

Line sticks to the global shadows despite splashy IPO

November 9 2016, by Jitendra Joshi



Line Corp. president and chief executive officer Takeshi Idezawa rings the bell during ceremony for the company's listing at the Tokyo Stock Exchange, in July 2016

It staged one of the year's biggest IPOs but messaging app Line, while a huge draw among teens in Asia, says it has no big ambitions to take on Western giants such as Facebook on their home turf.

The Japan-based company known for its popular cartoon "stickers"—a virtual communication tool for users too busy to write a text—instead means to focus on taking messaging to the next stage in its core Asian markets of Japan, Indonesia, Taiwan and Thailand.

"Our goal at Line is for the app to become the gateway to access all online services," chief executive Takeshi Idezawa told AFP in an interview at the annual Web Summit in Lisbon.

Line's service lets users make free calls, send instant messages and post photos or short videos, along with a host of other paid services.

It combines attributes from Facebook, Skype and WhatsApp with games and a mobile payment service also on offer.

The company, which grew out of Japan's 2011 quake-tsunami disaster and is owned by a South Korean Internet provider, staged a \$1.3 billion [initial public offering](#) in July with a dual listing in New York and Tokyo that it said would help its international reach.

That was met with some scepticism by analysts at the time who wondered how effective Line's lineup of products would prove beyond Asia, and Idezawa agreed it was hard to crack Western markets where Facebook-owned WhatsApp or Messenger are already the leader.

"A chat app has a very strong network effect (across the business), so we are focussing on the four Asian countries," he said. "Asia is going to see very big economic growth and it is also a market where American companies are not finding it so easy to enter."

Line reckons there is plenty of room to grow closer to home. Japan, despite pioneering advanced handsets in the pre-iPhone 1990s, still only has 60 percent market penetration for smartphones while in Indonesia

the figure is less than half.



Line Corp. president and CEO, Takeshi Idezawa, speaks during a press conference following the company's stock exchange listing ceremony in Tokyo, in July 2016

Keep 'em coming

And the company believes it can extract much more from its 220 million "active monthly users", as WeChat is doing in China.

Idezawa aims to make the basic app a "one-stop shop" offering multiple services such as games, music and payment services built on a chatbot that, exploiting artificial intelligence, can guide users' needs.

"If users don't see a benefit in staying online, they won't stay, and that's where we have to be creative to get users to stay."

The app can already connect to a smart fridge and tell you if your beer supply is running short. But Idezawa downplayed security concerns surrounding devices plugged into the "internet of things".

"Our security level is high," he insisted, touting Line's end-to-end encryption as rivalling that offered by WhatsApp.

In the first nine months of 2016, the company's revenues increased year-on-year by 17 percent to 103 billion yen and net profit came to 5.3 billion yen, against a net loss a year before.

It plans to increase the revenue share for advertising from 40 percent now; among the rest, 30 percent comes from games and 20 percent from the stickers.

The stickers, a kind of animated language analogous to emoticons which users can buy individually or in sets, have proved hugely popular in Japan. The company is also experimenting with locally designed ones to entice customers in fledgling markets such as France.

Branded sponsorship of the stickers combines advertising with Line's most emblematic feature. Idezawa pulled out his phone to display cutesy animal images sent to millions of Japanese users—one by e-commerce company Rakuten and another from Yahoo Japan.

"The general view of us is that we're very strong at monetisation," he said. "Other chat apps haven't succeeded so much at that."

© 2016 AFP

Citation: Line sticks to the global shadows despite splashy IPO (2016, November 9) retrieved 11 May 2024 from <https://phys.org/news/2016-11-line-global-shadows-splashy-ipo.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.