

Messaging apps show mobile Internet's rise in Asia (Update)

September 18 2012, by Youkyung Lee



In this Aug. 20, 2012 photo, a woman opens Kakao Talk, a South Korean mobile messaging app with more than 60 million users, on her smartphone in Seoul, South Korea. A handful of smartphone apps that began as basic instant messaging services have amassed several hundred million users in Asia in just a couple of years, mounting a challenge to the popularity of online hangouts such as Facebook as they branch into games, e-commerce, celebrity news and other areas. (AP Photo/Hye Soo Nah)

(AP)—A handful of smartphone apps that began as basic instant messaging services have amassed several hundred million users in Asia in just a couple of years, mounting a challenge to the popularity of online hangouts such as Facebook as they branch into games, e-commerce, celebrity news and other areas.

Among them is Line, which has grown to 60 million users, mostly in

Asia including at least 29 million in Japan. Its developer estimates the number of users will reach 100 million by the end of this year. Also popular is Kakao Talk with 60 million users, more than half in South Korea where it originates. Other successful messengers are Nimbuzz made by an India-based firm which has amassed 100 million users including 31 million in Asia, and WeChat by China-based Tencent, which is nearing 200 million users.

The rapid growth of such applications underlines that people are increasingly going online using mobile phones and other wireless devices. It is a trend that has proved problematic for the world's most popular social networking site. Facebook has lost more than \$50 billion of its market value since its initial public offering largely due to doubts about its ability to successfully insert advertising into the mobile version that a large and growing number of its 955 million users access from smartphones.

"Japan, Korea and to a lesser extent China are leading the way in terms of mobile messaging-centric apps that move into diverse and potentially very profitable new service areas like gaming, affiliate marketing, next-generation emoticons," said analyst Mark Ranson at research firm Ovum. "Offering a free, high quality messaging service is a good way of building a large and loyal user base which can later be introduced to more readily monetizeable services."

Instant messaging, also known as IM, was first popularized on desktop computers with applications such as Microsoft Messenger that evolved from text-based chatting and sharing files to the voice calls and video conferencing that Skype is known for. The advent of smartphones took IM back to basics with services such as WhatsApp and Blackberry Messenger that allowed for real-time chatting, swapping photos and not much else. The new instant messaging apps such as Line have evolved into online destinations in their own right.

"I use Line messenger every day, about every hour ... instead of text messages or emails," Supinda Toochinda, a 31-year-old interior designer in Bangkok, said in an email. She said Line was the only mobile application she'd spent money with, buying elaborate emoticons called stickers that can be sent to friends while chatting.

Part of the appeal of the applications is the ability to create an unlimited number of group chats and the ease with which connections can be made—the apps automatically create a contacts list by harvesting the contacts list saved in the phone. At the same time, managing privacy is simpler than on a social networking site.

Analysts say these mobile messengers are showing more nimble and promising moves in the efforts to make such mobile services profitable without relying solely on advertising.

"Kakao Talk and Line are seeing opportunities as Facebook isn't making money from users of its mobile website and app," said Ryu Han-seok, director of the Technology, Labor and Culture Institute, a consulting company, in Seoul. "In the mobile markets in Asia, they are ahead of the game."

"It is probably tough to compete with Facebook in the U.S. or Europe. But in Japan, South Korea and other Asian countries, they have a good chance of beating Facebook," said Ryu.

While Line messenger is expanding to photo editing and sharing, social games and Twitter-like features that allow users to follow corporate brands or celebrities, its windfall came from sales of virtual goods. Sales of stickers—a \$1.99 bundle of cute pictures of cartoon characters or animals—have been its biggest revenue generator. In August, users spent about \$3 million to send the elaborate emoticons when they chat with friends.

Kakao Talk, which is only accessible on mobile devices, says it is trying to develop a business model that isn't dependent on advertising. Since its launch in 2010, it has added a free voice calling service, a gift shop to send Starbucks drink coupons to friends, and options for receiving weather and news, discount vouchers and music videos.

"We are not interested in displaying mobile banner ads just to make money," Kakao Inc. CEO Sirgoo Lee said in an interview with The Associated Press.

The app has been wildly popular in South Korea. Even a small disruption in service makes news and it has entered the local lexicon with the phrase "let's do ka talk." South Koreans are typically connected to multiple group chats on Kakao Talk, holding conversations in separate chat rooms with family, a group of close friends, co-workers and other circles.

According to Appsooni.com, which compiles data on Android applications, South Koreans used Kakao Talk for 62 minutes a day on average in August, compared with 17 minutes on Facebook's Android application.

In a move seen as bringing the three-year-old startup close to generating a profit, Kakao introduced mobile games to its users in July.

"Giving gifts or sending emoticons are business models that Facebook doesn't have. Facebook simply displays ads so its model is different from ours. (Facebook's) profit models are not tailored for mobile users," Lee said.

Copyright 2012 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: Messaging apps show mobile Internet's rise in Asia (Update) (2012, September 18)
retrieved 20 April 2024 from

<https://phys.org/news/2012-09-messaging-apps-mobile-internet-asia.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.