

2010年中国社交游戏年度报告

China Social Game Annual Report 2010

April 2010

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SNS business in Asia
China's SNS platforms
Entertainment-oriented Apps & Developers
User's perspective
Business model
Social games' opportunities & threats

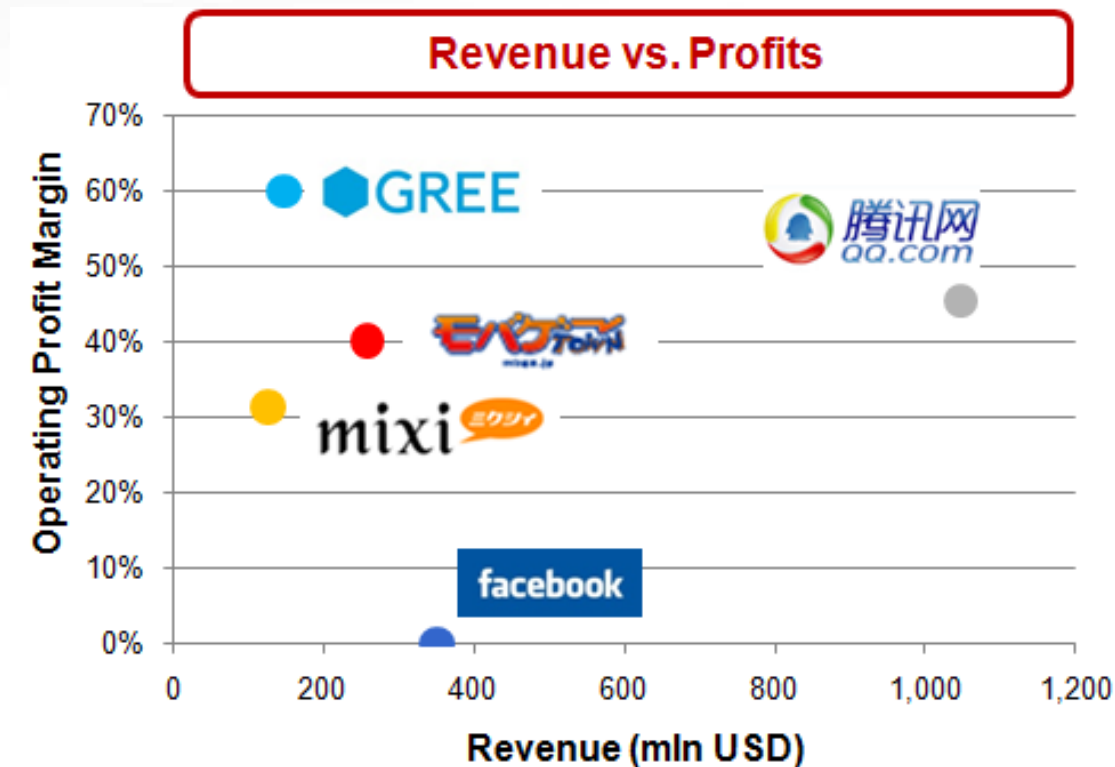
No one can compete with Facebook on openness

- More than **one million developers and entrepreneurs** from more than 180 countries
- More than **500,000 active applications** currently on Facebook Platform
- More than 250 applications have more than one million monthly active users
- More than **80,000 websites have implemented Facebook Connect** since its general availability in December 2008
- More than 60 million Facebook users engage with Facebook Connect on external websites every month
- Two-thirds of comScore's U.S. Top 100 websites and half of comScore's Global Top 100 websites have implemented Facebook Connect

facebook

Source: Facebook, April 2010

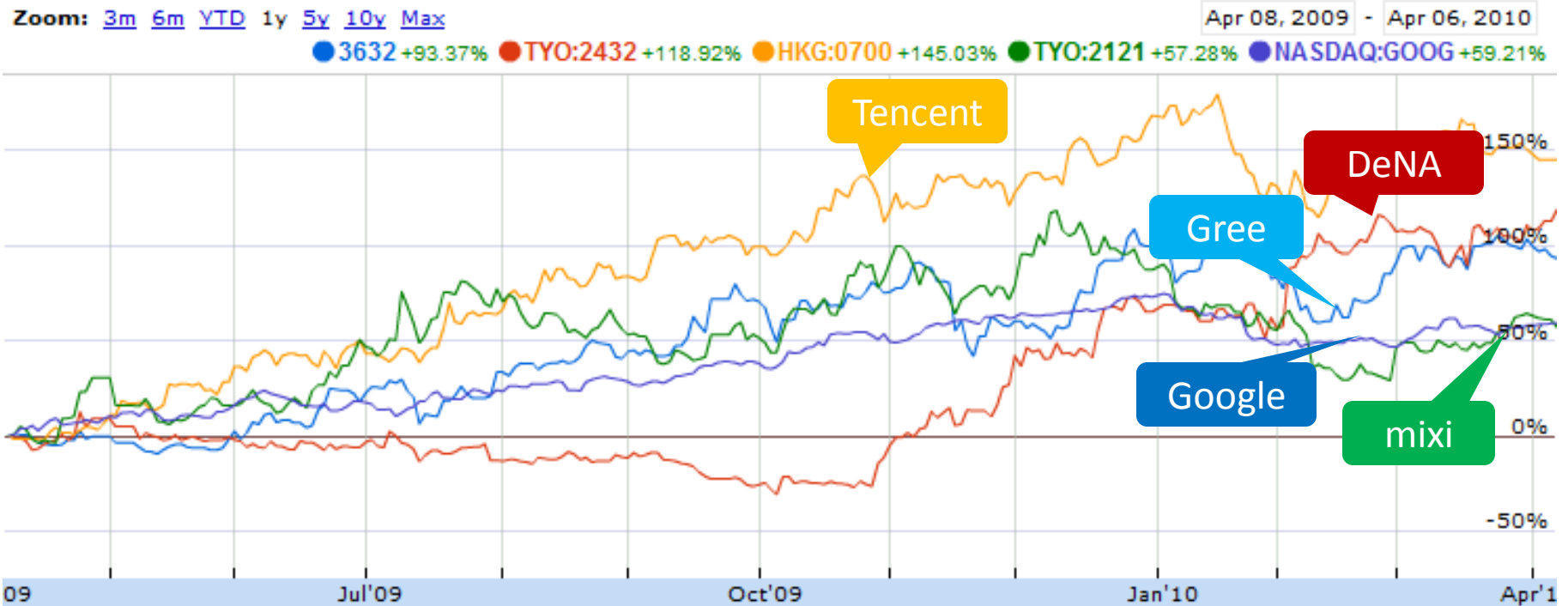
But Asia is making SNS a real business



Source: Plus Eight Star, 2009

Asian SNS are much more valuable than western stars

Comparison on performance of the past one year in stock market








Source: Google Finance, April 2010

China's SNS market environment

- Social platform
 - 124 million unique users by 2009
 - ~20% users choose SNS just because of social games
- Social platform + games → 1+1>2
 - 34% users log in very day
 - 40~50% for playing games

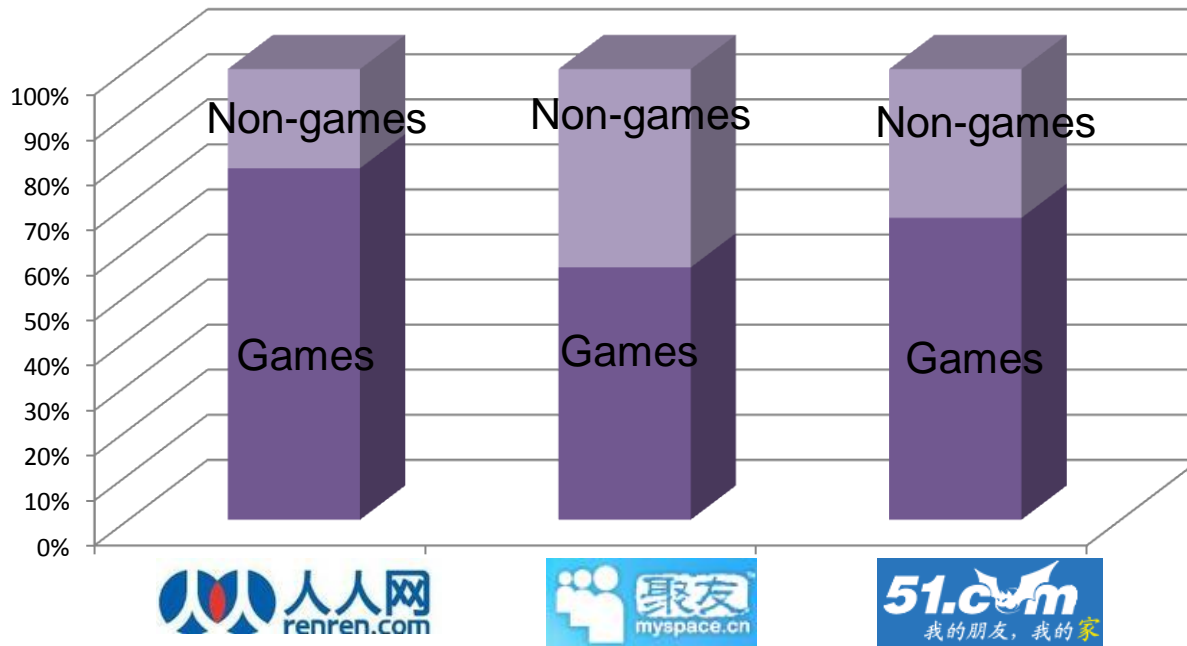
Social games largely increase the stickiness of SNS

Top 5 social platforms in China

					
Launch date	2005-12	2008-03	2005-08	2007-03	2005-03
Users	120 mln registered, 30 mln actives	60 mln registered	178 registered	<5 mln registered by May 09	380 mln actives by 09
Openness	Open API	Closed, in-house development	From “open” to “closed”	Google Open Social	Closed, invite leading developers
Target	From students to young professionals	Young “white-collar”	Grass roots	Music fans	QQ IM users
Business model	Ad, revenue sharing with developers	Ad	Ad, revenue sharing with developers	Ad, revenue sharing with developers	Ad, revenue sharing with developers, VIP membership fee
Financial status	~250 mln RMB in 09	53 mln RMB in first 18 months	N/A	N/A	Profitable
Summary	China’s “Facebook”	Highest stickiness	Grass roots	China’s MySpace	Most profitable

Social games represent #1 applications in social platforms

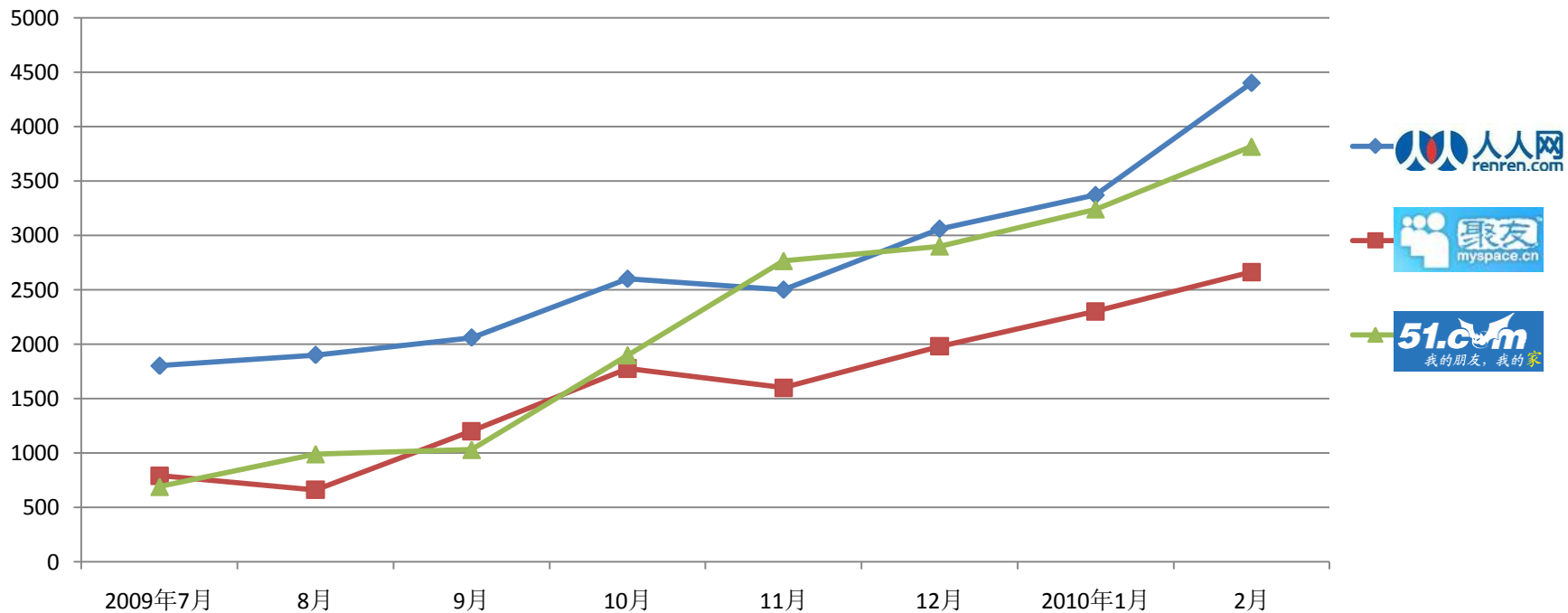
Rate of social game apps vs total apps



Source: renren.com, MySpace.cn, 51.com

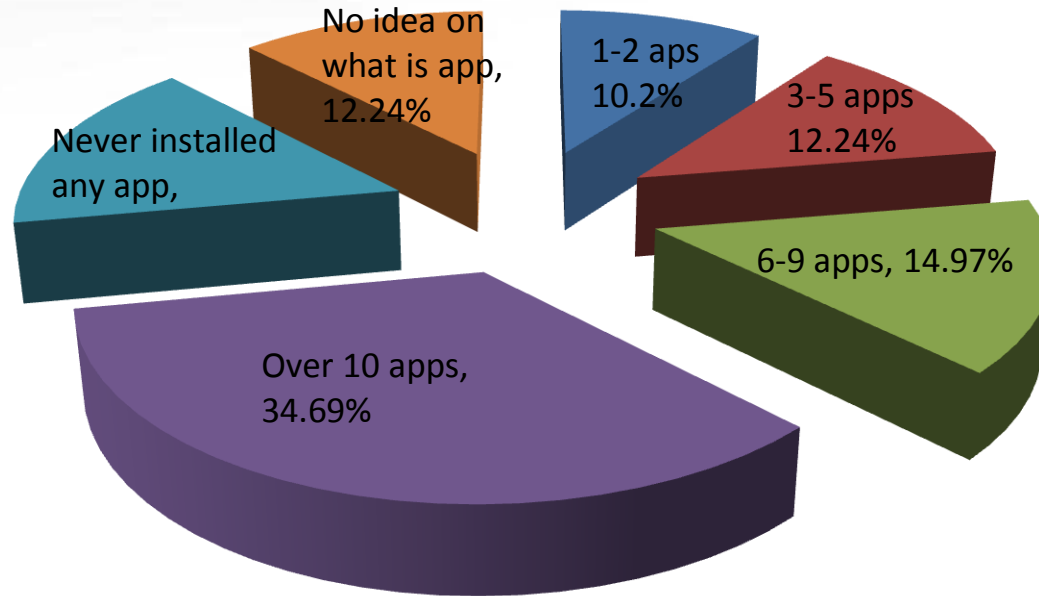
Growth of developers

By Feb 2010, developers on top 3 open platforms in China have reached 10,688.
This number still keeps growing



Source: renren.com, MySpace.cn, 51.com

Users are willing to install apps in social platforms



- Most of users have installed apps of developers.
- Among them, users who have installed over 10 apps are the most important.
- Chinese users are willing to try new apps.

Even some of them are crazy!



In order to harvest in time, many users use alarm clock or stay up late.

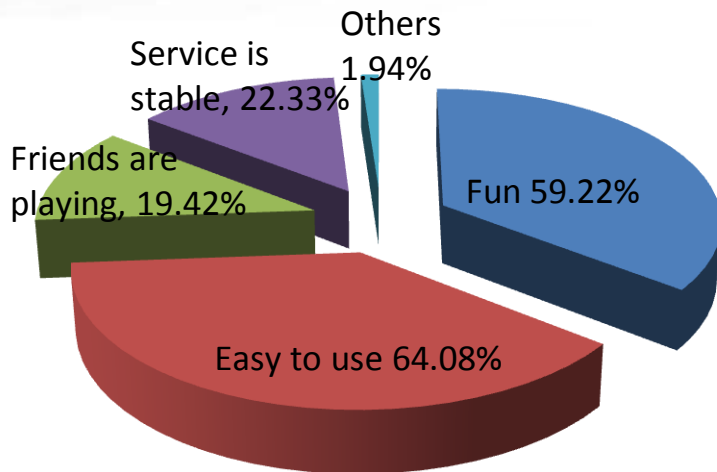


To make their girl friends happy, boys buy high valuable SNS account.

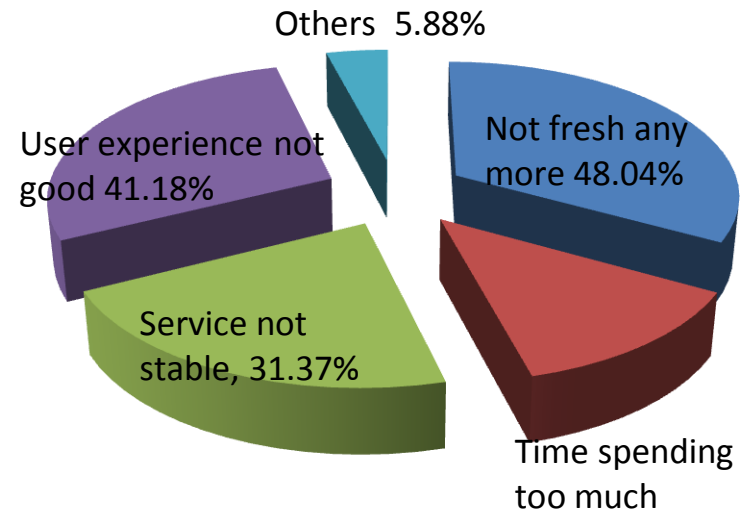
Here a crazy user is selling his account in Taobao (#1 online shopping site in China) on 80,000 RMB, and explaining all details of value: 900 million RMB in Parking game balance, 2.1 billion RMB in real estate market, etc.

Feedback from social game users

Why users choose apps?



Why users give up apps?



- Top three reasons for choosing social games: fun, easy to play, friends are playing.
- Top two reasons for giving up social games: not fresh any more in short time, user experience not good enough.

Business models

- Ads: mainstream revenue source, market growing fast because of the features of social platforms:
 - Huge traffic: 124 million unique users of SNS
 - High stickiness: 1/3 users visit everyday, 40% stay over one hours per day
 - High reactivity: comment, chat, game, message, group, etc.
 - Fast diffusion: typical viral distribution
 - In-apps ads
 - Highly targeted: based on the real SNS
- Virtual goods
 - Mature B2C model which is largely developed by the mainstream Internet services such as game, IM, community, and so on
- Customized apps
 - Emerging B2B model, will fast grow thanks to the demand from corporate which accept social platforms



选择礼物:



Types of advertisement

- 35% social game players get virtual currency by watching ads
- 40% users are willing to click ads in social games



Ads on homepage
Highlight: huge traffic



Nike's page on SNS
Highlight: high reactivity



Ads on reposting page
Highlight: viral distribution



Ads on the starting page of apps
Highlight: high stickiness



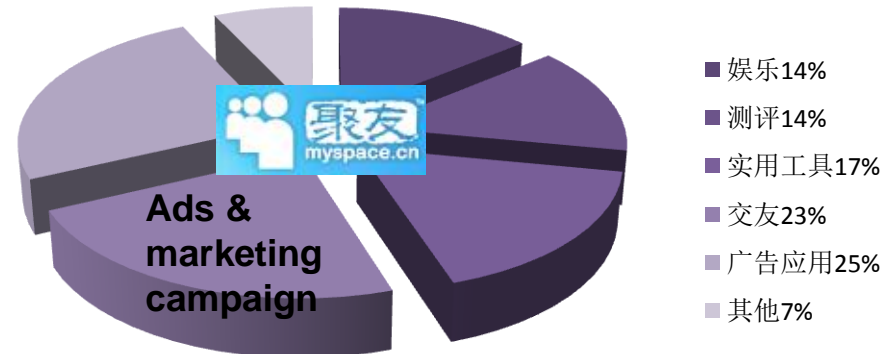
In-game "seeds" and "fruits"
Highlight: smoothly embedded

Ads & marketing campaign can be made on apps

No-gaming apps in renren.com



No-gaming apps in myspace.cn



No-gaming apps in 51.com



Source: renren.com, MySpace.cn, 51.com

Virtual goods

- Incontrovertible mature business model, far advanced to western markets
 - over 3 billion USD economic value in 2008 in China (estimated by Plus Eight Star)
- At least 9 Chinese companies IPO thanks to virtual goods
- Widely used in game, SNS, IM, virtual worlds, etc.
- Rich formats: clothing, avatar, background, equipment, decoration, etc.
- Business model: sales, WVAS, cross-marketing
- Virtual currency system completely solved payment

Dual-currency system – case – Happy Farm

- Gold: to enhance the activity of the service
 - “seed” is the most important component in the game which has to be redeemed by gold earned from playing. That is to say, users cannot continue the game if they don't stay long enough, even though they are willing to pay.
- F coin: to generate revenue for the game operator
 - get F coin by paying cash. must pay F coin for the tools such as fertilizer if users want to accelerate the game



Seed: only redeemed by gold



Decoration of farm: can get either by gold or by F coin



Fertilizer : little can be paid by Gold, in most cases, need to pay F coin which means cash.

Virtual currency system provided by social platform – case – renren bean

- renren.com provides a unique virtual currency: renren bean (RB);
- All the paying apps provide change between their own virtual currency and RB;
- Users first recharge their RB account, then change other currency of apps using RB
- Various payment solutions:
 - online bank, 3rd party payment such as Alipay and Paypal, SMS, fixed-line bill, mobile bill, etc.

Renren.com	Facebook
Unique payment and currency system	Not yet implemented, under consideration
Convenient for users, pay everywhere in renren using single currency	Convenient for developers, not limited by platform, choose payment solution at their convenience
RB is one of main business models	Not generated revenue in this way
Adapted in China's un mature online payment and credit environment	Online payment and credit system are mature in the west

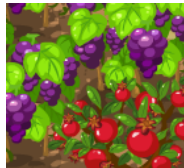
Opportunities & Threats for social games in China

Opportunities

- Driven by external environment
 - SNS is considered as a market where we could next Google
 - Zynga, social game developer founded less than 3 years, raised 39 million USD. Playfish, Playdom doing well in revenue
- Platforms growing
 - general + vertical
- Trends of China's internet
 - entertainment-oriented (60% users < 30 years old)
 - users growing (only 30% of total population)
- Asian advantages
 - especially on mobile social game

Threats

- lack of creativity
 - plenty of farming and planting...
- short life
 - short time to the market, “fast food” on gaming creativity
- competition
 - domestic
 - international
 - one game of PopCap got 3000 active users per day in renren.com



The rest of the report include

- Introduction of top 5 social platforms in China
- Statistics on social games in China
- Case study of social game and related business models
- Detailed statistics on social game user behavior
- Expert interview
- Summary of 2010 China Social Game Summit

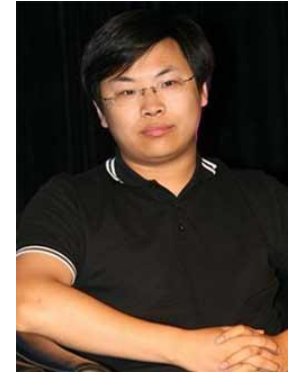
Expert interview



Lai Wei
MySpace .cn, CEO



Dan Brody
360quan, CEO



Kevin Dai
Comsenz, CEO



Jia Shen
RockYou, President and Co-founder



Season Xu
5 Munites, COO



Edwin Chen
ISMOLE, CEO

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- Cecilia holds bachelor degree of Conservatoire National des Arts et Metiers (CNAM) focused on management consulting and change management, and complete a training program at ESC-LILLE.
- She speaks fluently French and English
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- In charge of overseas development at GWC, BO Yiqun has more than 10 years experience in China's ICT industry.
- Before joining GWC, he was Consulting & Research director at Plus Eight Star, leading cross-market research and strategy consulting company focused on Internet & Mobile innovation in China, Japan and Korea. The clients he had served include MIH, Mitsui Global Strategic Studies Institute, Bouygues Telecom, Mobikom, SK Telecom, Adidas, etc.
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