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Developing Social Communities

A report released this week from Juniper Research has shown that user-generated content is predicted to have explosive growth in the mobile space in the coming years, generating revenues of over \$5.7 billion in 2012 from \$572 million this year.

Kok Fung Lai, CEO of BuzzCity, stresses that this growth will be mainly driven by users in the developing countries, as well as blue-collar workers in developed countries. Users attracted to mobile social networking will be very different from those using similar sites on the PC, in terms of experience, preference, usage and spending patterns.

Operators and mobile social networking sites should appreciate these differences, rather than trying to replicate the formulas currently working in the PC world. Most attempts to expand successful PC-based social networking sites to the mobile world have had limited success. This is because there are many mobile social networkers who are not familiar with big name PC social networking sites. Similarly, operators need to understand that mobile users see mobile user generated content in a different light to user generated content on a PC. A mobile phone user will want something easy and quick to access; they are less likely to blog on their mobile but more likely to log onto a mobile dating service. The key to creating revenue from user generated content will be ensuring that it is contextually-relevant.

In some countries, the reason for more mobile social network users over PCs is because of infrastructure. Computers and broadband access are expensive. Mobile phones are relatively cheap. Mobile internet users who don't have access to a PC, or are in a country where broadband is non-existent, are more likely to use a mobile for their social networking needs. Even in places like the US and UK, where high-speed broadband is available and penetration is high, we find that the people who prefer mobile networking are individuals who don't use computers a lot - maybe they work on their feet or are always on the move.

In developing countries it is cheaper and easier to get a mobile than a landline. This is because telephone companies often do not have enough landlines available, and there are long waiting lists. It can take a year or so to get a line installed, and it is very expensive when compared to the general cost of living. A cheap and easily accessible alternative is needed and mobile phones are now the technology of choice. If operators in these regions begin to charge for the services they will be cutting off their nose to spite their face destroying the take up of services before they truly have a chance to recoup the benefits.

Mobile operators are under pressure from regulators to stop all subscription services but many are struggling with what alternative pricing model they will use. In this environment, more onus should be on the media owners to be in charge of the ad-supported model much like newspapers today and the internet when it first launched. Most mobile advertising spend currently comes from direct marketing budgets, and despite its obvious potential, mobile advertising will not establish itself as a major market until it has the commercial capability to tap into the enormous above-the-line advertising budgets.

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