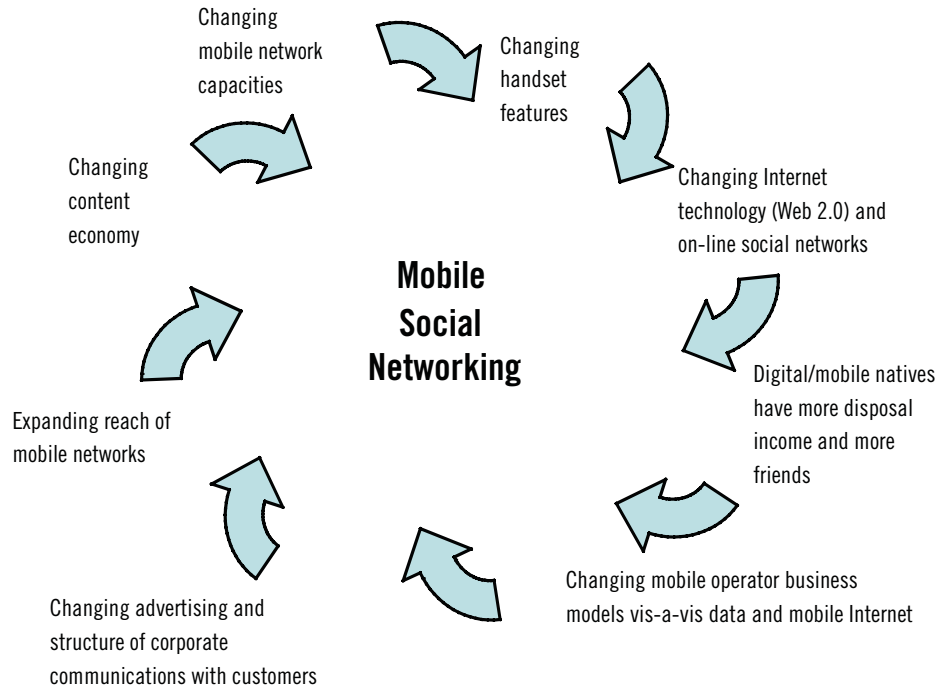


Figure 1.1: Mobile Social Networking in context with global trends



Source: Informa Telecoms & Media

These trends, when mapped into the future, point towards a critical mass of subscribers joining mobile communities to meet a variety of needs. The interactions between Mobile Social Networking ecosystem participants offer those who engage and invest in the industry numerous avenues to reap the rewards in the next three to five years.

Market overview

For the purpose of this report, Mobile Social Networking refers to all of the enabling elements necessary for – as well as a broader set of activities including, but not limited to – the contribution and consumption of social media across a mobile network. The key to the definition used herein is the user's implicit or explicit choice of network technologies, not the form factor or manufacturer of the device chosen. If the user accesses a community service platform by way of *any* device that uses a cellular network – alone, or in combination with commercially-accessible (not a residential or corporate) wireless network which has access to cellular network operator resources – then that activity is included in the scope of this report.

Sometimes confusion about the scope and size of the Mobile Social Networking industry occurs because several core mobile data technologies are either excluded or included, as if they are entirely encompassed by the social networking framework, in the definition. The mobile community platforms may *use* diverse mobile technologies to achieve their goals but the same technologies can also be used outside the scope of Mobile Social Networking.

Forecasts

The forecasts in this report describe an industry with an extremely high potential for growth. With the exception of well-established and low complexity services, such as text chat rooms which are still growing at a rate of over 30% per year, the 2007-2012 compound annual growth rates of mobile social networking segments in all regions of the world exceed 50%. The CAGR for the five year forecast period (2007-2012) is high in part because the values from which the industry model begins, those reflecting the industry in 2006, are small. With all the elements in the configurations they occupy at the end of 2007, it is realistic to anticipate this rate of growth.

The growth of the Mobile Social Networking industry is multi-directional. It spans:

- high growth in number of active registered users
- high change in the usage patterns of users in different categories, all pointing upwards
- high growth in the number and variety in the types of services offered
- high growth in the number of companies participating in the value chains.

Each community registrant or member has the potential to generate revenues for the mobile community operator and ecosystem partners. Instead of an Average Revenue Per User (ARPU), the model calculates and uses the Average Income Generated Per User (AIGPU). Revenues are a function of the user's region (top-most segmentation) and the type of community in which the user is participating. The cumulative AIGPU is the sum of the payments by end user for access, communications services, premium community services, contributions to causes, and the fees paid for transactions conducted via the mobile handset when the product or service is proposed and purchased in the mobile community, and the corporate spending into the same community type by region, averaged by user.

Three scenarios

At the end of 2006 approximately 30 million people, 1.4% of the world's total mobile subscriber base, had registered themselves and were participating in mobile communities. Over the course of 2007, this figure rose by a further 25 million users, to approximately 2.2-2.5% of the total mobile subscribers. The model used for this forecast takes into account the fact that people will join and participate in multiple communities via their mobile handsets.

Beginning in 2007, there are three possible scenarios forecast based on the achievable penetration and growth rates by region:

- In the Conservative scenario forecast, the achievable penetration is limited to only half of the addressable market.

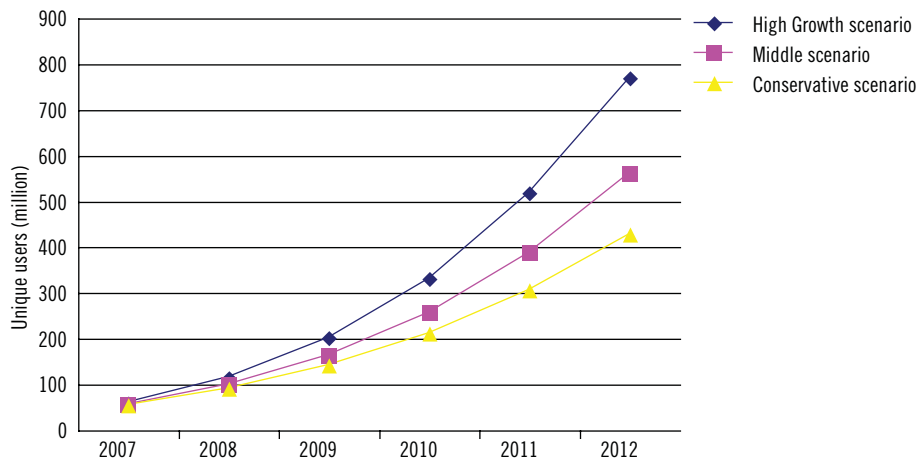
- The Middle scenario depicts the growth if there are fewer barriers to end-user adoption of mobile social networks. The user experience will be rewarding and mobile operators will offer attractive tariffs as well as few restrictions to their users' ability to browse and discover new mobile communities in which to participate.
- The High Growth scenario describes a market where all users who own the technology and have the skills to use them are able to join mobile communities if they desire. The scenario also includes the assumption that the conditions are sufficiently favourable that the growth rate of mobile community participation will be 50% higher than that predicted in the first, most conservative scenario.

Mobile Social Networking user forecasts

The model developed for this forecast uses Informa data and forecasts of unique mobile users by region to estimate the number of people actively using Mobile Social Networking.

Using these three scenarios to forecast the total number of unique mobile community users, by 2012, the total number of mobile community users is forecast to reach 428 million in the Conservative scenario, 562 million in the Middle scenario, and, under the most favourable conditions, the High Growth scenario, the total number of unique community users climbs to almost 770 million.

Figure 1.5: Global unique mobile community users in three scenarios, 2007-2012



Source: Informa Telecoms & Media

Mobile community registrations forecasts

Each person can participate in multiple communities, therefore, the total community registrations will exceed the number of unique users in all regions. The model distributes the multiple community users across specific community types. It also permits regional

Mobile Social Networking segmentation

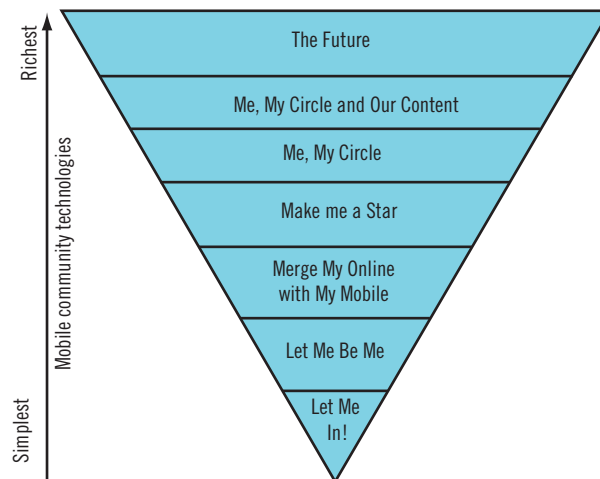
People vary widely in their needs, desires and interests. Each individual seeks self actualization and expression or fulfilment in his or her unique way. For purposes of segmentation, mobile community operators can cover most of the needs of their target customer segments (categories of needs named and described in Chapter 4) with services in one of six types of mobile communities (detailed in this section).

Segmentations are useful starting points for comparisons, discussions and analyses of business and technology strategies. While Informa’s forecast of the Mobile Social Networking industry (see Chapter 7) uses this segmentation to estimate the regional and total market sizes in 2007 and in the following years, the providers of mobile community services will certainly develop other segmentations or propose evolutionary or clarifying improvements to those proposed in this report.

Informa segments mobile communities currently in the market and expected in the next five years on the basis of the complexity or richness of the experience. Greater complexity indicates a higher technology investment on the part of the operator of the community (and frequently the part of the user as well), a higher or sometimes a lower need for user training and support, and potentially a richer experience as a result of these investments.

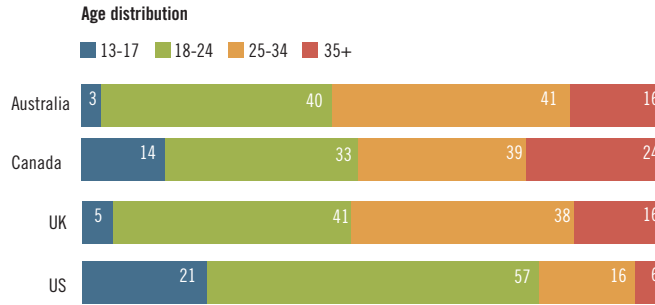
The simplest mobile social network services are at the bottom of the inverse pyramid shown in fig. 2.18. Other categories generally build upon the lower community platform elements, adding to the richness of features offered to community members. The definitions proposed in the following sections use the aforementioned feature categories to distinguish platforms and services from one another.

Figure 2.18 Pyramid of mobile community categories in order of complexity



Source: Informa Telecoms & Media

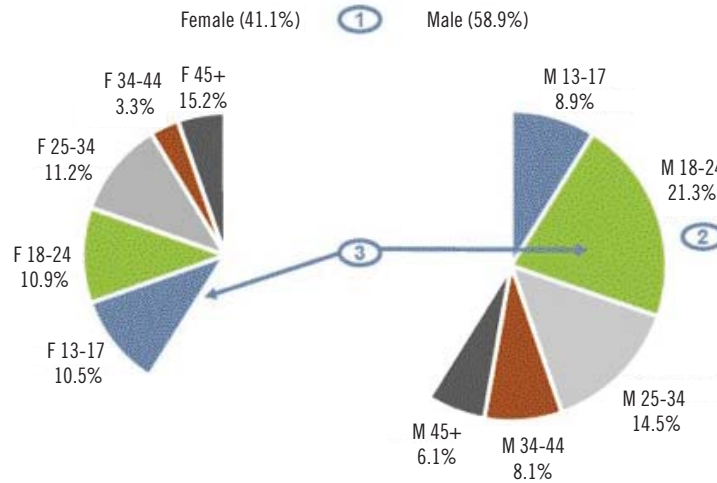
Figure 4.1: Australia, Canada, UK and US, Facebook demographics, September 2007



Source: Forrester Research

M:Metrics’ analysis of users in five EU countries and the US reveal the same region-dependency on age. For example, fig. 4.2 depicts a gender and age distribution for a representative sample of people who report they are regular mobile community users in the UK.

Figure 4.2: UK: Mobile Social Networking demographic profile



1. The gender split is a bit more evenly divided than in the US.
2. Males 18-24 are the key group, comprising more than one out of five mobile SNS users.
3. The top overindexing demographic groups are Females 13-17 (index 260) and Males 18-24 (index 347)

Source: M:Metrics

Although not necessarily true for all mobile communities, most community operators begin with a target user age segment.

Youngsters

Informa Telecom’s and Media estimates that those younger than 12 years represent only 7% of the global mobile community user base at the time of preparation of this report. It is the

Chapter 8

Over the horizon

No one knows precisely what the future will bring. As described in Chapter 7, there is a great deal of uncertainty in this market, but the dimensions of the opportunity and the number and types of companies participating in the industry indicate that Mobile Social Networking is going to improve quickly and the service themes at its core – meeting the needs of people to stay in touch and feel that they belong to a group, to be entertained, to increase their productivity, to make a difference or have an impact – will persist over time.

One might wonder what Mobile Social Networking will be like at the end of the forecast period. Will it be a suite of technologies separate and distinct from others, as it is today, requiring a piece of hardware (a mobile handset) used in special circumstances or for a discrete set of personal objectives, or will it be completely hidden, integrated and embedded, part of the fabric of everyday life on earth? This chapter begins by attempting to set Mobile Social Networking into the context of life in 2012.

It then covers topics which have been mentioned only superficially elsewhere in the report but merit further treatment due to their strategic nature and the unknown ways they will impact the industry's evolution during and beyond the forecast period. While there are dozens of important, far-ranging topics, the remainder of the chapter concentrates only on four major themes, one for each of four broad categories: technology – here the topic is standardization; global economics – the topic is the effects of emerging markets; demographics – the impact of aging users; and politics – the impact of regulatory policies in different regions of the world.

The world in 2012

According to numerous forecasts, the world population will reach the seven billion mark sometime in 2012. By that time, most of the people on the planet will be living in urban, not rural, environments. While a large number will be concentrated in very large cities, there will be more people living in medium and small cities. Most of those in urban environments will be living in poverty, with very few opportunities to advance. Despite the differences in the standards of living in different regions of the world, virtually all will have *access* to telecommunications services in the form of wireless or cellular networks, and approximately 50% will be regular mobile service users, 'subscribers', as defined in this report. Those who are not mobile subscribers will be able to reach the same virtual information and communications services by way of alternative wireless network technologies such as WiMAX.