

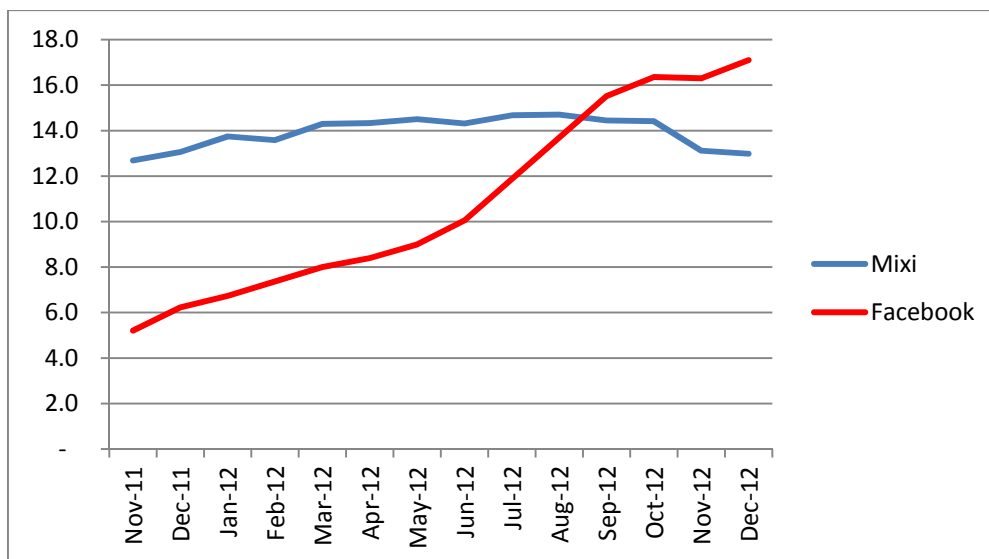
Mixi vs Facebook[©]

Begun in February 2004, Mixi was the first online social network site in Japan. It was developed by Batara Eto (previously Batara Kesuma) who was born in Medan, Indonesia, and then studied engineering at Takushoku University in Japan. Users of Mixi must register with a Japanese mobile phone number, which limits the service to Japanese residents. They must be at least 18 years old (revised to 15 in December 2008) and are anonymous.

Mixi began with an online diary and expanded to include sharing of calendar, photos, tweets, and other items. The Mixi page is like a blog with a calendar in the left panel. Visitors can express “like” and leave comments. The system notifies the owner of the Mixi page of visits by others. Owners can decide their groups and add friends to their group. Their content will be open equally to all group members. So, Mixi users must take care about managing the group membership.

Facebook opened to the public in September 2006, and by May 2008, it offered a Japanese version. By contrast with Mixi, Facebook requires users to register with their real name. Facebook established an office in Japan in February 2010.

Table. Active users (in millions)



Sources: Mixi, Earnings Presentation, Feb 2013; members.co.jp; Social Bakers.

By late 2012, Japanese Facebook had overtaken Mixi in membership, page views and visit time. 67.2% of Mixi members also used Facebook.¹ While Facebook continued to grow, Mixi declined.

[©] March 2003, I.P.L. Png. I thank Masayoshi Higuchi for suggesting this case and Toshimitsu Ueta for assistance with the data. This case is based, in part, on Bruce Einhorn and Yuki Yamaguchi, “In Japan, Facebook Wins the Most Users”, *Bloomberg BusinessWeek*, March 22, 2012; Rob Gilhooly, “Why Japan finally fell for Facebook”, *New Scientist*, No. 2875, 25 July 2012; and Kensuke Sekine, “Latest Nielsen survey in October 2012 mixi, Twitter, Facebook, Google+, LinkedIn”, <http://media.loops.net/sekine/2012/11/22/nielsen-netview-201210/> [Accessed, 11 March 2013].

Facebook's requirement for real names appealed to Japanese users. Kenji Shinozaki, a 19-year-old hair stylist from Shizuoka, dropped Mixi for Facebook, "Exchanging personal information such as phone numbers was a no-go [on Mixi] and anyone who did risked having their account erased."²

The March 2011 earthquake and tsunami in the Tohoku region highlighted the advantages of Facebook. People perceived that information and calls to organize posted on Facebook with real names was more authentic.

Facebook has become a powerful business tool for Japanese business executives. Twenty-six-year-old marine products wholesaler, Takanori Kobashi, uses Facebook to cultivate business relationships. Koki Shiraishi, an analyst with Daiwa Securities Capital Markets in Tokyo, remarked. "People started to recognize it's suited to business because it uses real names and is not anonymous."³

Another advantage of Facebook over Mixi is the opportunity to engage with friends outside Japan. Masayoshi Higuchi, Vice Department Manager at leading online shopping site, Rakuten, explained: "Japanese want to be connected to others in the world rather than only in Japan and switched their main digital home from Mixi to Facebook... It's the power of English and networking."⁴

Questions:

1. How does a social network website depend on network effects among users?
2. Explain the advantages of Mixi in competition against a totally new competitor.
3. How do the advantages in (2) apply to Mixi competing against Facebook? Consider whether Mixi users post in English or Japanese.
4. For Mixi, compare the advantages and disadvantages of switching to a real-name policy.

¹ Sekine, op. cit.

² Gilhooly, op. cit.

³ Einhorn and Yamaguchi, op. cit.

⁴ Personal communication with author (February 2013).