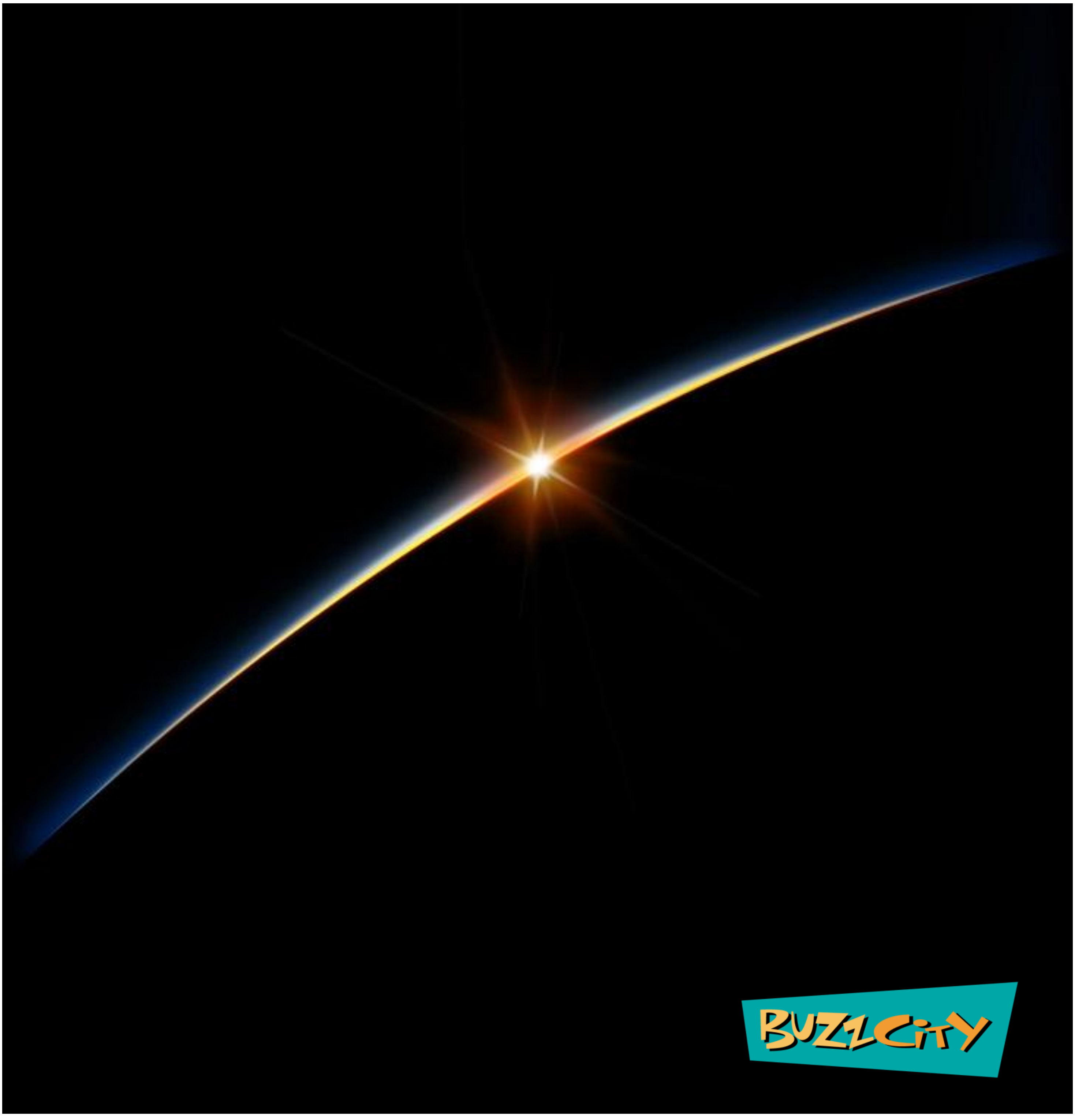
The BuzzCity Report

A QUARTERLY BRIEFING ON THE MOBILE INTERNET
VOL 2, ISSUE 1: JANUARY 2012



Contents

Welcome

Dear Mobile Colleagues

Welcome to the latest edition of The BuzzCity Report.

It's been quite a year! In 2011, consumers continued their mass adoption of mobile technologies, and many brands took their first steps to benefit from the marketing opportunities that inevitably follow in the wake of that adoption.

Our ad network grew in Q4 by a further 16%, reaching a total of 38.9 billion ads served globally. So, by year end, we reached a total that's 139% higher than 2010.

The industry has not only grown – it's matured too. A year ago, just three countries (India, Indonesia and the USA) were serving in excess of one billion ads per quarter on our network. Now, ten countries have broken through into the "billion club", and several more are sure to follow next quarter.

With such a rapid pace of growth and maturation, things change fast, and no marketer can afford to make assumptions. So, this quarter, we release the results of our latest Mobile Payments and Commerce Survey, which reveals the demographics, attitudes and mobile commerce habits of mobile consumers in 17 countries.

We also include some predictions for the market in 2012, as well as a media insight section with lessons for developers in how to promote your game or app.

Best wishes for 2012. If it's anything like the past year, it's sure to be exciting.

KF Lai
CEO, BuzzCity

Market update

The following commentary provides the headline changes and noteworthy developments in mobile advertising emerging from over 200 countries that we track each month.

We also report on developments in the mobile entertainment market, as a useful indicator of consumer demand for paid, free and freemium content.

Key indicators: Q4 2011	Ads served	% of total
Number of ads served by BuzzCity's top 20 markets	31,210,205,238	80%
Number of ads served by BuzzCity's top 50 markets	36,595,929,571	94%
Network total	**38,900,882,560**	**100%**

Mobile advertising

1. Over the whole of 2011 the BuzzCity Ad Network **more than doubled in traffic,** with year-on-year growth of 139%. **More than 126 billion ads were served in 2011** (compared to 52 billion in 2010).
2. In the fourth quarter, over **38.9 billion ad banners** were delivered across the entire network of **more than 10,000 publisher sites,** to reach an average of over 300 million unique users per month.
3. This is **a quarter-on-quarter increase of 16%** with the top 20 countries delivering 80% (31.2 billion) of all banners served.
4. During the fourth quarter, the **average cost per click across the entire network was US$ 0.012** per click. (Detailed network monthly statistics are available at planner.buzzcity.com)
5. **The top 10 countries now deliver at least 1 billion ads per quarter!** New to the Billion Club are Mexico (49% quarterly growth), Saudi Arabia (15%), South Africa (87%), United Kingdom (65%), Canada (70%) and Thailand (34%). With the exception of Indonesia, all the Top 10 countries saw triple digit year-on-year growth.
6. Notable among the top markets in the fourth quarter:
    a. **Vietnam** and **Brazil** saw significant softening in advertiser demand in Q4. Despite this, demand from Vietnamese audiences remained high with traffic levels staying above the 1 billion banner mark.
    b. **France saw explosive growth of 163%** in Q4, and jumped to 20th place from number 40. **Norway** climbed to 24th place from 45th and now delivers more than 300million impressions per quarter. These two markets typified the strong growth of Western European markets in Q4 and are followed by **Italy, Spain, the Netherlands, Germany** and **Turkey.**
    c. While growth in Eastern Europe continues, demands for these audiences are yet to be as consistent as in Western Europe.
    d. **The recovery of Libyan traffic continues** and by the end of the year, Libya was placed 43rd as consumers return to the mobile internet. (In Jan 2010, Libyan traffic exceeded 100m/month and Libya was ranked 25th by the end of Q1). This market typifies the rapid growth of mobile internet usage in Arab speaking countries, two of which are now in the Top 20.

*Over the whole of 2011 the BuzzCity Ad Network **more than doubled in traffic,** with year-on-year growth of 139%.*

7. In the coming months, we expect:
    a. **Indonesia** to remain a much sought-after market following a crackdown on errant VAS subscriptions and stricter policies.

b. Other South East Asian markets where advertiser demand is expected to increase are **Thailand, Malaysia, Vietnam and Singapore.**

c. Across Continental Africa, **South Africa, Kenya and Nigeria** remain key targets for advertisers. South African and Kenyan CPC rates have stabilised and are expected to attract more advertisers. Nigeria remains competitive, although CPC rates have seen a slight increase.

d. In South America, **Brazil and Mexico** continue to increase their traffic. CPC rates in **Argentina and Chile** have stabilised to more sustainable levels.

e. In the **United States,** rates remain competitive, as advertiser demand is expected to be met with traffic growth.

f. In continental Europe the **UK, Italy, France, Poland** and **Turkey** are expected to sustain advertiser interest as mobile activity continues to grow.

g. Other advertiser hotspots that are expected to continue attracting advertiser interest in 2012 include **Australia** where double digit annual growth persists despite sometimes fluctuating advertiser demand.

The page that follows lists our top 50 mobile advertising countries, ranked by ads served. The Top 50 markets served 94% of our total network traffic.

Quarterly ranking: Top 50 mobile advertising countries

Q4 2011 ranking	(Q3 2011 ranking)	Country	Ad impressions served in Q4 2011	Q4 growth (%)	Annual growth
1	(1)	India	9,556,851,244	-2%	197%
2	(2)	Indonesia	5,600,160,317	61%	20%
3	(3)	United States	2,809,654,460	55%	141%
4	(8)	Canada	1,382,935,690	70%	325%
5	(7)	Mexico	1,310,297,321	49%	475%
6	(4)	Vietnam	1,192,754,257	-32%	410%
7	(6)	Saudi Arabia	1,141,291,969	15%	215%
8	(11)	South Africa	1,115,376,236	87%	15%
9	(10)	United Kingdom	1,034,620,686	65%	157%
10	(9)	Thailand	999,617,920	34%	478%
11	(12)	Nigeria	969,828,830	75%	271%
12	(5)	Brazil	683,970,089	-32%	782%
13	(13)	Kenya	635,144,521	27%	67%
14	(20)	Malaysia	504,658,747	53%	94%
15	(18)	Bangladesh	418,103,889	17%	150%
16	(16)	China	407,731,010	1%	309%
17	(36)	Others	392,741,069	154%	273%
18	(21)	United Arab Emirates	366,993,452	16%	224%
19	(19)	Turkey	345,002,655	-2%	241%
20	(40)	France	342,470,876	163%	102%
21	(22)	Singapore	339,812,735	12%	224%
22	(31)	Spain	326,714,706	64%	261%
23	(28)	Ghana	309,224,000	44%	205%
24	(45)	Norway	304,353,059	161%	30%
25	(29)	Sri Lanka	261,869,040	23%	334%
26	(34)	The Netherlands	244,063,144	50%	138%
27	(23)	Pakistan	242,174,546	-13%	262%
28	(25)	Philippines	227,137,391	-5%	197%
29	(15)	Egypt	226,699,433	-45%	213%
30	(26)	Germany	221,115,006	-1%	100%
31	(30)	Japan	219,672,887	8%	241%
32	(35)	Argentina	194,749,701	24%	35%
33	(46)	Italy	187,899,998	70%	49%
34	(33)	Venezuela	177,224,914	5%	278%
35	(27)	Sudan	162,473,875	-25%	177%
36	(43)	Serbia	151,151,128	25%	531%
37	(44)	Colombia	148,863,555	24%	593%
38	(38)	Costa Rica	138,288,667	-4%	490%
39	(17)	Poland	137,631,713	-63%	775%
40	(42)	Russia	133,497,129	9%	363%
41	(48)	Brunei Darussalam	131,685,892	25%	-7%
42	(24)	Australia	124,543,507	-49%	77%
43	(66)	Libyan Arab Jamahiriya	123,741,758	155%	-50%
44	(58)	Ethiopia	106,581,428	84%	1316%
45	(14)	Korea, Republic of	101,147,383	-77%	279%
46	(49)	Iran	95,571,077	-6%	148%
47	(50)	Chile	94,122,702	4%	178%
48	(56)	Nepal	88,203,688	38%	352%
49	(41)	Romania	83,713,136	-34%	53%
50	(37)	Taiwan	81,797,135	-46%	413%

The longevity of mobile games

By the end of 2011, Djuzz hosted nearly 19,000 games.

In the course of the year there were more than 90 million downloads. The Top 100 games of the year made up 54% of this (48.6 million downloads) and make the list because they were downloaded by consumers through the year and remain on offer. This list again **demonstrates the possible longevity of mobile games as a result of a long tail effect.**

Among these, are 20 games that have been offered on the Djuzz portal since Dec 2009 (approximately 520 days). These include Demolition Man (Youpark), T20 Cricket Premier League (Nazara), Spore Creatures (EA Mobile) and Iron Man 2 (GameInAction).

Developers whose games made the Top 100 include:

	Games developer	Number of titles	Downloads
1	HOVR	17	8,447,106
2	EA Mobile	16	9,337,599
3	Youpark	9	3,207,257
4	HeroCraft	9	2,779,685
5	Mobile9	6	1,624,456
6	Playfon	5	2,709,140
7	Nazara	5	1,501,414
8	IGfun*	4	1,739,086
9	InLogic	4	450,154
10	Indiagames*	3	857,298
	TOTAL		**32,653,195**

** IGFun is the international arm of IndiaGames*

Titles with a sporting theme (particularly soccer or cricket) made up 45% of the Top 100. This is followed by **speed and racing games** (28%) and **movie or TV based games** (22%).

Titles	Downloads	%
Soccer	17,016,942	35%
Racing	13,589,753	28%
TV / Movie	10,708,203	22%
Cricket	4,674,922	10%

The following pages list the top 100 games of 2011, along with their initial launch dates.

The top 100 games of 2011

Rank	Developer	Title	Downloads	First published on Djuzz
1	**Rocketalk**	RockeTalk	3,001,275	June 2010
2	**Tequila Mobile**	Outlaw racing 2011	1,437,871	March 2011
3	**HOVR**	Underground Racer	1,433,111	January 2010
4	**EA Mobile**	Need For Speed Shift	1,264,735	September 2010
5	**EA Mobile**	The Sims 3 World Adventures	1,111,355	June 2010
6	**Playfon**	Tom and Jerry - Mouse Maze	1,102,886	March 2011
7	**Moffy Games**	3D Street Racing	1,095,462	September 2010
8	**EA Mobile**	Need For Speed Undercover	1,063,773	February 2010
9	**HOVR**	Speed Moto	940,992	June 2010
10	**EA Mobile**	Command and Conquer: Red Alert Mobile	936,831	March 2011
11	**Playfon**	Ben 10 Power of The Omnitrix	914,480	September 2010
12	**Softgames**	Crime City	878,124	October 2010
13	**Wintel**	Airforce 2	874,067	February 2010
14	**EA Mobile**	Harry Potter Half-Blood Prince	776,484	August 2010
15	**HOVR**	Dangerous Road	754,731	June 2010
16	**IG Fun**	Cricket T20 Fever 3d Android	733,234	March 2010
17	**Indiagames**	20-20 Cricket	728,477	February 2010
18	**HeroCraft**	Combat Club	713,941	February 2010
19	**EA Mobile**	GI Joe	687,329	December 2009
20	**Youpark**	2008 World Soccer	670,797	March 2011
21	**Zapakgames**	Indo Pak Cricket	655,776	September 2010
22	**EA Mobile**	Fight Night Round 4	629,418	January 2011
23	**HOVR**	Super Taxi Driver	618,900	December 2009
24	**igfun**	Godzilla Monster Mayhem	610,902	December 2009
25	**HOVR**	4x4 Extreme Rally	610,321	October 2010
26	**Playfon**	Superman & Batman Heroes United	593,886	February 2010
27	**HOVR**	Kung Fu Fighter	561,791	May 2011
28	**IG Fun**	Cricket T20 World Championship	538,297	February 2010
29	**EA Mobile**	EA Sports FIFA 10	483,607	February 2010
30	**EA Mobile**	Wolverine	475,198	July 2010
31	**Youpark**	Deep 3D	464,503	February 2010
32	**Youpark**	Aqua Race	457,026	May 2010
33	**nazaraadverg**	TNA Wrestling	453,211	July 2010
34	**mobile9**	Army Ranger 3D	452,534	March 2010
35	**HOVR**	360 Speed	447,893	April 2011
36	**HOVR**	Police Story (Jackie Chan)	440,163	April 2011
37	**Falconmobile**	BomberXmen	429,125	March 2010
38	**HeroCraft**	Dragon and Dracula	419,848	March 2011
39	**Youpark**	Demolition Man	413,201	December 2009
40	**DrHu**	Funny Video	406,012	April 2010
41	**Nazara**	T20 Cricket Premier League	404,603	December 2009
42	**HeroCraft**	Black Shark	404,067	February 2010
43	**EA Mobile**	EA Cricket 11	403,486	November 2010
44	**Nazara**	EA Cricket 10	394,987	February 2010
45	**HOVR**	Ninja Fighter	388,956	February 2010
46	**DrHu**	SuperTank	383,989	December 2009
47	**Nazara**	Harry Potter HBP	376,806	February 2010
48	**GameInAction**	Avatar Last Air Bender	375,942	February 2010
49	**HeroCraft**	Governator	366,678	December 2009
50	**Zapak Games**	BMX Xtreme2	364,863	February 2010

Rank	Developer	Title	Downloads	First published on Djuzz
51	**EA Mobile**	Need for Speed™ Undercover	349,637	May 2011
52	**EA Mobile**	Spore Creatures	348,343	December 2009
53	**Playfon**	Virtua Fighter Mobile	344,658	February 2010
54	**(Independent)**	Super Mario Planet	343,752	February 2010
55	**HOVR**	Mid Night Rider	342,550	September 2010
56	**Youpark**	Top Gun: Air Combat	340,689	December 2010
57	**HeroCraft**	Mr. Revolver	339,092	March 2011
58	**Moffy Games**	3D Formula Racing	333,511	February 2010
59	**mobile9**	3D Moto Cross	332,187	June 2010
60	**HOVR**	Big Game Safari	330,064	March 2011
61	**EA Mobile**	Worms	329,666	July 2010
62	**Panda App**	GTS World Racing	324,345	March 2010
63	**HOVR**	Cricket Trivia	321,931	March 2011
64	**HOVR**	Governator 2	313,892	December 2009
65	**EA Mobile**	EA Sports FIFA Manager 10	311,501	February 2010
66	**Indiagames**	Cricket League of Champions	310,943	June 2010
67	**Youpark**	Teenage Mutant Ninja Turtles: Fast Forward	310,642	March 2011
68	**EA Mobile**	FIFA 11	308,582	February 2010
69	**GameInAction**	Iron Man 2	308,550	December 2009
70	**Playfon**	Transformers	299,806	September 2010
71	**mobile9**	3D Bio Soldier	291,188	February 2010
72	**NE Mobile**	Hot Girl Clock - Indian Beauties	284,917	December 2009
73	**Inlogic**	Fatal Fist	273,415	January 2011
74	**Nazara**	Storm 3D	267,582	September 2010
75	**EA Mobile**	The Sims 2	263,412	December 2009
76	**HOVR**	Euro Football	251,931	December 2009
77	**yahoom**	Yahoo! Mobile	249,148	February 2010
78	**DrHu**	DreamPlanet	248,539	December 2009
79	**HOVR**	Final Lap	247,016	January 2011
80	**HeroCraft**	Combat Club 3D	243,520	October 2010
81	**Inlogic**	Footballz 2009	235,294	February 2010
82	**HOVR**	Frost Legend	231,253	October 2010
83	**mobile9**	Bounce	227,391	February 2010
84	**Youpark**	Crash Arena 3D	227,165	February 2011
85	**HeroCraft**	Robo 2	226,827	June 2010
86	**igfun**	Bruce Lee - Iron Fist	224,756	December 2009
87	**Nazara**	Ultimate Mortal Kombat 3	219,561	December 2009
88	**Nazara**	EA Cricket 11	215,338	March 2011
89	**HeroCraft**	Kamikaze 2	214,860	February 2010
90	**HOVR**	Secret of Maya	211,611	September 2010
91	**Yahoo!**	Yahoo Cricket	209,442	February 2010
92	**mobile9**	Metal Slug 3	209,214	January 2010
93	**Youpark**	Tank Raid 3D	207,790	February 2010
94	**Indiagames**	2D Moto Racing Evolved	207,297	December 2010
95	**Nazara**	3D Virtua Fighter	205,524	January 2011
96	**mobile9**	iTune Player	204,554	December 2009
97	**Inlogic**	LoveMatch	203,738	January 2010
98	**Youpark**	The Egyptians	199,003	February 2010
99	**HeroCraft**	Blind Fury	198,575	April 2011
100	**Inlogic**	Operation Critical	195,150	February 2010

Featured markets

The pages that follow provide a snapshot of select markets for June 2011, with demographics, traffic growth and handset info. (To find out about any country not listed in the top 10, visit our campaign planner at planner.buzzcity.com.)

Mobile hotspots

The ‘Mobile Hotspot’ badge indicates those countries that we predict are likely to generate rapid and exponential growth in coming months, and with it, excellent value for advertisers.

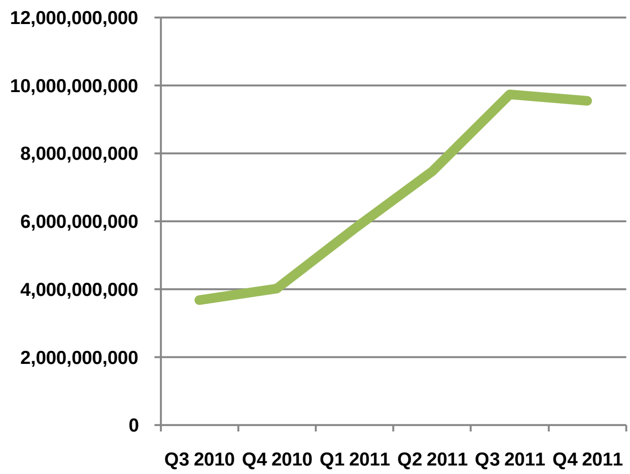
All of these countries display a crucial mix of factors that we look for when we predict rapid growth (these could include falling cost of internet access, heavy promotion of web services, cheaper handsets with better usability, and the rollout of new technologies – all leading to rapid consumer adoption).

Over the next year, we predict that there will be a lot more competition for advertising in these countries, and it would benefit advertisers greatly to take advantage now, before we start to see the inevitable increases in required bid rates that are likely to follow.

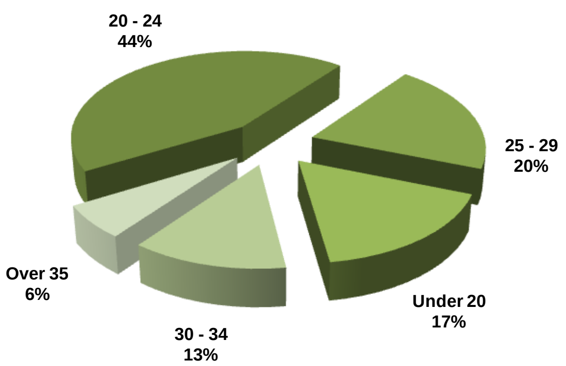
India

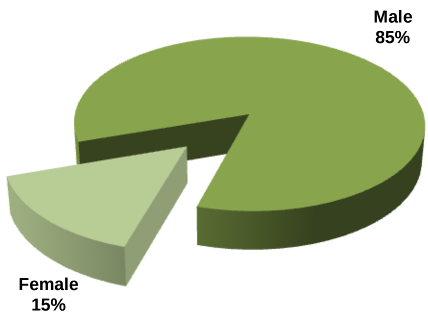
Summary

- Having overtaken Indonesia in the fourth quarter of 2010, India held onto its number one ranking throughout 2011, serving over 32 billion ads in the course of the year, to over 93 million unique users per month.
- Healthy growth from Indonesia, along with a softening in Indian demand in Q4, narrowed the gap between our top two nations, but this was not enough to knock India off its top spot.
- We expect India to remain our largest country well into 2012, with its young, mobile savvy population, and very low mobile data rates.

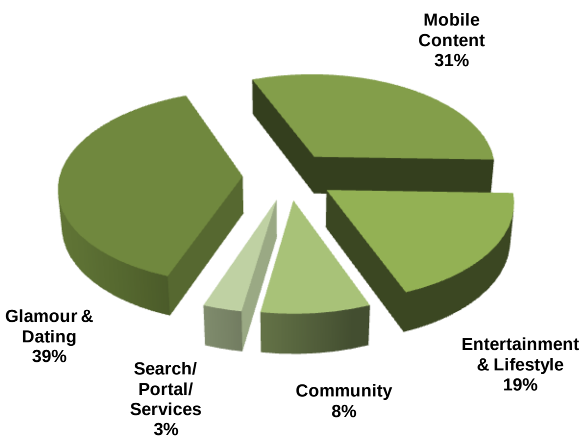


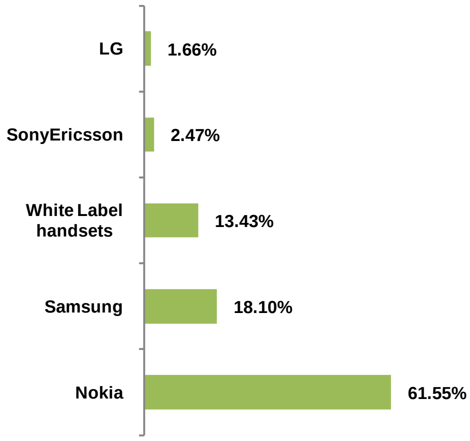
Demographics (age and gender)





Channels and handsets



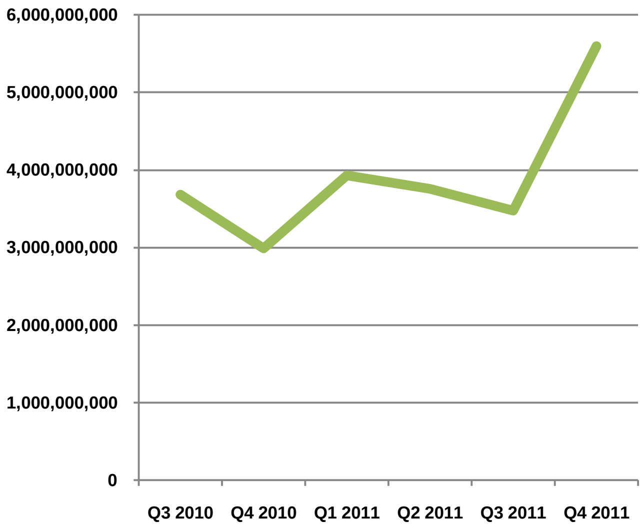


Indonesia

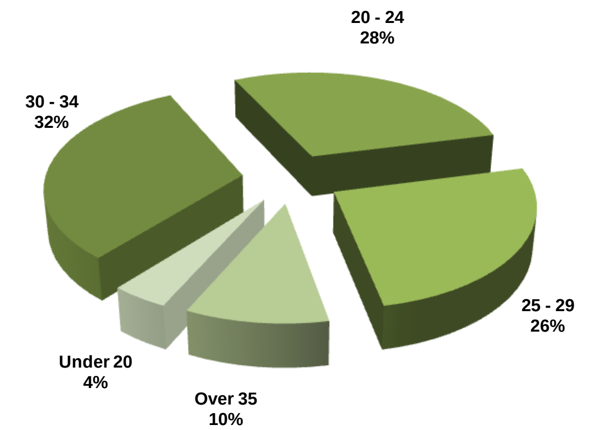
MOBILE HOTSPOT

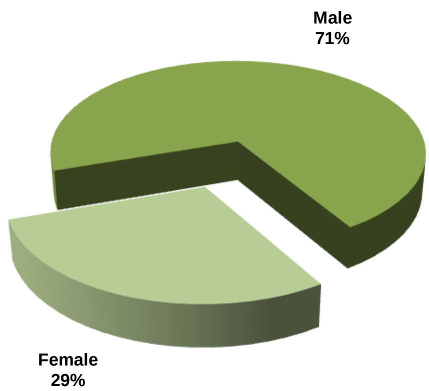
Summary

- Following several quarters of volatility, Indonesia rebounded strongly, with a whopping 61% growth this quarter, driven by demand for mobile content and services.
- This could possibly be ascribed to improved levels of consumer trust, following October's regulatory shakeup.
- The entire ecosystem is sure to benefit from these more stringent protections, and pave the way for mobile commerce offerings.
- We currently reach over 32 million unique users each month in this market.

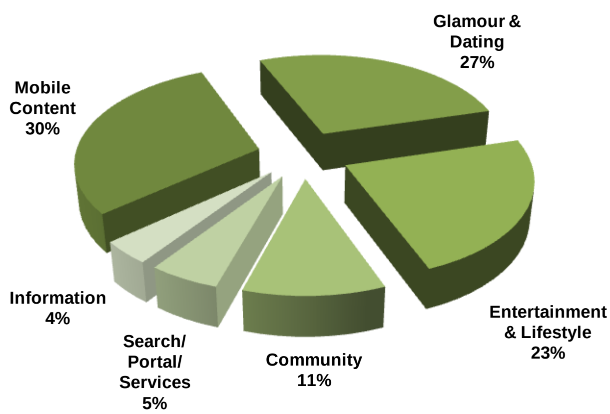


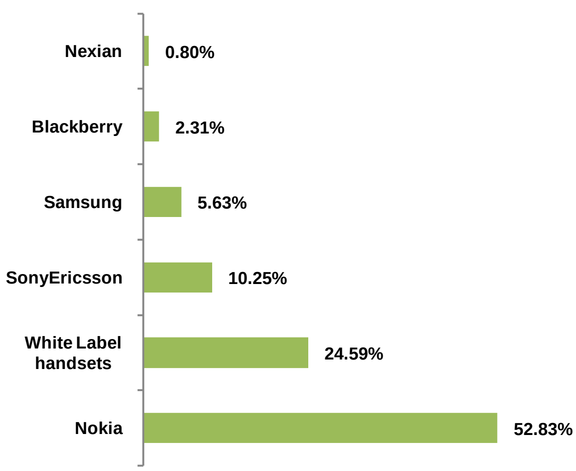
Demographics (age and gender)





Channels and handsets

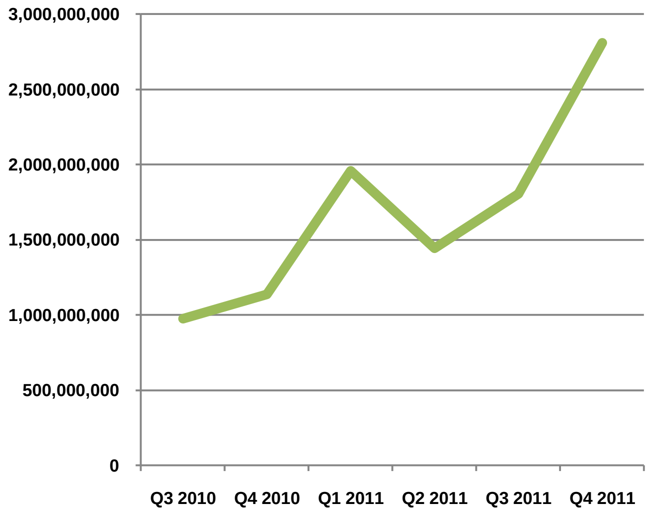




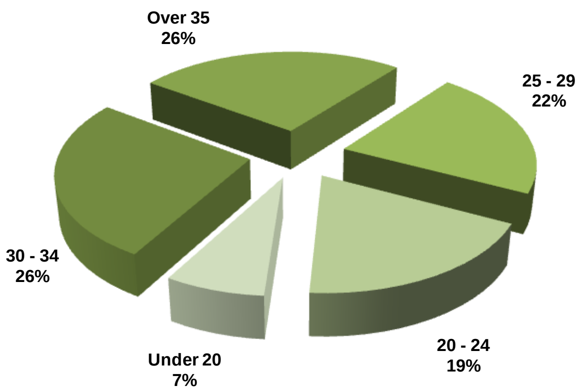
United States

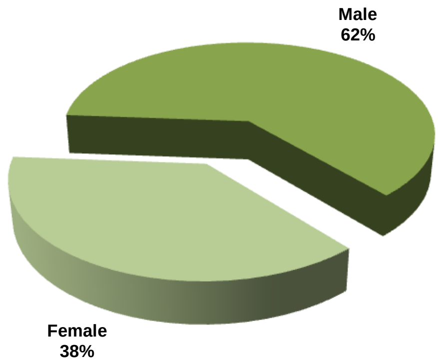
Summary

- After a consolidation in the second quarter, the third and fourth quarters of 2011 showed strong and accelerating growth in the US.
- This brings the total number of ads served for 2011 to over 8 billion – a number that we expect to continue to rise in 2012.
- We expect advertiser demand to continue to rise here, as brands take advantage of the spending power, maturity, and high levels of trust in ecommerce in the US.

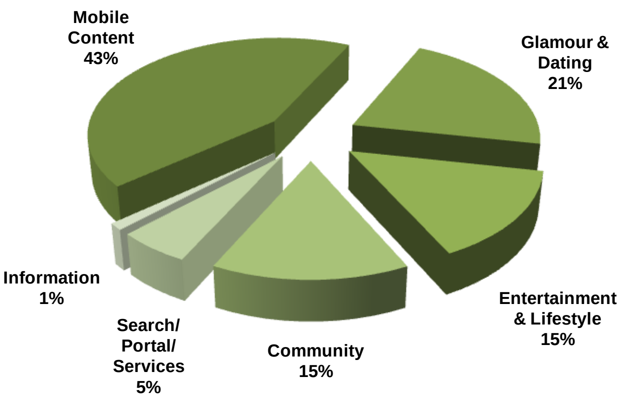


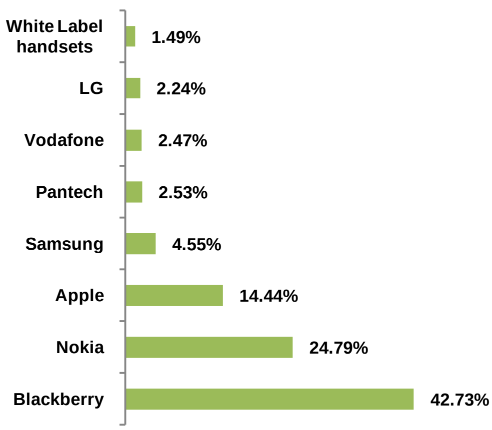
Demographics (age and gender)





Channels and handsets

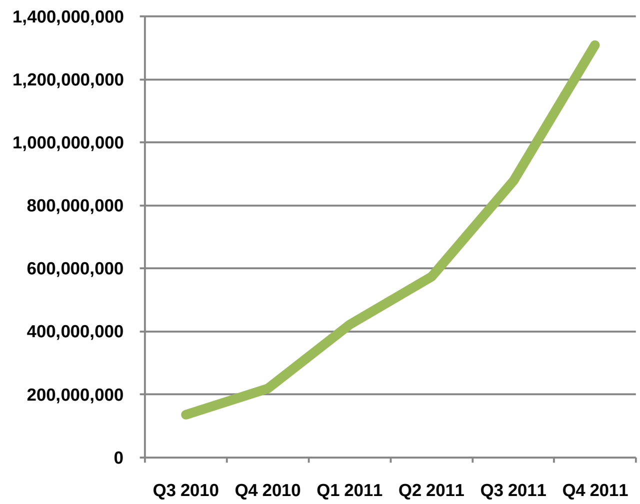




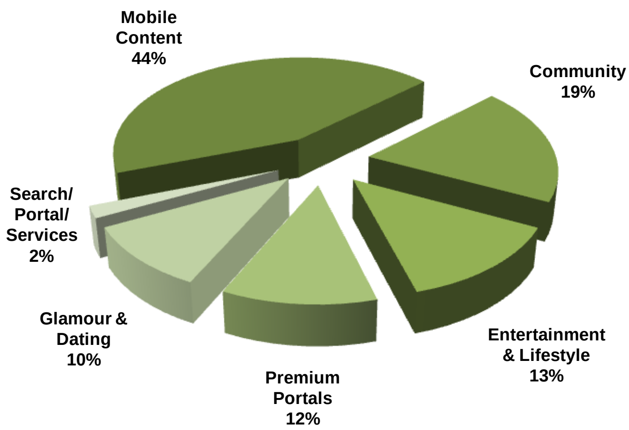
Mexico

Summary

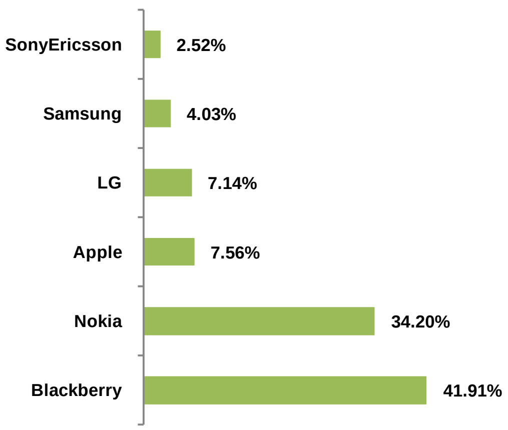
- Mexico continued its unbroken ascent over the past 6 quarters, blasting through the 'billion ads served per quarter' barrier this quarter, to end on 1.3 billion ads served.
- It is now our fifth largest market, having served 3.2 billion ads in the course of 2011.
- The speed, strength and momentum of this growth, driven by consumer hunger for mobile content, services, mobile social networking and lifestyle content, is likely to carry continue well into 2012.



Channels



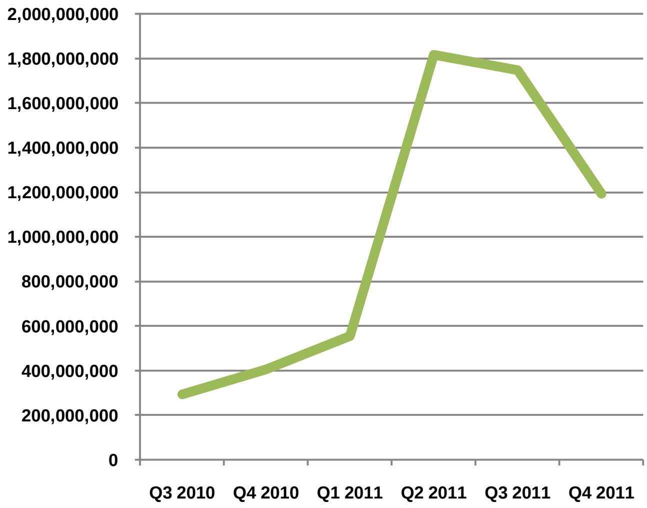
Handsets



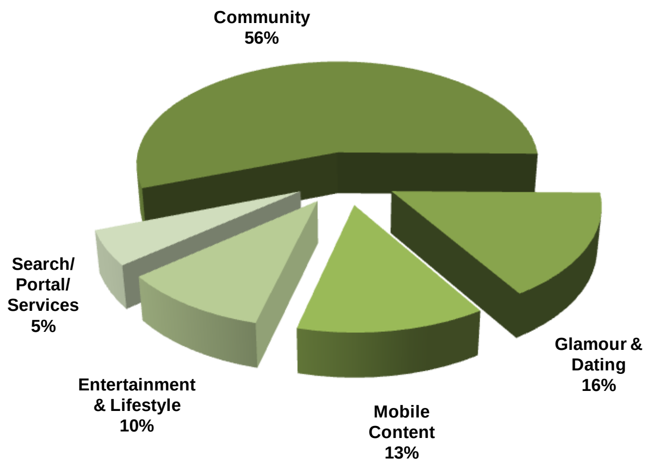
Vietnam

Summary

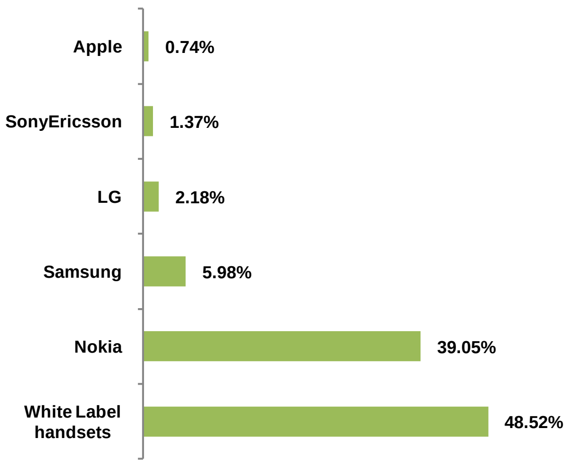
- Following a very rapid ascent in the first half of 2011, Vietnam retreated slightly, to finish the quarter having served just under 1.2 billion ads.
- Nevertheless, it remains a dominant market, finishing the quarter in fifth spot, and still comfortably serving over a billion ads per quarter.
- Underlying demand for community, chat and social networking interaction, continues to drive the majority of traffic here, with strong demand for mobile content, as well as lifestyle content.



Channels



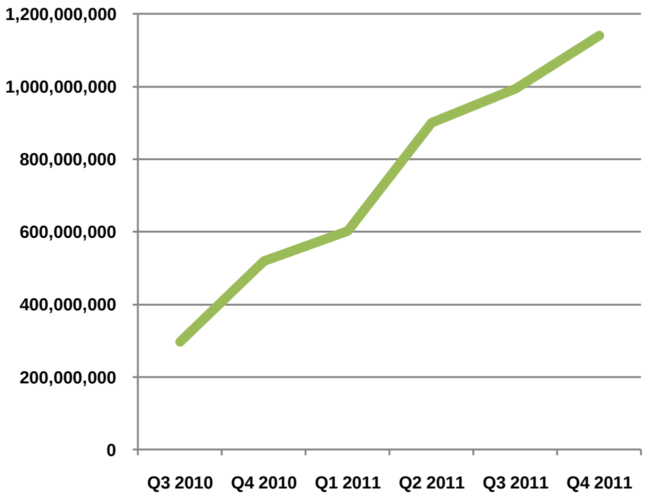
Handsets



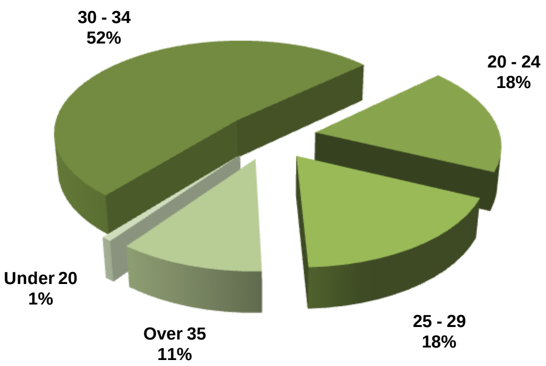
Saudi Arabia

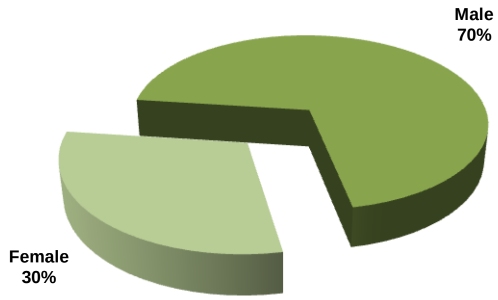
Summary

- It's been yet another successive quarter of unbroken growth for the Saudi Arabian market, which rounds out 2011 having served in excess of 3.6 billion ads.
- This quarter saw it burst through the 'billion ads served' mark, ending the year as our seventh largest market.
- We expect continued growth, driven by ongoing consumer demand for Arabic news, information and mobile web services (this market that remains chronically undersupplied with local content – a significant opportunity for publishers).

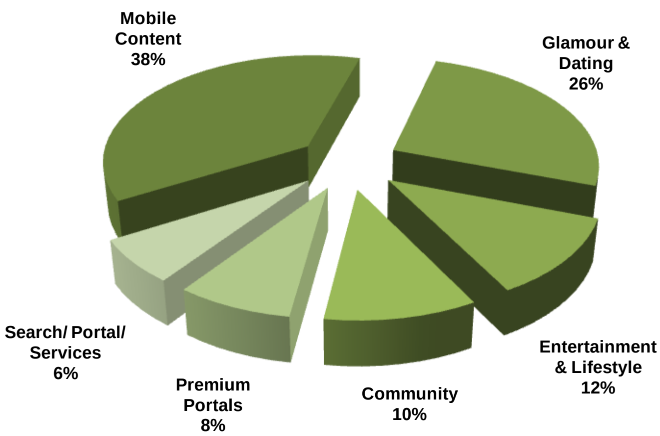


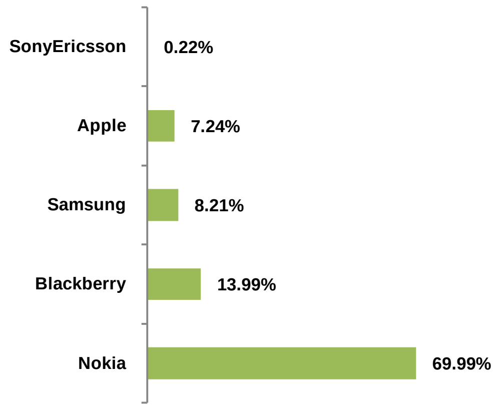
Demographics (age and gender)





Channels and handsets

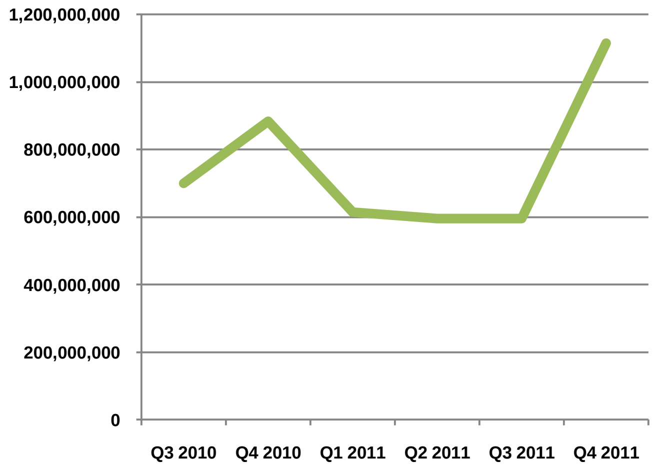




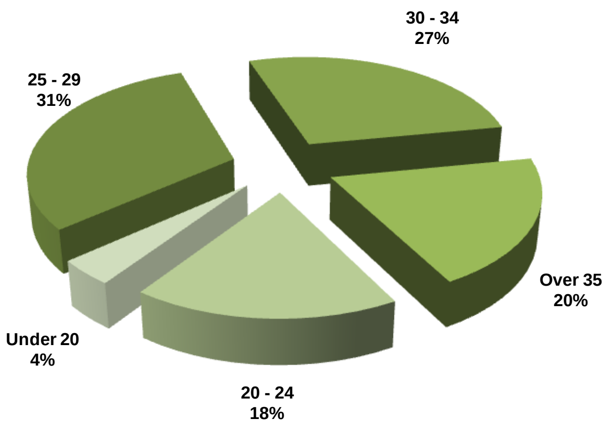
South Africa

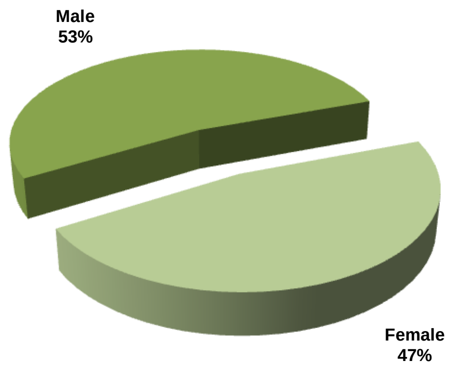
Summary

- South Africa, one the most advanced mobile web markets, has resumed its growth following several quarters of stagnant growth.
- It finished Q4 on a very strong footing, blasting past the billion impressions mark, and ending the quarter having served over 1.1 billion ads. Q4 growth stands at 87%.
- Currently our eighth largest market, South Africa served just under 3 billion ads in the course of the year. It currently reaches over 9.9 million unique users per month.
- Although it remains Nokia-dominated, smartphones are gaining ground fast, led by Blackberry and Samsung.

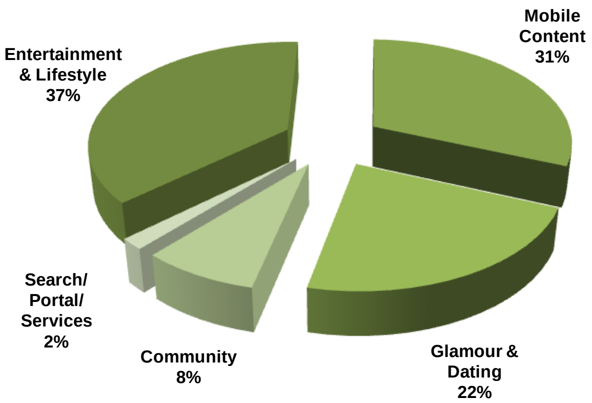


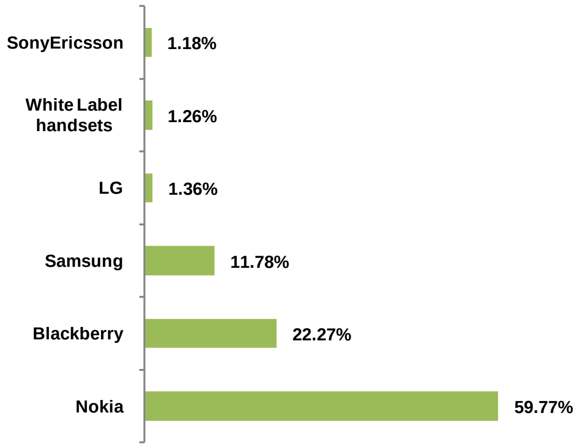
Demographics (age and gender)





Channels and handsets

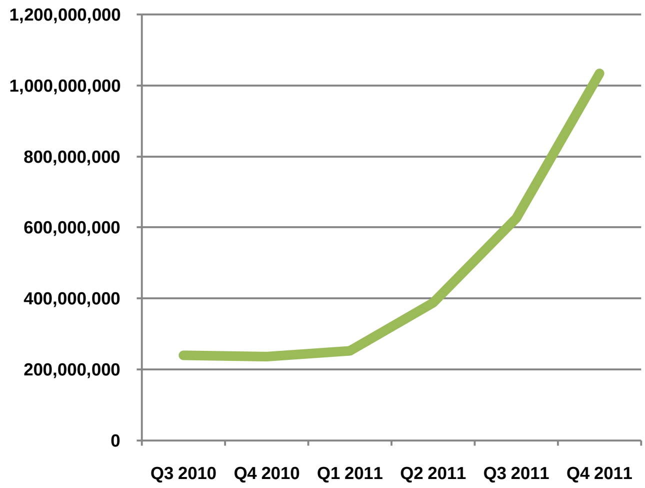




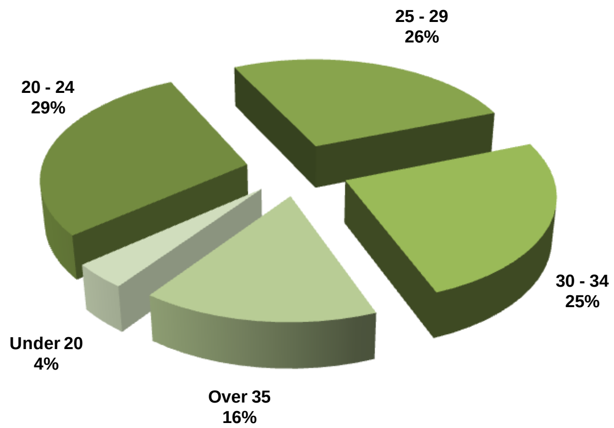
United Kingdom

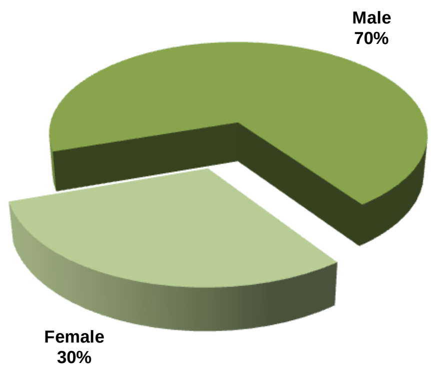
Summary

- The United Kingdom remains a market to watch, ending Q4 having served just over a billion ads.
- Monthly reach remains just under 5 million unique users per month, and is surprisingly male-dominated.
- The strength of the market lies in the strong spread of economically active users across multiple demographics, with strong representation from users in their early 20s all the way up to those in their 40s.
- Blackberry continues to lead the handset pack, followed by Apple, Nokia and Samsung.

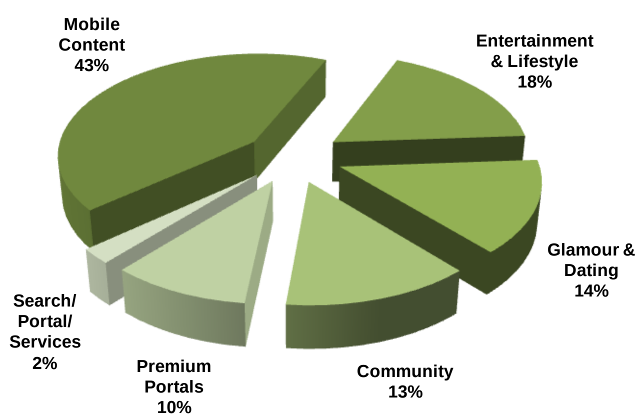


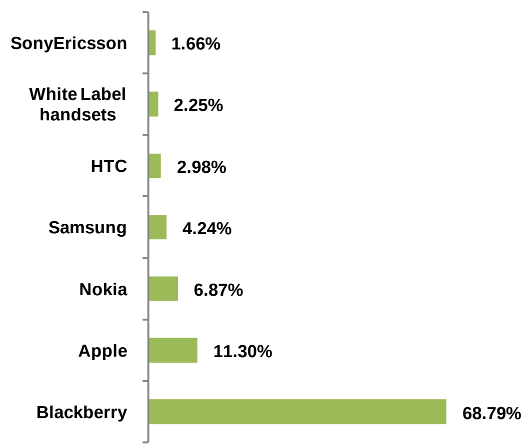
Demographics (age and gender)





Channels and handsets

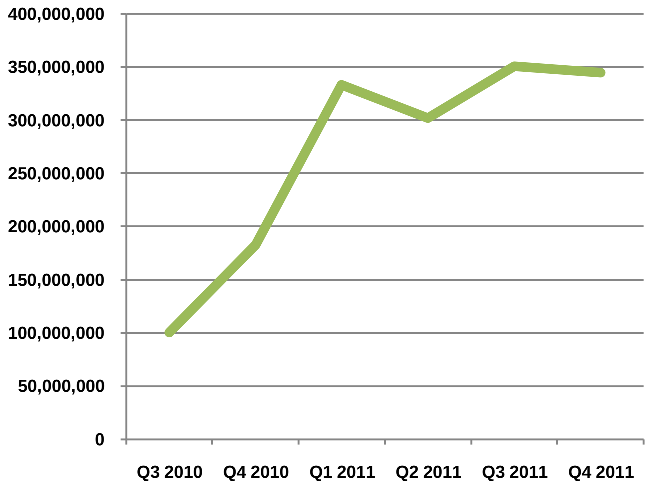




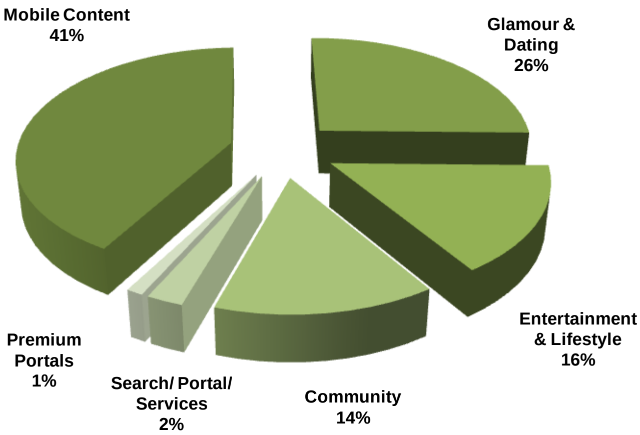
Turkey

Summary

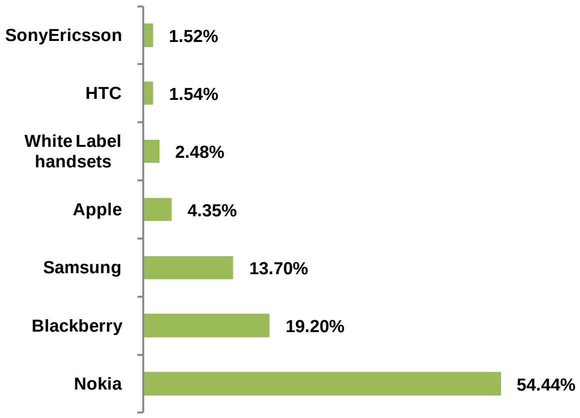
- Turkish traffic remains stable at around 350 million impressions per quarter, served to an active mobile web population of 5.9 million unique users per month.
- Traffic, having been previously dominated by the 'Entertainment and Lifestyle' channel, has now swung towards mobile content, with strong promotion of games, music and video downloads among our advertisers.
- Total number of ads served for 2011 stand at 1.3 billion, confirming Turkey as an important market, which we expect will resume its growth in early 2012.



Channels



Handsets

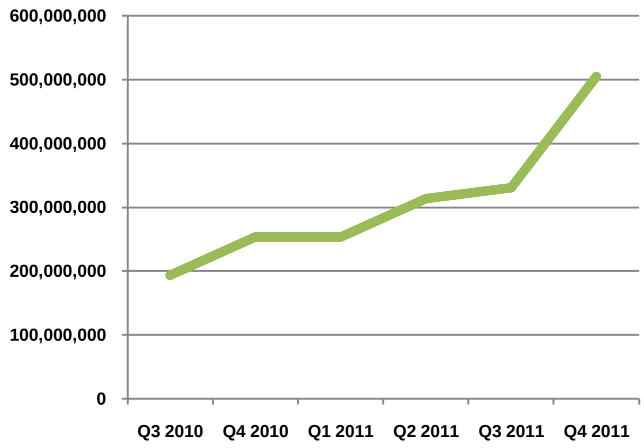


Malaysia

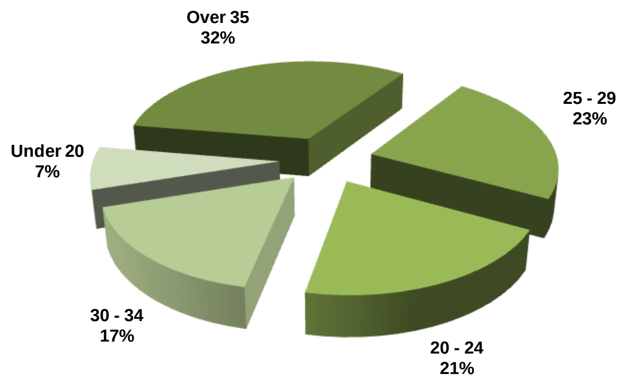
MOBILE HOTSPOT

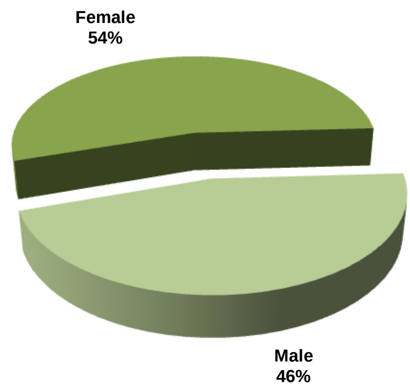
Summary

- The Malaysian mobile web ended 2011 very strongly, serving over half a billion ads in the fourth quarter of 2011.
- This brings the Malay total for 2011 to 1.4 billion impressions served.
- The strong growth in inventory towards the end of the year has eased bid rates considerably, with significant traffic available around the US$0.03 to US$0.04 mark, providing significant opportunity for new advertisers to enter the fray.
- The market remains dominated by Nokia and SonyEricsson, although their lead has been somewhat eroded by Samsung, Blackberry and Apple in the second half of the year.

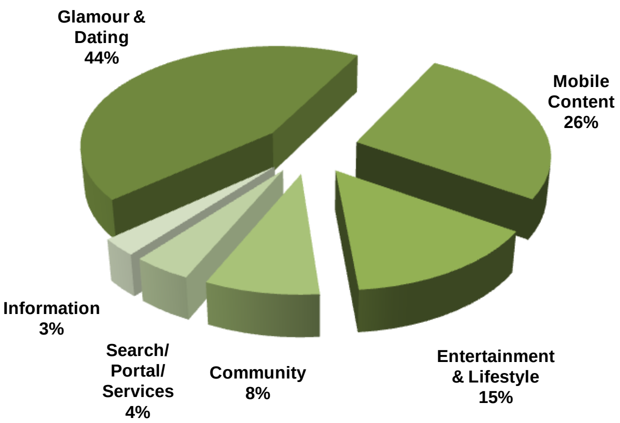


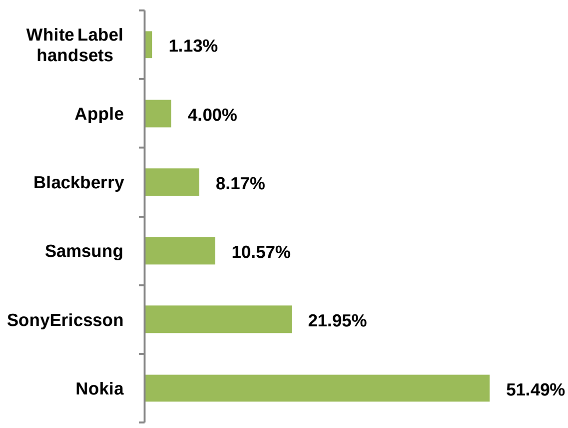
Demographics (age and gender)





Channels and handsets





Market forecast: 2012

The mobile industry is constantly changing, but based on our experience of the past year, we are confident that these five predictions will hold true:

1. Marketers will finally accept fragmentation

2012 is the year when developers and brands finally give up on trying targeting a particular operating system or device, because specialisation means missing out. Make the mobile internet the first port of call as well as your primary presence. Beyond 2012, watch out for HTML5, which provides users with a rich app-like experience without having to download an app. But there is still a ways to go before the majority of mobile devices can support this technology.

2. Tablets are recognised as a medium in their own right

When tablets were first released, pundits worried that the new device would cannibalise the market for both PCs and phones. This hasn't happened. And it won't. A new ecosystem is forming along with new media consumption habits. This is likely to be unveiled in 2012 via mobile / games.

3. Mobile Coupons make a comeback

The convenience and functionality of mobile wallets are not enough drive mass-market adoption. The value will be derived from opt-in coupons delivered to consumers' mobile wallets, who then redeem the coupons at the point of sale with their phones. The mobile internet + coupons + mobile payments is a winning formula. Key is to make it cost effective for smaller retailers to drive footfalls with mobile coupons, which in turn catalyses m-commerce into a mainstream tool.

4. Small Businesses Gravitate to Mobile Social Media

More small business owners are turning to social media (Facebook, Twitter etc) to create a mobile and web presence to take advantage of m-commerce opportunities particularly in emerging markets.

5. M-Commerce Comes of Age in Emerging Markets

In the United States, e-commerce – including online, catalogue and mobile sales – now accounts for more than 40% of all retail sales in most sectors. Expect to see similar trends in emerging markets . . . as soon as regulators step in to halt the handful of VAS players who unscrupulously take advantage of loopholes in mobile billing. Proper regulation protects consumers and legitimate businesses and encourages more people to access e-commerce for the first time.

The markets that take control and regain consumer trust will set an example in 2012 to the laggards that m-commerce, properly conducted, can pay handsome dividends.

Feature: Mobile Payments and Commerce Survey

Executive summary

This survey provides a detailed picture of the current state of global m-commerce, drawing on data from 17 of the fastest growing mobile economies, along with recommendations for how all players in the mobile value chain can overcome communication challenges, capitalise on opportunities, and gain a clear picture of the demographics that are most likely to become early adopters.

The growth of the mobile internet in 2011 has been nothing short of explosive. The BuzzCity ad network alone delivered over 126 billion ads in 2011 – almost two-and-a-half times more than 2010.

In that time, a plethora of commerce and payment platforms have emerged. Banks, carriers, payment providers, peer-to-peer transfer companies, virtual currency platforms and many others are now competing for customers.

More choice is undeniably good for consumers, yet collectively, the industry has failed to communicate to them. Our latest survey reveals that 35% of users aren't aware of the basic mobile transactions available. Those who are aware of these commercial platforms find the services "too complicated" (21%), or are worried about security (27%). The industry urgently needs to clarify their communications, reassure users about their security concerns, and overcome confusion.

Meanwhile, there have been changes in user demographics too. The boom in mobile web usage is attributed largely to younger males, although female adoption continues to grow in many countries. There are nearly as many women as men using the mobile web in the United Kingdom (49%), Thailand (43%) and South Africa (40%). These markets are followed by France, Germany, Mexico, Philippines, the United States and Saudi Arabia, where at least a third of mobile web users are female. Telcos in many developing markets are missing out on a signficiant opportunity to target women, including those in Egypt (8%), India (6%) and Nigeria (13%).

While under-20's still make up a large share (28%) of mobile internet users, the proportion of mature users across the globe is growing (15% are now over 35). This is particularly true in France, Germany, Malaysia, Poland, South Africa, the United Kingdom and the United States where over-35s make up over 20% of each market. Poland, in particular, has a high representation (41%) of users over 35.

Moreover, the influence of more mature users is disproportionately high when mobile purchases are made. Over-35s made 19% of travel-related purchases, 23% of grocery purchases and 21% of household utility payments globally in the past six months. In France, although over-35s make up only 30% of mobile web users, they account for 67% of the mobile purchases for gadgets.

This group of users is also most likely to catalyze mainstream adoption of m-commerce, as their intent towards repeat purchases is disproportionately high. They're most likely to drive m-commerce in the areas of travel, gadgets, groceries and prepaid utilities in many markets. In the UK, for example, over-35s make up only 23% of mobile web users, yet they account for a third of those who plan to buy gadgets in future.

Objectives

By 2011, mobiles are used for far more than voice communication. They have become devices for personal entertainment and online social networking, and the transactional capabilities of the mobile phone have been clearly demonstrated (with the popularity of mobile value added services for paid mobile content).

As new users became more active on the mobile internet, it became important to see if they had different expectations, particularly in relation to transactional services.

The big question: Do new mobile web users have significantly different expectations?

In particular, this survey aims to provide insight into consumers' usage of mobile commerce and transactional services. The results may also influence the design of future mobile commerce services and their related marketing campaigns; all of which make up integral elements of adoption and experience of the mobile lifestyle.

Survey methodology

The survey was kept short to cater to the medium of choice, the mobile internet. Participants were asked nine multiple choice questions.

The survey was conducted from August to November 2011 in 17 countries representing a wide variety of geographic regions: the Americas, Asia, Africa, Western Europe and the Middle East. All the countries selected are among the most sought after by our advertisers

These are listed here in alphabetical order.

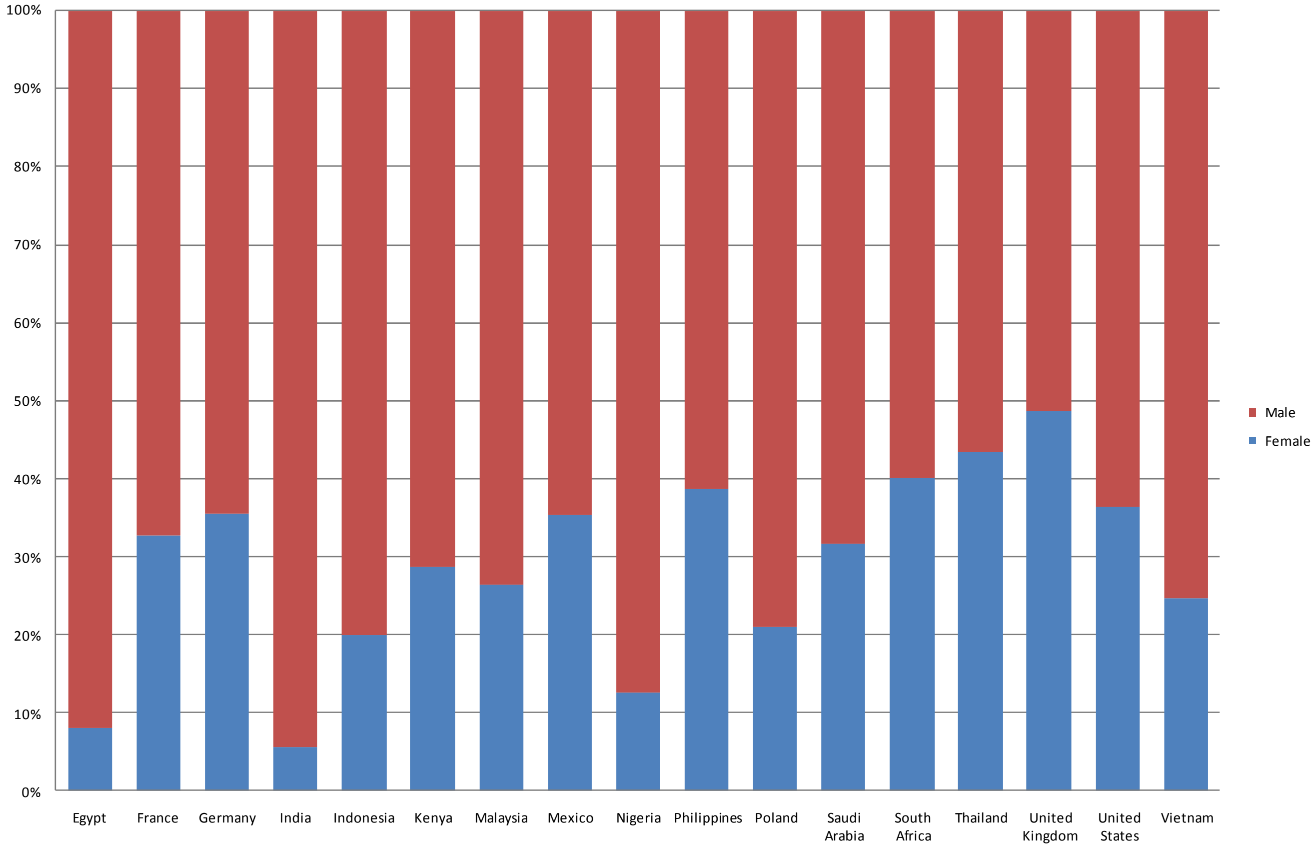
Country	Ad impressions served (2011)
Egypt	1,424,551,080
France	675,453,947
Germany	955,369,096
India	32,573,005,527
Indonesia	16,767,841,750
Kenya	2,230,021,051
Malaysia	1,402,655,276
Mexico	3,186,739,864
Nigeria	2,678,502,143
Philippines	924,162,993
Poland	853,239,941
Saudi Arabia	3,640,016,176
South Africa	2,921,463,001
Thailand	2,668,861,260
United Kingdom	2,301,720,634
United States	8,017,044,722
Vietnam	5,312,452,821

Graphical banners placed on the BuzzCity Mobile Internet Ad Network to publicize the survey. When clicked, the banner ads directed users to the survey questionnaire.

4,269 surfers responded to the survey. Each respondent was allowed a single response. Survey participants in each country were entered into a lucky draw with the chance to win USD50.

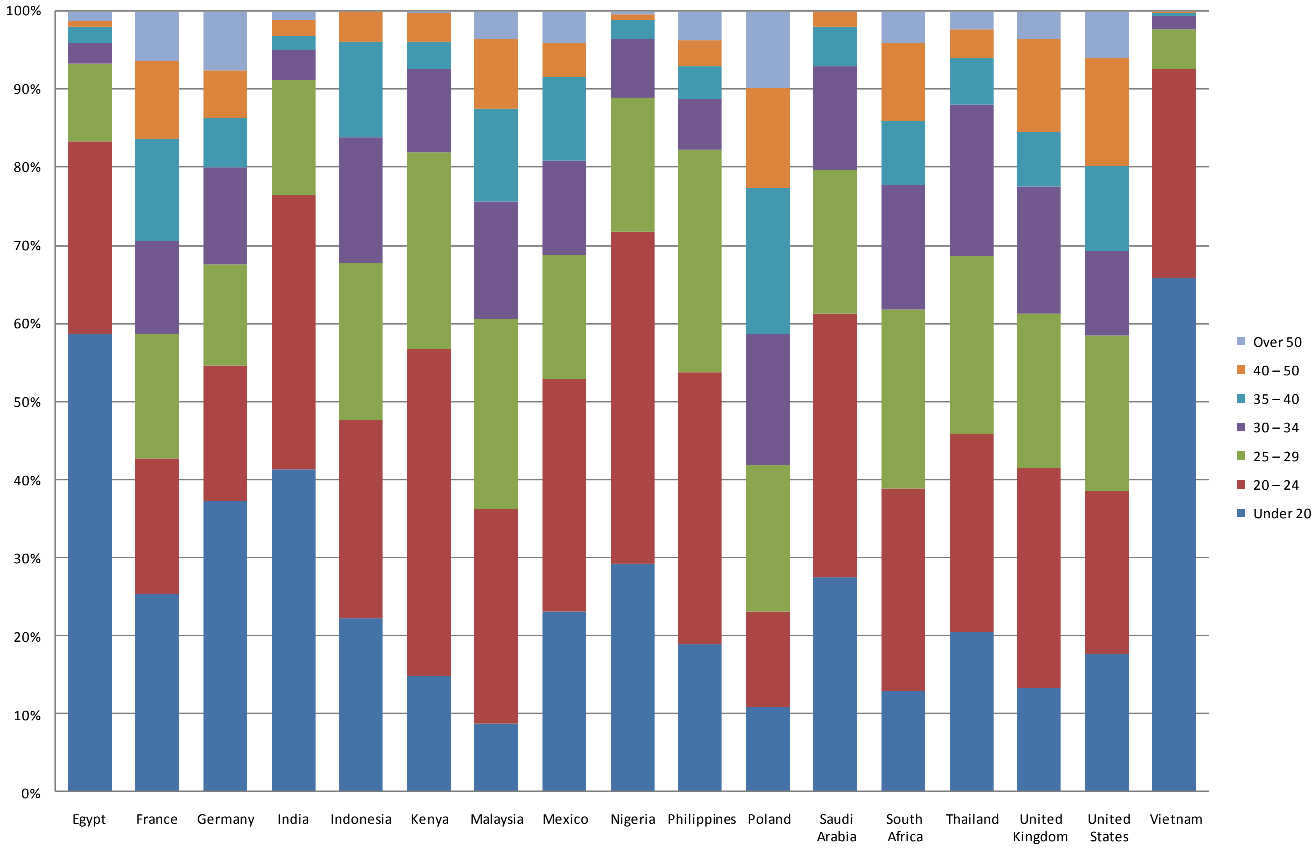
The final results reported in this survey report are a mix of quantitative data and qualitative analysis, including data from BuzzCity's Campaign Planner, semi-structured interviews, member feedback sent to BuzzCity's various mobile properties and results from previous lifestyle surveys.

1. Gender



- On a simple average, the majority of surfers are male (73%) and females make up 27% of respondents.
- The global average shows low female participation particularly due to low numbers in Egypt (8%, previously 38%), India (6% previously 13%) and Nigeria (13%, previously 19%).
- Of the seventeen countries surveyed, above-average proportion of female respondents was recorded in France (33%), Germany (36%), Mexico (35%), Philippines (39%), Saudi Arabia (32%), South Africa (40%), Thailand (43%), United Kingdom (49%) and United States (36%).

2. Age

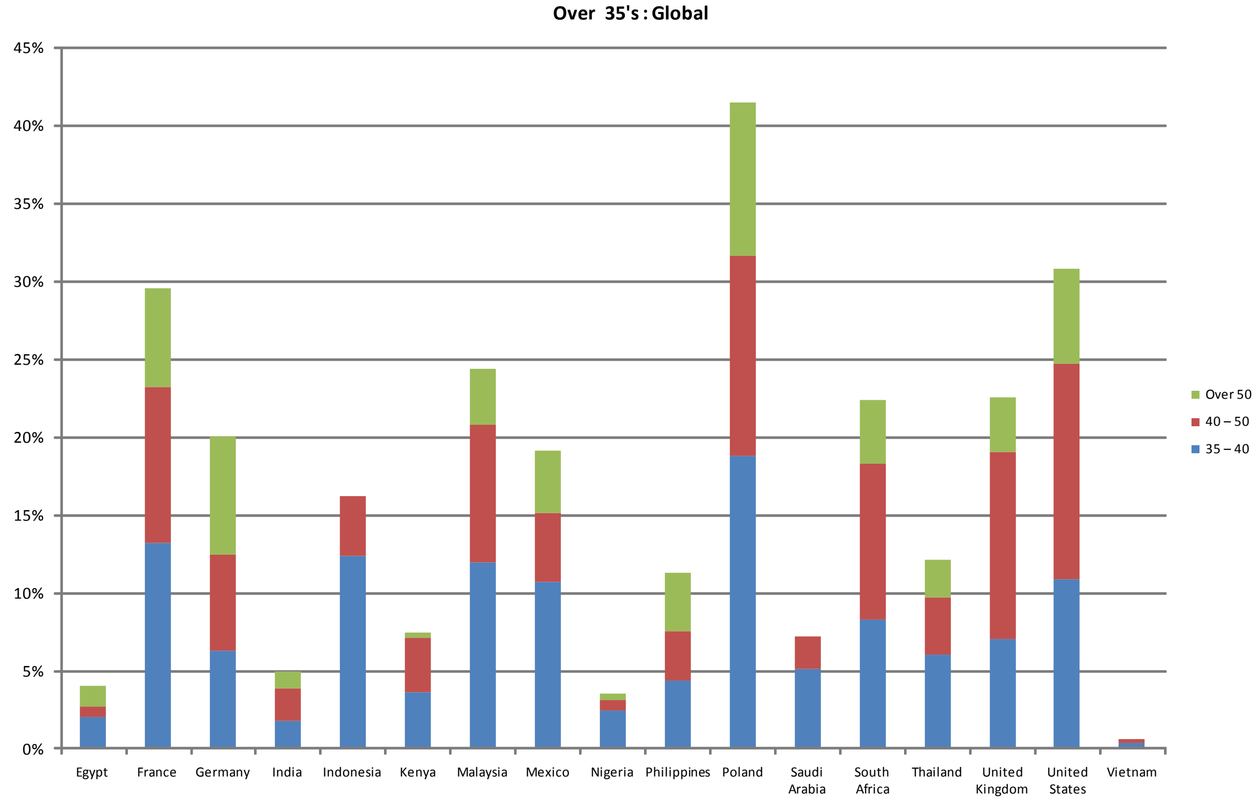


- Users below 20 make up a significant proportion (28%) of surfers, although this percentage is lower than previously recorded (33%).
- Cheaper data rates have also meant that the younger age groups, under-20s, are better represented in markets like Egypt (59%), Germany (37%), India (41%), and Vietnam (66%).
- Despite this, Kenya (15%), Malaysia (9%), Philippines (19%), Poland (11%), South Africa (13%) and UK (13%) show particularly low percentages of those under 20 years old.

Changes

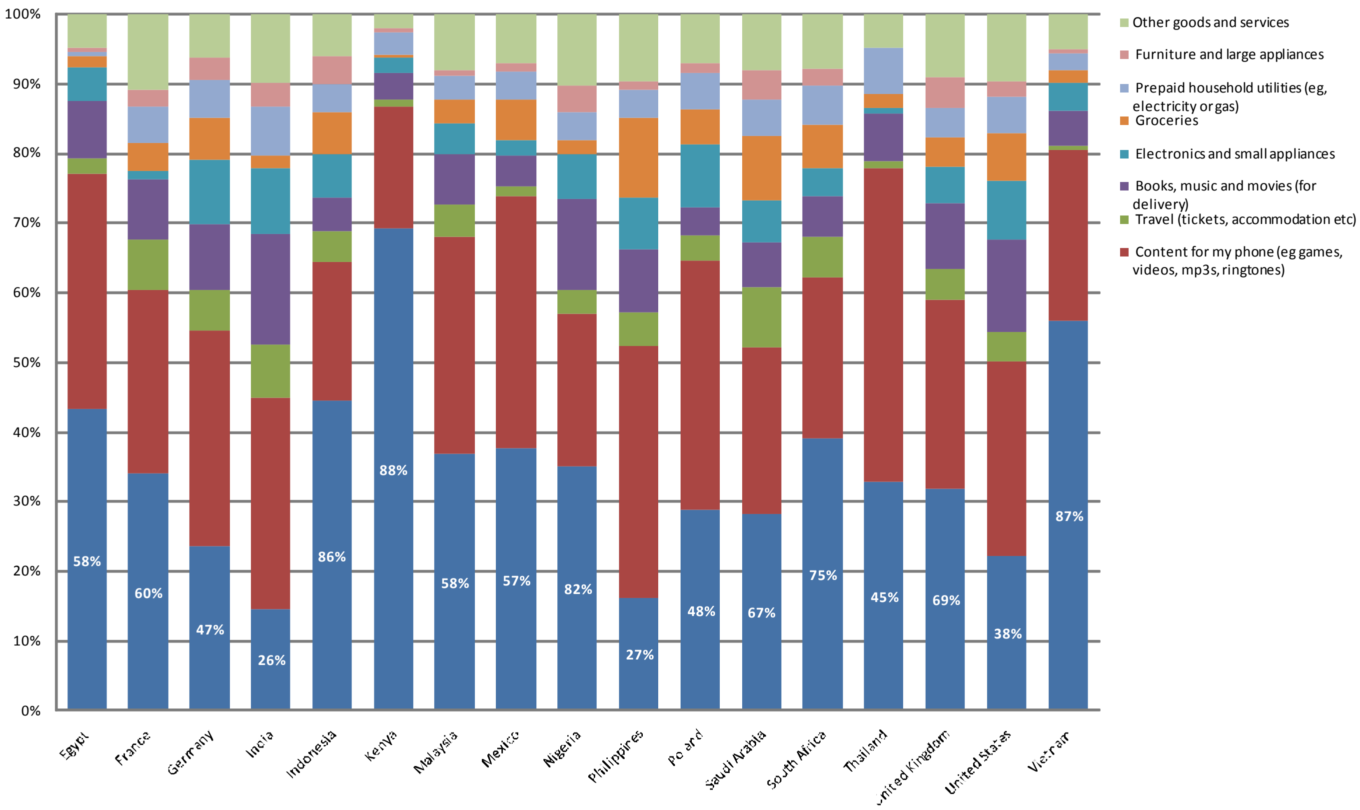
- Across the globe, the most active on mobile remain those between 20 and 24 years old (29% - previously 35%). The numbers of 25 to 29 year olds have increased (from 15% to 18%) as have the 30 to 34 year olds (up to 10% from 8%).
- There are also more mature users (over 35) than previously observed: 15% against the 9% observed in July 2010). This is particularly true in France, Germany, Malaysia, Poland, South Africa, United Kingdom and United States, where over 35s exceed 20% in each market.
- Poland in particular has a high percentage (41%) of mature users.

POLAND	
Age group	Percentage
30-34	17%
35-40	19%
40-50	13%
Over 50	10%



- In the United Kingdom and the United States, mature surfers are more likely to be female than male.
- Across the globe, gender and age profiles of users suggest that the influx of new users is predominantly younger males in many markets.

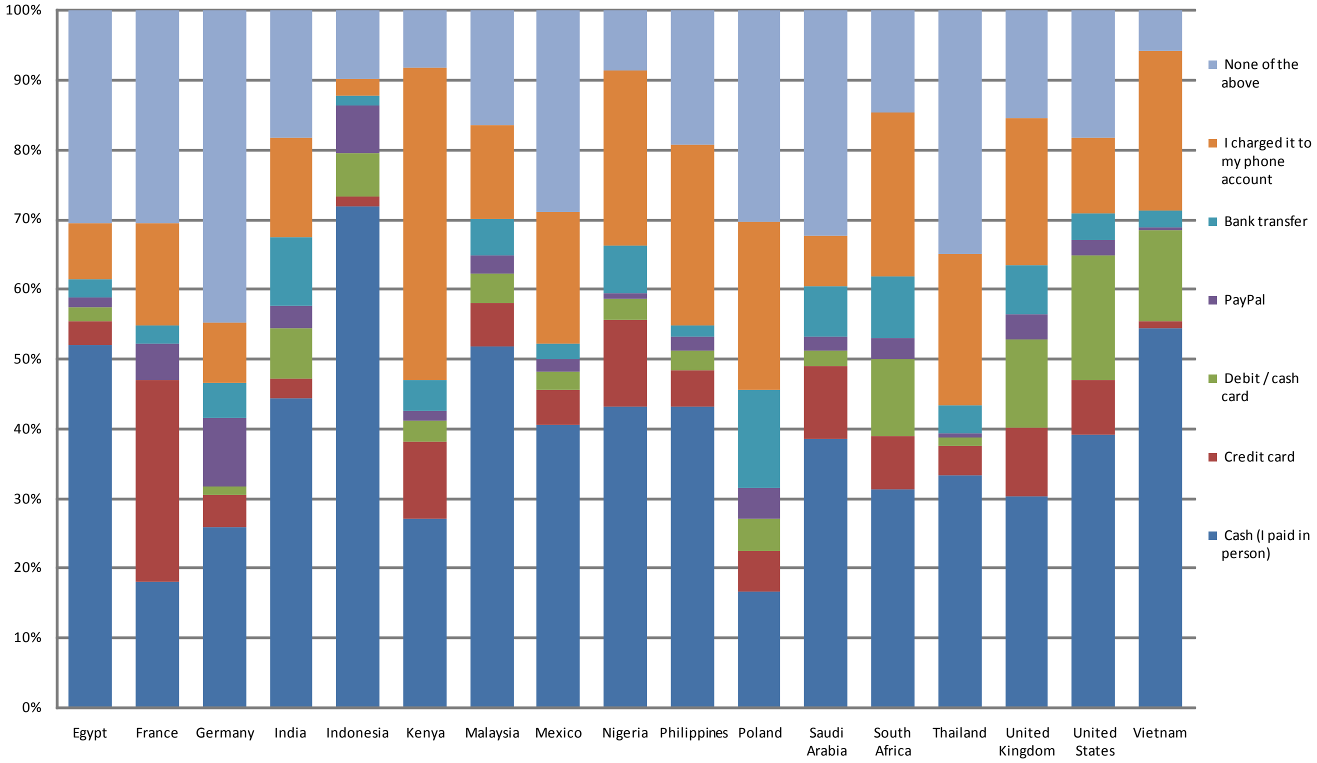
3. Which products have you bought in the past 6 months using your mobile phone?



This poll on users' transactional habits allowed them to select more than one option.

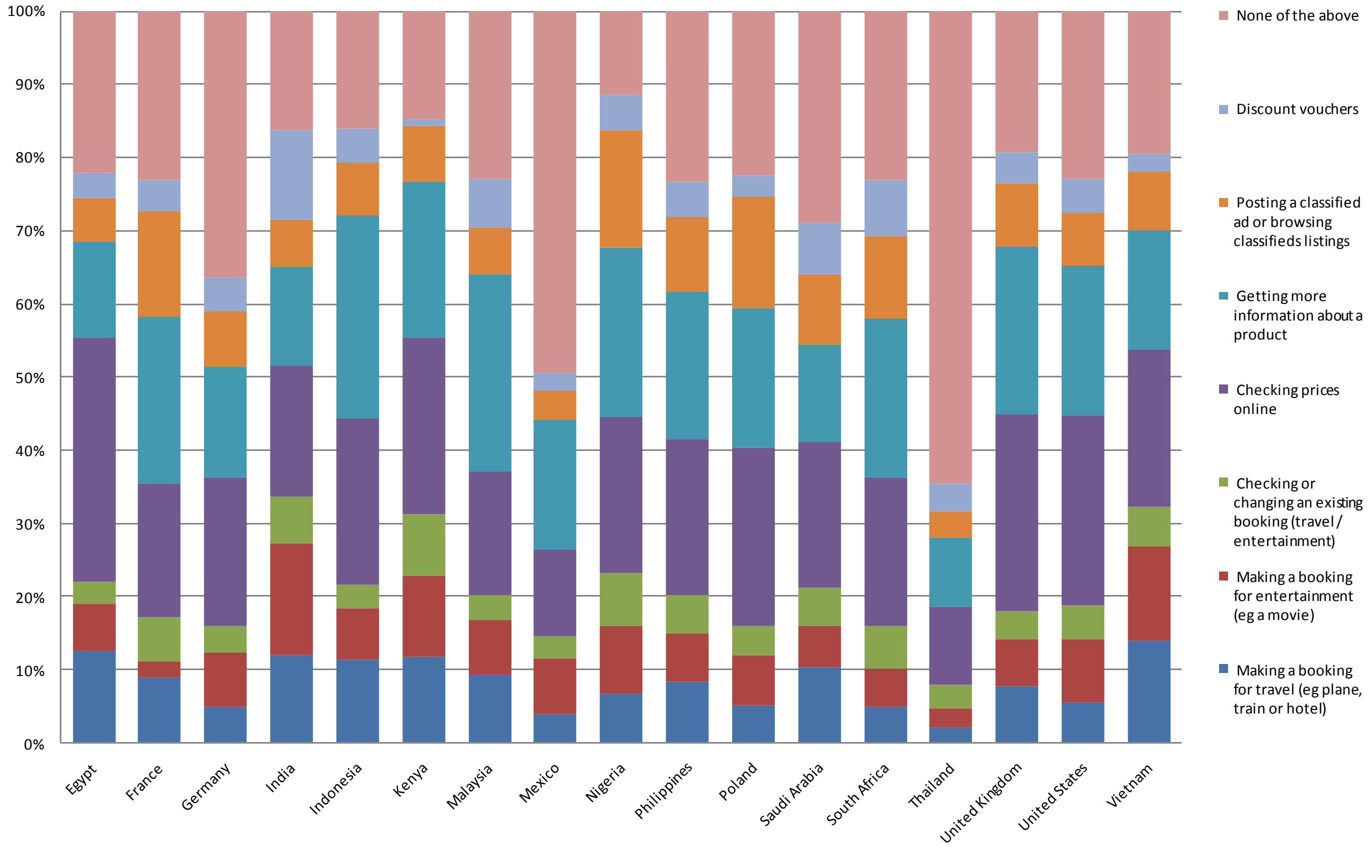
- On a global scale 22% of respondents claim never to have transacted on their mobiles (See page 23). Among those who do, 26% say they already use their phones for shopping, and 14% only buy things using their PCs.
- The mobile phone is an inextricable part of our purchasing activity. A large portion of users (39%) prefer to pay in person, and suggests the extensive us of mobiles in their decision making processes.
- Across all markets, the most popular purchases remain mobile-related: phone credit (65%) and mobile content (48%). Payments for phone credit are particularly high by users from Kenya (88%), Indonesia (85%) and Vietnam (87%). The pattern of demand is also reflected in advertising on the mobile internet; the majority of advertisers offer mobile content (particularly games and videos) or promote offers that include airtime.
- Besides these items, physical media (books, music and movies for home delivery, at 16%) and gadgets (electronics and small appliances, at 10%) are highly purchased items. Notable are India (28%), Nigeria (31%), UK (20%) and US (23%) for their purchase of books, music and movies
- Germany (18%), India (17%), Poland (15%) and US (14%) are among the top markets that purchase gadgets.
- Many other consumer products are bought using mobiles – particularly in Nigeria (24%), UK (20%), France (19%), India (18%), Philippines (17%), US (16%) and South Africa (15%). These are likely to be gifts, clothing, personal care items and discount offers.
- In the travel sector, wherever mobile services are available, these are heavily used (eg, France 13%, Germany 11%, India 14%, Saudi Arabia 21%, South Africa 11% and United Kingdom 10%).

4. How did you pay?



- Overall, 39% of mobile web users prefer to pay in person over other forms of remote / electronic transactions. Only in two markets is this pattern reversed and surfers prefer to pay with their mobiles – in Kenya 45% prefer to charge to their phone accounts and in Poland, 24% prefer mobile payments. In France, surfers are more likely to pay via credit card (29%) than pay in cash. In Indonesia, 72% prefer to pay in person for their purchases.
- On a global scale, 21% of users will charge their purchases to their phones. Users in Kenya (45%) are the most likely to do this, followed by Nigeria (25%), Philippines (26%), Poland (24%), South Africa (24%), Thailand (22%), United Kingdom (21%) and Vietnam (23%).
- Indonesians are the least likely to charge to their phones – only 2% do so. They are followed by users from Egypt (8%), Germany (9%), Saudi Arabia (7%) and the United States (11%).
- The 19% who claim not to use any of the payment systems probably correspond with the 22% who have never made purchases. Alternately, the presence of the under-20s suggests the possibility of a family member paying as part of a bundled 'family plan' subscription.

5. Which services have you used on your mobile phone in the past 6 months?



The mobile provides immediacy for **product research** (32% check prices online and 30% use their mobiles to get more product information) and **bargain hunting** (15% check classifieds and 7% look for discount vouchers).

Users also use their mobiles to track their purchases. This was sampled via their bookings for travel and entertainment. 12% book tickets for travel and 13% for entertainment, after which 8% will revisit to make changes or to check their bookings.

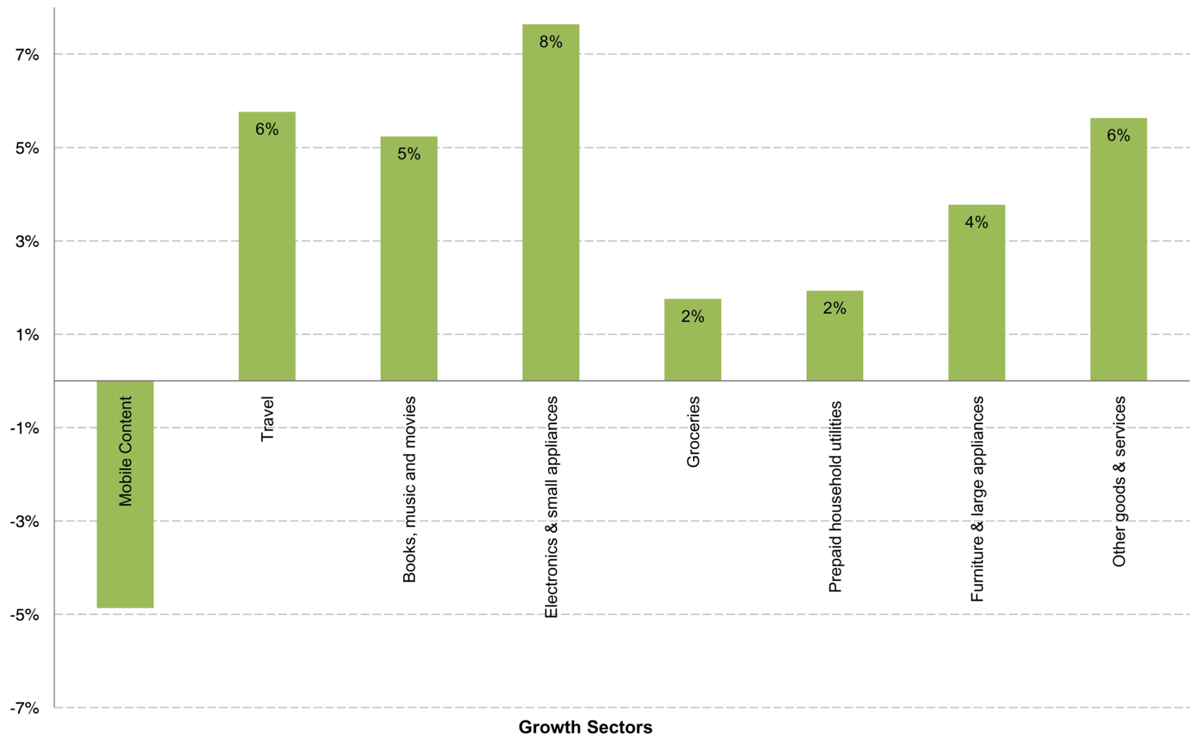
6. Which products and services would you like to buy with your phone?

The question aims to see if users will repeat current purchases. The choices given are the same as in Question 3.

Upcoming purchases in order of popularity are:

Upcoming purchases (products and services)	Percentage of users
Airtime or phone credit	56%
Content for my phone	43%
Books, music and movies (for delivery)	21%
Other goods and services	20%
Electronics and small appliances	18%
Travel (tickets, accommodation etc)	13%
Prepaid household utilities (eg, electricity or gas)	10%
Groceries	9%
Furniture and large appliances	8%

The helps us predict immediate growth opportunities in some market sectors.



Growth Sectors

Three sectors are likely to enjoy immediate uptake in the immediate future

- Gadgets (Electronics & small appliances)
- Physical Media (Books, music and movies) for home delivery, and
- Travel (tickets, accommodation etc)

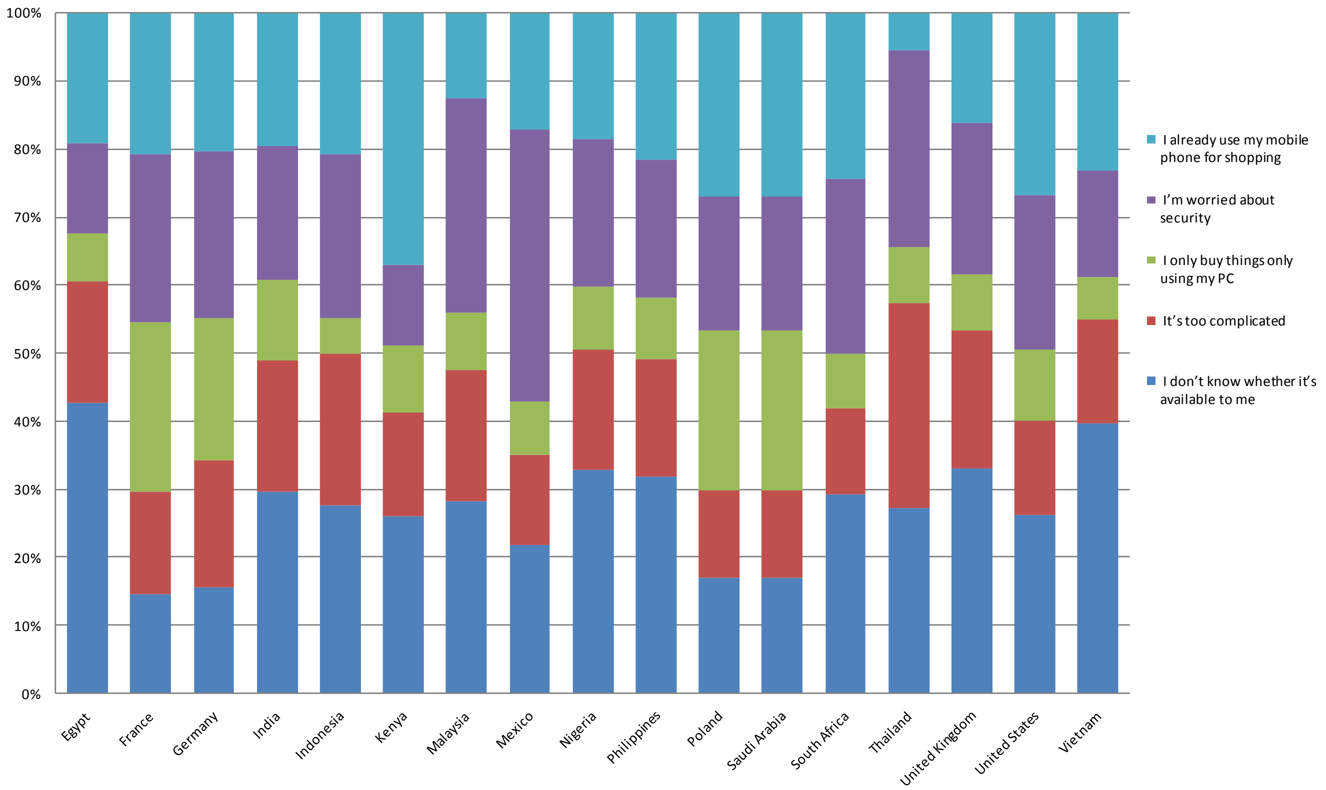
% Change in Consumer Intent																	
	EG	**FR**	**DE**	**IN**	**ID**	**KE**	**MY**	**MX**	**NG**	**PH**	**PL**	**SA**	**ZA**	**TH**	**UK**	**US**	**VN**
Electronics & small appliances	9	13	15	3	10	9	2	7	13	12	8	9	8	1	11	6	-3
Books, music and movies (for delivery)	-2	18	11	-1	7	7	-1	10	5	2	14	5	13	1	15	4	-2
Other goods & services	3	18	19	-1	10	7	-2	6	10	1	4	-4	6	3	22	5	-5
Travel (tickets, accom etc)	-2	11	-4	2	1	9	4	7	9	2	13	-2	6	0	20	8	-1
Furniture and large appliances	1	10	2	2	1	4	2	5	4	6	8	1	4	3	2	6	-1
Groceries	-2	10	4	1	2	2	-1	2	2	-5	8	-6	6	0	8	2	-3
Prepaid utilities	1	6	-5	-4	4	3	3	7	4	1	5	1	3	-6	10	-1	-3
Mobile Content	-16	6	-7	-2	5	0	-1	-11	-2	-2	-11	-8	0	-6	-6	-1	-17

**Countries highlighted in yellow demonstrate higher percentage change in consumer intent*

Across all sectors, uptake of mobile shopping in the immediate future looks positive particularly in France, Nigeria, Poland, South Africa and United Kingdom where the most users are expected to repeat purchases they have already made. In markets where these services are not yet available, the demand has created clear opportunities.

Informal interviews with industry players suggest "Other Goods & Services" can include products for personal care products and services like online real estate.

7. If you don't already use your mobile phone for shopping, why not?



In a previous survey on mobile banking a large portion (46%) of users did not know that mobile banking is available. A similar lack of awareness is also observed in this survey and 35% claimed they did not know they could shop with their mobiles. These are likely among those who think mobile shopping is "too complicated" (21%) and are worried about security (27%).

However, 26% already use their mobiles for shopping and 14% shop only with their PCs.

Compared to a previous survey on mobile banking, fewer people now are "unaware" of their phone's transactional capabilities, but the introduction of other players (credit card, m-payment providers, merchants) have increased anxieties:

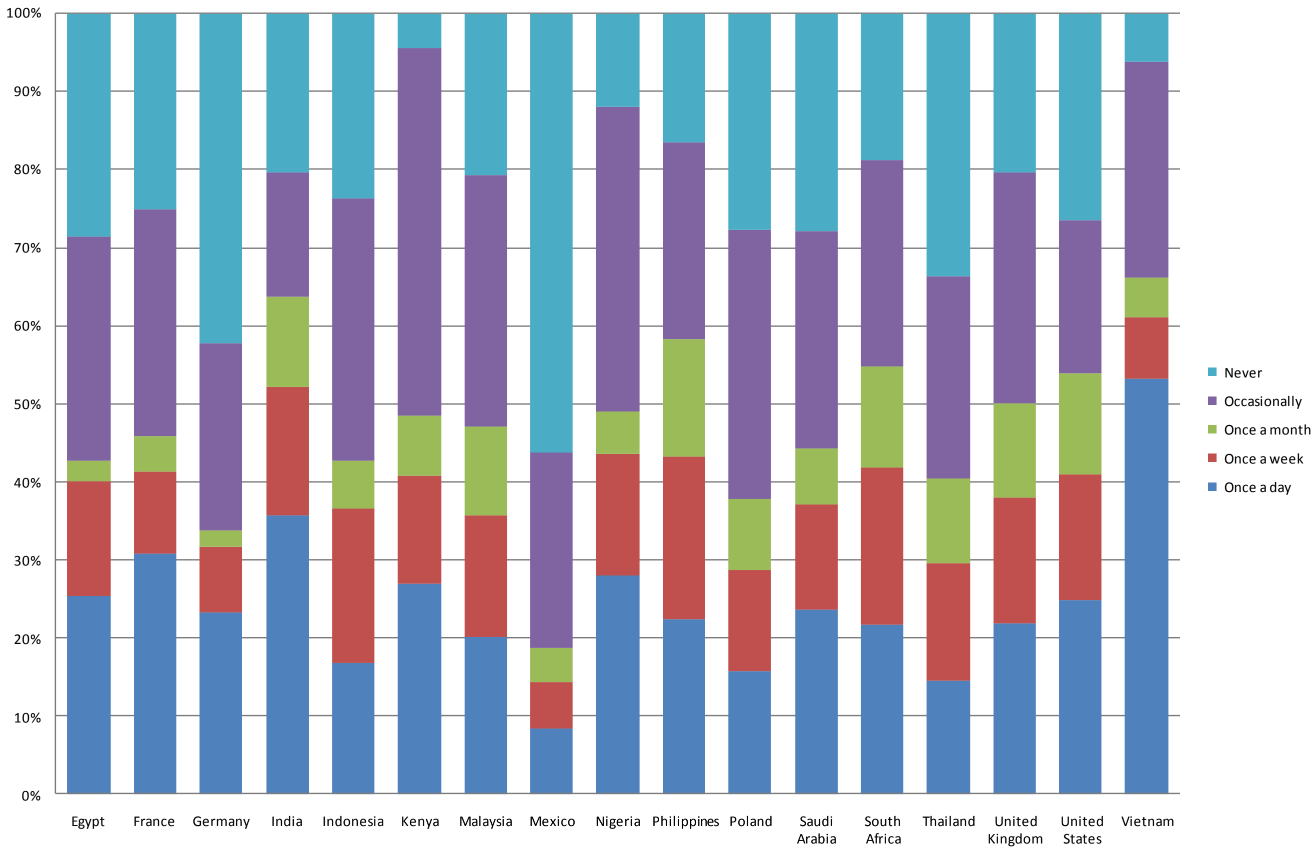
- more people think it's "complicated" (21%, previously 14%), and
- more are worried about security (27% compared to 19% previously)

While awareness and security remain top concerns among users, there is a high interest in tools that offer control over spending levels. These are:

- Checking account balances (48%)
- Knowing when I receive deposits (43%)
- Transferring money between accounts (28%)
- Viewing recent transactions (27%)

Users clearly want a dashboard of their finances to help them as part of their purchasing decision.

8. How often do you transact on your mobile phone?



This question was crafted to include activities that range from checking account balances to buying something. Users were only given one choice among the options.

Among the respondents, 22% have never performed mobile transactions.

The remainder clearly has some comfort with the basic steps that are involved in making a purchase. 30% occasionally check their transactions with their mobiles; 26% frequently (once a day) use their mobiles to manage their accounts and spends while the remainder does this once a week (14%) and once a month (8%).

Conclusions

Demographics

1. Early adopters remain young males, but females are gaining ground in some countries.
2. Globally, teens remain an important demographic (28%), with twentysomethings forming the largest age group of users (47%).
    - There has been significant growth in usage by 'mature' users (those over 35), who now represent 15% of the global user base.

Commercial activity

3. 22% of respondents have never transacted on a mobile device. The balance (78%) has performed some form of transaction (from checking a balance, to buying something).
    - Once consumers start transacting on the mobile web, their behaviour quickly becomes regular and habitual. 40% of all mobile users transact at least once a week.
4. The internet-connected mobile phone is now inextricably linked to all facets of consumer behaviour – from product research (30% get more information), to bargain hunting (32% check prices), and tracking purchases (8%).
5. There's a growing overlap of users with access to both mobile and fixed internet. At least 14% of users around the world access the web via both PC and their mobile device.

Purchase behaviour

6. Across all markets in the past six months, the most popular purchases are mobile-related.
    - 65% of users have bought phone credit.
    - 48% of users have bought mobile content
7. Most popular mobile purchases not directly related to the mobile device itself include:
    - Physical media products (books, music and movies) for delivery, which have been purchased by 16% of global users within the past 6 months.
    - Gadgets (electronics and small appliances), which have been bought by 10%.
8. The travel sector has proven that it has a natural synergy with the mobile internet. Travel tools and booking services are used heavily, wherever they become available.
    - Globally, 12% of mobile internet users have purchased tickets for travel, or made accommodation reservations.
9. Three industries in particular have high potential for repeat purchases (indicated by strong intent to purchase, on top of existing consumer behaviour). These include:
    - Gadgets (electronics and small appliances)
    - Physical media products (books, music and movies) for delivery
    - Travel (tickets and accommodation)

Changing attitudes to mobile transactions

10. Globally, users remain reluctant to engage in remote transactions, with 39% preferring to pay in person, and 21% preferring to charge purchases to their phones (via premium SMS or WAP billing).
11. The biggest barriers to mobile commerce remain lack of awareness of the tools and services available (35% of users), and concerns regarding security (expressed by 27%).
12. More consumers perceive m-commerce to be complicated and risky despite the wider choices now available. This increased anxiety may be due to more players in the m-commerce value chain competing for attention, and sending contradictory messages.
13. In all markets surveyed, consumers are most receptive to tools and services that can reassure them, or provide a sense of control over their finances. These include recent activity notifications, as well as basic access to bank accounts to view accounts and make transactions.

Recommendations

1. In some markets (including India, Egypt and Nigeria) marketers need to relook the way in which mobile is marketed to women. This is a massive potential market.
2. In some markets (including India, Vietnam and Egypt) mobile service providers need to market themselves better to mature audiences, who are under-represented
3. These segments (women and mature users) are important m-commerce segments in those markets in which they are present.
4. Marketers also need to remember that 22% have never transacted in mobile. Consumers need reassurance over security, education about availability of services, and ease of use.
5. Mobile content is still much in demand. Also in demand is airtime.
6. More product information is needed on the mobile internet. This is an opportunity for publishers and retailers, and will become an important part of every mobile marketer's job, so that consumers are aware of what's available. Services that are likely to do well include:
   a. Product review sites and consumer forums
   b. Comparison shopping services
   c. Discount sites and coupon services
   d. Price aggregators
   e. Classifieds
7. Those industries that will win in the immediate term include:
   a. Travel
   b. Gadgets
   c. Physical media
8. Far too many people still prefer to make payments in person.
   a. There are significant opportunities for CRM, coupons and redemption. This will drive m-commerce activity.
   b. For marketers, we see a huge opportunity to integrate mobile as part of their loyalty / CRM / social programmes.
   c. Remote payment providers have a lot of work to do to reassure the market.
   d. Retailers are advised that cash on delivery services can be a crucial element of every business, until users become more comfortable and trusting of cashless payments.
   e. Post-purchase tracking services will do a lot to overcome anxiety and reassure consumers.
9. Banks and merchants have a crucial role to play in reassuring consumers about their security. Messages between banks, mobile payment providers, merchants, e-wallet providers, telcos, and so on, have become inconsistent and dizzying. Consumers do not know who to trust, who to choose, what is best. Industry standards need to be set. The following tools are important first steps:
   a. In demand are services (such as SMS notifications) which reassure users.
   b. Balance enquiries an important activity ahead of purchase.

Media Insights:
Mobile gaming discovery

The challenge of discovery continues. Even high-quality games are often lost in the myriad of apps and games on app stores. While search made discovery on the web easy, the equivalent of search for games and applications isn't quite as advanced. And these games and applications are going beyond mobile, and on to tablets and perhaps to other connected devices such as TVs. (As media consumption overlaps between devices, games discovery may be on PC for consumption on tablets and mobiles).

Given the current state of play, what are the best ways for developers (both independent and established) to get their products discovered?

One way to get a game discovered is by **having it featured** by the app store owner. While this works to some extent, to the developer, it's like winning the lottery and to the users, it's a lot like pot luck. The challenge remains: consumers don't know what else is available that they can have. The good thing is that mobile users try out a lot of games. Understanding their behaviour (through analytics) helps in the development of tools like recommenders for related games.

Another way is to **incentivise downloads.** While this is no longer accepted by some app stores (such as that of Apple), opportunities lie across all the other independent download sites. In contrast (and in reverse) are paid rankings that are available on some app stores (like GetJar). These methods can and do support downloads

Many developers argue that **word of mouth** is a very useful tool and becomes powerful when matched with public relations and social media activities. It boils down to telling others what your game is about through press releases, trailers, images, and so on.

A marketing playbook for games could take the following form:

1. Create a Buzz: Invest in PR

The trick is to provide an interesting and exciting story. Tell the audience what makes your game unique. Consider describing the 'making of the game'. Journalists appreciate a good story... and quality images.

Target several relevant news and entertainment outlets at once, both online and off, to create multiple reference points for your game. Consumers will take notice when they read about the game in different media.

Create milestones beyond the launch, just the way film promoters set dates for a DVD release. Your milestones could include the release of a free (ad-supported) version or update with new challenges. Each milestone is an excuse to tell your story – and generate media and consumer interest – again.

2. Fuel the Buzz with Social Media

Creating a Facebook page or Twitter feed is easy and social networks are mobile-friendly, which means you don't need to spend a lot of time or money to have a presence on the mobile internet. Think first though about how to attract users and keep them engaged. Offer tips. Provide video clips, cool images and links that encourage sharing and could go viral. Reward user participation. Encourage discussion and let users know you're listening – particularly to feedback that can improve your game.

Loyal fans will be the first customers of your next release.

3. Engage with Multiple Platforms and Search

Use a consistent set of phrases and keywords in your game titles and descriptions. This will build recognition both for search spiders and among your user base.

Consider paid mobile search. This is usually a lot cheaper than fixed internet search and in abundant supply. Otherwise stick to small focused mobile ad campaigns.

Distribute to as many app stores as possible. Each one has its own unique audience of users. Promote each destination with search, on your mobile site and social networks.

4. Go region by region

If you don't have the resources to focus on the whole world at once like a global film distributor, that's no problem. Just pick one important market at a time and build usage there before moving on.

5. Leverage Pop Culture

We've seen the Vampire and Zombie cycles. During this period, anything with "vampire" in its title generated downloads. What's the next hot topic and how can you ride on it? Check out upcoming movie releases, listen to the radio, surf the net for ideas.

Is your game similar to – or better – than a classic? If so, draw out the comparison in your game's description. This will generate greater recognition of your game, more search hits and could even leverage on consumer nostalgia for the original.

The Bottom Line

You don't need a huge splash from day one in order to be a success. But you should have at least a small marketing budget to create a buzz.

Be creative. If you build recognition of your game, market by market, by promoting it over multiple channels and the word will spread.

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