

BuzzCity

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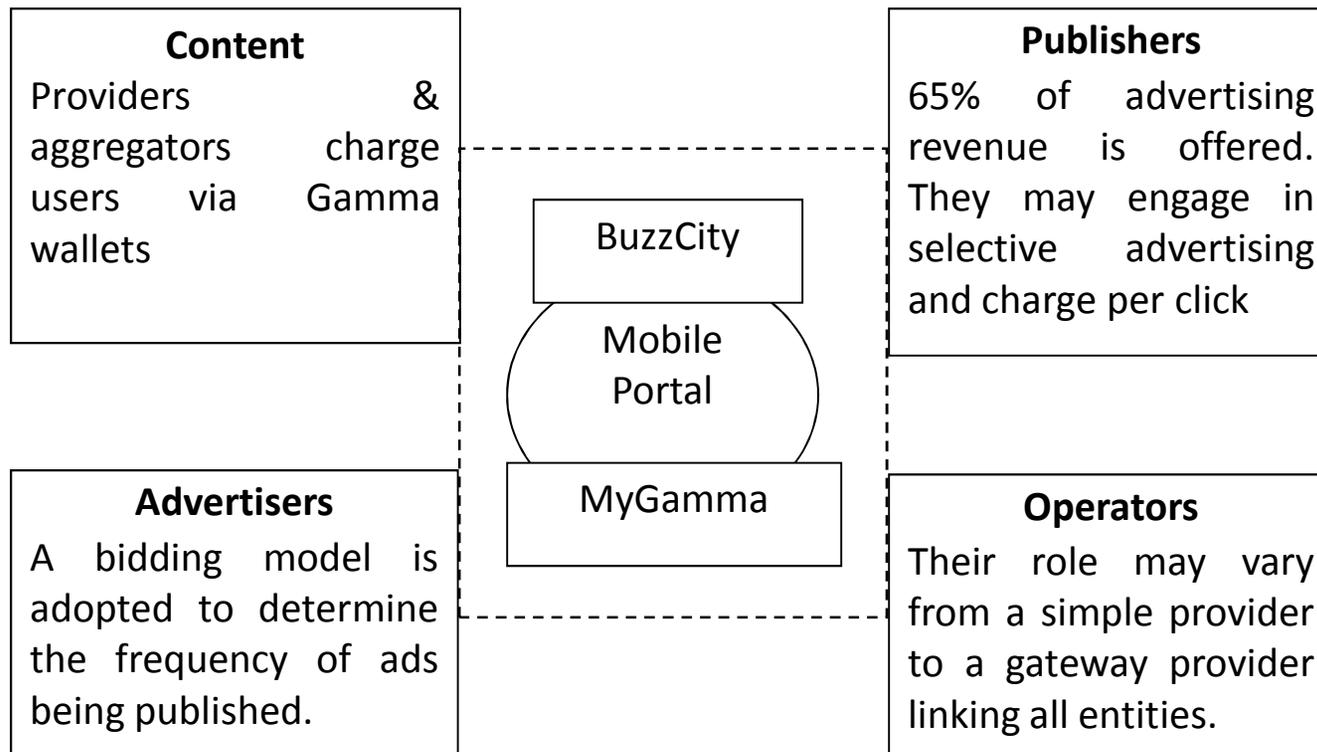
BuzzCity

- Established in 1999 in Singapore
- Started business with content providing business through myGamma, social networking site
- Target groups
 - Blue-collar workers in developed countries
 - Newly-connected middle class across emerging markets

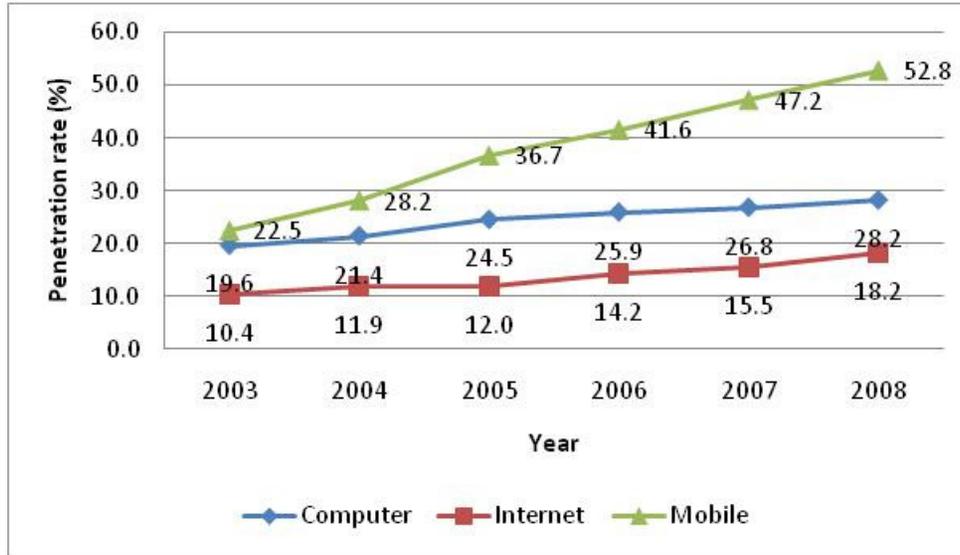
BuzzCity

- Found that margin on billing network business is thin
- Shifting to mobile advertising on myGamma => Advertising network comprising 2,000 worldwide third-party publishers
- Currently 94 % of revenues comes from advertisers, whereas 4% and 2% are from myGamma and billing business, respectively.

BuzzCity's Value Chain



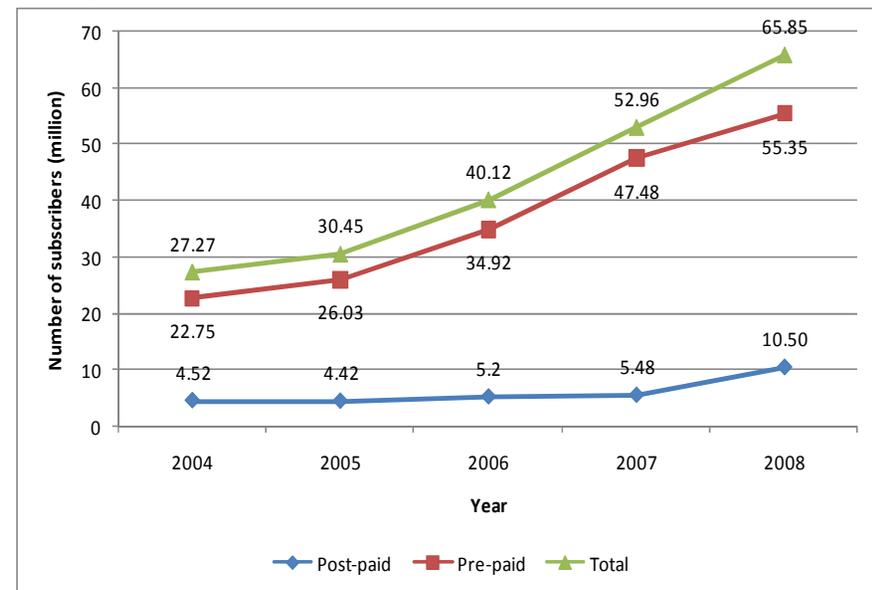
Why Thailand?



Increase in mobile penetration rate at faster rate than computer and internet

Source: National Statistical Office of Thailand

Two fold increase in mobile subscribers



Source: The National Telecommunications Commission

Although mobile voice service has more market value, the growth rate is much lower than mobile non-voice service.

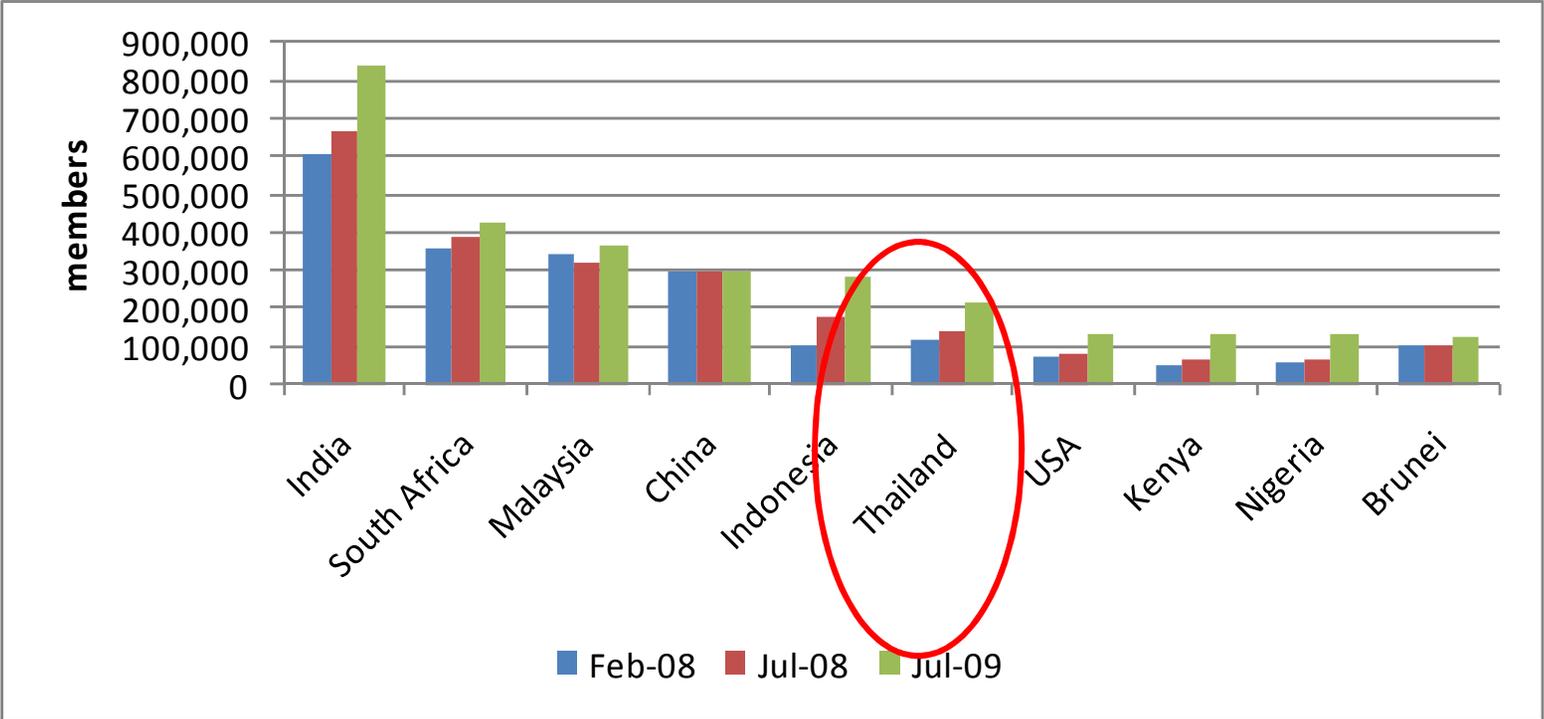
Communication Services	Value (Mil. Baht)			Year to Year Growth (%)	
	2007	2008	2009	07/08	08/09
Mobile Voice	154,484	163,135	169,150	5.6	3.7
Mobile Non voice	14,197	16,213	18,904	14.2	16.6

Source: Thailand ICT Market 2008 and Outlook 2009, Software Industry Promotion Agency

Popular mobile non-voice services => SMS, Play Games, Downloading, Visiting websites, MMS, etc.

Factors of using mobile internet => Convenience, novelty and modernity, cheap mobile internet service and cheaper mobile handsets.

Large number of myGamma members in Thailand



Source: BuzzCity

Market potential in Thailand is high.

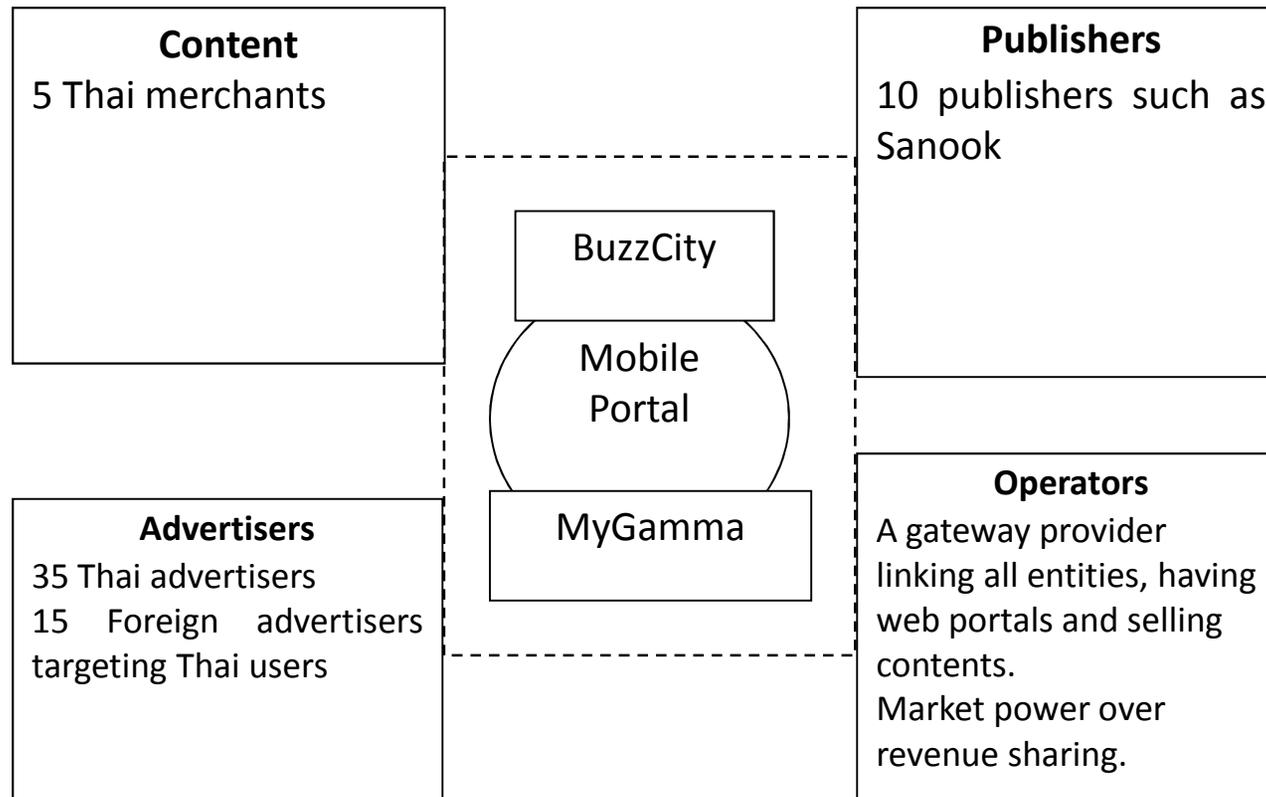
Merchant model employed proved to be unprofitable due to the revenue share of;

- 40%-50% to the mobile operator
- 10% of billing aggregator fee
- 40%-50% revenue shared among merchants



Advertising model

- BuzzCity receives 30%-40% of revenue on external publishers who in turn receive 60%-70% of the mobile advertising revenue.



Factors

- Technology
 - Advanced in-house technology => Ad optimization and targeting technology to support advertisers and publishers to target the right users
- Service Targeting => Advertisers
 - Shifting to ad business which mobile operators lack of specialization can safeguard its business
 - But... Thai advertising industry was badly affected by economic downturn. Share of mobile advertising in Thai advertising industry is negligible.

Factors

- Consumer Targeting => Lower middle and middle income groups
 - Slow consumers' adoption of mobile phones as new media
 - Lack of adverts in the local language
- Role of Mobile Operators
 - Dominant role in billing and content services but not yet in mobile advertising
- Positive Network Externality
 - Through advertising network and myGamma

Key Recommendations

- Unfair revenue sharing in content providing business needs some degree of regulatory intervention to create a conducive market environment.
- Mobile content market is rapidly changing. Being innovative and adopting new business models are needed.