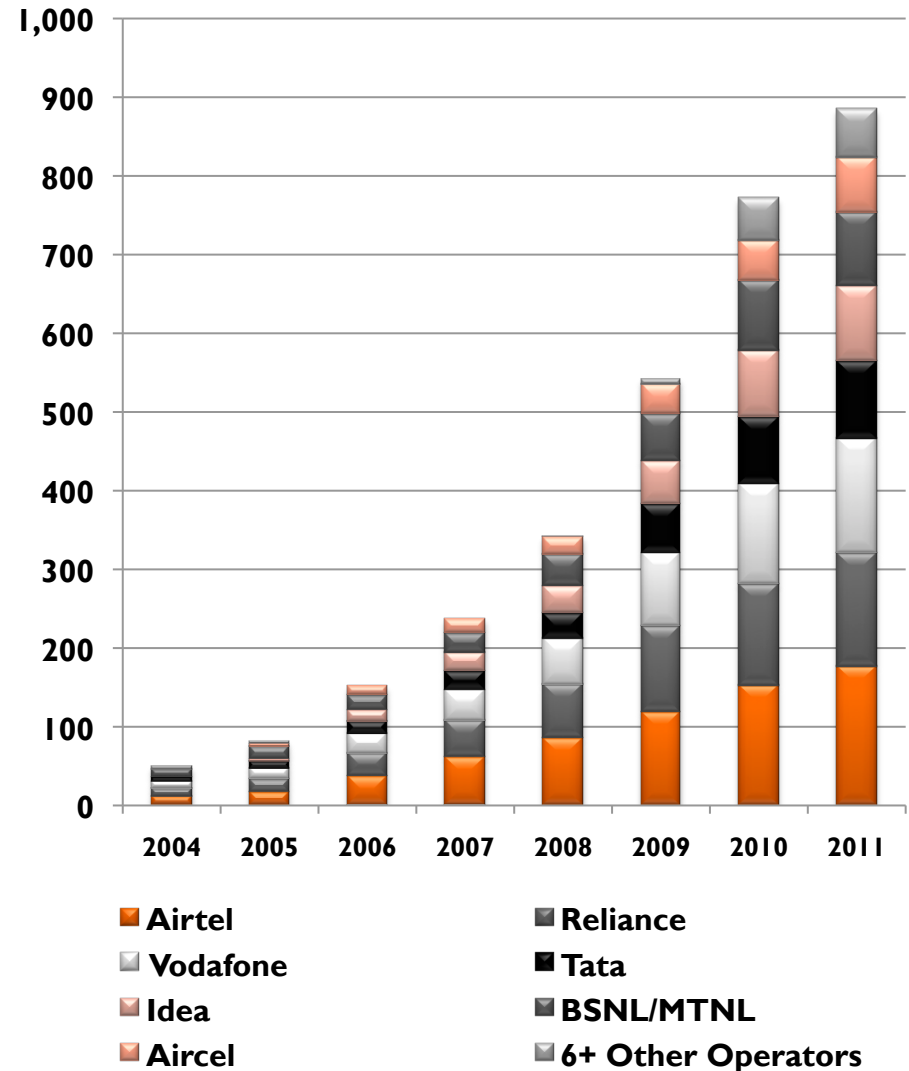


India is a Hyper-Competitive Mobile-First Market

Mobile vs Internet Users


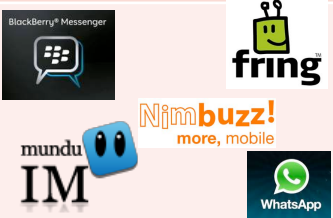



Mobile Operator Market Shares



India has 3 Broad Groups of Mobile Social Media



Classification of Mobile Community Services Based on Primary Service

Primary Service	Description	Key Service Provider
Social Networking Community	Includes sharing of multimedia content along with posting status messages to a group of friends	
Instant Messaging	Includes real time P2P communication over mobile Internet	
Microblogging	Includes sharing of status messages only – via text and audio	

Key Trends in Different Community Services

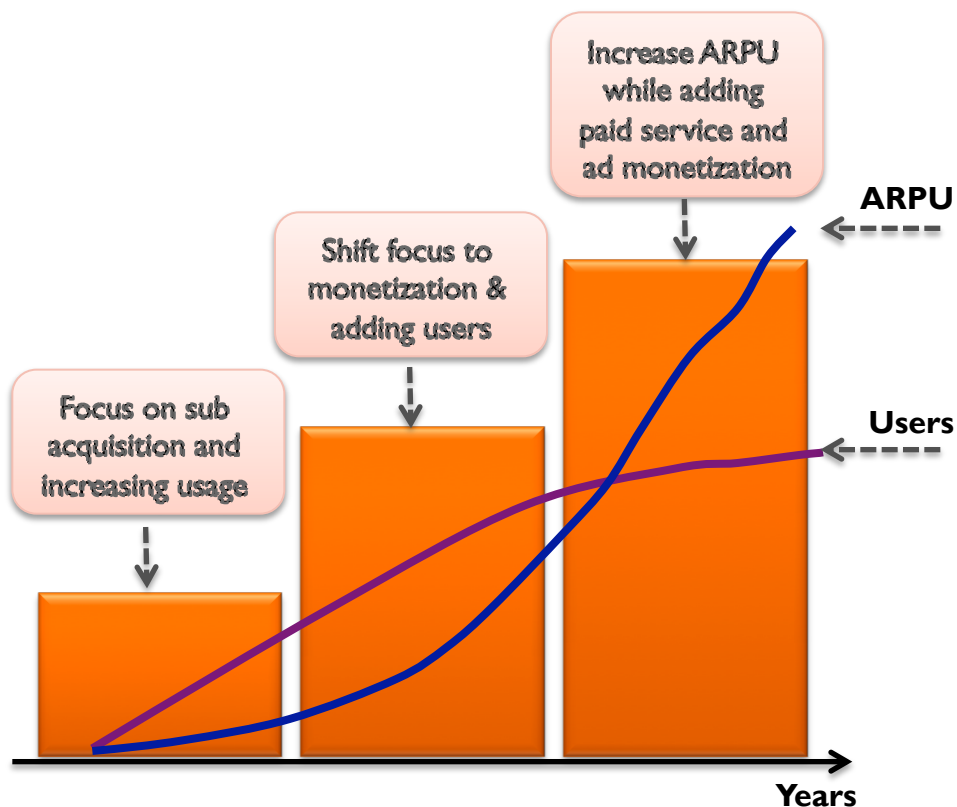
- Social Networking Communities are becoming popular ways for sharing content – photos, videos, moods or news.
- Instant Messaging is becoming the preferred option of communication, esp over national and international SMS
- Micro-blogging has become a means of providing real time updates via text and voice

Two Models for Social Media Players in India

	Description	Target Users
Mobile extension of Online services	 <ul style="list-style-type: none">• Mobile extension of online communities such as Facebook, Orkut, Twitter, and Ibibo• Broad social media platforms that allow a wide range of sharing features• Broadband data connectivity is required to take advantage of full host of features• Mobile version is typically an app download with fewer features than online	Online users who currently have registered accounts typically in Tier I metros
Custom designed for Mobile only	 <ul style="list-style-type: none">• These communities use mobile as their primary means to communicate and service are highly optimized for low-end feature phones with only voice and SMS capability• Many of these communities are designed to allow them to interact with users outside their friends' network	Mobile first users – ie, users with mobile as the first (and often only) channel to access the Internet

Mobile First Social Networks are in the Audience Aggregation Phase

Evolution of Social Networking Community



Monetization Model

- Operators are partnering with online communities to increase data adoption
- Focus currently is on aggregating audience
- Users in Tier 2 and 3 cities who do not have access to online social networks are key targets for local mobile centric players
- Many of the mobile-only social networks are focused on audience aggregation with little focus on monetization

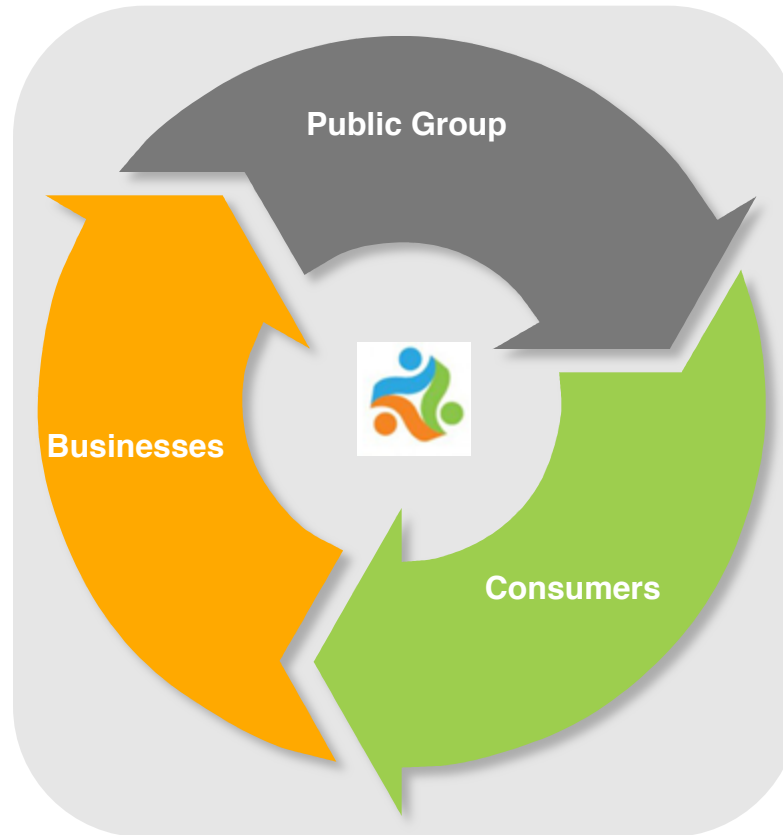
Some Operators Feel Threatened by OTT Services



25K
SMEs

Businesses use it to connect with customers, celebs with fans etc.

500
Brands



GupShup supports group messaging: both large, public groups like Twitter and small, private groups like Facebook

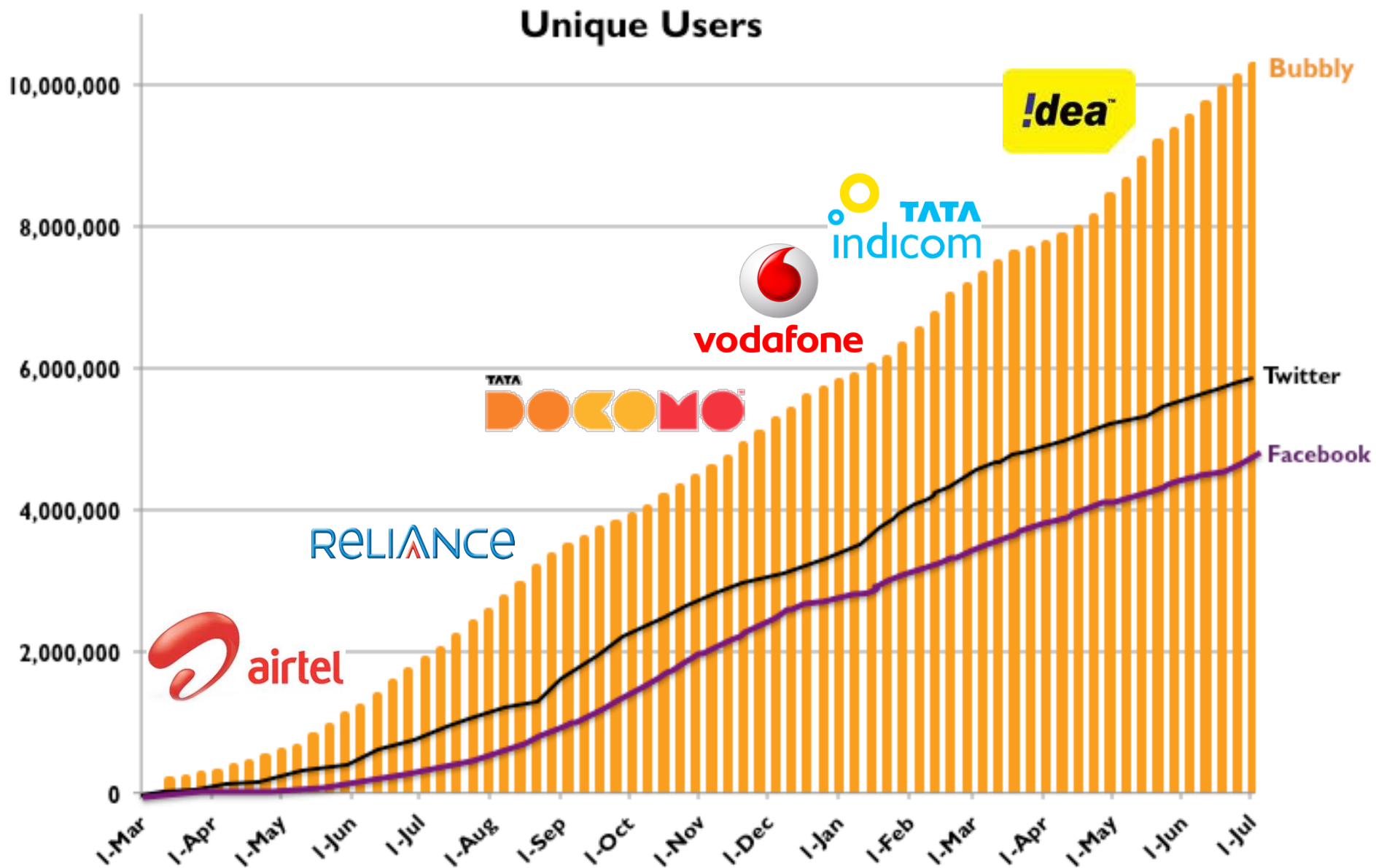
5M
Communities

Consumers use it to connect with friends, family and others with shared interests

50M
Users



Operators Have Also Launched Mobile-Centric Services – Like Bubbly (“Voice-based Twitter”)



Agenda

Social Media Across Asia

India – What Are the Operators There Doing?

 **Indonesia – the Social Phenomenon of Asia**

Japan – Most Advanced Mobile Market Globally

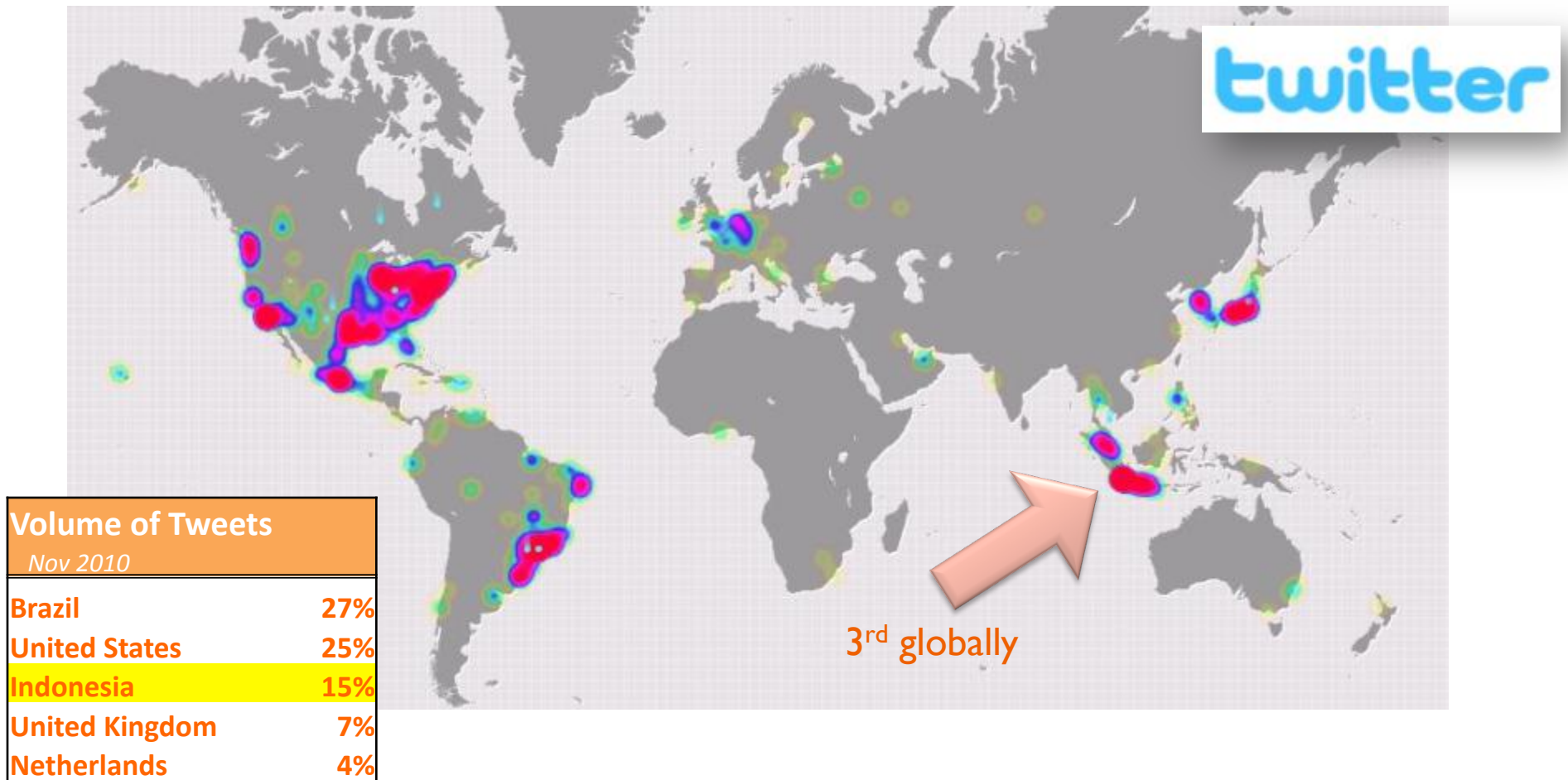
Summary – What Should Operators Do

Indonesia is Facebook's Second Largest Market



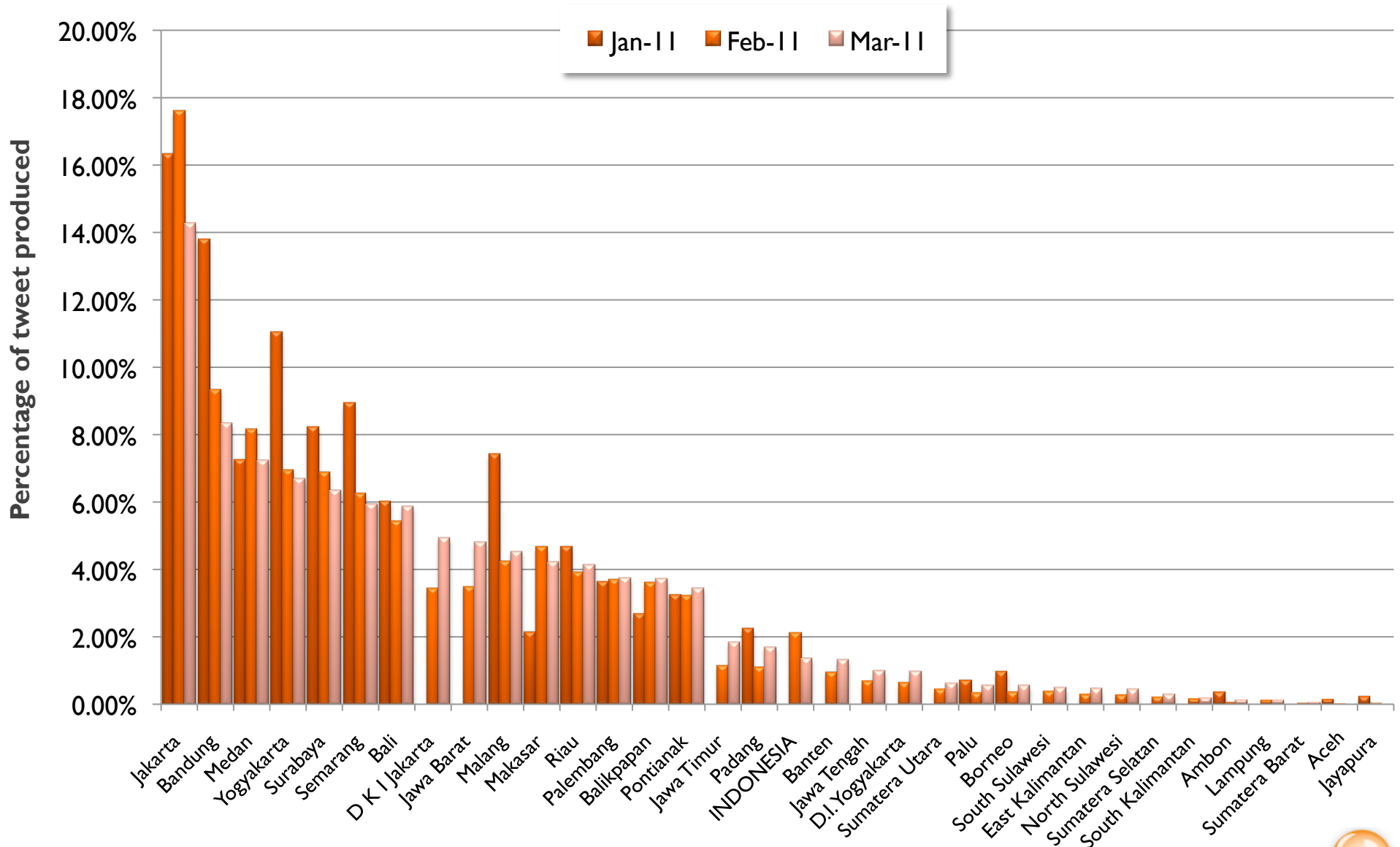
Facebook finally took off in 2009 – growing from less than 1M users to 19M+ in the year. Friendster, the dominant social network for years, lost that crown in only a few months

Twitter has Now Grown Rapidly As Well



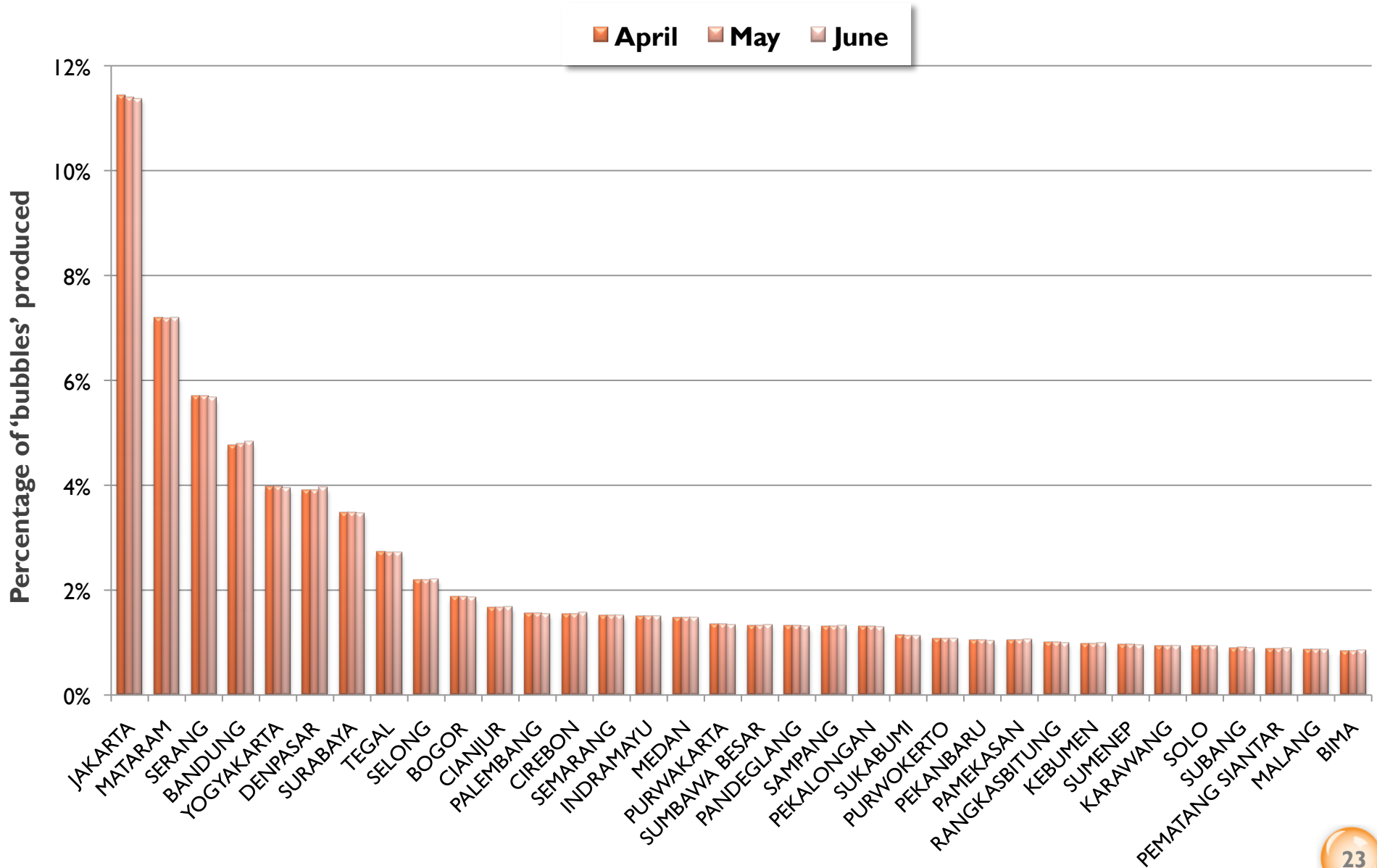
After 4 years since the launch of Twitter, it finally caught fire in Indonesia – and it now accounts for 15% of all tweets globally

Interestingly, Regional Distribution of Tweets are Relatively Even



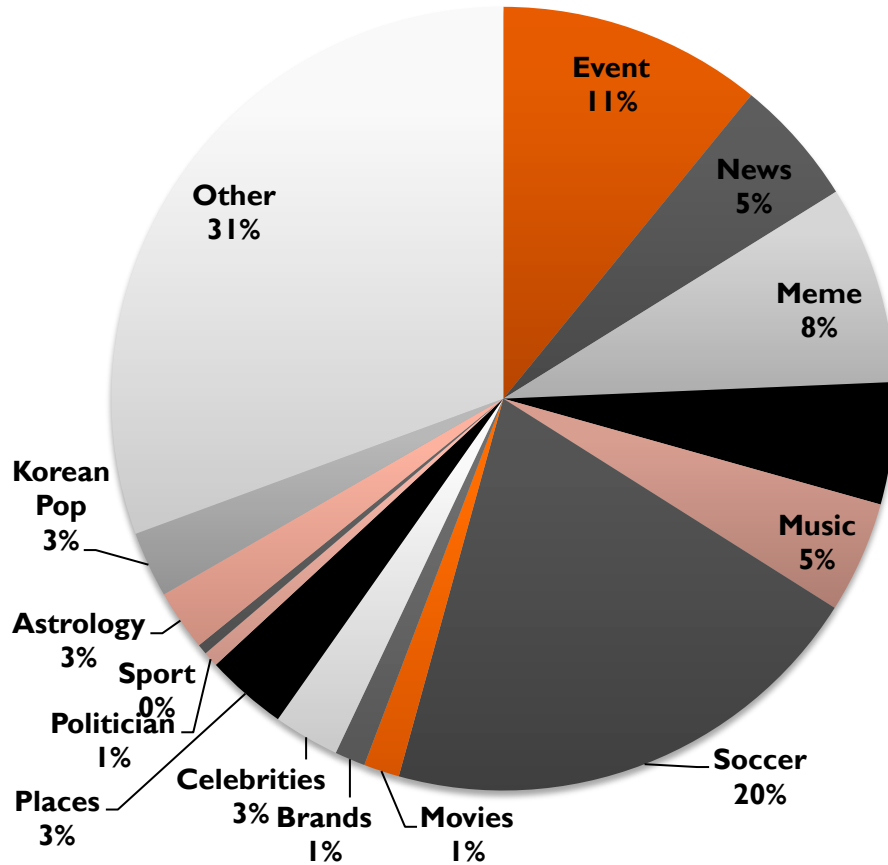
Source: SalingSilang.com Engine, Indonesian Twitter Users Q1 2011

For Bubbly, Similar Trend with an Even Longer Tail

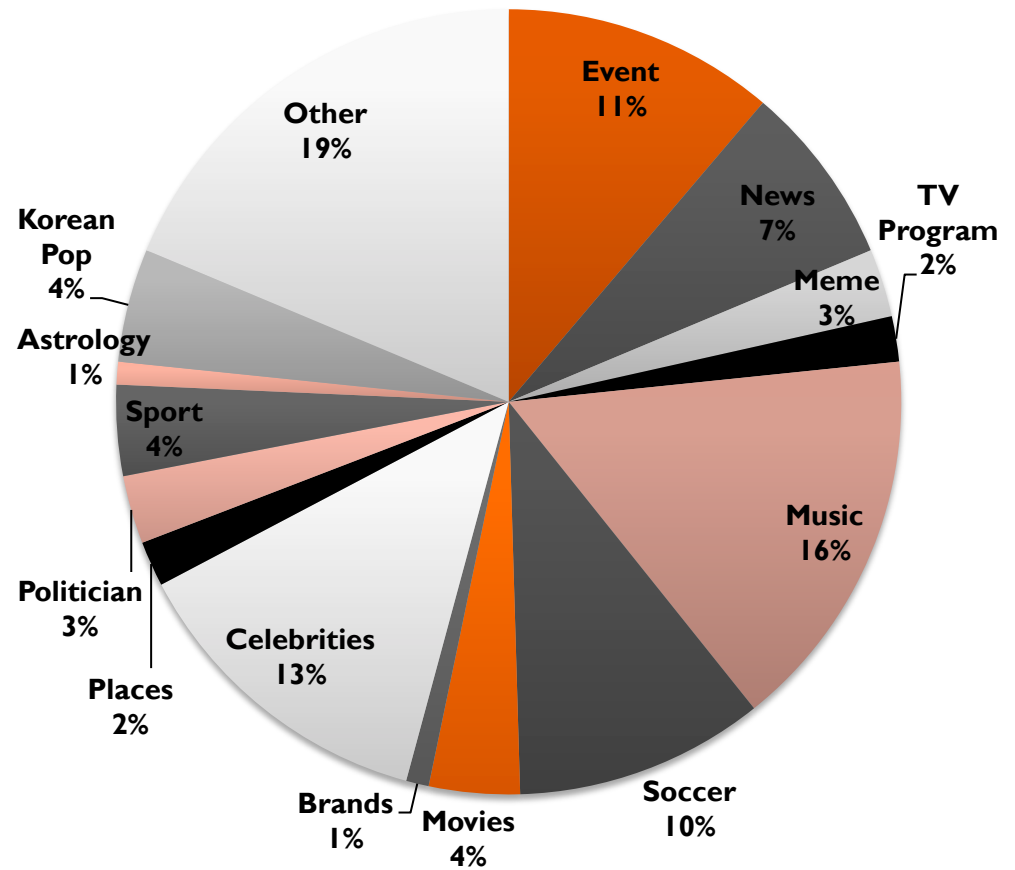


Topics Across Twitter & Bubbly Also Very Similar

Portion of Tweeted Topics



Portion of 'Bubbled' Topics



Topics Across Twitter and Bubbly are fairly similar with 'Bubbles' tending to trend a little more towards music and audio-centric media

Agenda

Social Media Across Asia

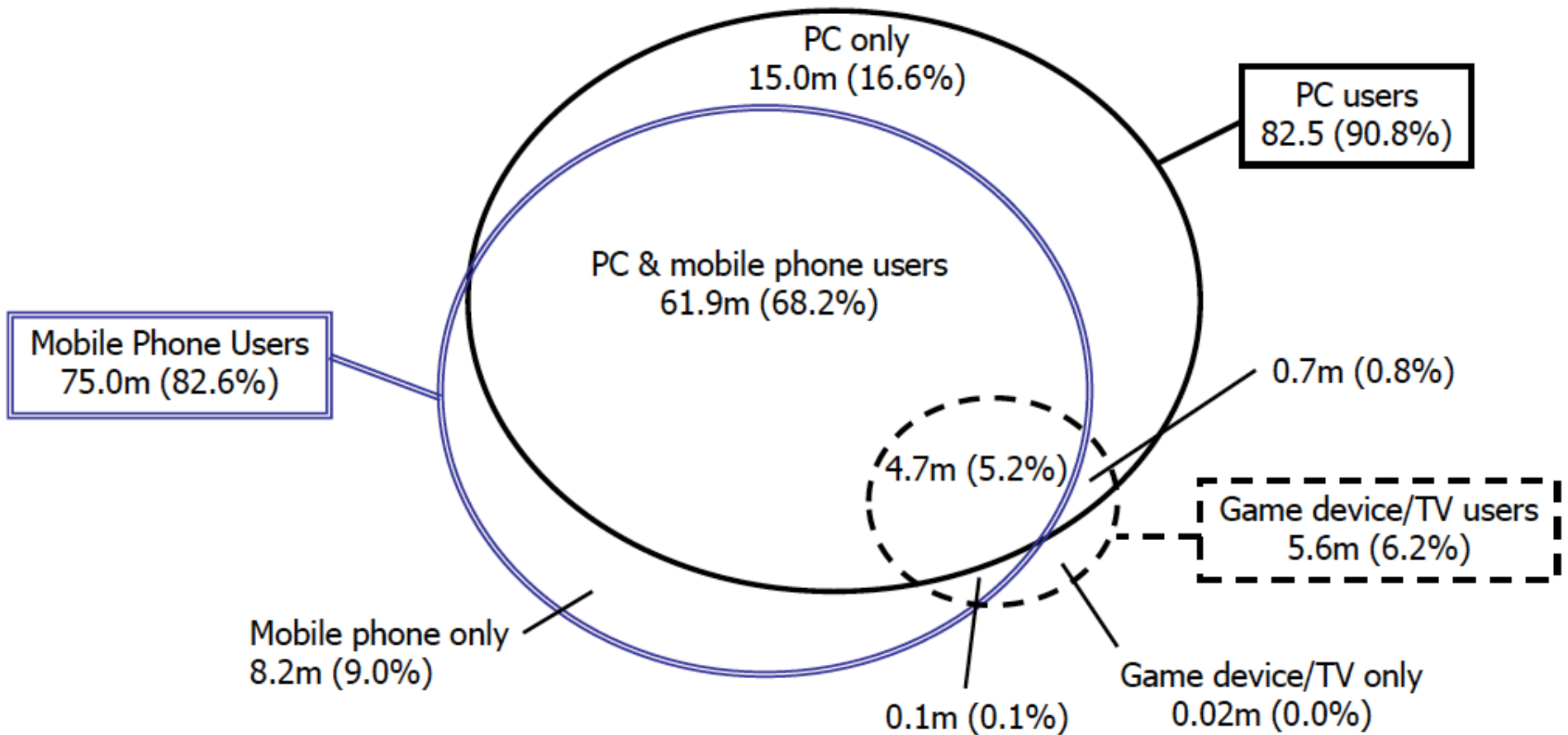
India – What Are the Operators There Doing?

Indonesia – the Social Phenomenon of Asia

 **Japan – Most Advanced Mobile Market Globally**

Summary – What Should Operators Do

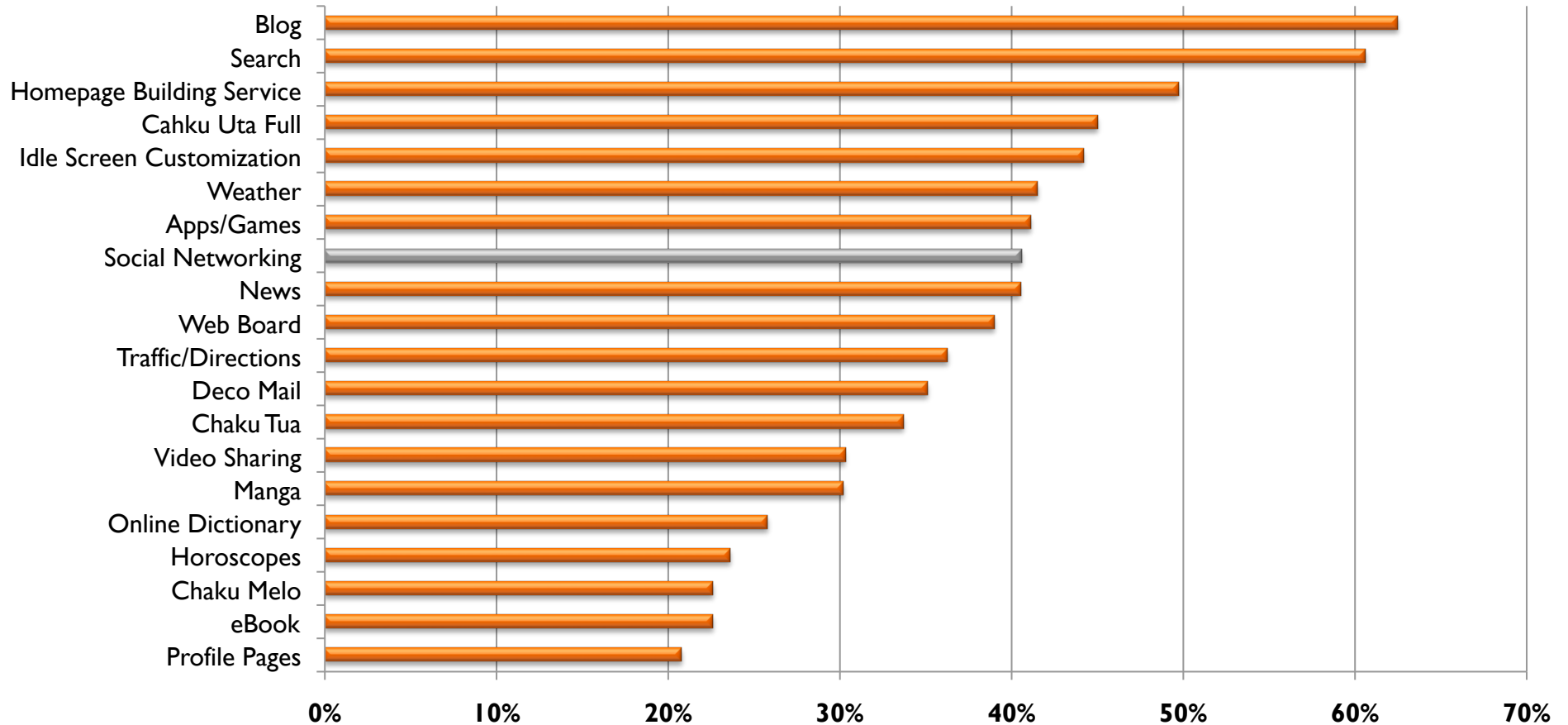
Mobile Phones are the Primary Internet Access Point



In 2008, 82.6% of mobile phone users accessed the Internet from their phone – this will grow to 91.2% of Mobile Phone users this year!

What is Driving the Mobile Internet Usage?

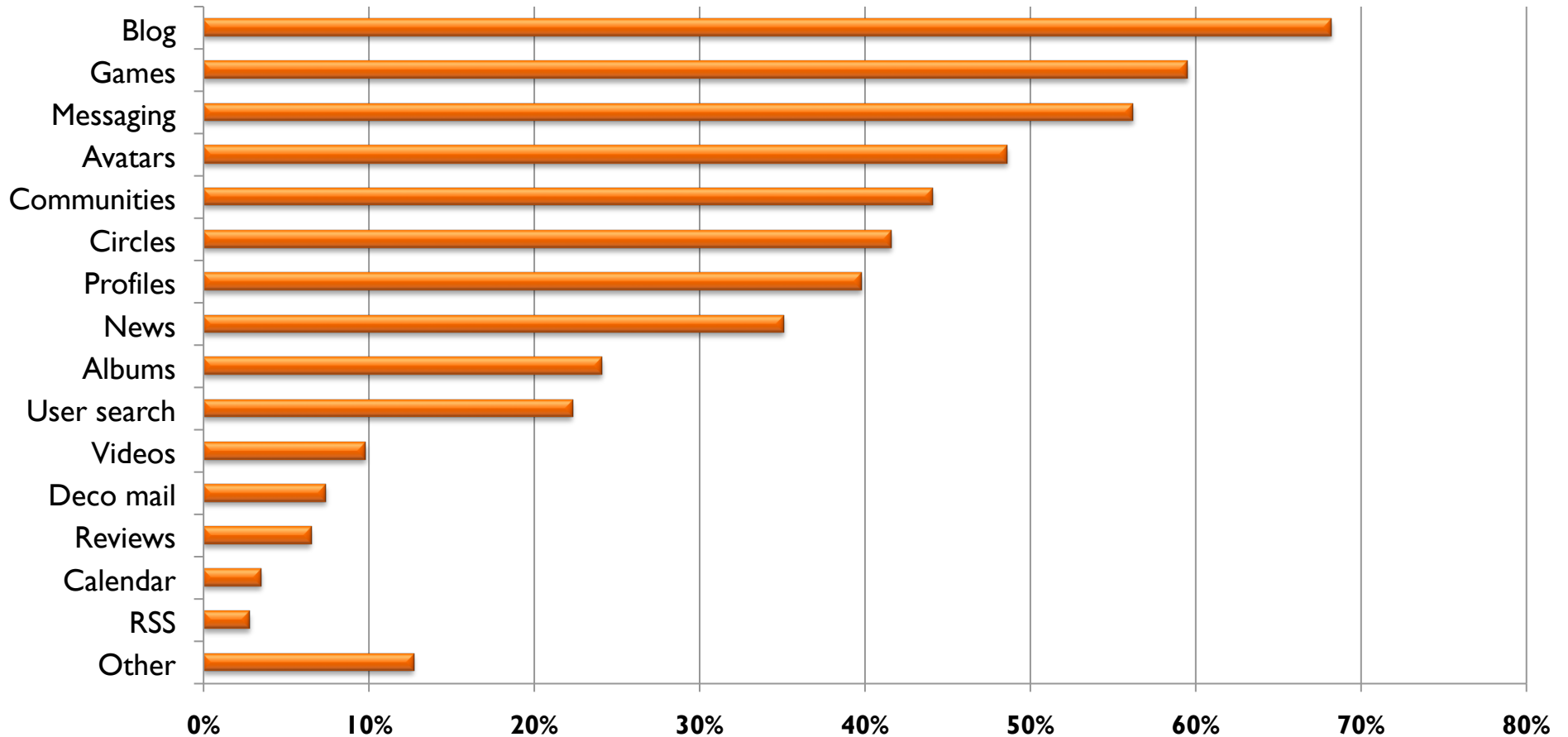
Percentage of Users Who Access Mobile Internet for Different Services



Social Networking is Large, but still have plenty of room to grow – slowly taking away from the most popular reason to access the Internet via mobile – blogging.

Social Networks are Extremely Evolved & Localized

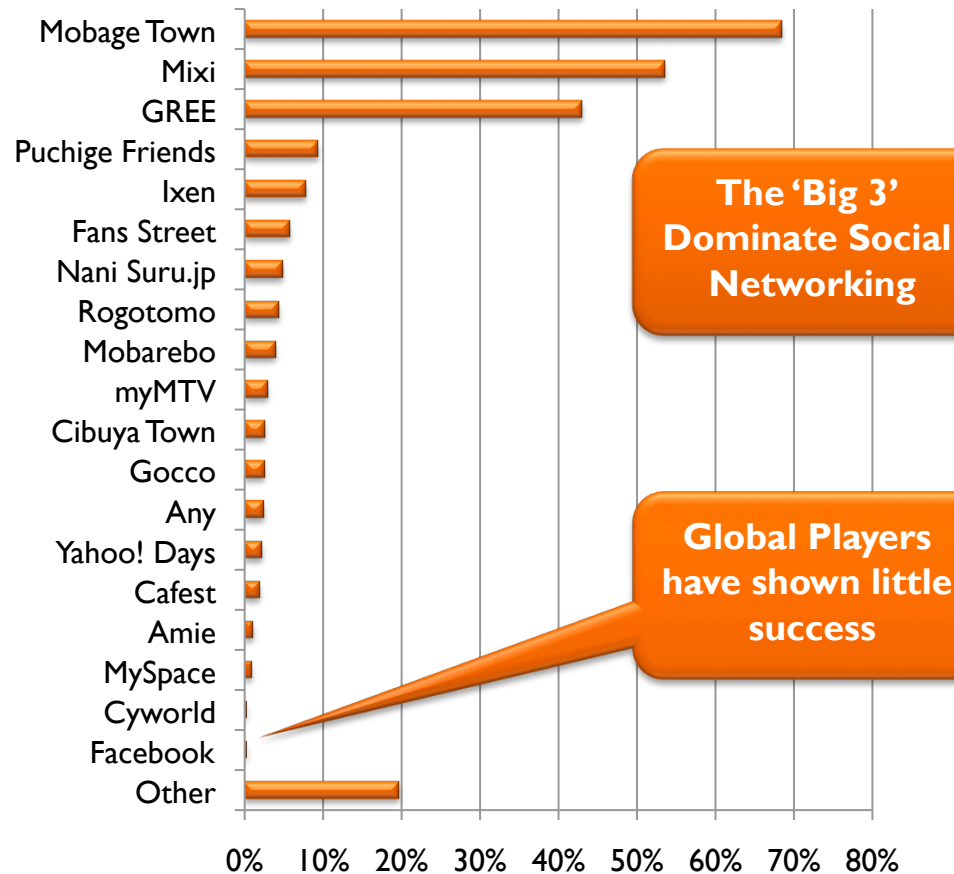
Features Most Used on Social Network Sites in Japan



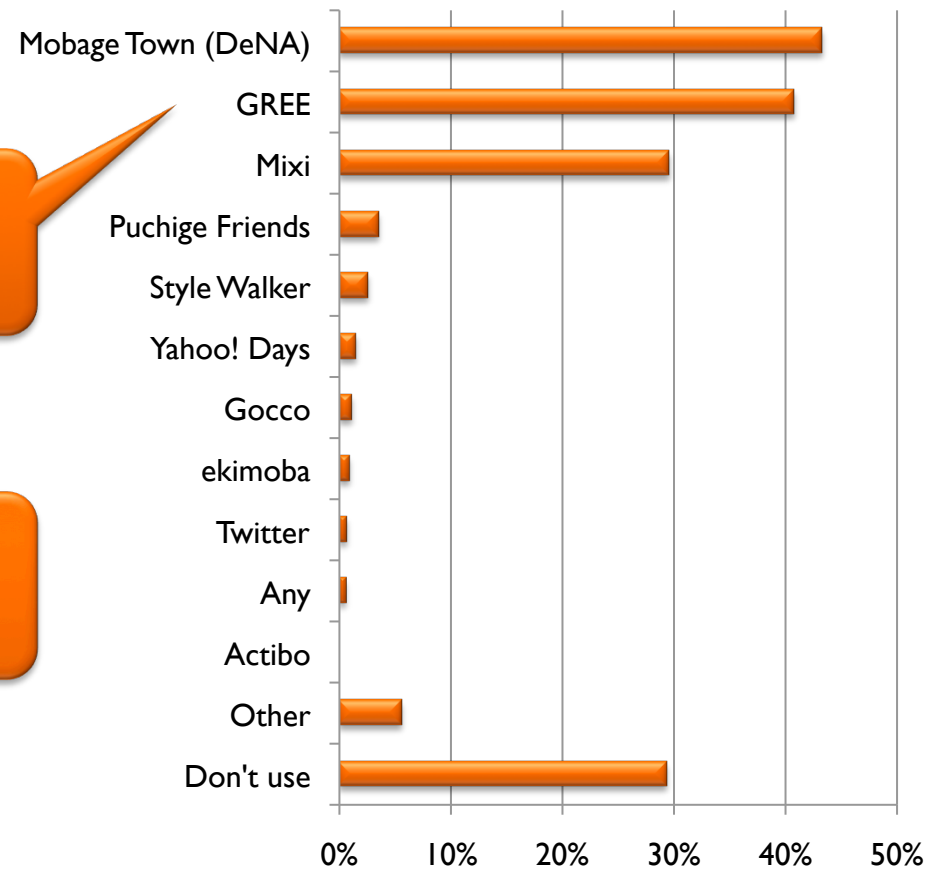
Blogging, Gaming, and Messaging are the predominant features used on social networks

Local Social Networks Still Rule in Japan

Mobile Social Networks Accessed in Japan



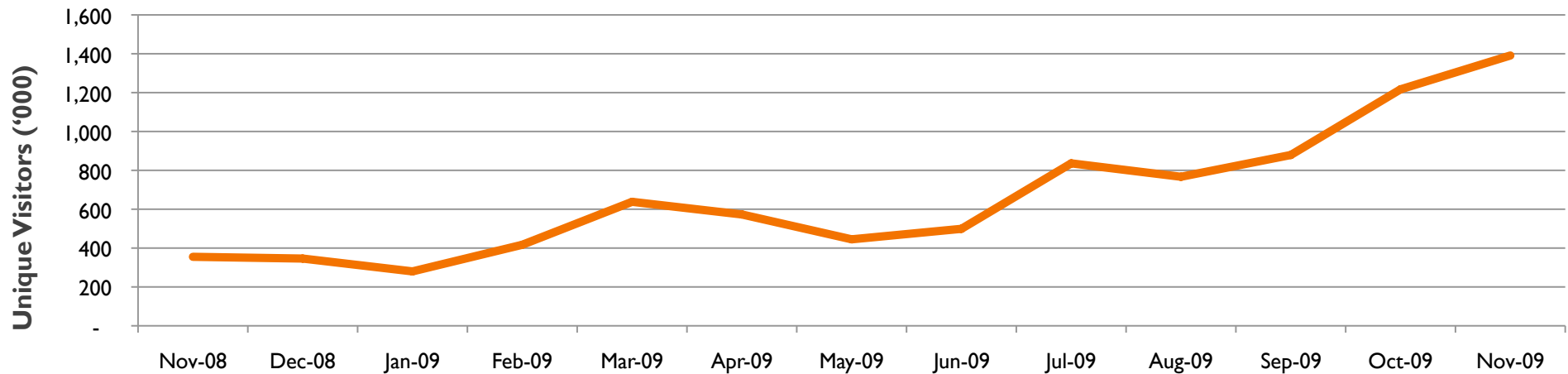
Mobile Sites Used for Communication



Late coming and lack of relevant local content and offerings are keeping global players behind

Facebook in Japan Relied on Organic Growth

Visitors to Facebook Japan

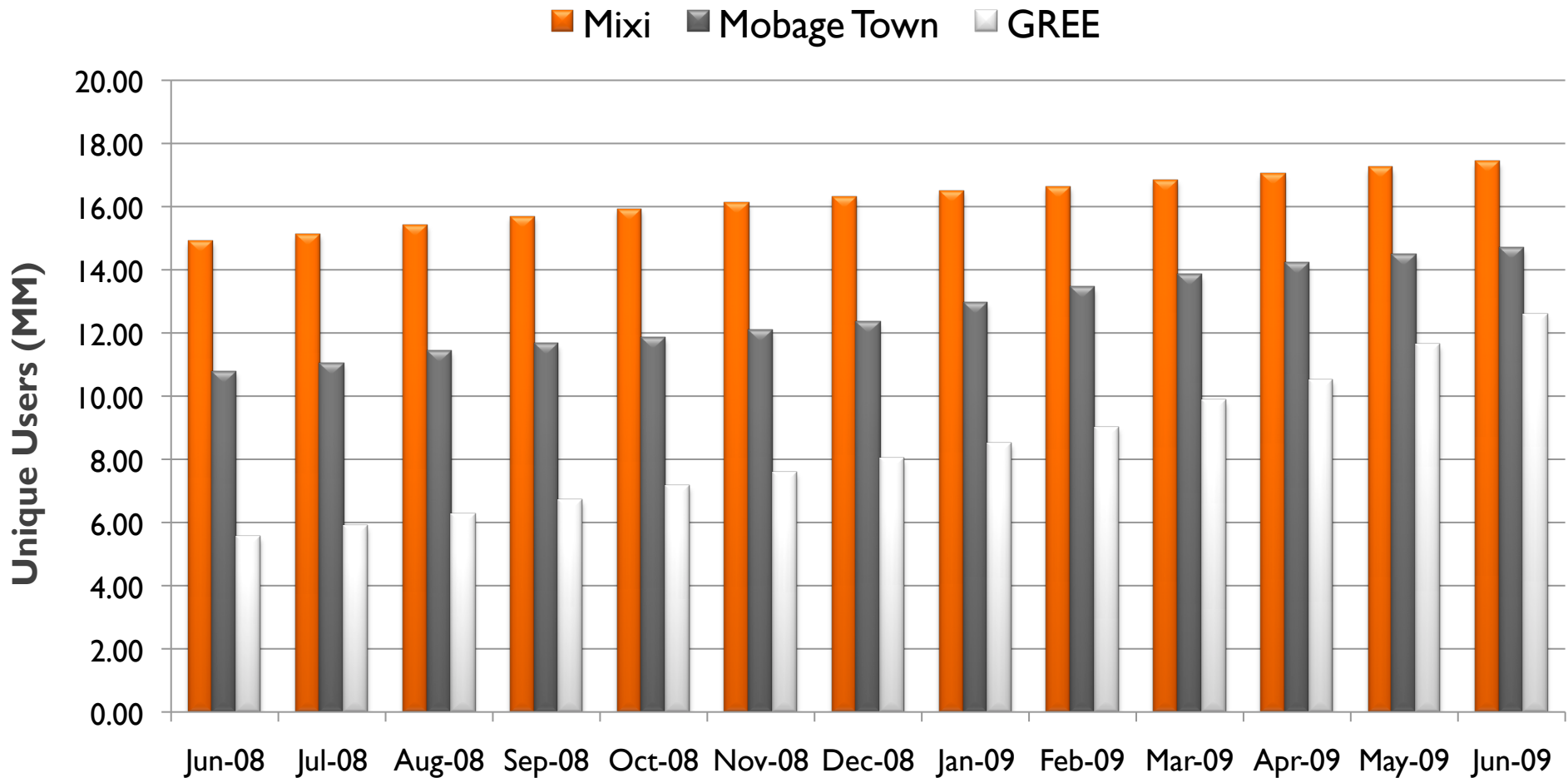


Facebook Japan vs. Facebook USA and Mixi Japan

	Facebook Japan	Facebook US	Mixi Japan
Visitors	1,390,000	109,710,000	9,200,000
Reach (of all Internet users)	2.3%	56.2%	15.2%
Average access rate	3.4 times	19.3 times	18.7 times
Average time spent	36.7min	6hr 10.6min	4hr 32.5min
Gender demographics (male:female)	56% : 44%	44% : 56%	48% : 52%
Application usage	7.3%	57.6%	50.2%

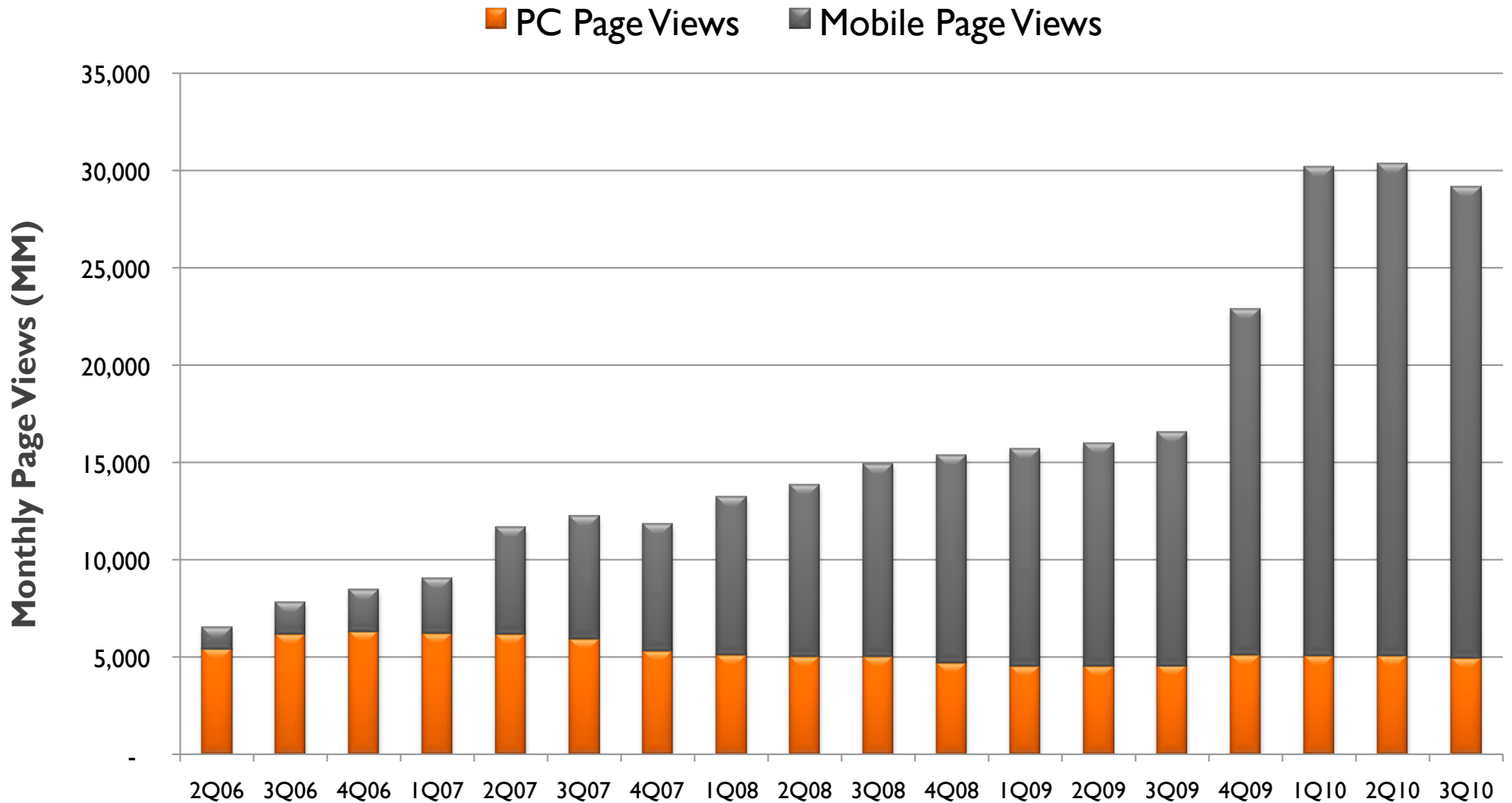
FB lacked localization, making it less appealing – a strategy that worked in Indonesia, Philippines & India, but in Japan, South Korea, Taiwan & China, localization is key

The 'Big 3' Social Networking User Base in Japan



Mixi is leading in terms of users, but the other two are growing much faster

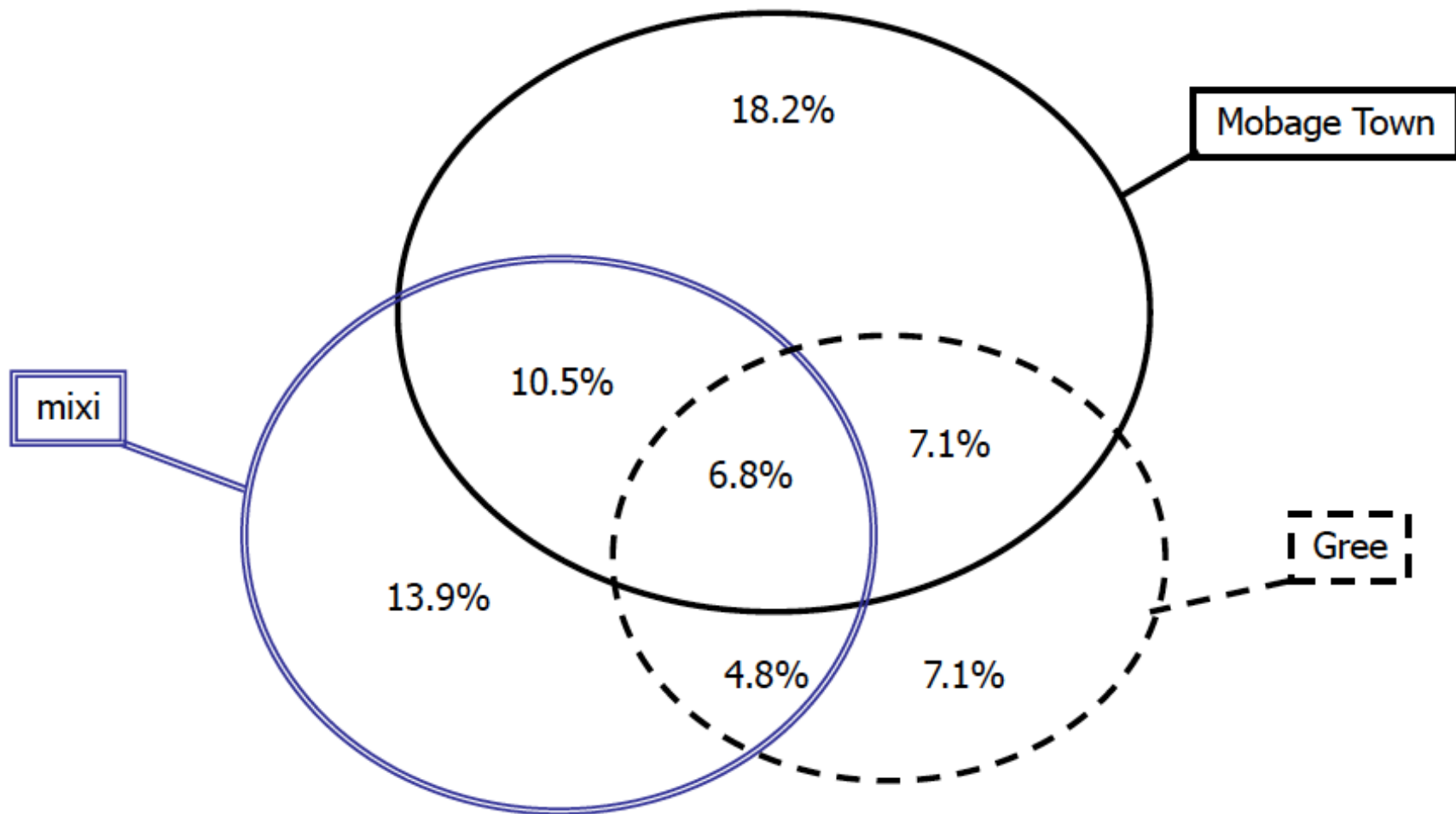
Japan has Truly Become Mobile Centric – Mixi



Mixi has Mobile page views of 84% vs. 17% Four Years ago.

Source: *Internet Access in Japan by Device Type*

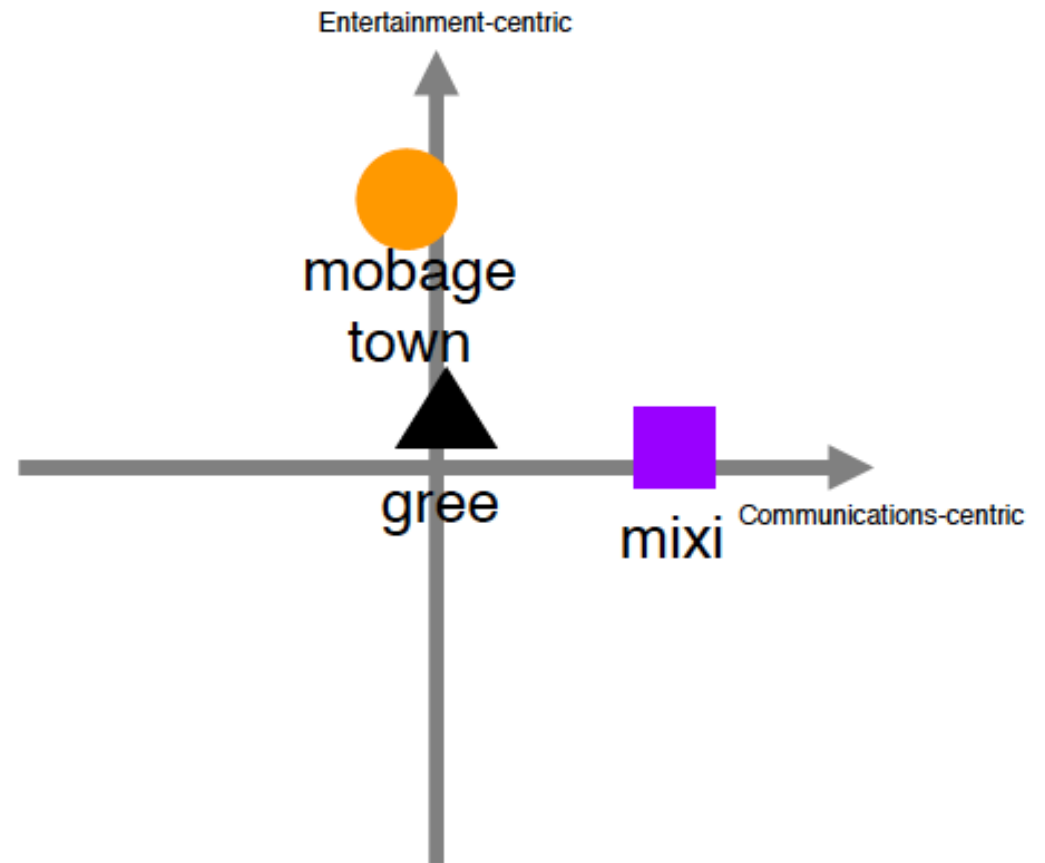
Overlap is Very Significant Amongst “The Big 3”



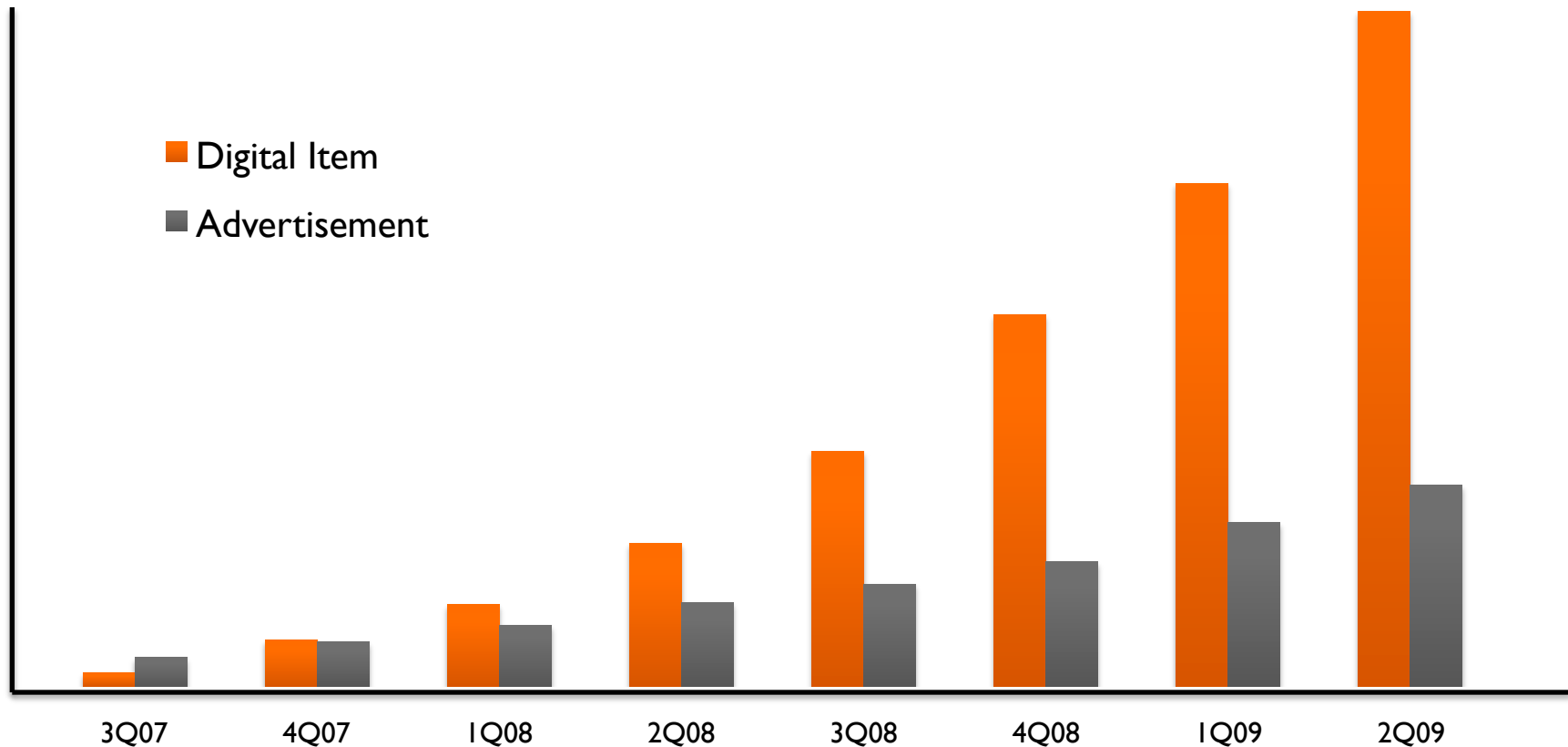
30%+ of all Social Networking Users in Japan use multiple social networks

Differentiation Amongst “The Big 3”

- Games and entertainment are key to social networking success in Japan
- Big 3 are trying to differentiate themselves
- The virtual ‘Avatar’ model – hiding the real identity – is very popular
- **Mobage Town** is a game centric social network focused on delivery fun
- **Mixi** is focus on creating the value of communication among real life friends
- **GREE** is a virtual online community where you can play games and buy goods behind an Avatar



Virtual Goods are Driving Most of GREE's Revenue



GREE started out with a Ad-Revenue focused business model, but the 'virtual goods' model really took off for them

Agenda

Social Media Across Asia

India – What Are the Operators There Doing?

Indonesia – the Social Phenomenon of Asia

Japan – Most Advanced Mobile Market Globally



Summary – What Should Operators Do

Asian Operators Should Leverage Key Advantages

- **Leverage key assets**
 - Take advantage of microbilling capabilities, local reach, and distribution
- **Embrace the global players**
 - White labeling or building your own social network are very niche strategies
 - Social networking is a ‘winner takes all’ business with strong network effects
- **Work with the Best partners, don’t procure from the ‘cheapest’ vendors**
 - Find the best ‘partners’, not ‘vendors’ and work with the respective leaders in the space
 - Remember the alternative now is for developers to get 70% from Google and Apple
- **Localize, but don’t destroy**
 - Some localization is good, especially in Korea, Japan and China, but less relevant in other countries
 - Shouldn’t try to customize everything – hurts both you and the partner longer-term
 - Facebook, Twitter, YouTube, Foursquare, etc – all have the same brand globally – and it works!
- **Interop and working together with other operators is key**
 - Social media needs a ‘network effect’ to grow; thus, interop needs to be in place
 - Similarly, SMS never took off in any country until interop was enabled