WHITE PAPER
Mobile Social Networking

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This white paper contains the findings of independent research and analysis carried out by Informa Telecoms & Media between July and September 2008.

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Buongiorno (Italy, MTA STAR: BNG) is a multinational leader in digital entertainment. With the acquisition of its competitor iTouch in 2007, Buongiorno has become the world's #1 in mobile content: music, video, games, social networking, mobile and interactive TV. The Company counts on an unparalleled international presence with 38 offices and business in 53 countries in 5 continents, direct connections with +100 telcos and access to over 2 billion mobile customers. Buongiorno is market leader in Europe and is one of the top 3 players in 8 of the world's most important geographies.

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Mobile social networking: Communities and content on the move

What are mobile social networks?

Mobile Social Networks is a means of transmitting information (communicating) using a mixture of voice and data devices over networks including cellular technology and elements of private and public IP infrastructure (such as the Internet). 'Mobile Social Networking' (MSN) refers to all of the enabling elements necessary for the contribution ('posting' and uploading) and consumption (viewing/experiencing) of social media across a mobile network. Key to the definition is the user's implicit or explicit choice of network technologies. If the user accesses a community service platform by way of *any* device that uses a cellular network, alone or in combination with a commercially-accessible wireless network that has access to cellular network operator-owned resources, then that activity is included in the scope of this white paper. Furthermore, mobile community operators and participants are, and can be, influenced by the platforms, trends and members of communities on the Internet. Mobile social networking can be divided into:

- **Social media** are non-professional digital photos, written communications (eg text-based blog postings), sounds (voice and/or musical expression) and video, integrated and digitally shared with a group of known and/or unknown network-connected individuals. In this white paper, social media is used synonymously with end-user generated content (UGC);

- **Profiles** are dynamic social media showcases (pages), which can be updated by the author and enhanced with social networking features such as interaction;

- **Community portals** are the 'destinations' to which the user or subscriber points a software application (e.g., a mobile web browser) to obtain content in the community or agglomeration of groups;

- **Communities** in the context of social networks are defined as networks of interpersonal ties providing sociability, support, information, sense of belonging and social identity. In the context of MSN, communities are groups composed of individuals registered to provide the mobile community's 'operator' (host) information of a personal and/or professional nature. A social network operator's member or subscriber base frequently contains multiple, even numerous, groups. Communities form either virally (organically) as a result of people inviting others, or as a result of explicitly organized campaigns.

- **Social graphs**, when the term is used in the broadest contexts, are the visual representations of connections between individuals and groups. Social graphs are one of the outputs of social network analytics.

- **Social messaging** in the context of MSN refers to a loosely defined set of tools and platforms which permit people to exchange messages with groups (communities) or individuals, sometimes in combination with SMS but most frequently using a web platform and browser.

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History of mobile social networking

Social networking on mobile networks were launched as chat services in Japan, Scandinavia, Italy, France and the US from 1999 and evolved into chat rooms and texting community services. By 2004, camera-phones and 3G networks introduced a second generation of platforms primarily for dating services (see Fig 1.1). In 2006/2007 a third generation emerged offering richer services predominantly based on WAP 2.0 and MMS. In 2008 a fourth generation of MSN provides users with a high level of control over their information broadcast via their profiles or active handset services (location awareness, for example).Technologies such as Web 2.0 widgets, Flash Lite, Open Social and the OHA operating system, coupled with advanced social media capture and transfer systems, has delivered a higher level of functionality to MSN.

Figure 1.1: The history of Mobile Social Networks

1st generation	• Began in 1999/early 2000, continues to be offered • Features text-only chat via chat "rooms"; most people anonymous • Technology: Application-based, pre-installed on mobile handsets • Business model: pay as you go (pre-pay) or subscription based
2nd generation	• Began in 2004 through 2006, based on region; usually coinciding with launches of 3G and camera phones, continues to be offered • Features: uploading of photos, mobile search for person based on simple profile (gender, type of relationship sought, hair colour, age, zip code), contact/flirt with person anonymously, rating/voting Technologies: SMS for purchase confirmation, pre-installed handset and user downloaded applications, WAP 1.0 for navigation, WAP 2.0 beginnings (no Web 2.0 features) Regional distribution: Japan, Korea, Australia, Western Europe, US • Applications: mostly dating • Business model: pay as you go (pre-pay) or subscription based
3rd generation	• Experiments/trials in 2006, reaches widespread adoption in 2008/2009 • Features: Richer user experience, automatic publishing to web profile and status update, some Web 2.0 features, search by group/join interest groups, alerts of updates to favourite profiles, location-based services emerging, free/ad-supported content (games, ringtones, etc.), UGC content ratings, content sharing, mobile, audio, asynchronous conversation online and via the cell (Utterz) • Technologies: WAP 2.0, Java on the server, MMS, voice capture in WAP 2.0? • Applications: general interest, music, mobile specific content distribution • Regional distribution: Japan, Korea, Western Europe, North American (US), going global • Business models: Advertising and ad-supported content become increasingly important • Pay as you go (pre-pay) and subscription based still popular Networks gain scale to become content distribution platform

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4th generation	• Begins in 2008, reaches maturity in 2010 • Features: in addition to the above, presence, ability to hide/mask presence, asynchronous video conversation, multipoint audio chat conversation with one button, multiplayer mobile gaming • Technologies: Web 2.0 widgets, Flash Lite, Open Social, Open Handset Alliance • Business models: All of the above plus virtual currency – purchase and trade of virtual goods • Environment: Mobile/Online network consolidation, silos between communities are breaking down

Source: Informa Telecoms & Media

Mobile social networking segmentation

Individuals vary widely in their needs, desires and interests, each seeking self actualization and expression in a unique way. Informa segments mobile communities into six types (plus future) based on complexity of the service (see Fig 1.2).

Figure 1.2: Pyramid of mobile community categories in order of complexity
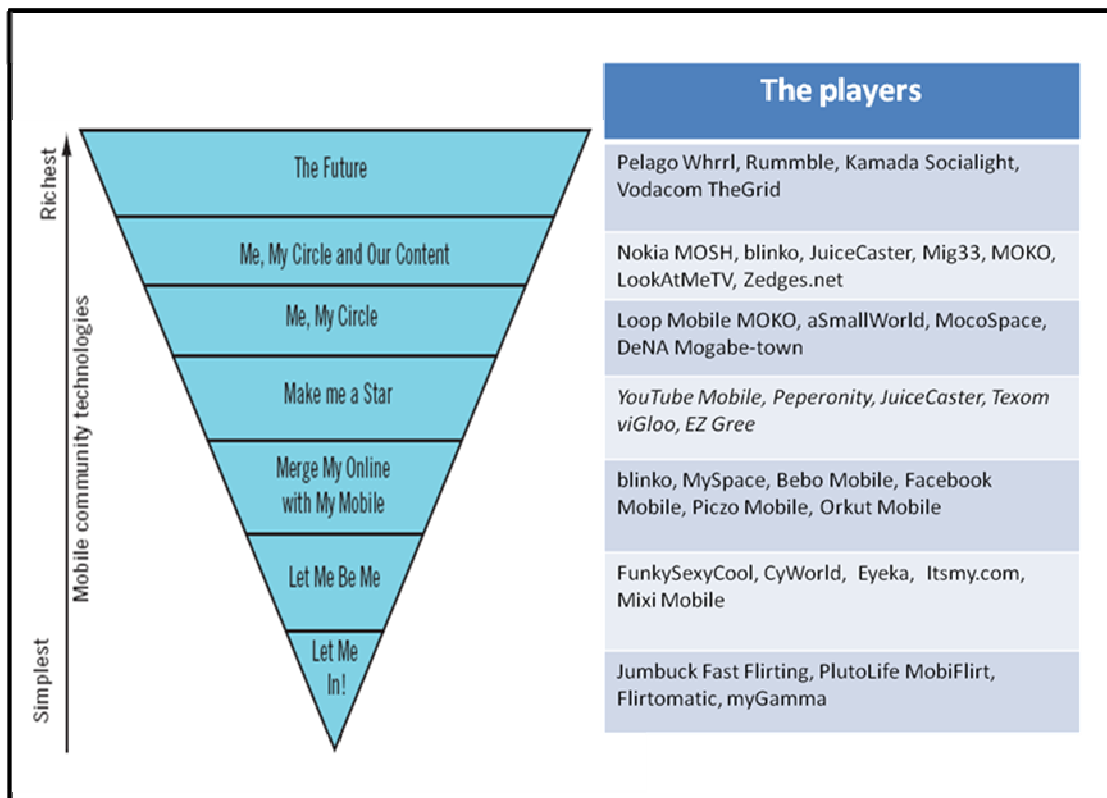
Source: Informa Telecoms & Media

Let Me In (LMI) is one of the earliest forms of MSN, the providers of LMI communities focused on establishing and quickly enabling conversations between community members, eg, flirting. The most common means of conversing is in private or public chat 'rooms'. Users are encouraged to use a nickname, although many of the services now have member profiles with real names and photos. Access is primarily over WAP. The most common

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business model for companies operating services in this category was a monthly subscription service charge or a prepaid debit for access via operator billing, but they are now moving toward a free ad-supported model.

Let Me Be Me (LMBM) focuses on the user broadcasting their preferences, history and innermost thoughts, satisfying many of the 'Friending' needs felt by users whom can advance to *Make Me a Star* or *Me and My Circle* segments. LMBM companies will invest more time and provide a richer feature set than LMI communities to permit users to develop personal billboards, 'rooms' or profile pages. The service requires registered users to log-on to create, modify and maintain profiles, as well as browse and interact/converse: friends, discussion forums, text chat and messaging. LMBM features are deployed in xHTML to broaden its user base to WAP 2.0-capable browsers. Companies offering services in this segment will differentiate themselves by their services' ease of use, graphic designs, level of personalization offered to the member, and offering support for UGC photos and video content. Participation is often based on a small handset application with search playing an important component.

Merge My Online with My Mobile (MMOMM) extends the reach of online social networks, though features are more limited than online versions. Important differentiation features include receiving alerts (messages sent, invitations, uploads of any social media) and uploading social media from mobile, such as picture status update. Technology differences can present many challenges, especially media presentation layers and device management, scalability and integration with aggregators and billing matters that do not exist online. The business models for converged community services on mobile are extensions of the free online advertising strategies, though in some cases mobile users pay a monthly subscription for access, but this is not sustainable. Informa estimates that 10% of users use mobile connectivity tools for online communities.

Make Me a Star (MMaS) cater to users with an insatiable drive for fame and receive maximum attention for their "exceptional" features and content. The community contributes to its members' images and videos, building upon LMBM services. This segment has a heavy emphasis on technology because of the UGC nature of its content: uploading can be accompanied by tagging/keywords, for example. The uploading and downloading of UGC is most prevalent over e-mail, MMS, WAP push and, in some cases, an application (client) on the handset. MMaS mobile communities have extensive support for rating and voting, counting the number of views and visits, and, in some cases, can support the monetization of the content by the content contributors themselves. The most common business models for MMaS are advertising support and free-to-access with charges for premium services such as contributing or downloading content.

Me and My Circle (MMC) builds upon the features offered in LMBM. Their focus is on the management of connectivity and conversation between users above the broadcasting needs so features heavily emphasize searching and linking between people, their pages/content, lists of friends, management of relationships, rating and voting, gifting and otherwise raising personal status within a community. The most common business models for MMC communities are advertising and monthly subscription fees. Purchasing digital gifts is commonly supported but it could be using internal community currency, earned by playing games or performing tasks.

Me, My Circle and Our Content (MMCOC) builds on previous communities such as MMCs and MMaS. Members of MMCOC join to share and comment on rich professional or social media content. Rich content editing and enhancement features on handsets and on mobile network-accessible servers are now permitting users to mash-up different pieces of

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content to create new and unforeseen experiences. With such high-value and high-cost content being distributed, media publishers expect to monetize their assets, many platforms enabling this segment of mobile community will most likely need to have either a billing system or an ad service associated with it.

In the Future, Informa predicts that many mobile community platforms will expand to place greater emphasis on the user's context. This will involve new features that make it easy for users to document and find other people or places, such as the emergence of mobile social network aggregators allowing users to communicate with their social networks in a centralised hub on the operator's portal or directly on the device. The features may include some or all of the lower segment features plus location-aware services. The only examples proposed are of community services that integrate location into prior segment service features automatically, without requiring the user to enter an address or any other indication of their location. New mobile devices with entirely new form factors are also going to need the development of new features using mobile communities.

Mobile social networking drivers

Societal drivers
Societal drivers are the most powerful. One of the most basic drivers of social networks, whether in person, online or mobile, is the nearly insatiable desire of humans to feel a part of a group. The opportunities to inform/be informed, express opinions, offer advice and criticism, ask questions, seek advice and discover new people or groups have moved from meeting in physical places to interactions in cyberspace have become seemingly endless.

Mobile network operators are building on the fact that they permit the connections of far greater numbers of people than the universe of PC Internet-connected devices. This trend will be an increasingly important driver as the people who have always lived with powerful networks at their disposal, the 'digital natives', rise both in number and in representation in the entire world population. For this reason, this driver is initially most important in developed countries where broadband Internet access has been a fact of life for about a decade. This said, people – even those with powerful access to their networks – do not associate with all their potential connections for a variety of personal or professional reasons.

Immediacy
The mobile handset ensures the users of mobile communities benefit from getting immediate alerts and notifications of changes in their communities. Immediacy is likely to rise in importance as handsets have more applications using presence servers and services. The presence capabilities (including automatic detection of state changes), whether enabled by an application, such as that on the 3 UK Skype phone, or as part of IMS handsets and networks, is likely to remain one of the areas in which the mobile operators will retain strong control over implementations and features. As a result, the immediacy 'factor' – beyond SMS alerts which are common today – will come at a cost to mobile community operators and/or their member users.

Intimacy
The mobile handset is a personal user device that is increasingly personalized by its owner to reflect personal preferences and conditions. For many applications, for example those having to do with adult content, the user prefers a mobile handset as the content access

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terminal because it provides greater privacy than a shared computer in a home or office or even a private personal computer in any other public place.

Discovery of others in proximity

In the context of mobile communities, location-aware services help people detect the presence of others with whom they may have interests in common in the local area. The importance of location services will be more important in urban-based communities than rural. The relevance of the service will rise over the period covered by this report but will probably not play as important a factor as other economic drivers in the next two years due to the time necessary for the implementation of these services and issues relating to the privacy and security of users.

Easing the wallet or embarrassment of riches

Mobile community services linked with automated data aggregation algorithms (e.g., My Things, www.mythings.com) will bring value to people. For those who are looking for a specific product or service, community members may have advice to offer. In other circumstances, a person may find themselves with too many choices and seek the advice of friends or other community members on their next purchase, for example the choice of a restaurant, movie or book. Social shopping services with community features will emerge in the 'futures' segment of this industry and, in all likelihood, they will integrate location data into the context of searches, advice and even the negotiation of the mode of payment.

Mobile broadband is becoming more pervasive and ubiquitous globally, allowing the rapid download of content, and during 2008/2009, the majority of 3G/3G+ networks will be upgraded to include HSUPA enabling users to rapidly upload content. Therefore, consumption of social media is becoming a lot easier and inevitably increases. For many types of mobile communities, though, the current network bandwidths are not limiting factors for text and still images. Verizon Wireless in the US plans to deploy a 4G network partly to permit faster – including real-time and faster-than real time – transfers of social media.

The Pricing model has evolved also. Early forms of access to MSN sites was based on a subscription-fee model whereby the user paid by the session, day or month. Over the last 12 months, the pricing model has evolved considerably. While there are still pockets of use cases based on subscription, such as certain applications on MySpace on Helio in the US for example, the majority of MSN sites are – like there online relation – free, monetized by advertisements. Mobile operators are themselves looking to monetise MSN sites through a number of ways: data traffic, primarily based on users migrating to a flat-rate data package, advertising and a revenue share model with the MSN provider. These developments have ensured the perceived cost to the consumer has dropped and therefore usage has subsequently increased.

Technologies are also playing their role in the development of MSN. The minimum enabling technology basic mobile community participation is a mobile device with a text chat or SMS application and connectivity to a digital mobile network on which the community is offered. Approximately 85% of mobile communities use Wireless Application Protocol (WAP) for some aspect of communications between server and handset.

WAP is an attractive strategy for building browser-based mobile community services because of 2G/3G networks ability to support the bearer-independent WAP 2.0. WAP uses standard Web technology components on the network side of the WAP gateway which

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permits mobile handsets using the WAP-enabled browser to work with any server that accepts HTTP requests.

In addition to standards-based WAP client-server environment, MSN can be part of or use proprietary or open sourced thin-client technology suites. There is also the Open Handset Alliance (Android) handset application development environment and Open Social initiatives that could provide a rich set of capabilities for mobile communities. While it is still early to determine if and how widespread these programs will be, they should not be dismissed. There could be Flash- or Android/OHA-specific browsing applications with alternatives to WAP or they could take advantage of the installed base of WAP-based infrastructure.

However, not all application features can be implemented within a browser. By developing a client application for MSN, it creates the possibility of offering the user a more integrated experience. Mobile handset applications frequently produce faster responses to user commands. When building a mobile community platform using a run-time executable on a mobile handset, the application is largely or exclusively dedicated to the community service features.

Location-enabling tools will deliver a new dynamic to MSN. The key contributors to the acceleration in mobile location-based application adoption are improved bundling of services with favourable data tariffs and ease of use. MSN can utilize location such as friend-finding and virtual sticky notes to social shopping.

Mobile social media tools

Improvements of handsets are compounded by a generally more favourable price point for the models that include social media capture and viewing capabilities. This means a rise in the number of camera phones, the number of handsets with Wi-Fi and 3G network support and, in particular, a lower battery consumption by these features. Another enabler is the rising penetration of GPS-ready handsets. Nevertheless, there still remains a delicate balance in the relationship between the number and types of applications pre-installed on handsets for high quality multimedia and mobile community services. Recent examples of this have been between Vodafone and Nokia for Ovi, the 3 UK Skype phone, while in Japan, SoftBank is offering 32 models of handsets with the Gemini Mobile software client for the S!Town service pre-installed. In the US Helio handsets have tight integration between community features and the phone book application as well as cameras and photo/video capture applications. These handset applications simplify the user's configuration and, at the same time, permit a more rich and integrated experience.

In 2007, 582 million mobile handsets were sold with camera phones, over 50% of the total handsets sold in that year, according to Informa. That figure will rise to 87% by 2012. Consumers are increasingly aware of their handsets' camera capabilities.

The best way to approach social media-enabling technologies in handsets is to go through the following three community-centric media activities sequentially:

Social media capture: Social media starts with the capture of images and video and sound with a camera phone – with a resolution of 2 megapixels and above. Cameras that are designed for capturing video are typically VGA resolution and are bundled with software that can automatically use the phone's microphone to capture synchronized audio and convert the clip into a 3GP format for uploading and viewing.

Social media editing: This requires handsets with the necessary software for rapidly adding custom text, such as tagging or inserting titles. Other video and image editing tools can enable users to remove unwanted parts of pictures or video clips, concatenate photos into an album and to perform other tasks that will accelerate the development of circular entertainment media without a PC. Mobile operators can work with handset manufacturers to provide social media editing on selected models of handsets.

Social media transfers: The next step is to transfer the social media to one or more social network profiles, using a UGC gateway service, to a dedicated community server or content storage repository. Most mobile community platforms use the handset's built-in MMS application for transfers, however, mobile e-mail is another popular approach. However, the maximum size of an MMS is 200KB, ranging in some handsets and networks up to 300KB. To limit the size of the file, some mobile operators have set a video clip maximum duration of 30 seconds. Some mobile community services that use client applications have the option to include FTP, to transfer the captured media to the community platform servers. These can use the IP or circuit-switched data channel for the media transfers.

Taxonomy of users

To add to the complexity of multiple personae, users of mobile communities can be described on the basis of their behaviours or activities. A person who is in a new city and looking for a good local restaurant will log into a converged community service like Qype via their mobile handset just to 'collect' information (Collector). Then, the user might want to see what family and friends are doing or to share a few photos with the community and, in that situation be a content contributor (Creator) in another mobile or converged access community. This example illustrates that, while people have different roles in their mobile as well as online and physical communities, they will also participate in multiple communities at different levels.

In the framework used for this report and in the model which predicts the users and usage patterns in the future, there are four user types:

- **Joiners:** they establish a presence on a mobile community platform to learn how to use the service and/or find others with like interests with whom to interact.

- **Collectors:** they are actively creating connections between people and social media. They frequently use community search functions and pay attention to the new content generated by others. They like to be the first to see and link to exceptional content and are regular purchasers (Collectors) of digital content, though they are rarely found on mobile portals. Where and when they are available, collectors are avid users of tagging.

- **Critics:** are those who first digest the content of others and subsequently take an active role in the community by offering value/feedback through comments, ratings and voting tools. The critics are vital to the health of mobile (and online) communities because they return value to those who have created original comments or content. Critics can establish a reputation in a community and drive log-ins from other user groups who trust and seek the critic's opinion.

- **Creators:** actively (at least weekly) generate social media for themselves and others. They capture and upload or document their world, or create new music,

photographs or video clips for their friends, family members, fans and – in some mobile communities – to generate income for themselves.

This taxonomy has other uses for mobile community operators. For example, those developing new features for their communities can test usability with only the target user segment. To drive adoption of new features, such as might be possible with the design of reward structures (e.g., points) for usage, the incentives could appeal directly to the different user segments.

Uses for mobile communities

In order to align service features with the needs of target users and to avoid over-crowding or creating overly complex user interfaces, mobile communities should identify the human need that they satisfy. Although mobile community services tend to target a focused set of needs, a community can meet multiple needs (see Figs 1.3 & 1.4). The platform on which the community is operating can have multiple services which meet different needs.

- **Friending:** People join Friending communities to satisfy their need to belong to a group – or multiple groups – in a community in which there are people known in the real/physical world, or people who were unknown but share a common interest or passion. In essence this is the core of all social networking – about staying in synch with real-life friends.

- **Entertainment** and curiosity: Mobile entertainment communities are designed to meet the need to have fun alone or in a group; this includes consuming all types of professional and UGC. Some of the mobile entertainment communities with UGC uploading, downloading and purchasing have some crossover with *Competition* and could also generate revenues for users directly or indirectly. Entertainment communities could also share real-world experiences and recommendations (eg restaurants, clubs, cultural activities, sports and musical performances). Using photo status updates, it is possible to satisfy this category with Friending, and therefore creating a strong cross-over between the two categories.

- **Professional:** A mobile community may assist its members to develop and/or meet their professional aspirations. For example, there are communities designed to support information exchanges about developing and mutual testing of mobile Web sites. Mobile web designers, mobile game developers and application developers already participate in these communities. Like entertainment-centred communities, the participants may sell their services to other community members and achieve fame or develop reputations.

- **Fame:** Mobile communities using editorial teams can be a good place for people seeking attention to contribute their UGC. One community shares its video footage of rare animals and those watching can ask questions of the person who is on location. In these communities, creative members dedicate their time to contributing digital content such as screen savers, ringtones, video clips and broadcasting these to the largest number of people possible. For those contributing to this type of community, content is their currency and the more people who see their content the better. Some community services sponsored and hosted by news organizations (citizen journalism), such as the BBC, are also classified in this category.

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- Causes: Commonplace on the Web and will make transition to mobile platforms when mobile-only Internet access increases. Focuses on members wanting to create social value around making the world a better place – promoting peace and social responsibility. These community members could focus on hosting and organizing events, virtual or in the physical world, and campaigning for causes such as documenting social warming. Many of the places where causes need to be captured for others to witness and/or movements organized do not have broadband Internet access or PCs.

- Social shopping: Mobile social shopping communities can ask questions about products they are thinking of buying, obtain recommendations from friends about a possible purchase, or can organize and negotiate low margin purchases based on pooling of needs. This category of service will evolve quickly as advertisers combine their desire to attract new customers with shopper profiles. Another driver of this category of community is the high level of trust people place in the recommendations of their friends and family members.

- Competition: In the next two years, new ways of competing with others in a mobile community will emerge and cross over with desire to build a reputation in a virtual community based on skill level. These communities reward winners of mobile games with prizes and by keeping track of the user's worldwide ranking. While the cross over with fame communities is high, the goal is more clearly articulated and quantifiable than in fame (which is relative). Furthermore, competitive communities are less focused on content, more on individual actions and results in one-to-one or one-to-many contests.

Figure 1.3: Uses for mobile social networking

| Category	Description	Features which are most frequently used	Text	Photo	Video	App
Friending	Feeling part of a group. Involves finding, discovering, grouping, maintaining, sharing with other people who share common background, interests, future.	Search, profile page building, maintenance, browsing, linking social media, posting social media, chat, conversation features.	Post View	Post View	Post View	
Entertainment	This is satisfying the need to have fun alone or in a group. It includes consuming all types of professional and user-generated content, also some cross over with competition. Can also involve sharing 'real world' experiences (e.g. restaurants, clubs, outdoor activities, etc).	Search, browsing, rating, telling friends about new ways to be entertained, consuming social media and professional media, games, high on the connecting and content buckets of features, lower on the conversation.	Post Read	Post View	Post View Down	Down

Productivity (Business)	Feeling part of a group which is related to professional aspirations. Finding leaders or followers, being found and noticed by others, the needs are closely related to being part of networks in which people send and receive professional recommendations for advancement and accelerating business processes.	Search, browsing, linking, building and updating profile pages, inviting, joining, leaving groups for professional advancement, low on content features, high on Broadcast and Connecting features, medium to low on Conversation.	Post View	Post View		
Fame	Being the centre of attention, more people the better (preference would be to broadcast modes of communication than to intimate dialogues). Could be citizen journalism. High level of personal exhibitionism, extremely likely to be cyclic (some fame leads to the desire for more fame). Frequently involves taking risks or being controversial.	High level of Broadcasting features (rating, voting) embedded, medium on Connecting (gifting, tracking who is doing what). In Conversation, the use of features which increase the reach (group, public chats) are more used than those that foster one-on-one interactions.	Read	Post View	Post View	
Causes	Feeling of making a contribution to the betterment of the world, peace, social responsibility. To help save the planet. Could be citizen journalism. Frequently involves making a personal sacrifice, monetary or other, and asking others to do the same or better. The user wants to know, be assured that they are having an impact.	Post/tell, sharing and management of community activities such as local, regional or national, international events and 'drives' for change. Tracking digital events such as milestones reached. High need for alerts/notification types of messages to groups.	Post Read	Post View	Post View	Post Down
Social shopping	Increasing the user's ability to make 'good' purchasing decisions, to influence the purchasing decisions of others in the community.	Post a comment, report, capture information about a product or service, tell a friend, rate, vote, search, browse.	Post Read	Post View	Post View	Post Down

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Competition	Satisfying the desire to increase skill level in mobile-based interactive actions (think games, sports or intellectual prowess) towards being the best (winning a title) in a category. Closely related to fame, but the goal is more clearly articulated and quantifiable than in fame (which is relative) and less focused on content than action.	Post/tell and invite other people in a community to a challenge. High conversation quotient, needs content (games) and probably needs an accounting/ measurement system to be tracking the competitor's progress.	Post Read		Post View	Post Down

Source: Informa Telecoms & Media

FORECASTS

Figure 1.4: Mobile social networking in the context of broad trends
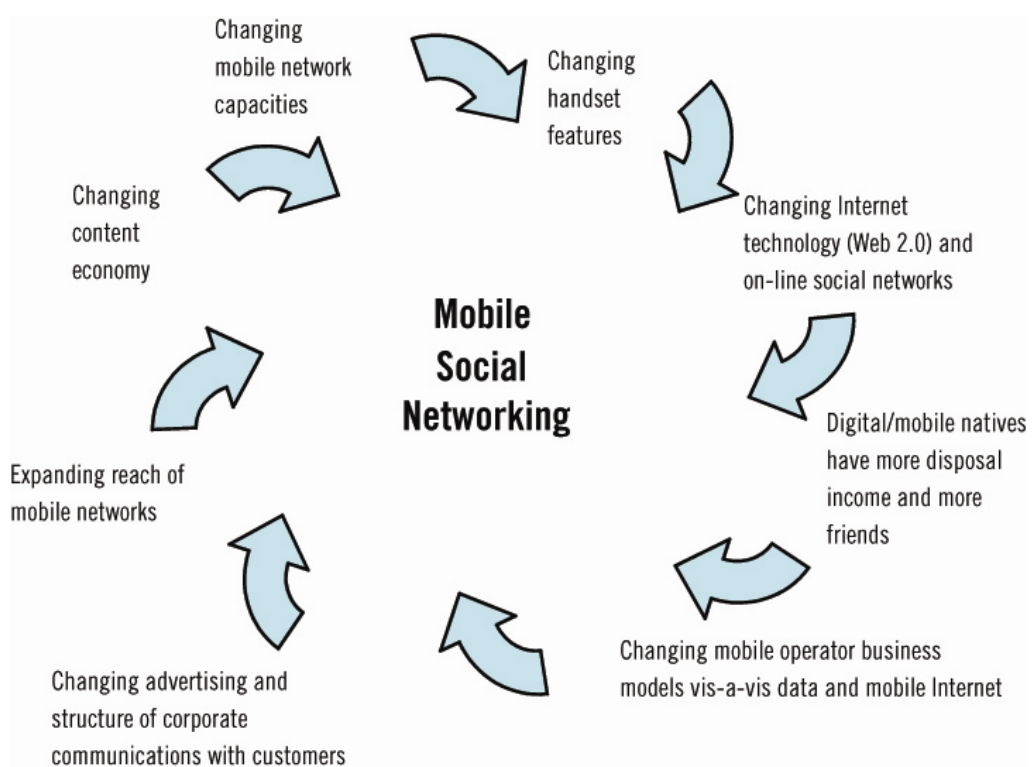
Source: Informa Telecoms & Media

By the end of 2007 there were 55 million registered participants using mobile community services. As part of the Mobile social networking report Informa created three forecast scenarios: conservative, middle and high growth. The forecasts for the total number of unique mobile community users, by 2012, ranged from 428 million in the conservative scenario, 562 million in the middle scenario and 770 million in the high-growth scenario (see Fig 1.5).
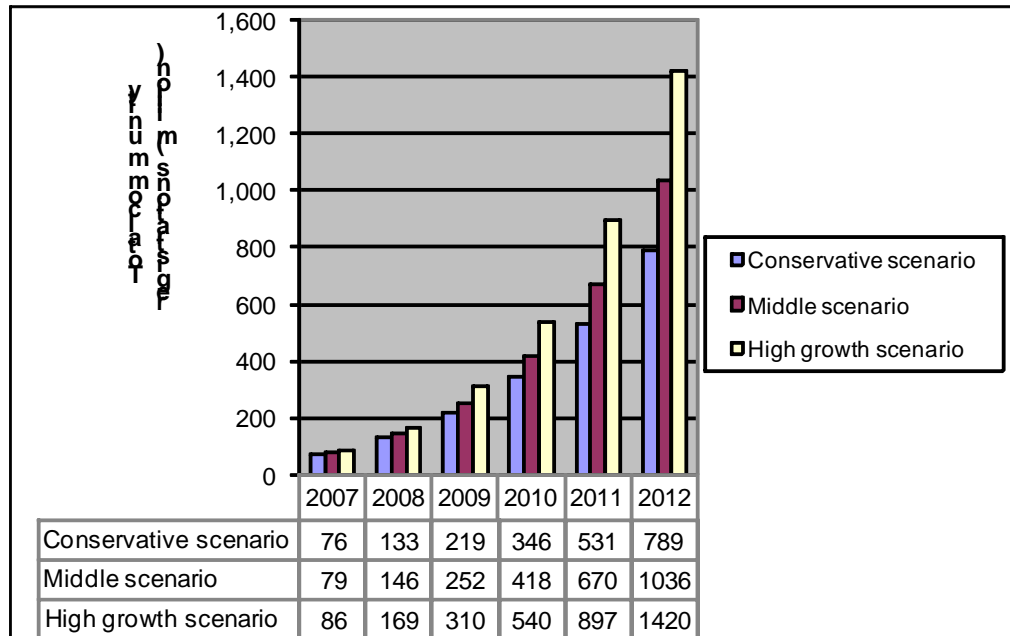
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Figure 1.5: Global unique mobile community users, 2007-2012

Unique mobile community users (million)	2007	2008	2009	2010	2011	2012
Conservative scenario						
North America	8	13.4	20.7	30.8	44.8	62.9
Latin America	1.7	2.9	4.9	8.1	13	21.3
Asia Pacific	30.1	47.4	69.8	99.9	142.8	198.5
Europe	14.3	26.7	45.2	69.9	99.6	133.9
Africa/Middle East	0.5	1	1.9	3.6	6.5	11.4
Total conservative scenario	54.6	91.4	143	212.4	306.7	428
Middle scenario						
North America	8.4	14.7	23.9	37.3	56.8	83
Latin America	1.7	3.2	5.6	9.7	16.3	27.7
Asia Pacific	31.5	52	80.2	120.4	179.4	259
Europe	15	29.4	52.3	85	126.8	177.5
Africa/Middle East	0.5	1.1	2.2	4.2	7.8	14.3
Total middle scenario	57.1	100	164	256.6	387.1	561.5
High-growth scenario						
North America	9.1	17.2	29.8	49	77.4	115.6
Latin America	1.9	3.7	7	12.8	22.4	39.1
Asia Pacific	33.8	59.5	97.1	152.5	235.3	347.7
Europe	16.3	34.3	65.2	111.5	172.3	246.2
Africa/Middle East	0.5	1.3	2.7	5.6	11	21
Total high-growth scenario	61.5	116	202	331.4	518.5	769.7

Source: Informa Telecoms & Media

Each person can participate in multiple communities, therefore, the total community registrations will exceed the number of unique users in all regions (see Fig 1.6). The model distributes the multiple community users across specific community types. It also permits regional adjustments to the percentage of participation at the beginning of the forecast period and the growth rate per community type per region over the forecast period.

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Figure 1.6: Global total mobile community registrations in three scenarios, 2007-2012

	2007	2008	2009	2010	2011	2012
Conservative scenario	76	133	219	346	531	789
Middle scenario	79	146	252	418	670	1036
High growth scenario	86	169	310	540	897	1420

Source: Informa Telecoms & Media

The revenue forecasts by region and community type are calculated by multiplying the AIGPU per community service in a region by the number of estimated registered users in the community type and region (see Fig 1.7). Since the registered users are forecast in three scenarios, there are also three revenue forecast scenarios: from €693 million in 2006, the global revenue in 2012 is forecast to reach €19.6 billion in the Conservative scenario; €25.8 billion in the Middle scenario forecast; and, under the most favourable circumstances, the High Growth scenario, the model predicts that revenues could achieve €35.4 billion.

Figure 1.7: Global total mobile community revenues in three scenarios, 2007-2012

	2007	2008	2009	2010	2011	2012
Conservative scenario	2,30	4,06	6,42	9,73	14,0	19,6
Middle scenario	2,41	4,45	7,40	11,7	17,8	25,8
High-Growth scenario	2,60	5,15	9,11	15,2	23,8	35,4
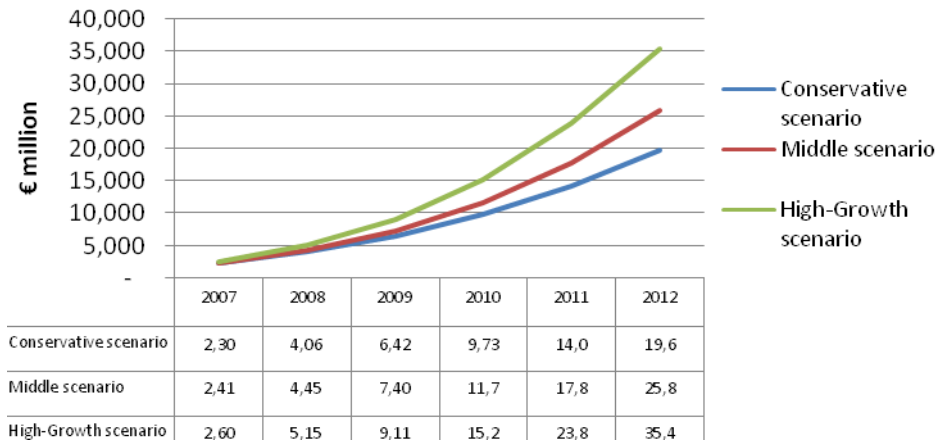
Source: Informa Telecoms & Media

Global market overview

The success of mobile social networking has ultimately been defined by its success in the online environment. According to the comScore World Metrix there were 860 million internet users globally (aged 15 years and older) in June 2008, of which 580.5 million (60%) used social network sites. Facebook is the most popular global site on 132.1 million users, with 15 million more users than the former incumbent MySpace, though Orkut is now giving both major brands a run for their money due to its popularity in Brazil and India.

Even assuming one-third of this total are mobile-only social network users, this equates to a 10% PC-to-mobile conversion rate and leaves a potential addressable market of 520 million. It is by no means a given that all of the online users will indeed make that leap onto mobile, nor can it be assumed that all mobile social networking users will come from the online world.

According to Informa's global forecasts there will be 91.4 million mobile social networking users by the end of 2008, with almost 50% of these users based in the Asia-Pac region. By 2012, there will be over 428 million users of mobile social networking.

Based on such growth, mobile social networking will overtake its online brethren for users by approximately 2015. A significant portion of that growth is expected to come from the emerging markets, including India and China, where PC penetration is considerably lower than the global average and the mobile will become the primary form of Internet access. All-in-all, this highlights the true potential for mobile social networking.

Figure 2.1: The communication prism

Source: www.briansolis.com, Informa Telecoms & Media

It is the online social networking brands that are driving the transition onto the mobile devices. While the first mobile social networking services, such as Mocospace, Loopt, myGamma, Fast Flirting evolved beyond chat and IM services and appealed to the early adopters, mass market appeal is being driven by the powerhouse brands of Facebook, hi5 and MySpace extending onto the mobile platform (see Fig 2.1).

MySpace had approximately 3.30 million mobile users worldwide as of June 2008, and that figure is expected to increase 50% by the year-end. By the end of 2008, it would have converted 4% of its online following onto mobile. Given Facebook's rapid ascent over the last 12 months in the mobile arena, it trails MySpace's mobile penetration, though a 2% conversion of its online users would represent some 2.6 million mobile users.

MySpace openly states that mobile is one of its most important strategic initiatives and expects half of its total traffic to come from mobile devices by 2013. And such comments are not unjustified. BuzzCity surveyed members of its myGamma mobile social network during the summer of 2008 and found that 90% use it more than once a day, 50% log in five times or more, while 62% of users said their sessions lasted between 30 and 60 minutes. BuzzCity's strongest markets are South Africa, India and Indonesia. In Indonesia, it experienced page impressions in 2Q08 of 400 million per month. In the UK, it experienced an average of 8.3 million page impressions per month during 2Q08, compared to 25 million page impressions per month in Romania over the same period.

GoFresh's Itsmy.com has 2.5 million 'friends' on its WAP-based mobile social networking site optimised for all browsers. Approximately 60% of its users access the site five times per day, while almost every user will log-in at least once a week. According to a survey of its UK users, 42% have never used an online social network. Perhaps the most interesting - yet not particularly surprising statistic - is that 100% of respondents are positive they can reach their friends every time. GoFresh believes that if users' first experience of social networking is on the mobile they will continue to use the medium with online then potentially becoming an extension of mobile. However, itsmy.com blocks all online

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content onto its network based on the philosophy that users have the latest content on their device and upload old content onto their PC.

Another leading light in the world of mobile social networking is Peperonity, which relaunched its mobile social networking site in 2008, and now generates 400 million page impressions per month from its 12 million unique visitors per month; though the company says it has 1 million regular with each user generating 33 clicks per day. The company initially launched in the UK on O2's i-mode platform and achieved 300,000 regular users. But that number more than tripled to over 1 million users when it adopted an off-portal it strategy. The company claims its experience in the UK has been reflected in other markets and now intends to concentrate 100% on off-portal.

The UK is leading the pack regarding mobile social networking in Europe, followed by France. In Italy the mobile Internet has exploded into life in 2008 and that is already filtering through into mobile social networking traffic. Spain and Germany are less progressive in terms of mobile Internet development and that is hindering the adoption of mobile social networking in the near term.

Key for success in local markets is the ability to deliver a network in the local language. Clearly, internationalization will be a problem for mobile social networks launching in one language. The major social networking brands have struggled in markets where they have not launched the site in the local language, and the same principles are applying to mobile.

But it is also about identifying an opportunity. AirG says it focused on expanding its footprint in the big seven markets for two years before understanding the variables involved in customer acquisition and shifting its focus towards Asia. The company said that one user in Asia might be worth one-fifth of a user in the US, but there are 10 times more users in the Asian market where it is also a lot quicker to strike deals with the operators and commercialize the business. And this strategy can certainly be applied to the major emerging markets of Brazil, China and India.

The goal is undoubtedly to achieve the success enjoyed in the Japan, unquestionably the global leader in mobile social networking. Its most popular site is Mobage-Town. As of March 2008, the site was generating 600 million page impressions per day. Based on growth in 1Q08, Informa estimates this figure to be closer to 800 million per day. Furthermore, to put that into perspective, its 11 million users will generate more mobile Internet traffic in 2008 than the total traffic of North America and Western Europe combined for the whole year.

As markets look to replicate the success of mobile social networking in Japan, accessing the user has become the all-encompassing goal. Whereas the major mobile network operators have entered partnerships with the major social networks and key mobile social networks, as Fig 2.1 highlights, there is a multitude of social networks, either those extending onto mobile or those being launched onto the platform direct. In the same way the flurry of content partnerships overwhelmed the mobile operator's portal creating a labyrinth of content hindering discoverability for the consumer, there is a similar trend emerging with social networking. To overcome this potential congestion, mobile social network companies are exploring alternative routes to market, such as via the handset manufacturers, or the operators themselves are looking at packaged services, or of course, direct-to-consumer.

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For instance, ShoZu is an off-portal, on-device application, but is achieving global distribution through handset manufacturer partnerships, though it has entered short-term deals with some mobile operators. It has a global distribution deal with Samsung and is already on tens of millions of handsets and expects to ship on 2-5 million devices per month between 3Q08 and 3Q09. It has entered a similar agreement with Motorola and is also preinstalled on a selection of Sony Ericsson handsets. It has partnership agreements with 50 communities and positions itself as an extension of their service.

On average, a Shozu user performs photo or media uploads 20-24 times per month, but its heaviest users have a peak demand of 300-400 uploads per month. Every user is using the service more than once per day. However, Facebook members do more than five status updates per day.

One trend that Shozu has identified is that users are becoming more particular in terms of who they share their content with. A lot of traffic is now steered towards sharing content with smaller, more personal groups.

While certain communities are becoming more selective regarding their content distribution, in the more advanced markets the concept of a mobile social network gateway providing aggregated access to multiple sites is also developing. A number of operators in Europe, such as Orange, T-Mobile and 3, as well as Verizon Wireless and AT&T in the US are adopting an aggregated strategy. The early adopters of mobile social networking are members of multiple communities and want to have simple access to these at all times. While the operators have been investing in creating partnerships with social network providers, they are also looking to enhance and enrich the customer experience and that means providing an aggregated view of all sites over every device. There is no limit imposed on the number of social networks that can be cached on the gateway, though the mobile operator could limit the choice. Informa's research has revealed, not surprisingly, that every operator looking to launch an aggregated solution wants Facebook and MySpace as the cornerstone of their offering to provide the hook for the consumer to enter the gateway and then socialise on additional communities.

Figure 2.2: Example of aggregated mobile social networks
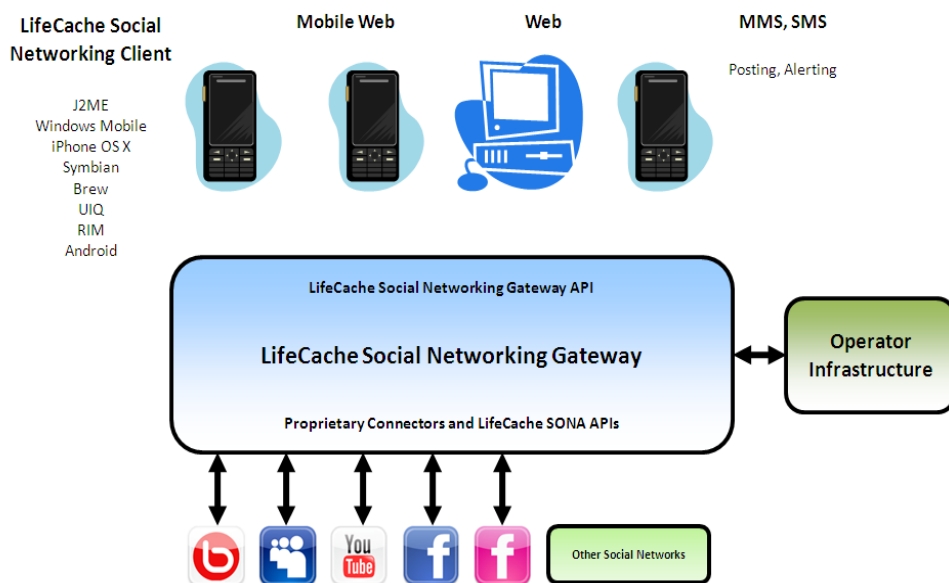
Source: LifeCache, NewBay Software

Fears of cannibalisation of existing services, such as messaging, appear to have been allayed as mobile social networking's impact on existing services is understood. One trend is a direct correlation between SMS usage and media uploads. The heavy SMS users are the same users uploading the most photos from their handset. Furthermore, users of aggregated mobile social network platforms send an average of 3 MMS per month. Not only is mobile social networking now starting to increase data ARPU and driving the uptake of flat-rate data plans (FRDPs), it is also driving traffic usage. Eighty percent of mobile social networking traffic comes from status updates, replying to messages, comments on walls and viewing photos.

Much of this traffic is adding mobility to existing online practices. Yet it is the intention of the original social network players that is causing uncertainty within the mobile fraternity. Naturally, the web players are seeking to expand their business and an obvious extension is mobile. There is the belief within the mobile community that online social networking has reached saturation, whereas mobile social networking outfits are now establishing their niche and looking to grow their business and this is creating a conflict of interests and interruption regarding the development of business models.

While it has to be said that the social networks are building the market for the mobile players, their monetization strategy remains unclear. For instance, there are limited adverts served on Facebook and YouTube online. Facebook has flirted with advertising on its mobile version but withdrew the service after a brief period. While the social networks make the transition onto mobile, they are yet to bring with them the promised advertising spend.

Facebook believes it should be accessible by as many people as often as possible. What's more, it believes revenues will arrive when it has a proven usage pattern. The next logical step Facebook says, is video. But before the widespread adoption of video, the company maintains its focus on communication and will launch Facebook Connect which expands its platform to users on any browser, with sessions seamlessly transitions from the mobile onto other mediums before the end of 2008.

Presently, opportunities for all mobile social networking companies centre upon communication. To date, user-generated content beyond comments and photos remains limited on mobile, though the potential of shooting videos and instantaneously uploading the content will become a very powerful proposition. MySpace believes video will become the next key phase in the development of mobile social networking. Peperonity users already download 300,000 videos on a daily basis. And this is creating an opportunity to monetize the service through subscription.

There are four apparent business models available for mobile social networking: ad-funded, premium, both or free with no monetisation designed for land-grab. The mobile industry believes that web users are accustomed to receiving everything for free, in the same way that mobile users are used to paying for services, and this will enable quicker monetization of social networks on mobile. What's more, the business strategy behind introducing a subscription model is that companies can project revenues, which makes it a lot easier to build a business model.

On the other hand, mobile advertising is an even more nascent market than mobile social networking. If BuzzCity is to be believed, it says that a meaningful inventory on mobile social networking for advertisers is anything from 15-20 million page impressions per

month. Early cost per thousand rates around the world for mobile social networking advertising ranges from €0.5-€50. But this medium will only really take off when the industry can identify a scalable ad unit with as little complexity as possible.

United Kingdom

Country summary

The United Kingdom has a population of 60.94 million people. By the end of 2008, Informa forecasts mobile subscribers to reach 49.40 million (81% of the population) rising to 52.45 million by 2013. The UK is viewed as something of a flag-bearer or even test bed for the European mobile marketplace in terms of data services and this is reflected in the country having the second highest data ARPU (after Ireland) across Europe. During the forecast timeframe, monthly data ARPU will rise from €11.28 to €15.27, representing a CAGR of 5%.

There are five mobile network operators - Vodafone, T-Mobile, O2, Orange and 3 - as well as numerous MVNOS such as Virgin Mobile, Blyk and Tesco Mobile. By May 2007 all mobile network operators had revised their mobile data pricing strategy with the injection of increased transparency designed to encourage user adoption, offering flat-rate data plans and daily data tariffs. T-Mobile set the ball rolling in 4Q05 with Web n Walk, 3 followed 12 months later with its X-Series offering. Orange was the last operator to introduce flat-rate data plans (FRDP) in May 2007. What's more FRDP have increased usage by up to 350% per user.

By the end of 2008, the number of subscribers browsing on their mobile will top 14.36 million, equating to 29.1% of total mobile subscribers. Mobile browsers will grow at a CAGR of 13% during the forecast period reaching 29.93 million by 2013 (see Fig 3.1).

Figure 3.1: Mobile browser forecasts, 2008-2013 (millions)
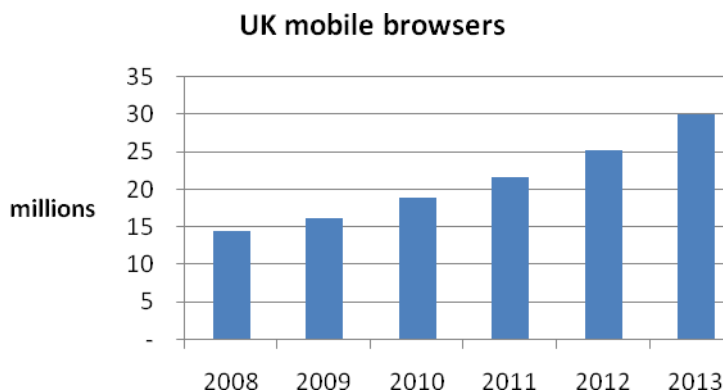
Source: Informa Telecoms & Media

By August 2008, 41.81% of the UK population were online Internet users - 7% below the European Internet average. However, online social networking sites are experiencing high growth rates in terms of visits. The most popular online social networking sites in the UK are Bebo, Facebook, MySpace and Windows Live Spaces. High mobile penetration suggests that there are significant opportunities available for mobile Internet and mobile social networking growth in the UK.

Mobile social networking landscape

The UK's mobile social networking landscape has changed dramatically over the last 12 months, driven by the introduction of flat-rate data plans, the removal of the mobile operators' walled gardens and the advancement of social networking sites from the web onto mobile. Combined, these elements are creating an environment ideal for the uptake of mobile browsing and social networking in particular.

Over the last 18 months, the mobile operators have migrated away from the walled garden concept and adopted for an open mobile Internet approach, initially driven by partnerships with search partners such as Google, Yahoo! or white-label providers. Presently on-portal traffic still represents approximately 65-70% of total traffic, but this figure is decreasing. This open Internet approach has not only enabled users to access the leading social networking sites, it has also created an opportunity for off-portal mobile social network sites, such as Piczo and Peperonity. Such has been the demand from users to access social network sites, that operators have entered partnerships with the leading sites, both social network sites and pure-play mobile social networking sites, and placing these links - for both on- and off-portal sites – on their homepage.

During 2008, mobile social networking traffic has grown by 10-15% month-on-month, and now contributes approximately 50% of all traffic in the UK. Facebook, MySpace and Bebo are the three biggest players in the UK market and have contributed to the year's significant growth in traffic primarily because all three companies operate a mobile version of their site. Rendering a website onto the mobile screen has a certain limited appeal if there is no alternative means to access the site. However, investment in a mobile platform to, in the case of the big three players, complement existing online presence has been the catalyst for the exponential traffic increases.

Usage on mobile is dominated by the leading three social networks, so much so that a tiered structure has developed. The big three are tier 1 and the leading mobile social networks, such as Flirtomatic, Mocospace and itsmy.com as tier 2. For example, the big three account for approximately 80% of all mobile social networking traffic in the UK, with Flirtomatic, the fourth biggest mobile social networking site, accounting for a little over 7% of all mobile social networking traffic.

Success for the big three players has undoubtedly been achieved through their vast online following. But for the mobile social networking companies, success has emanated from mobile Internet advertising and portal placement. Portal placement has historically been achieved through the delivery of high ARPU, and to deliver this from a nascent service, mobile social networking players looked to monetise the service through subscriptions. When Moko launched on 3 in May 2006 it charged £1.50 per month. At the same time Flirtomatic also launched with a subscription model but moved to a free ad-funded model selling premium content within 11 months, and in the twelfth month generated three times the revenue of the previous month. Similarly, Vodafone launched mobile social networking by charging users £1.50 a month to access MySpace's mobile site, but switched to an ad-funded model midway through 2008. Orange introduced Bebo Mobile in October 2007 and the operator's customers could sign up for Bebo Extra for £3 providing unlimited text alerts, uploads and data usage.

While subscription models have an established role within the UK, ad-funded models represent the majority of business models in operation for mobile social networking in the UK. The average cost per thousand (CPM) in the UK is £1-2 with more targeted campaigns ranging between £18-40 per CPM. Mobile social network providers therefore require high traffic levels to drive the number of campaigns they can deliver, and user profiling to deliver more targeted campaigns with the higher CPM. For instance, Flirtomatic generated 140 million page impressions in July 2008. The other leading pure-play mobile social networking sites, such as itsmy.com and Mocospace generate between 30-80 million page impressions per month. One of the smaller recognised players in the UK, Buzzcity, achieved 25 million page impressions during 2Q08.

While ad-funded models are reliant on traffic to maximise revenue, the emergence of the iPhone and other smartphone devices to view web pages and not mobile versions, as well as content, such as photographs, using the horizontal scrolling functionality negates the need to open a new page and therefore restricts the number of potential ads serve during a user's browsing session. This is prompting some mobile social networking companies to explore more sophisticated means to serve ads in this changing environment.

Yet it is the appeal of the three leading sites that presents one of the biggest challenges to the mobile social networking market by creating an almost oligopolistic environment for the smaller players to try and operate in. However, mobile social networking users are not restricted to the one site, which means that there is in actual fact a phenomenal opportunity for mobile social networks to play a complementary role to the leading sites. Pure-play mobile social networking players are utilising the appeal of Facebook and Bebo in the UK to create their own groups within these larger communities.

Furthermore, while the leading three players have waived the possibility of charging a subscription fee in favour of the free ad-funded or revenue share model with the mobile operators, there is a mixed reaction from the mobile user community with regard to mobile advertising and presents opportunities for mobile social networking providers to offer an ad-free subscription-based model.

Clearly such a model was not identified by Twitter, which announced its decision to withdraw from the UK market in September 2008 citing crippling per-user costs. The issue for Twitter was that UK users do not pay to receive SMS, unlike the US market. Twitter believed the business model was sustainable provided traffic levels remained manageable. But with the UK growing faster than in the US, and users sending one message to multiple recipients, with heaviest users sending news feeds and direct messaging from the web to their phones, usage became unmanageable. Even moving to a premium SMS or subscription-based service would not have covered what Twitter executives estimate would be a €56.67 monthly fee. In November 2007, Twitter tried capping the number of SMSes a user could send to 250 per month. One company that has already looked to capitalize on Twitter's demise is Zygo, which has announced plans to launch Zygotweet allowing users to forward their tweets to their mobile devices.

Few mobile social network providers have been capable of creating additional revenue through content. As already mentioned, Flirtomatic has created its own virtual currency called Flirt points, which cost between £1.50-10, with more points available with purchases made over credit card than WAP billing because of lower margins. The average item of content costs £0.50. On Valentine's Day, Flirtomatic sells in excess of 14 million red roses. While occasion-based purchases are one-offs, sustained revenue is generated from "look at me" services, whereby the user spends money to feature at the top of the portal for six hours exposure to the community. Flirtomatic is seeing premium spend increasing month-on-month.

Flirtomatic's success in revenue generation also stems from its belief that it is a medium and not a platform and actively pushes content to its users. In summer, female and male users could purchase "boobjobs" and "six packs" respectively for their icons. Mobilr, which is in talks with Vodafone UK, is incentivising new members with the promise of free SMSes or virtual gifts. Users can earn 'local' currency, called Mobees, when they use the site. Heavy users stand to earn the most Mobees. While the company anticipate the free SMS to appeal outside of Europe and in Africa in particular, it believes the UK market will opt for virtual gifts.

Mobile operator mobile social networking strategies and analysis

Over the last 12 months, the country's mobile operators have moved to a communication-led strategy, moving away from the concept of pushing rich media and relying on the various aspects of communication, which now includes instant messaging and social networking. It is these latter two examples that are driving the adoption of FRDPs. Operators have identified the value in stickiness, not only as a means to tackle subscriber churn, but also to encourage increased mobile data spend. A mobile user accessing mobile social networking sites and subscribing to a FRDP generating between €5-12 per month is considerably more valuable than a user that will download two items of premium content per year at €5 per item. And the mobile operators are looking to capitalise on this trend.

As previously mentioned, the UK operators have experimented with subscription models with their early forays into mobile social networking, but have now opted to monetise usage for mobile social networking with an ad-funded free model - based on a revenue share agreement with their social network partners - and from data traffic. The operators believe subscription models will work in the UK and would potentially generate more revenue than advertising over the next 12 months. However, Informa forecasts that revenue generated from advertising will exceed subscription revenues in the long term, prompting mobile operators to deliver an ad-funded model with mass-market appeal and subscriptions for the heavy and specialist social networking user.

While Facebook has been content entering deals with all of the operators, some of the social networks have signed exclusive agreements, such as Orange's deal with Bebo and Vodafone's agreement with MySpace. Both operators claim these deals were marketing led: pushing one major social network attracts the users who then start exploring alternative social networks also, and this is creating the opportunity for the pure-play mobile social network operators. Both Vodafone and T-Mobile now provide social networking and chat services on their homepage, 3 and O2 provide links on their homepage to social networking sites. However, as demand increases for access to social networks on mobile, operators are increasingly looking at aggregated solutions. This means traffic remains on-portal, which will increase the portal's monetization from data and advertising rather than just providing a link off-portal.

In April 2008, Orange introduced free access to Facebook and MySpace for its prepaid users, as a means of driving traffic to Orange World, and entered a deal with Flirtomatic. This move was an initiative from Orange based on selling services to users rather than data bundles. In July Orange updated its mobile social networking strategy by allowing users to view their profile updates (such as emails, comments and recently uploaded pictures) to the likes of Facebook, Bebo MySpace, Skyrock, Pikeo and Flirtomatic on the Orange World portal using Newbay. The service had already been launched successfully in France and will be rolled out to UK, Switzerland, Spain and Portugal by the year end.

Similarly, T-Mobile originally teamed up with Intercasting to launch My Social Sites, and houses Vox, Xanga, LiveJournal and BlackPlanet earlier this year, and added Bebo and Piczo in June, though through T-Mobile's open Internet policy of Web n Walk, users are accessing Facebook and MySpace. With My Social Sites, T-Mobile notifies the user when a profile has been updated. Users can then check their messages for free.

Vodafone's mobile social network strategy ties into its requirement to monetise the mobile Internet through the uplift in data usage and flat-rate data bundles. Vodafone Group has been entering partnerships with Facebook and MySpace by placing links on its live! portal as part of its open Internet strategy, and looking to roll out related services across its international footprint. Aligned with this strategy, it launched a music

community called The Vodafone Music Reporter during the summer of 2008, allowing music fans to share their music experiences by uploading and downloading content, including pictures and videos related to Vodafone Music Unlimited events.

In September Vodafone started trialling a service enabling all of its UK mobile customers to send text and picture messages from their Facebook profile to fellow Facebook and non-Facebook users. The service, called Vodafone Connect to Friends, will cost 10p per SMS and 30p per MMS, but subscribers to the service will receive 25 free texts. There appears a clear demand for subscription services for the heavy users of mobile social networking. Interestingly, while mobile social networking remains a relatively new service, operators have the opportunity to experiment with business models and explore consumers' acceptance. Once these services have become developed, it will be almost impossible to migrate from a free to a premium model.

Vodafone has also launched an application called My Communities to overcome the requirement of different clients for each of the social networks on mobile devices - similar to the aggregated experience. The application has been embedded on the Nokia N95 8GB and the Sony Ericsson W910i and allows users to upload photos and videos using the one interface to multiple social network sites.

FORECASTS

Informa forecasts that the UK's mobile social networking users will increase from 3.53 million in 2008 to 12.93 million in 2013 (see Fig 3.2). In 2008, mobile social networking will generate a daily average of 51.79 page impressions per user. By 2013, the average page impressions per mobile-social-networking user drops to 35.84 per day as mobile social networking's appeal broadens to a wider demographic and a large following of infrequent users.

Figure 3.2: Total mobile social networking user forecasts, 2008-2013
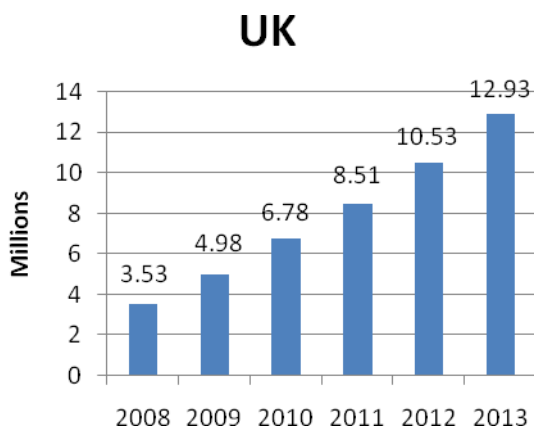
Source: Informa Telecoms & Media

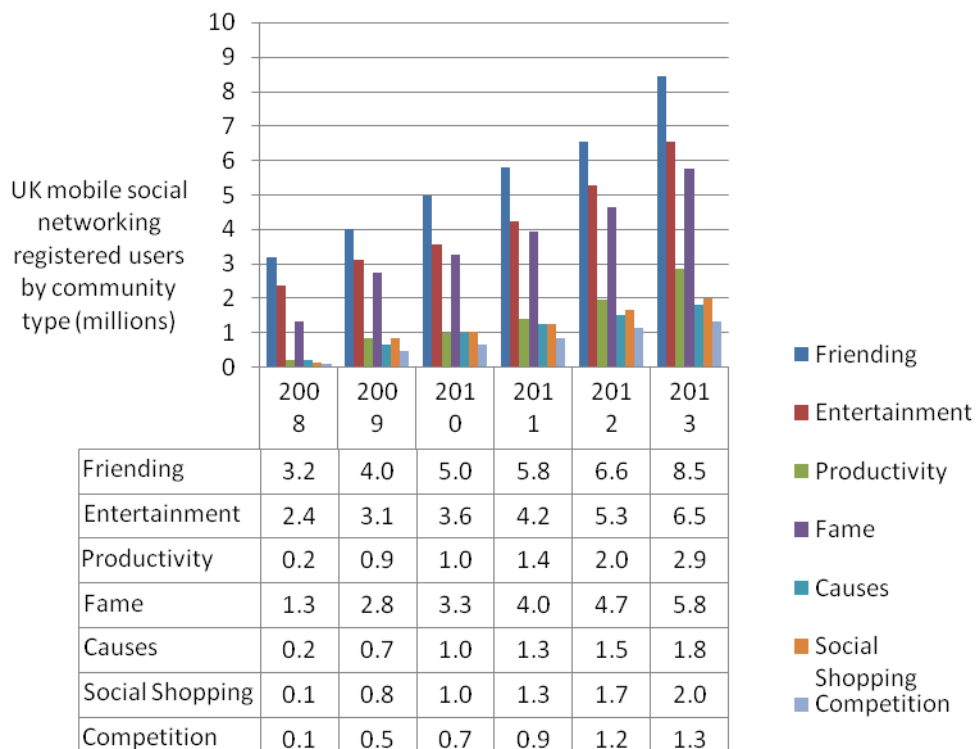## Mobile social networking registrations by community type

With the big three players of Facebook, MySpace and Bebo classified as Friending it is not surprising that this category is the largest community type in 2008 and strengthens its position throughout the forecast period. Friending will have 3.2 million registered users by

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the end of 2008, rising to 8.5 million (see Fig 3.3). In the same timeframe, Entertainment will rise from 2.4 million to 6.5 million registrations.

But these sites are also creating an opportunity for other mobile social networks. As already highlighted, Informa's research reveals that mobile social network users access on average two communities, one for Friending to belong in a "me too" sense, and another representing more interest-based or specific communities, such as sport and music.

The opportunity for the UK market is that the number of communities each user will access via their mobile will increase. Presently, the average mobile social networking user accesses 2.15 communities and will rise to 2.27 in 2013. Given by this stage, mobile social networking will be mass market and the average usage per user will be reduced by the infrequent users, for the medium and high users Informa believes they will be accessing in excess of fours communities. While this explains the popularity of 'entertainment' and 'fame' categories, it will also create appeal for more niche categories, such as 'social shopping' and 'productivity'.

Figure 3.3: Mobile social networking registration forecasts by community type, 2008-2013 (million)

	2008	2009	2010	2011	2012	2013
Friending	3.2	4.0	5.0	5.8	6.6	8.5
Entertainment	2.4	3.1	3.6	4.2	5.3	6.5
Productivity	0.2	0.9	1.0	1.4	2.0	2.9
Fame	1.3	2.8	3.3	4.0	4.7	5.8
Causes	0.2	0.7	1.0	1.3	1.5	1.8
Social Shopping	0.1	0.8	1.0	1.3	1.7	2.0
Competition	0.1	0.5	0.7	0.9	1.2	1.3

Source: Informa Telecoms & Media

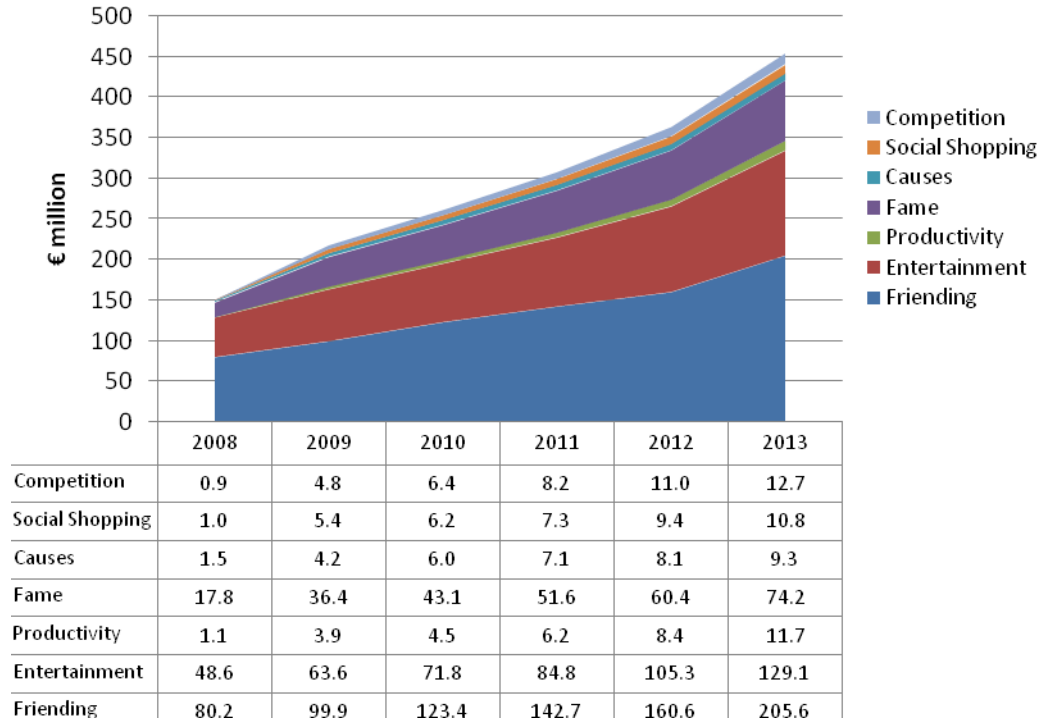## Mobile social networking revenue forecasts by community type

Mobile social networking in the UK is worth €151.2 million in 2008 and will generate €453.6 million by 2013 (see Fig 3.4). The market will experience a surge in spend during 2009 as the continued adoption of medium- and high-end devices coupled with FRDP adoption encourages mobile Internet usage. In 2008, Friending will contribute over 50% of

total revenue in the UK but will fall to 45% as a consequence of revenue growth from Entertainment and Fame in particular.

The majority of revenues are being driven by access and traffic in 2008, with advertising, subscription and content up-sells making small contributions (see Fig 3.5). As the percentage of revenues generated from advertising increases, this will reduce access fees and potentially negate the need for subscription fees. As communities develop and flourish, they are also generating revenues through virtual gifts, not to mention now exploring the potential of tie-ups with content companies to up-sell premium content to their members. Only Flirtomatic is yet to really experiment - successfully - with premium content. Informa's research suggests that few sites are looking to explore the premium content sales channel in the UK.

Across Europe markets are enjoying particular success with subscription models for content and services, while the UK has remained suspicious of subscription models ever since Jamba's Crazy Frog debacle in 2005. What's more, the UK's mobile advertising market is considerably more advanced than the rest of Western Europe and has enabled mobile social networking providers to entertain free ad-funded models, as has been the case for MySpace on Vodafone and Flirtomatic, for example. Although Bebo Mobile continues to offer Bebo Extra on Orange, this is expected to be phased out by the end of 2009. But with Vodafone introducing a subscription service for mobile social networking - and the demise of Twitter - indicates a move within the UK space for at least two business models running concurrently: A subscription model for the heavy users and a free ad-funded model for the mass market with the option to upgrade based on their usage behaviour. Informa predicts that subscription numbers will increase until 2010 as more users sign up for mobile social networking, but will drop from 2011 as advertising spend provides the operators and mobile social network players with an alternative monetisation avenue.

Figure 3.4: **Mobile social networking revenue forecasts by community type, 2008-2013 (€millions)**

	2008	2009	2010	2011	2012	2013
Competition	0.9	4.8	6.4	8.2	11.0	12.7
Social Shopping	1.0	5.4	6.2	7.3	9.4	10.8
Causes	1.5	4.2	6.0	7.1	8.1	9.3
Fame	17.8	36.4	43.1	51.6	60.4	74.2
Productivity	1.1	3.9	4.5	6.2	8.4	11.7
Entertainment	48.6	63.6	71.8	84.8	105.3	129.1
Friending	80.2	99.9	123.4	142.7	160.6	205.6

Source: Informa Telecoms & Media

Figure 3.5: Mobile social networking revenue % breakdown, 2008-2013

Source: Informa Telecoms & Media

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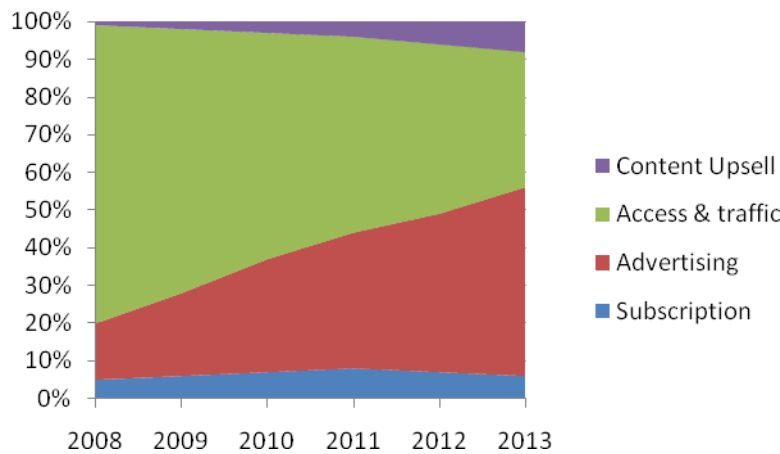
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United States

Country summary

The US has a population of 303.82 million people and a mobile penetration of 72% with 219.73 million mobile subscribers in 2008. Informa forecasts the number of mobile subscribers to rise to 243.27 million by 2013 and over the same timeframe, predicts data ARPU per month to rise from €8.02 in 2008 to €11.84 in 2013, representing a CAGR of 7%.

The mobile data market in the US is at a developed stage of growth where non-messaging data revenues account for 20% of US operators' overall data revenues. In September, the CTIA (Cellular Telephone Industries Association) announced that data service revenues rose 40% from 1H07 to 1H08 to US$14.8 billion. What's more, the CTIA announced that SMS usage had maintained its strong growth. In June 2008, 75 billion SMS and 5.6 billion MMS were sent.

The four main mobile operators Verizon Wireless, Sprint Nextel, AT&T Mobility and T-Mobile have each deployed flat-rate data plan (FRDP) pricing strategies to encourage mobile media services and mobile search adoption. Prices range from €13.60 per month on T-Mobile to €17.00 per month for 10MB and €30.60 per month for unlimited data on Verizon.

Outside of Asia, the US has one of the highest numbers of mobile web browsers. In 2008 there are 33.36 million mobile web browsers which equates to 15.2% of total mobile subscribers. Informa forecasts this figure to rise to 97.95 million in 2013, representing a mobile browsing penetration of 40% (see Fig 4.1).

Figure 4.1: Mobile browser forecasts, 2008-2013 (millions)
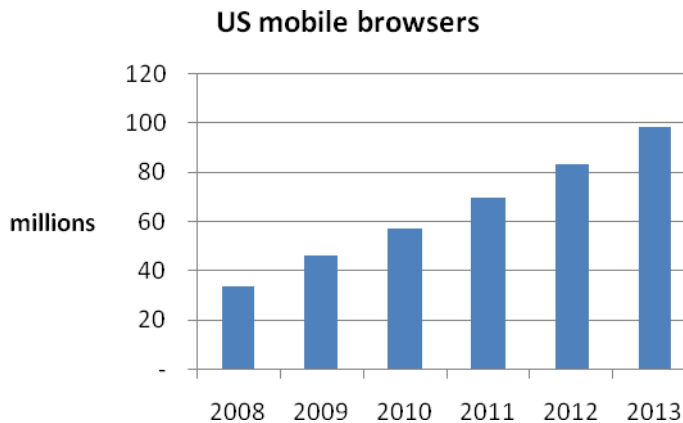
Source: Informa Telecoms & Media

Consumption of mobile Internet usage is being driven by mobile social networking, a trend which started in the online space. The US has 220.14 million online Internet users (72.5% of the population). MySpace is the most popular online social networking site with 72 million monthly unique users, followed by Facebook with 36 million monthly unique users and then Bebo.

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Mobile social networking landscape

Flat-rate data plans have been prevalent in the US for a number of years, yet the customer adoption of mobile internet has been slow until 2008. Informa believes the mobile operators' reluctance to move to an open mobile Internet environment has resulted in a slower-than-expected mobile Internet adoption. The introduction of the iPhone has gone some way to address this, yet the operator portals are maintaining traffic levels of around 70% of the total market, though off-portal traffic is gradually eating away at this market share. Informa estimates that off-portal traffic has grown by approximately 8% in the last two years, and expects on-portal traffic to retain a 50% market share in 2013.

In the US, the mobile operators have created a two tiered off-portal zone. By partnering with selected off-portal publishers and content providers, the operators have created a "trusted" zone and will have links for these sites on their portals. Customers requesting sites beyond these trusted partners will be entering the 'off' off-portal. Mobile operators are entering trusted partnerships with social networks.

The mobile social network market is considered less advanced compared to the UK from both a user's mobile Internet behaviour and from a mobile operator's business model perspective. However, the country that has delivered Facebook, MySpace and YouTube has one of the most developed mobile social network environments outside of Asia, with over 20 players operating in the space, with the earliest recognisable names, such as Fast Flirting and Loopt, launching in 2004 and 2005, respectively.

There was a flurry of activity during 2006 and 2007 as companies looked to utilise the emergence of the mobile platform for social networking, though the number of market entrants in 2008 has reduced, though hi5's release of a mobile version of its platform is expected to attract high traffic levels given the social networking site's popularity online.

For example, JuiceCaster is the only pure-play mobile social network on-portal with AT&T, and is also on-portal with T-Mobile, Alltell, US Cellular and Cricket. On each network JuiceCaster charges a subscription of US$3 per month. To help drive adoption, Alltel also offers a one-day pass and Cricket offers a 3-month purchase period for JuiceCaster. In April 2008, JuiceCaster released version 6.0 of its platform with Alltel allowing users to post video status updates onto MySpace, Facebook, YouTube and Twitter, for example, as well as enabling the ability to create groups for one-touch, instant video sharing to mobile phones, email and online social networks. JuiceCaster 6.0 costs US$1.99 for a 24-hour pass, US$3.99 per month, or US$9.99 for a 90-day all-you-can-eat pass. Mocospace, which is in trials with Sprint and Cricket, has adopted an ad-funded model and has to date attracted 3.5 million users - the majority of which are in the US and on mobile, generating over 2 billion page impressions a month.

The priority for mobile social network providers in the US is to attain an on-portal placement. The off-portal space in the US remains largely undefined and this has had a direct influence on the mobile social networking players' strategy. One-hundred percent of mobile social network providers are on at least one operator portal and approximately 75% of these sites have adopted an on- and off-portal strategy. From a mobile social network's perspective, the appeal of a dual market approach will broaden the potential addressable market beyond that of just the mobile operator's customer base.

The activity of the pure-play mobile social network providers has effectively paved the way for the major online players in the US, such as MySpace, Facebook and YouTube. Consequently, the online social networks have become the three most popular mobile

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social network sites followed by the pure-play mobile social network providers of Mocospace and itsmy.com. However, these three major brands are having more of a disruptive impact on the marketplace.

The likes of Facebook and MySpace especially, have emerged with an aggressive strategy for their mobile extension but are not bringing advertising revenues from their online model, and this represents one of the biggest potential threats to the market. Facebook is available on all major mobile operators' portals for free, though users pay the messaging termination fee - as is the norm in the US. Similarly, MySpace has evolved beyond the subscription models it first entered with then MVNO now Virgin-Mobile-USA-owned Helio in 2006 and Cingular Wireless in 2007. In December 2007, it introduced a free, ad-funded mobile version optimised for the US operators. While this caused consternation at the time throughout a marketplace predominantly built upon subscription models, it is Informa's opinion that such a move will hasten the investment of advertising revenues into the mobile social networking market, though there is little evidence of this investment injection to date.

From a mobile operator's perspective, there is considerable appeal in partnering with MySpace. The company has entered revenue share agreements for both on- and off-portal traffic with the operators. MySpace also claims that it is generating significant volumes of SMS traffic through the operators directly or with aggregators, such as mBlox in the US and Jamba in Europe. The US remains one of the key markets for MySpace, but says it is now starting to see signs that Europe is taking off also.

Mobile operator mobile social networking strategies and analysis

For the mobile operators, their strategy appears very much in line with recent developments in the UK, whereby mobile social networking is being aligned with their communication strategy. However, the mobile operator community in the US is not as advanced in the UK with regard to business models. By the same token, it does not need to be. The US market accepts subscription models and understand that to have greater utility and mobility there is a cost involved, prompting the philosophy from the mobile operators to charge a subscription. If the model fails to attract customers it will migrate onto a free ad-funded model. In the meantime, the operators will continue exploring the available options. Presently, the mobile operators believe the market is too immature to make a decision on its long-term monetisation. While investment from brands to advertise on mobile social networks remains experimental, and therefore spend is not included in their advertising budget, the safe option for operators is to pursue the subscription model.

Informa's research into the US market reveals that if the consumer's perception of the benefit outweighs something that is free, they will pay (subscribe) to a service at a cost of US$1-2 per month.

Over the last 18-20 months, the operators have been entering partnerships with major social network brands, but also lesser known pure-play mobile providers, but the requirement for differentiation has now been replaced with choice. For the mobile operators, mobile social networking is now generating the most traffic.

AT&T has launched an aggregated service called My Communities with Intercasting, in a similar deal to the one the mobile social networking gateway provider has entered with T-Mobile in the UK. My Communities allows users to manage multiple social networking accounts in a centralized location. The application already supports LiveJournal, MySpace, Photobucket, Rabble and Xanga on 23 devices and costs US$2.99 per month.

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At CTIA in September 2008, Intercasting stretched its US footprint to include Verizon Wireless with the launch of SocialLife. Verizon's customers will be able to view messages, react to friend requests, post comments and upload status, profiles and photos on AsianAve, BlackPlanet, FaithBase, GLEE, LiveJournal, MiGente, MTV Tr3s, MySpace, Photobucket and Rabble. The service costs US$1.49 a month.

The deals with Intercasting can be seen as an acknowledgement by the operators that users want to access multiple mobile social networks and do not want to be constrained by operator partnerships - and justifies the strategy for mobile social networking providers to adopt a dual portal strategy.

Part of the attraction from a consumer's perspective for subscription-based mobile social networking services is the messaging billing mechanism applied across the US whereby the recipient pays. For example, this has allowed networks such as Twitter to flourish in the US, but fail in the UK. While Twitter tried to cap monthly usage in the UK before ultimately calling it a day in the market in September 2008, in the US users have unlimited inbound texts. It is estimated that Twitter received between US$0.02-0.31 per incoming SMS compared to US$0.08 for outgoing messages (applicable in the UK).

FORECASTS

Similar to the UK, the US mobile social networking market has experienced extraordinary growth over the last 6-12 months. While the UK growth is based on mobile Internet users spending more time browsing, the growth in the US stems from a rapid growth of mobile Internet users over the same timeframe. By the end of 2008 there will be 6.4 million mobile social network users in the US, rising to 39.18 million by 2013 (see Fig 4.2), equating to 20% and 40% of total browsers respectively. The average page impressions per user per day is 40.4 in 2008 and this is forecast to drop to 18.27 per day as mass market adoption and infrequent usage lower the average.

Figure 4.2: Total mobile social networking user forecasts, 2008-2013 (millions)
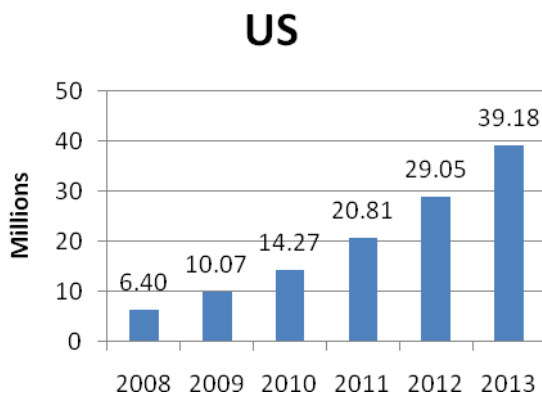
Source: Informa Telecoms & Media

Mobile social networking registrations by community type

From a total of 6.4 million mobile social network users in the US in 2008, Informa forecasts that there will be 15.81 million registered users, with an average of 2.47 sites. In 2013, the number of registered users will have risen to 54.12 million and an average of 1.38 sites per user. The majority of business models adopted for mobile social networking in the US are subscription-based, and this will have a limiting factor on the number of communities users pay for. Furthermore, the US culture is very communicative and

inquisitive by nature, which means users are more likely to spend longer sessions on what is their main site or sites. However, a strong swing toward the free ad-funded model would address this and raise the number of registered users. Friending and Entertainment dominate registrations with Fame in third position, given the leading social network and mobile social network sites fall into these categories (see Fig 4.3).

Figure 4.3: Mobile social networking registration forecasts by community type, 2008-2013 (million)
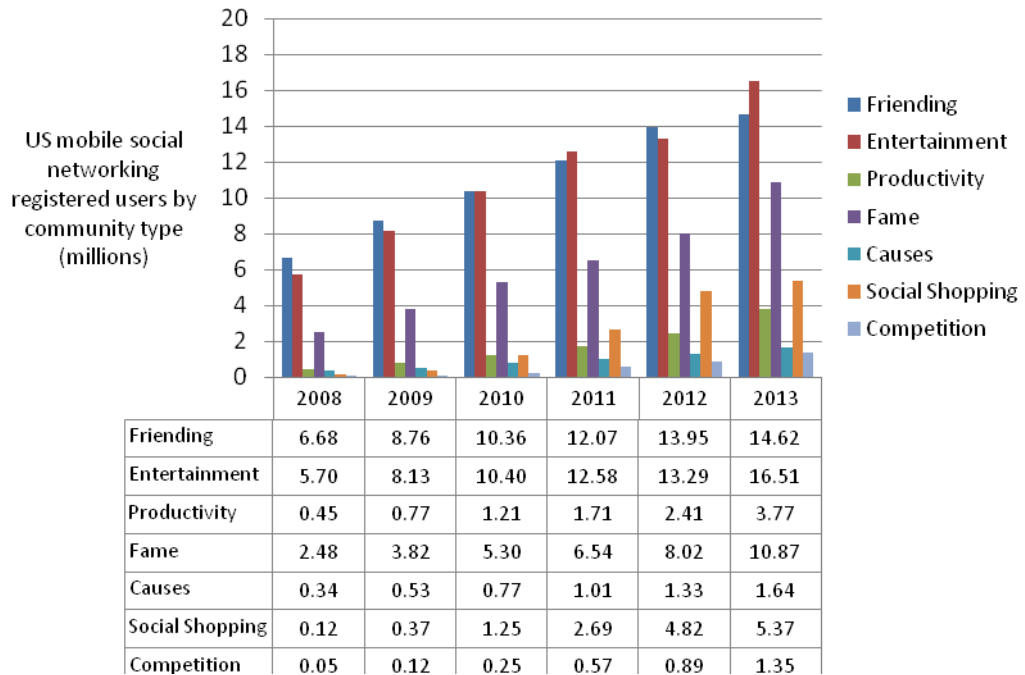
	2008	2009	2010	2011	2012	2013
Friending	6.68	8.76	10.36	12.07	13.95	14.62
Entertainment	5.70	8.13	10.40	12.58	13.29	16.51
Productivity	0.45	0.77	1.21	1.71	2.41	3.77
Fame	2.48	3.82	5.30	6.54	8.02	10.87
Causes	0.34	0.53	0.77	1.01	1.33	1.64
Social Shopping	0.12	0.37	1.25	2.69	4.82	5.37
Competition	0.05	0.12	0.25	0.57	0.89	1.35

Source: Informa Telecoms & Media

Mobile social networking revenue forecasts by community type

Mobile social networking in the US will be worth €353.06 million in 2008, increasing to €875.64 by 2013 (see Fig 4.4). Friending will contribute over 50% of revenues in 2008 and 42.3% in 2013, which comes as no surprise given the leading social network providers MySpace, Facebook and YouTube are represented in this category. Entertainment will contribute a significant percentage of revenues, followed by Fame.

This can certainly be highlighted in the mobile operators' strategy toward monetising mobile social networks based on subscriptions. If successful, and to date subscriptions contribute approximately 20% of revenues in the US, mobile operators will maintain this strategy, but are actively investigating the revenue generation capabilities of advertising. MySpace's decision to provide a free ad-funded model at the back end of 2007, will openly encourage an increase in investment in advertising in the space. However, given the propensity in the US market for customers to subscribe to services, this will unlikely have an immediate impact on the subscription model. Informa forecasts that the growth in advertising revenue into mobile social networking will have a minimal year-on-year impact on subscription revenues throughout the forecast period (see Fig 4.5).
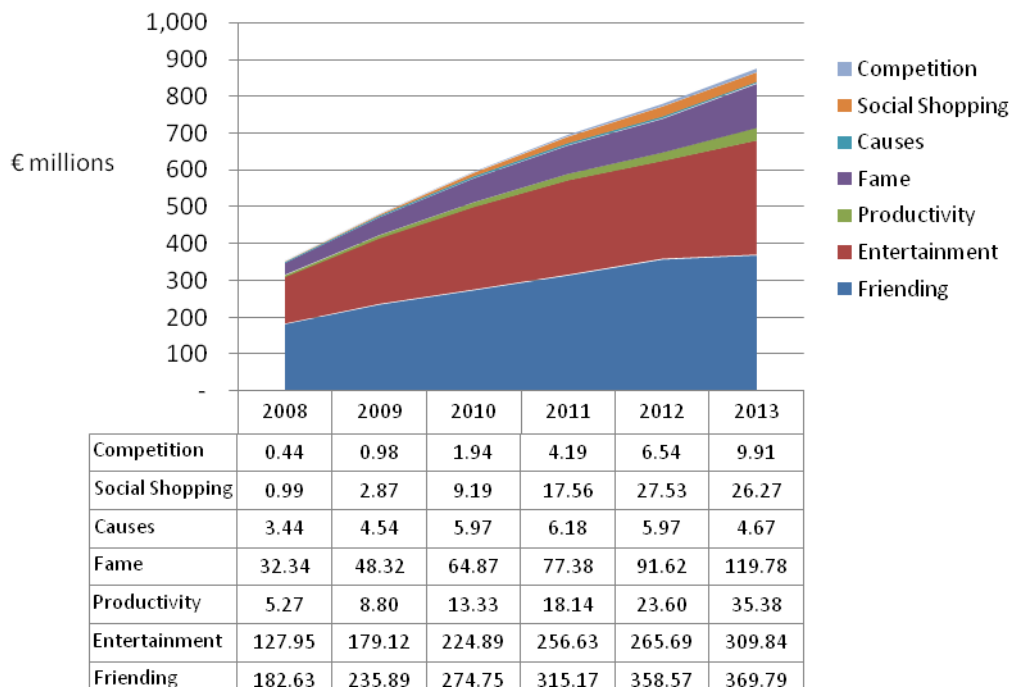
Although advertising, mostly banner ads on a cost per thousand (CPM) model, contribute less than 10% of revenues in 2008, the US will become the largest mobile advertising

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market during the course of the forecast period, with advertising generating the same revenues as access/traffic in 2012 and the largest generator of revenues in 2013.

Informa believes the US market will start to mirror the existing UK market by 2011 with major mobile social network providers offering two models. An ad-funded free service for the mass market, especially for those players operating in the on-portal (subscription) and off-portal (free) domains, such as Moko, and myGamma, as well as a subscriptions-based models for the frequent users. Whereas in the UK subscriptions will be used to capitalise on the appeal of mobile social networking to the heavy users, the US will differ in that subscriptions will target the medium and heavy users.

Presently, while the average CPM on mobile social networking sites is US$1-2, the operators will not abandon traditional revenue generation means such as premium content. While content up-sells will remain minimal throughout the forecast period, Informa believes that a mobile social networking provider with a strong premium content upsell proposition will gain more favourable portal placement with US operators.

Figure 4.4: Mobile social networking revenue forecasts by community type, 2008-2013 (€ million)

	2008	2009	2010	2011	2012	2013
Competition	0.44	0.98	1.94	4.19	6.54	9.91
Social Shopping	0.99	2.87	9.19	17.56	27.53	26.27
Causes	3.44	4.54	5.97	6.18	5.97	4.67
Fame	32.34	48.32	64.87	77.38	91.62	119.78
Productivity	5.27	8.80	13.33	18.14	23.60	35.38
Entertainment	127.95	179.12	224.89	256.63	265.69	309.84
Friending	182.63	235.89	274.75	315.17	358.57	369.79

Source: Informa Telecoms & Media

Figure 4.5: Mobile social networking revenue % breakdown, 2008-2013
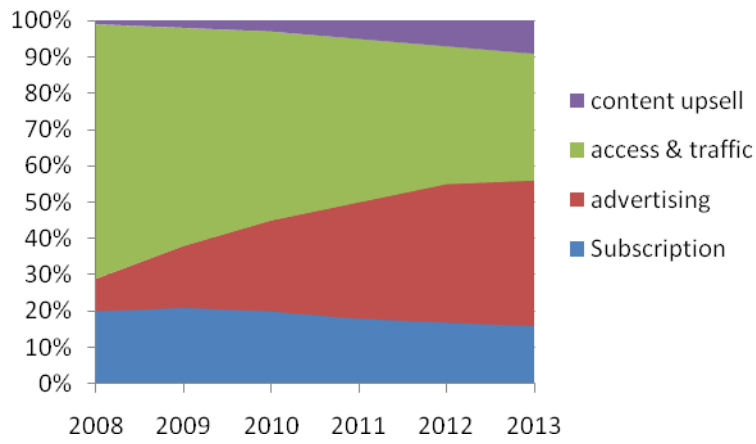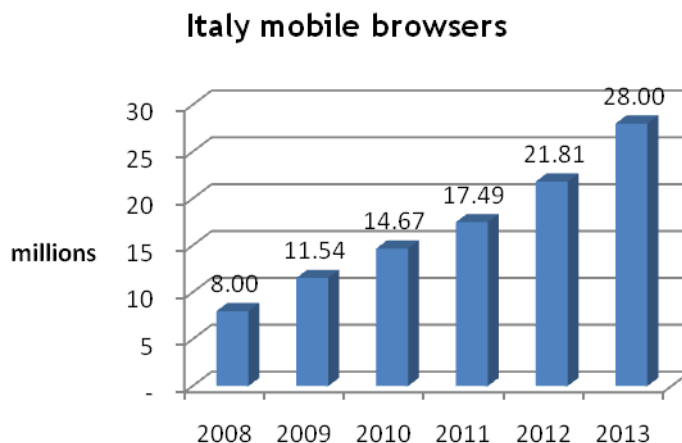

Source: Informa Telecoms & Media

Italy

Country summary

Italy has a population of 59.55 million people and a mobile penetration of 82% with 48.58 million mobile subscribers in 2008. Informa forecasts this figure to rise to 53.23 million by 2013 and over the same timeframe, predicts data APRU per month to rise from €5.98 in 2008 to €8.72 in 2013, representing a CAGR of 6%.

The mobile data market in Italy is at the midpoint stage of growth and development. The majority of data spend is still coming from messaging revenues, with over 90% of the mobile market using messaging. However, four mobile operators Telecom Italia Mobile (TIM), WIND, Vodafone Italy and 3 offer a range of 3G services to a very crowded market. These operators consequently see the implementation of flat-rate data plans (FRDP) as a core aspect of their pricing strategy in order to drive up subscriber usage of the mobile Internet. In September 2007, TIM introduced its first a FRDP tariff of €20 per month, targeting prepaid and postpaid subscribers. However, one of the core aims of FRDP is to drive data usage by alleviating consumer confusion over pricing. In Italy this still requires closer attention.

Regardless, Italy is in the midst of a usage surge of mobile Internet. During 2008, the market has experienced exceptional growth in mobile web browsers and now boasts 16.5% of the mobile base (8 million). Informa forecasts this figure to rise to 28 million in 2013, equating to 52% of mobile subscribers (see Fig 5.1). Subsequently, this will result in heightened interest in mobile social networking sites as browsing becomes more affordable and popular with browsers.

Figure 5.1: Mobile browser forecasts, 2008-2013 (millions)

Source: Informa Telecoms & Media

The popularity of social networking in Italy will help gauge the appeal of the service on mobile. Italy has 33 million online Internet users (55% of the population). The most popular Internet application is MSN Messenger with 49.3% users. Some 10% of Internet users actively participate on social networking sites, with YouTube and Dada.net the most popular sites.

Mobile social networking landscape

The mobile Internet market in Italy has awoken in 2008 and experiencing tremendous traffic growth but remains outside the top 5 markets globally. As with the UK and US, this surge in usage is being driven by users accessing mobile social networking. Informa's research reveals that a large majority of mobile social network providers view the Italian market in parallel with the Spanish market when it comes to mobile Internet behaviour and mobile social networking in particular. The reality is that the Italian market is advancing at a much greater speed than Spain, and Informa's forecasts reflect this.

Nevertheless, the market is still very much in an early development phase. Successful online players in the Italian market are already making the transition onto mobile, and the earliest pure-play mobile social network companies are gaining momentum.

MSN Windows Messenger has approximately 90% of the IM market in Italy and on the back of its success launched a social network called MSN Live Spaces and has acquired about 17% of the online users. MSN has used its popularity to move into mobile social networking and is Italy's number one site with over 750,000 users, followed by YouTube with 500,000 users and MySpace on 325,000 users. Italy is YouTube's sixth largest market. Facebook launched an Italian version of its site in 1H08 and is only just starting to gain traction within the marketplace. Facebook's lack of local language has curtailed its appeal in the market to date.

To gain an understanding of the development of the Italian market, as the leading mobile social network, Informa estimates that MSN Live Spaces is generating 112.5 million page impressions per month, compared to Facebook in the UK which is now attracting around 500 million page impressions per month. Informa estimates Italian users are generating 1.15 billion page impressions per month with mobile social networking contributing approximately one-third of total traffic. This makes the Italian mobile Internet market a third of the size of the UK at present, and approximately 12 months behind in terms of maturity.

However, the lack of popularity of for the global brands of Facebook and MySpace can also be attributed to strong local providers. Mobile operator WIND operates a blogging platform called Libero, and Telecom Italia operates an online social network called Virgilio. Libero has 4.5 million users and Virgilio 3.5 million. The presence of Libero and Virgilio could have a significant impact on the mobile landscape given their number of users should they extend their social network to mobile.

However, MSN Live Spaces sees mobile as complementary to the PC. Presently, the company is trying to replicate the PC experience for mobile and will introduce services specifically to mobile over the next five years. Despite MSN's dominant position in the marketplace, Informa believes its lack of mobile focus is creating opportunities for pure-play mobile social network operators to enter the marketplace with mobile-specific solutions.

Recognised mobile social network providers established in other markets are now in the process of committing to the Italian market. For instance, JuiceCaster is pursuing operators in Italy (and also Spain), whereas itsmy.com launched an off-portal platform in March 2008. Interestingly, itsmy.com views the mobile operators as greater competition than the likes of Facebook and MySpace. Although it's only been operating for six months, itsmy.com says that traffic in Italy has already exceeded that of the UK. BuzzCity claims Italy is myGamma's third largest market in Europe, behind the UK and France. In the UK myGamma achieved over 25 million page impressions in 2Q08.

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Informa's research did not identify numerous mobile social networking players on-portal. This suggests there is uncertainty among the Italian mobile operators with regard to their mobile social networking strategy. But there are signs that mobile social networking is now appearing on the mobile operator's radar. After all, the service has been embraced by operators in other markets on the back of customer demand. In Italy, demand for mobile social networking services has only started throughout the course of 2008.

Research suggested Telecom Italia Mobile is viewed as the most forward thinking of the market's operators with regard to mobile social networking and has created an initiative to move Mobile 2.0 applications very quickly into the market including entering a partnership with Shozu to deliver its on-device mobile social networks gateway. Such is TIM's power within the Italian market, that Shozu entered a revenue share deal with the operator.

Vodafone and 3 have also been very active in this area. Vodafone's mobile social network strategy ties into its requirement to monetise the mobile Internet through the uplift in data usage and flat-rate data pricing. Vodafone Group has entered partnerships with Facebook and MySpace and looking to roll out related services across its international footprint. Both sites have prime placement on the live! portal's homepage. During the summer of 2008, it launched The Vodafone Music Reporter interactive profile, to help build music communities for fans share their music experiences. Upload and download content including pictures and videos related to Vodafone Music Unlimited events. Like the UK, Vodafone Italy has launched My Communities to overcome the requirement of different clients for each of the social networks on mobile devices - similar to the aggregated experience and allows users to upload photos and videos using the one interface to multiple social network sites.

In June 2008, 3 introduced a flat-rate data plan providing customers with 50MB per month. Traffic for the month increased from 2.5 terabits from June 2007 to 7 terabits and provided its users with the freedom to browse to social network sites, all of which are off-portal, such as MSN Live Spaces and Facebook, which the operator says is becoming very popular, very fast. The operator's strategy was to sign up with the most popular social networking site first - MSN - and then enter similar agreements with the other big sites, all of which take the users away from its portal. That said, on-portal traffic accounts for 70-80% of the operator's total traffic - a figure which is representative of the Italian market on the whole.

Clearly, the strategy of the mobile operators is to drive uptake of FRDPs, and mobile social networking is starting to become a core component of this, and highlights the lack of transparency regarding the business model. Informa believes that the acceptance of the Italian mobile users to pay for subscription services, such as messaging alerts, will make a subscription-based model highly applicable to mobile social networking as the operators look to increase profitability from the service. It would also serve to differentiate their offering from the off-portal providers, such as myGamma and itsmy.com which are free ad-funded services. Research has revealed that there would be a consumer willingness to pay €15 per month to access an all-you-can-eat data and traffic mobile social networking service.

Advertising is yet to make major inroads into the Italian mobile market, let alone mobile social networking. The average cost per thousand in Italy to advertise on mobile social networking is around €1, which means the ad-funded off-portal players need strong traffic growth to monetise the service. This could make reach difficult for these ad-funded

models. Unlike in the UK, and US where on-portal placement enables the pure-play mobile social networks to ride the coat-tails of the major brands in the space, this is not the case yet in Italy. Though, should the likes of JuiceCaster and others succeed in tying up deals with operators, this will inevitably open the door to similar deals and ultimately lead toward an aggregated service on-portal as has emerged in the UK and US.

FORECASTS

Informa forecasts that Italy's mobile social networking users will increase from 1.81 million in 2008 to 12.99 million in 2013 (see Fig 5.2). In 2008 mobile social networking will generate an average of 81.01 page impressions per user per day. By 2013, this figure will drop significantly to 17.20 per day once mobile social networking starts to appeal to a wider and broader demographic who use the services less often. The high page impressions per users in the formative years of the market can be attributed to the Italian culture, with Italians being very inquisitive and communicative with other people and therefore ideal participants of social networking sites.

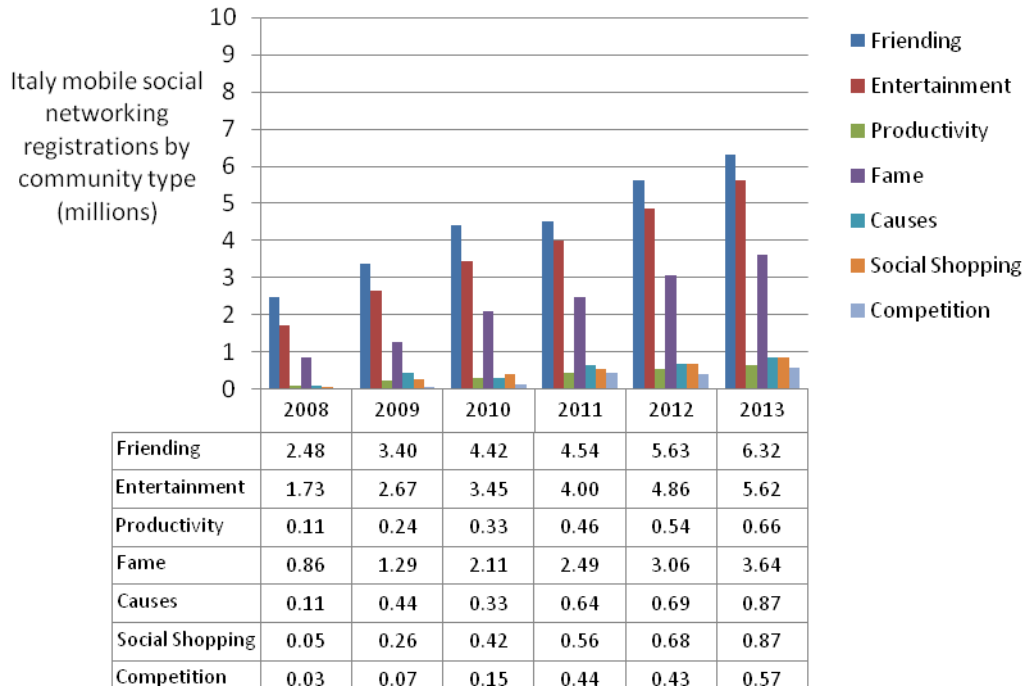Figure 5.2: Total mobile social networking user forecasts, 2008-2013
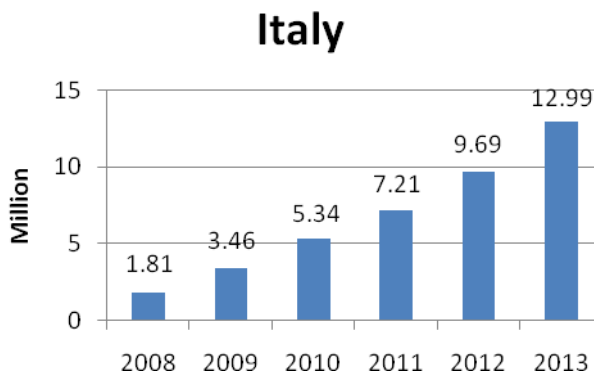
Source: Informa Telecoms & Media

Mobile social networking registrations by community type

Total registrations in Italy will amount to 5.37 million by the end of 2008, rising to 18.56 million in 2013 (see Fig 5.3). Friending remains the largest community type in Italy throughout the forecast period. By the end of 2008, Friending claims 2.48 million registered users and 6.32 million by the end of 2013. During the forecast period Entertainment increases its registrations from 1.73 million to 5.62 million.

The opportunity for the Italian market is the high number of subscribers who are prepared to register for new media services. On average Italian mobile social networking users will be registered to 2.96 mobile networking sites in 2008. By 2013 this number falls to 1.43. This decline illustrates that users of mobile social networking sites will become more particular about which sites they access as the market matures.

Figure 5.3: Mobile social networking registration forecasts by community type, 2008-2013 (millions)
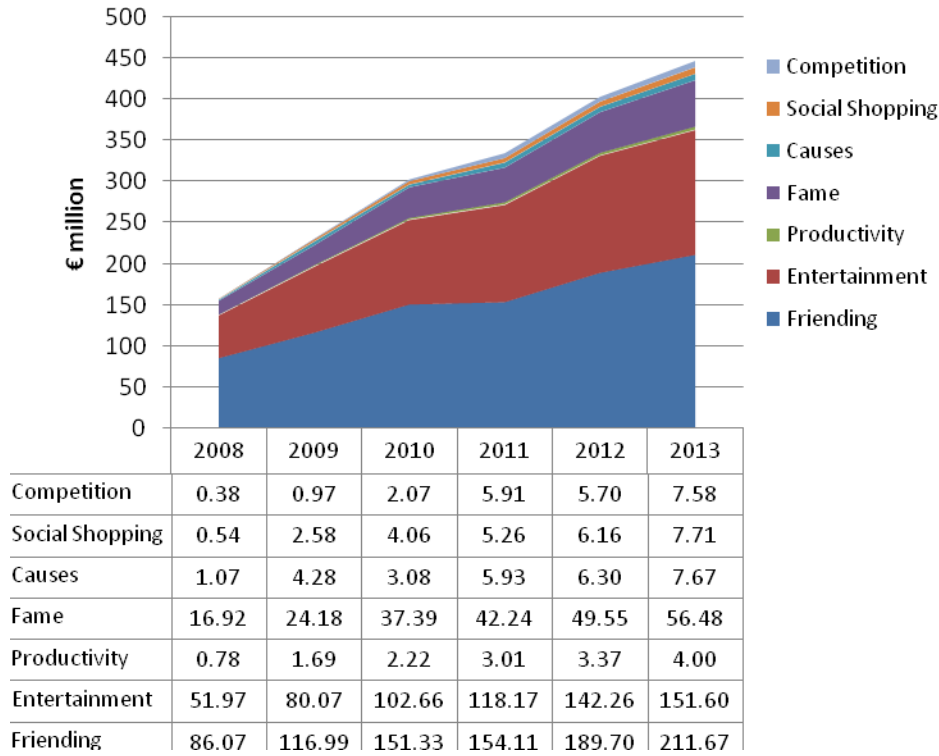

	2008	2009	2010	2011	2012	2013
Friending	2.48	3.40	4.42	4.54	5.63	6.32
Entertainment	1.73	2.67	3.45	4.00	4.86	5.62
Productivity	0.11	0.24	0.33	0.46	0.54	0.66
Fame	0.86	1.29	2.11	2.49	3.06	3.64
Causes	0.11	0.44	0.33	0.64	0.69	0.87
Social Shopping	0.05	0.26	0.42	0.56	0.68	0.87
Competition	0.03	0.07	0.15	0.44	0.43	0.57

Source: Informa Telecoms & Media

Mobile social networking revenues by community type

Mobile social networking market is worth €157.72 million in 2008 and will generate €446.71 million by the end of the forecast period in 2013 (see Fig. 5.4). The Friending category generates over 50% of these revenues in 2008, and by 2013 is still commanding a significant portion of revenues with 45% of the total. This reduction in revenue share is due to an increase in popularity of other categories, most notably Fame. Entertainment is the only other category that comes close to matching the popularity of Friending with a 35% share of revenues in 2008 and 33% in 2013.

Figure 5.4: Mobile social networking revenue forecasts by community type, 2008-2013 (€ million)

	2008	2009	2010	2011	2012	2013
Competition	0.38	0.97	2.07	5.91	5.70	7.58
Social Shopping	0.54	2.58	4.06	5.26	6.16	7.71
Causes	1.07	4.28	3.08	5.93	6.30	7.67
Fame	16.92	24.18	37.39	42.24	49.55	56.48
Productivity	0.78	1.69	2.22	3.01	3.37	4.00
Entertainment	51.97	80.07	102.66	118.17	142.26	151.60
Friending	86.07	116.99	151.33	154.11	189.70	211.67

Source: Informa Telecoms & Media

In Italy revenues are being generated primarily through access and traffic. Subscriptions will be more targeted at particular users, therefore ITM predicts that in Italy there is an opportunity for tiered subscriptions models for mobile social networking because of the willingness of subscribers to pay. This will limit the advertising opportunity in Italy which will remain on a par with access and traffic revenues by 2013. Revenue that is derived from content will be driven by virtual gifts offered by players such as FunTxt rather than generated through premium deals being forged between content providers and social networking players.

Figure 5.5: Mobile social networking revenue % breakdown, 2008-2013

Source: Informa Telecoms & Media
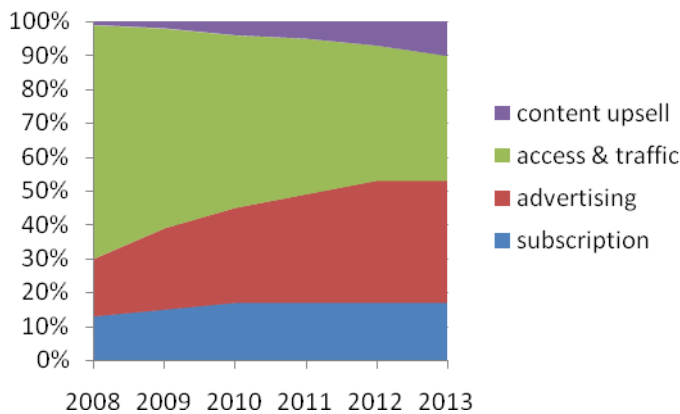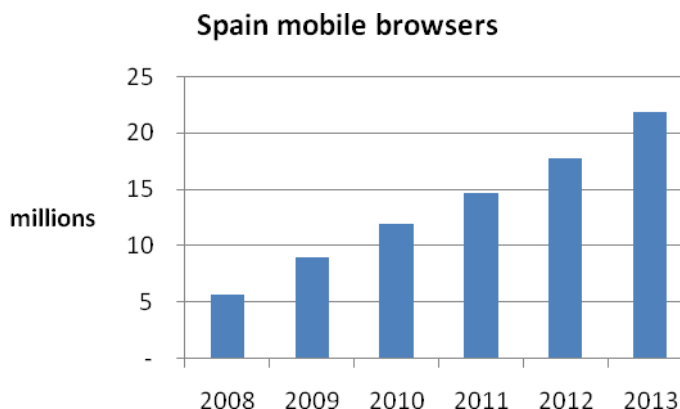
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Spain

Country summary

Spain has a population of 40.49 million people and a mobile penetration of 83% with 33.5 million mobile subscribers in 2008. Informa forecasts this figure to rise to 36.6 million by 2013 and over the same timeframe, predicts data APRU per annum to rise from €7.13 in 2008 to €11.07 in 2013, representing a CAGR of 8%.

The mobile data market is Spain bears similarities with Italy in terms of its stage of development, and messaging revenues similarly account for the greatest proportion of data revenues. Spain is home to four mobile operators, Telefonica Movistar, Vodafone ES, Orange and Yoigo. Most recent activity includes Telefonica Movistar launching two flat-rate data plans (FRDP) in June and Orange launching its FRDPs in September.

In 2008, there were 5.71 million mobile web browsers, which equates to 17% of total mobile subscribers. Informa forecasts this figure to rise to 21.83 million in 2013, 59% of mobile subscribers (see Fig 6.1). The uptake of FRDP is a major contributor to this increased usage which in turn will contribute to greater growth in the mobile social networking services.

Figure 6.1: Mobile browser forecasts, 2008-2013 (millions)

Source: Informa Telecoms & Media

The 17% of mobile subscribers represents 22% of total online users. Spain has 25.56 million online Internet users (63% of the population) which is 15% higher than the European average. Moreover, Spanish online business Internet users are heavy subscribers to online social networking sites with roughly 75% of business users being registered to one or more sites. This illustrates the opportunities available for mobile Internet growth and interrelated mobile social networking growth.

Mobile social networking landscape

Spain's online social networking community is an advanced market and is home to a number of established social networking players such as Hi5, Tuenti and Bebo as well as global brands MSN Live Spaces, YouTube, Flickr and Facebook. This is in stark contrast to the country's mobile social network development, which remains very nascent due to the country's slow mobile internet adoption. Moreover, much of the popularity and growth in the online market derives from the business community, a situation that is relatively unique to Spain. This popularity of social networking amongst online users combined with

the fact that mobile operators are looking beyond premium content sales for new revenue growth, is working to shape an environment with considerable potential for mobile browsing and mobile social networking.

In Spain on-portal traffic represents approximately 75% of total mobile Internet traffic. This is the result of the overall mobile market being less developed in terms of user behaviour and the lack of open Internet models compared to the UK, for example. However, the fact that operators have adopted a less-than-urgent approach in developing this area brings some advantages for mobile social networking players looking to partner with operators. Telefonica Moviles has partnered with Flickr, for example, while Tuenti has been offered on a subscription basis on Vodafone's Live! portal since May 2008 and the operator has also recently launched partnerships with Facebook and MySpace. MSN Live Spaces is increasing in popularity and generating substantial traffic. Its silence around its plans to form any operator partnerships suggests that the off-portal browsing market is going to gather pace in the medium term. Also strong in the off-portal space is GoFresh's Itsmy.com which has 500,000 users and is one of the country's most popular mobile social networking sites.

Itsmy.com is looking to leverage its experience of providing Hispanic social networking services in Latin America and to the US Hispanic communities. Across its European markets itsmy.com generates roughly 100 million page impressions per month and cites Spain as one of its fastest growing European markets. Another attractive aspect of itsmy.com from a user perspective is that the service is monetised through advertising rather than a subscription-based model. Advertising is also the model being implemented by Peperonity which launched its mobile social networking service at the end of summer in 2008 and claimed 6-7 million page impressions in one month.

Subscription models are dominating the mobile social networking landscape. Jumbuck offers its Fast Flirting and Chat Del Mundo community service on a subscription basis and has 384,000 users. The service is provided to users on a monthly, daily or session access fee basis. The subscription charge is €1.42-€2.80 per month. There is no advertising in the community and all community-specific features are included in the flat-rate fee. The user is billed by the operator directly and revenues are shared with community provider.

Another leading social networking player in Spain is hi5, which delivers a localized, culturally-relevant social networking experience. The company launched a mobile version in August. Based on almost 1.8 million unique visitors in June 2008, Informa expects hi5 to become one of the leading mobile social networking players in Spain. However, like Brazil, hi5 has a strong affiliation with the youth demographic, which leaves a vacancy for a strong player for the older demographic.

Mobile operator mobile social networking strategies and analysis

The mobile operators in Spain have taken their time to embrace and push the mobile Internet and this has inevitably delayed the adoption of mobile social networking. Since 2006 the focus has been on promoting communication services in the form of chat and IM services which have proved popular with Spanish subscribers. As noted above, 2008 has seen the operators shift their focus and activity towards mobile browsing.

Movistar's recent alliance with iPhone is an example of such a move, with iPhone users being 40% more likely to access mobile social networking sites than other subscribers. However, Movistar while having the largest market share of subscribers, also has some of

the highest data charges of all the operators; in order to encourage its subscriber onto the mobile Internet it will need to look at rolling out appealing flat-rate bundles.

Vodafone Group has forged deals with Facebook and MySpace, and is applying its mobile social networking strategy from the UK and Italy to Spain also. Links to these sites have been placed on Vodafone's live! portal. The launch of Facebook and MySpace in Spanish has been critical for gaining a footprint in the region, where established Spanish social networking players already offer social networking, chat, dating and flirt services. In the immediate term Vodafone will be looking to mobile social networking to generate revenue through flat-rate data bundles and browsing. A longer term plan will be to develop additional monetisation opportunities through advertising.

As with the UK and Italy, Vodafone also launched The Vodafone Music Reporter interactive profile in Spain. The operator is looking to create music communities for fans to share their music experiences. Users can upload and download content, including pictures and videos. It's also launched My Communities allowing users to upload photos and videos to multiple social network sites using the one interface.

FORECASTS

Informa forecasts that Spain's mobile social networking users will increase from 1.08 in 2008 to 8.67 million by 2013 (see Fig 6.2). In 2008 mobile social networking will generate an average of 97.23 page impressions per day per user. By 2013 this number falls to 17.89 as mobile social networking becomes more widely and frequently used.

Figure 6.2: Total mobile social networking user forecasts, 2008-2013 (millions)
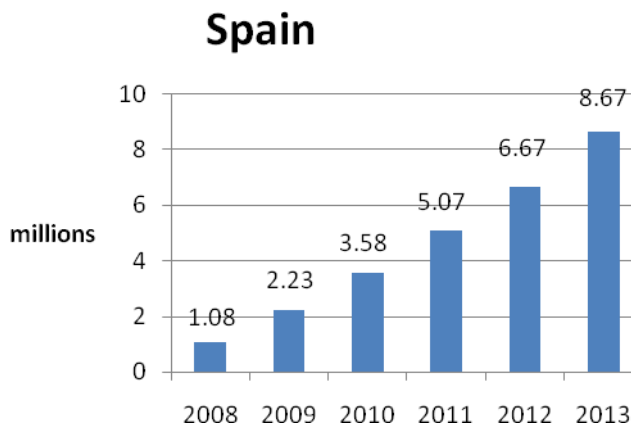
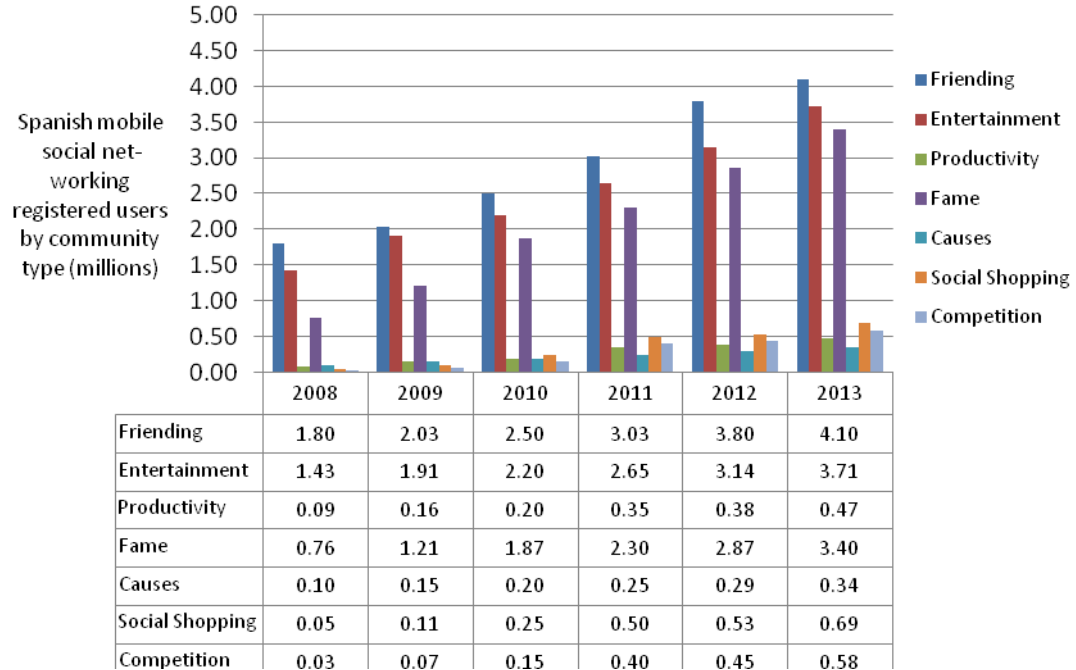*Source: Informa Telecoms & Media*

Mobile social networking registrations by community type

Friending commands the highest number of registered users during the forecast period in Spain (see Fig 6.3). By the end of 2008 this category claims 1.80 million users, a number that rises to 4.10 million by 2013. Entertainment is the second most popular category, with 34% of users in 2008 and 28% in 2013.

Presently Spanish mobile social networking users are registered to an average of 3.94 communities which will drop to 1.53 by 2013. This is the result of mobile social networking being more of a mass market proposition and average usage per user reducing as a result of an increase in infrequent users. As the forecast period progresses, figure 6.3 illustrates that less popular categories now will attract greater number of users which

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indicates that as the market matures there will be greater scope for more niche market categories.

Figure 6.3: Mobile social networking registration forecasts by community type, 2008-1013 (millions)

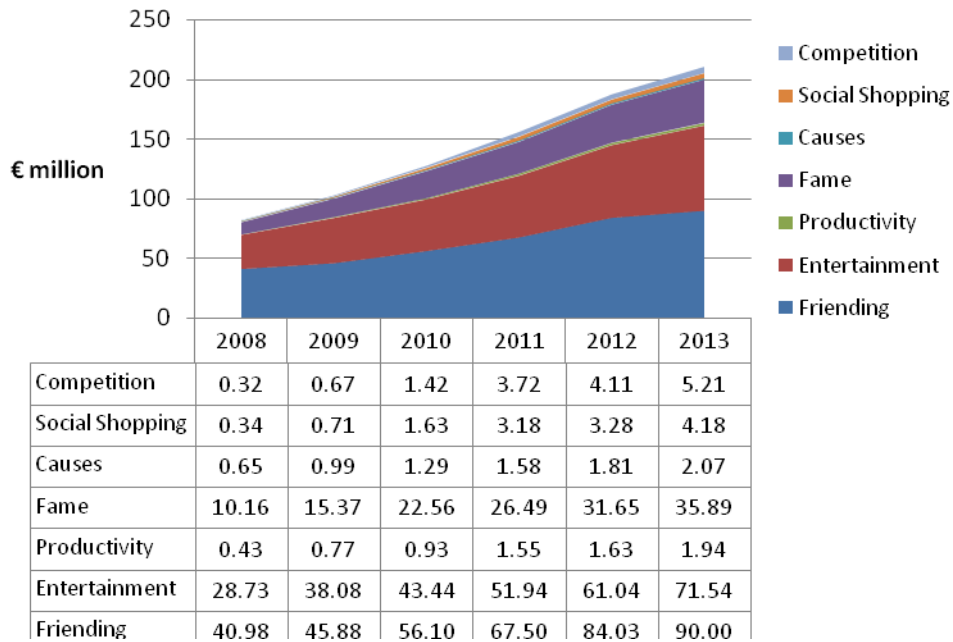| Spanish mobile social networking registered users by community type (millions)	2008	2009	2010	2011	2012	2013
Friending	1.80	2.03	2.50	3.03	3.80	4.10
Entertainment	1.43	1.91	2.20	2.65	3.14	3.71
Productivity	0.09	0.16	0.20	0.35	0.38	0.47
Fame	0.76	1.21	1.87	2.30	2.87	3.40
Causes	0.10	0.15	0.20	0.25	0.29	0.34
Social Shopping	0.05	0.11	0.25	0.50	0.53	0.69
Competition	0.03	0.07	0.15	0.40	0.45	0.58

Source: Informa Telecoms & Media

Mobile social networking revenue forecasts by community type

In Spain, the mobile social networking market will be worth €120.01 million in 2008 and will generate €310.04 million by the end of the forecast period in 2013 (see Fig 6.4). The Friending category generates over 50% of these revenues in 2008, and by 2013 is still commanding a significant portion of revenues with 43% of the total. This reduction in revenue share is due to an increase in popularity of other categories, most notably Fame. Entertainment is the only other category that comes close to matching the popularity of Friending with a 35% share of revenues in 2008 and 34% in 2013.

In Spain revenues are being generated primarily through access and traffic in 2008. This model continues to account for a significant proportion of revenue throughout the forecast period. As in Italy, subscriptions will be more targeted at particular users therefore Informa Telecoms & Media predicts that in Spain there is similarly an opportunity for tiered subscriptions models for mobile social networking. However, the difference in the two markets is marked by the fact that by 2010, advertising in Spain starts to impact the market and by 2013, accounts for 36% of revenues. Revenue that is derived from content will be driven by virtual gifts offered by players such as FunTxt rather than generated through premium deals forged between content providers and social networking players.

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Figure 6.4: Mobile social networking revenue forecasts by community type, 2008-2013 (millions)

	2008	2009	2010	2011	2012	2013
Competition	0.32	0.67	1.42	3.72	4.11	5.21
Social Shopping	0.34	0.71	1.63	3.18	3.28	4.18
Causes	0.65	0.99	1.29	1.58	1.81	2.07
Fame	10.16	15.37	22.56	26.49	31.65	35.89
Productivity	0.43	0.77	0.93	1.55	1.63	1.94
Entertainment	28.73	38.08	43.44	51.94	61.04	71.54
Friending	40.98	45.88	56.10	67.50	84.03	90.00

Source: Informa Telecoms & Media

Figure 6.5: Mobile social networking revenue % breakdown, 2008-2013
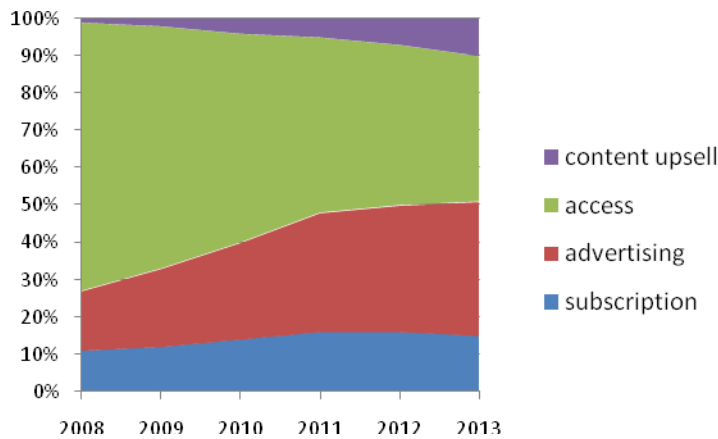
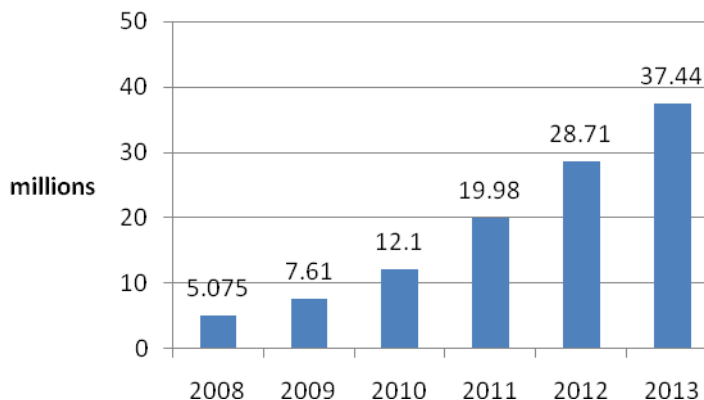*Source: Informa Telecoms & Media*

Brazil

Country summary

Brazil has a population of 191.9 million people and a mobile penetration of 52% with 99.31 million mobile subscribers in 2008. Informa forecasts this figure to rise to 118.93 million by 2013 and over the same timeframe, predicts data ARPU per annum to rise from €0.86 in 2008 to €1.2 in 2013, representing a CAGR of 6%.

The mobile data market in Brazil is at a nascent stage. The majority of data spend is from messaging revenues, with approximately 95% of the mobile market using messaging. However, the adoption of non-messaging data services is on the increase. The four main mobile operators Oi, Vivo, TIM Brasil and Claro control 95% of the mobile subscriber base, and following the launch of 3G services earlier this year, have each deployed flat-rate data plan (FRDP) pricing strategies that are encouraging mobile data consumption and mobile Internet in particular. But Informa's research reveals that data pricing must fall to appeal to a mass market. In a market where 85% of subscribers are prepaid and the average account top-up is US$12 (€8.16) per month, the data charge alone to download a game costs approximately US$5.

Nevertheless, Brazil has the highest levels of mobile web usage in Latin America. In 2008, there were 5.08 million mobile web browsers, which equates to 5.1% of total mobile subscribers. Informa forecasts this figure to rise to 37.44 million in 2013, 31.5% of mobile subscribers (see Fig 7.1). This growth will stem from mobile social networking, which remains at an embryonic stage at present.

Figure 7.1: Mobile browser forecasts, 2008-2013 (millions)

Source: Informa Telecoms & Media

The 5% of mobile subscribers –- from a possible 30% of the market with mobile browsing-enabled handsets - equates to 10% of total online users. Brazil has 50 million online Internet users (26.1% of the population), of which 90% are users of the Google-owned online social networking site Orkut, followed by Hi5, Windows Live and Twitter among the next most popular online sites. The more familiar global brands of Facebook and MySpace are yet to feature among the country's top sites. Facebook has 154,744 users in Brazil as of end-September 2008.

Mobile social networking landscape

Brazil's mobile social networking landscape remains virtually non-existent with no one main player yet to provide a national or regionalised service in a local language. Given the phenomenal uptake in social networking in sites such as Orkut, coupled with the emergence of mobile browsing and the early adoption of WAP-based mobile social networking sites, there is a clear demand for mobile social networking and it is only a matter of time until someone addresses the market.

Despite having 45 million users in Brazil - from its global total of in excess of 120 million - Orkut is yet to tackle the mobile space, though the site does provide an SMS service via Google. Similarly, Twitter is yet to evolve its mobile service beyond SMS. MySpace has announced plans to launch a web interface in Brazil and has partnered with an as yet unnamed operator. However, MySpace is not a familiar brand in Brazil and therefore its strategy will be to educate the Brazilian marketplace using mobile as a means to drive traffic to its website.

Interestingly, Twitter is considered the social network for the higher classes within Brazil, which is the seventh largest market for the site. And it is the socio-economic groups A and B that are driving the adoption of FRDP and therefore consuming non-mobile-specific social networking sites wirelessly.

However, it is socio-economic groups C & D that will ultimately drive mobile social networking uptake. There are approximately between 120-130 million people within these group structures and they are gradually climbing the financial ladder to not only afford a mobile phone, but a mid- to high-end device and the accompanying data plans. But throughout the course of Informa's research it was reiterated that this sector will only embrace mobile social networking when handset, mobile web access on both usage and FRDP are driven down. It's also important to highlight that groups C & D make up the majority of Orkut's users. Reducing the price will have significant impact on the adoption of data services and mobile social networking in particular. For instance, a two-hour commute to work is commonplace and is therefore an ideal time to access mobile social communities.

This opportunity has not gone unnoticed by the region's mobile operators who view social networking as an essential component of their offering and are in talks with social networks. The social networks are requesting special placement on-portal, while the operators are requesting exclusivity.

MySpace has already courted one operator and it would be inconceivable for the operators not to be in discussions to bring Orkut onto the mobile platform. That said, the longer the market remains without a major brand servicing social networking requirements on mobile, the door remains wide open for an alternative provider. Although having a web presence provides the ideal opportunity to drive users to a mobile platform, it is Informa's belief that it is not essential, and the first company to provide a service that replicates the appeal of a site, such as Orkut, for mobile will become one of the dominant players in the region.

One social network that has made a move in the market is hi5. Already Brazil's second largest social network, the company's launch of a mobile version of its service in 26 languages, is expected to make a large impact in the Brazilian market. The company will look to monetise the service by delivering localised advertising. hi5 targets the youth demographic and will most likely achieve first-mover advantage in Brazil, however, the

emergence of a mobile social network for the 25 years and older demographics is yet to materialise.

The fact social networks are in negotiations with mobile operator highlights the operator's importance as the route to market. Jumbuck has partnered with operators to deliver a chat-based dating social network. Operator portals enjoy the majority of mobile Internet traffic and are delivering banner ads for the off-portal market players such as PlayPhone and Dada, and soon to be LaNetro Zed which is expected to launch in the coming months. While the direct-to-consumer market is growing, these companies are reliant on the operator traffic to serve ads to potential customers. It also highlights the potential for off-portal mobile social network providers.

While advertising would potentially enable a free ad-funded business model for mobile social networking in Brazil, mobile users are accustomed to paying for services. That makes the clear business model for mobile social networking a subscription-based one, with Informa's research revealing consumers will pay around US$10 per month for complete site access including all-you-can-eat SMS.

Further endorsement for a subscription-based model comes with the knowledge that mobile operators have very stringent rules surrounding advertising using messaging. Should any companies consider launching an ad-funded mobile social networking site, they would be best suited serving advertising via the mobile web where the average cost per thousand (CPM) is US$15 compared to a Latin American average price of US$5.

FORECASTS

Informa forecasts that Brazil's mobile social networking population will rise from just over 2 million in 2008 to 22.24 million 2013 (see Fig 7.2). There will be a significant uplift in usage by end 2009/early 2010 when Informa expects mobile operators to have lowered mobile browsing access costs and handset costs to appeal to socio-economic groups C & D, which will drive the uptake.

Figure 7.2: Total mobile social networking user forecasts, 2008-2013
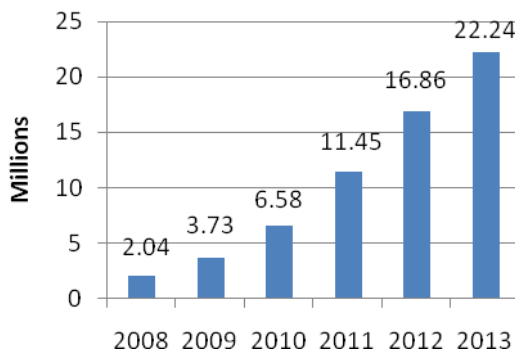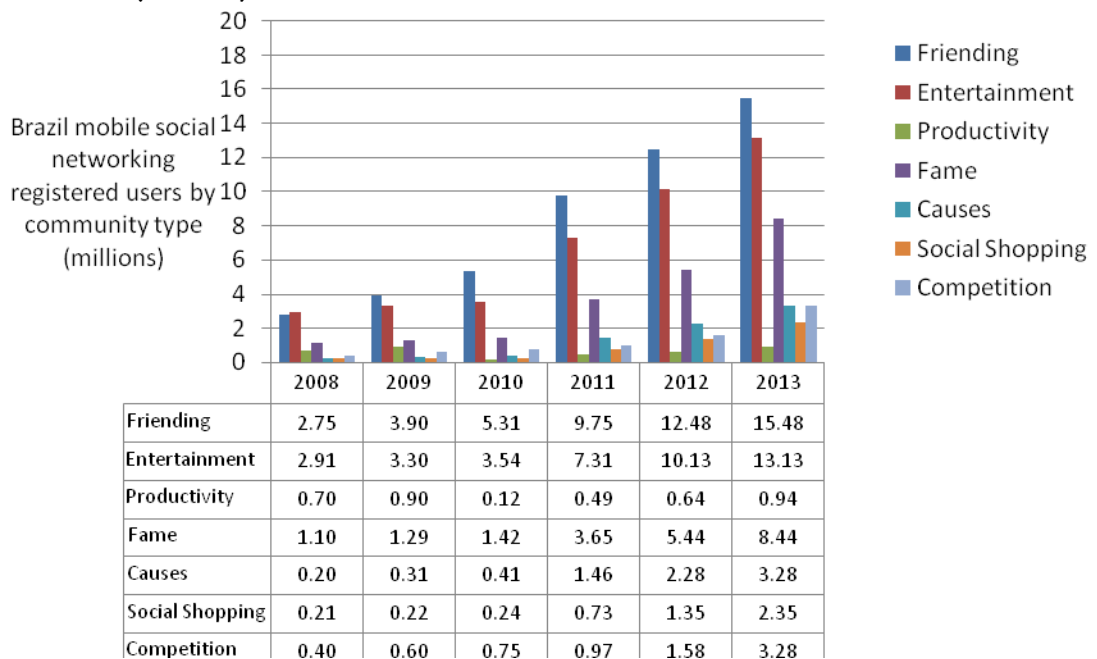

Source: Informa Telecoms & Media

In 2008, mobile social networking usage will generate 8.74 billion page impressions annually, equating to an average of 12.43 per user on a daily basis. By 2013, although the number of page impressions will have increased to 57.97 billion annually, the daily average for page impressions will fall to 6.07 as the service achieves mass market and the heavy/frequent users are outnumbered by the infrequent users.

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Mobile social networking registrations by community type

Mobile social networking users are not expected to remain loyal to the one site. In 2008, the 2.04 million mobile social networking users will register with an average of 4.05 sites, with a total number of registrations of 8.27 million (see Fig 7.3). By 2013, the number of registrations will be 46.9 million, but the average number of registrations per user will drop to 2.1. This is more in keeping with trends now appearing in more mature mobile social networking countries where mobile users are using an average of two sites frequently, predominantly a major site such as Facebook and a more interest-led community, such as music or sport. The high number of registrations in Brazil in 2008 reflects the immature stage of the market, with no clear players dominating the space forcing users to join numerous communities in the search for mobile social networking enlightenment, not to mention local language.

Of the seven categories originally identified in the Informa mobile social networking report, Friending and Entertainment are the standout sites in terms of registrations and will dominate the mobile social networking landscape in Brazil throughout the forecast period.

Figure 7.3: Mobile social networking registration forecasts by community type, 2008-2013 (millions)

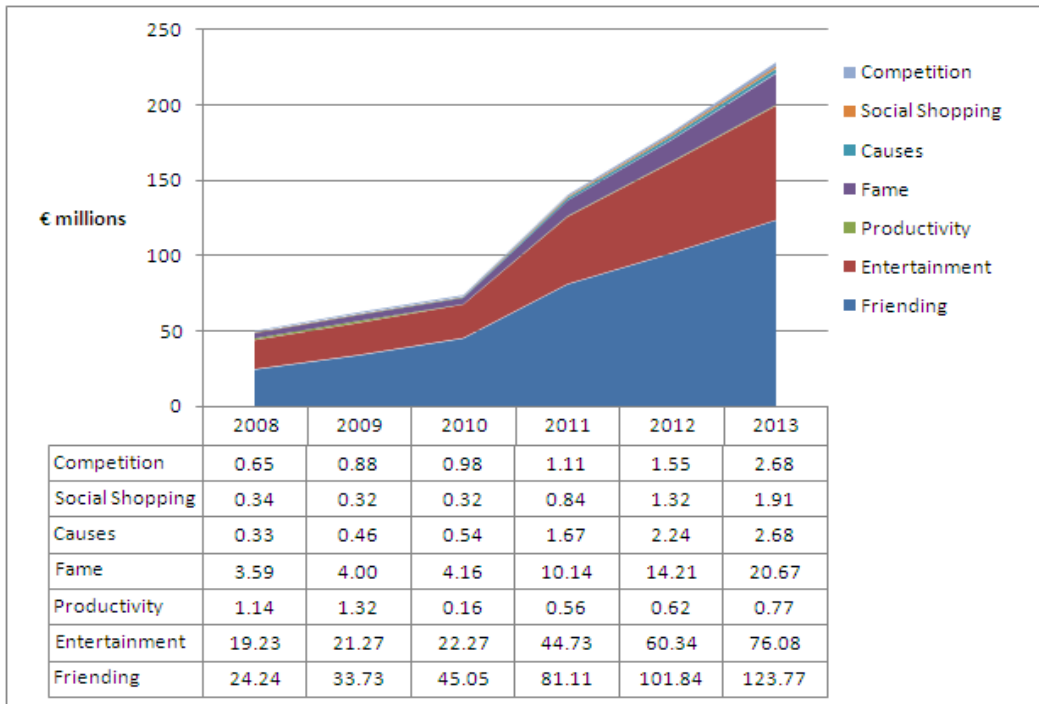|	2008	2009	2010	2011	2012	2013
Friending	2.75	3.90	5.31	9.75	12.48	15.48
Entertainment	2.91	3.30	3.54	7.31	10.13	13.13
Productivity	0.70	0.90	0.12	0.49	0.64	0.94
Fame	1.10	1.29	1.42	3.65	5.44	8.44
Causes	0.20	0.31	0.41	1.46	2.28	3.28
Social Shopping	0.21	0.22	0.24	0.73	1.35	2.35
Competition	0.40	0.60	0.75	0.97	1.58	3.28

Source: Informa Telecoms & Media

Mobile social networking revenue forecasts by community type

The mobile social networking will be worth €72.83 million in 2008 followed by a period of unprecedented growth in the subsequent years creating a market in 2013 of €228.56 million (see Fig 7.4). The market will experience tremendous growth from late 2009/early 2010 when the mobile data access prices are reduced by the mobile operators to unlock the market, and appeal to the mass market (socio-economic groups C & D). This will create a phenomenal surge in usage and revenues from 2010.

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Given the lack of presence in the market of a major mobile social networking player, revenues are already aggregating toward Friending and Entertainment, with these categories generating €24.24 million and €19.23 million respectively in 2008. By 2013, Friending alone will generate almost 50% of revenues.

Figure 7.4: Mobile social networking revenue forecasts by community type, 2008-2013 (€ millions)

	2008	2009	2010	2011	2012	2013
Competition	0.65	0.88	0.98	1.11	1.55	2.68
Social Shopping	0.34	0.32	0.32	0.84	1.32	1.91
Causes	0.33	0.46	0.54	1.67	2.24	2.68
Fame	3.59	4.00	4.16	10.14	14.21	20.67
Productivity	1.14	1.32	0.16	0.56	0.62	0.77
Entertainment	19.23	21.27	22.27	44.73	60.34	76.08
Friending	24.24	33.73	45.05	81.11	101.84	123.77

Source: Informa Telecoms & Media

Mobile social networking revenue % breakdown, 2008-2013

In 2008, access and traffic charges, primarily SMS, dominate the revenue breakdown in Brazil. This will change over the forecast period as advertising spend becomes a mainstream revenue generator, as well as the introduction of subscription models (see Fig. 7.5). As revenue from subscriptions expands during the forecast period with the sheer volume of users accessing the service, the price elastic nature of the market will ensure access price falls as the service becomes increasingly monetised through advertising, consequently freeing up money to be spent on premium content up-sells.

Figure 7.5: Mobile social networking revenue % breakdown
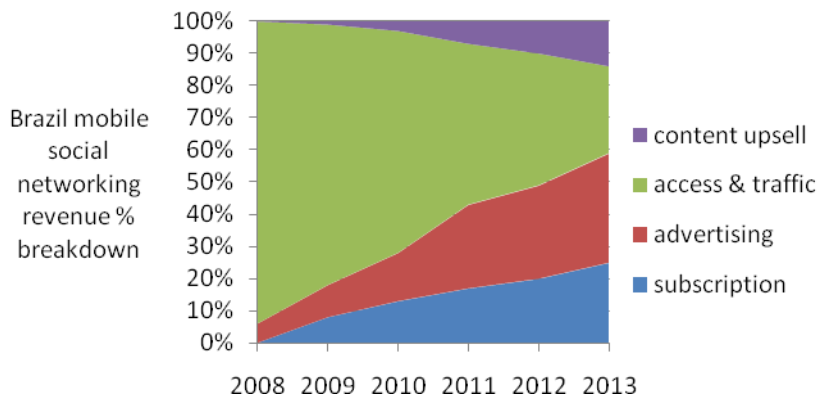
Source: Informa Telecoms & Media

The Future

Mobile social networking has not even scratched the surface of its true potential and only now as the mobile operators make it a core component of their communications strategy are the players actively jostling for position in this burgeoning marketplace. The major online brands are playing their part in what is undoubtedly a recruitment campaign for the mobile industry, and mobile operators are now tapping into this phenomenal opportunity by entering partnerships with these brands and with aggregators to deliver as choice to the consumer as possible.

While the early adopters of mobile social networking are members of multiple communities, Informa's research highlights that usage will become more streamlined and focused over the next five years. Presently, online social networks like Facebook or MySpace are more-often-than-not connecting the unconnected, whose users' primary goal is to be connected to fellow users for the sake of being connected. Irony aside, there is a certain disconnect about the whole concept. This trend of connecting the disconnected will not disappear, however, in parallel with this "me too" scenario, users will become more selective in terms of the sites to which they are members and to whom they will connect.

For instance, the selection process of a mobile social networking user will be driven by three key criteria: the requirement to communicate, an interest, and most importantly, friends. It is Informa's belief that the requirement to communicate between friends on social network has been overlooked, and even more so on mobile. The most popular mobile social networks to date have centred on dating or flirting with strangers. While mobile provides the power to extend a user's social network and connect with people potentially from anywhere in the world, the ability to increase a user with their existing and immediate social network has largely, been neglected.

Presently, the sector is being driven by an alternative medium in the form of the Internet. And this will make it increasingly difficult for internet-based social networks to successfully make the transition onto mobile. This is already creating a tremendous opportunity for the mobile-only players.

It is Informa's belief that the most successful mobile social network players in the long term will be the pure-play companies that embrace the communication and functionality of the mobile device.

Informa predicts that mobile social networking usage will surpass online usage within seven-to-eight years, even in markets with high PC and broadband penetration, making mobile the primary access point for social networking because of the necessity to communicate. This means supplementing the mobile social network with PC/web functionality would be considered as an additional benefit, but would not be essential.

Not surprisingly, Friending is the most popular category of mobile social networking, and when combined with the Entertainment and Fame, will drive mobile social network revenues until 2013. Informa forecasts that Friending, Entertainment and Fame will contribute €721.9 million in 2008 rising to €1.9 billion in 2013 (see Fig 8.2). The US represents the greatest revenue potential, followed by the UK. Clearly the average revenue per mobile social networking user in the UK will be higher than Brazil even though Brazil will have almost double the users by the end of the forecast period.
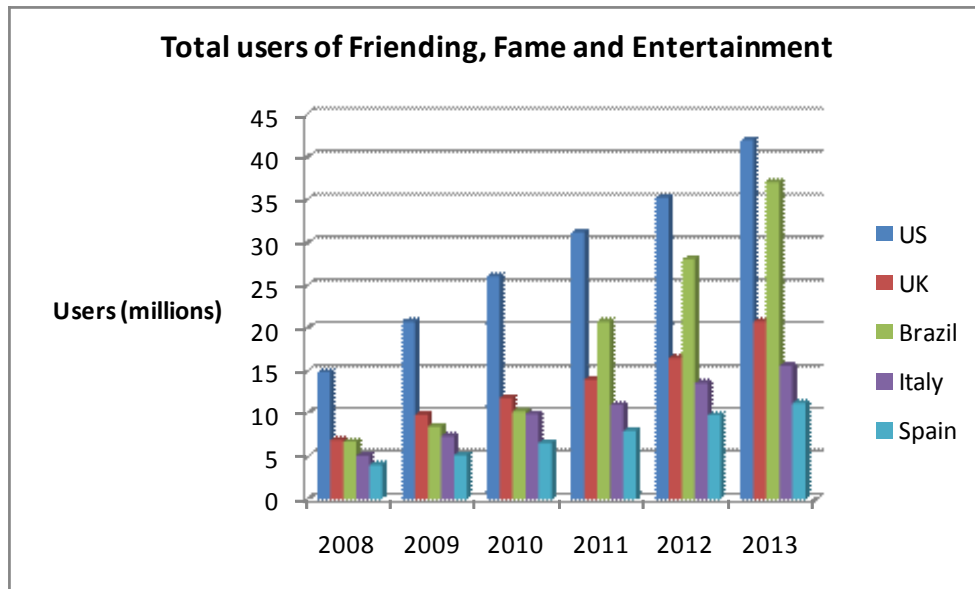
Figure 8.1: Total revenues from the five selected markets, 2008-2013
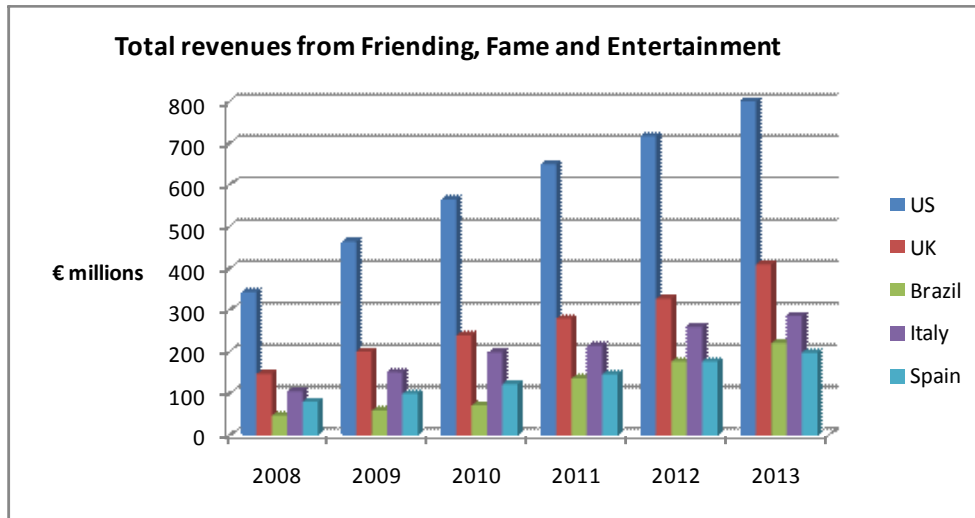
Source: Informa Telecoms & Media

Informa forecasts that the total addressable market potential in terms of users increases from 37.6 million in 2008 to 126.6 million in 2013. The US represents almost half of the addressable market in 2008, but will be complemented by Brazil by the end of the forecast period. The UK remains the largest European market in terms of mobile social network users.

Figure 8.2: Total mobile social network user forecasts from the five selected markets, 2008-2013

Source: Informa Telecoms & Media