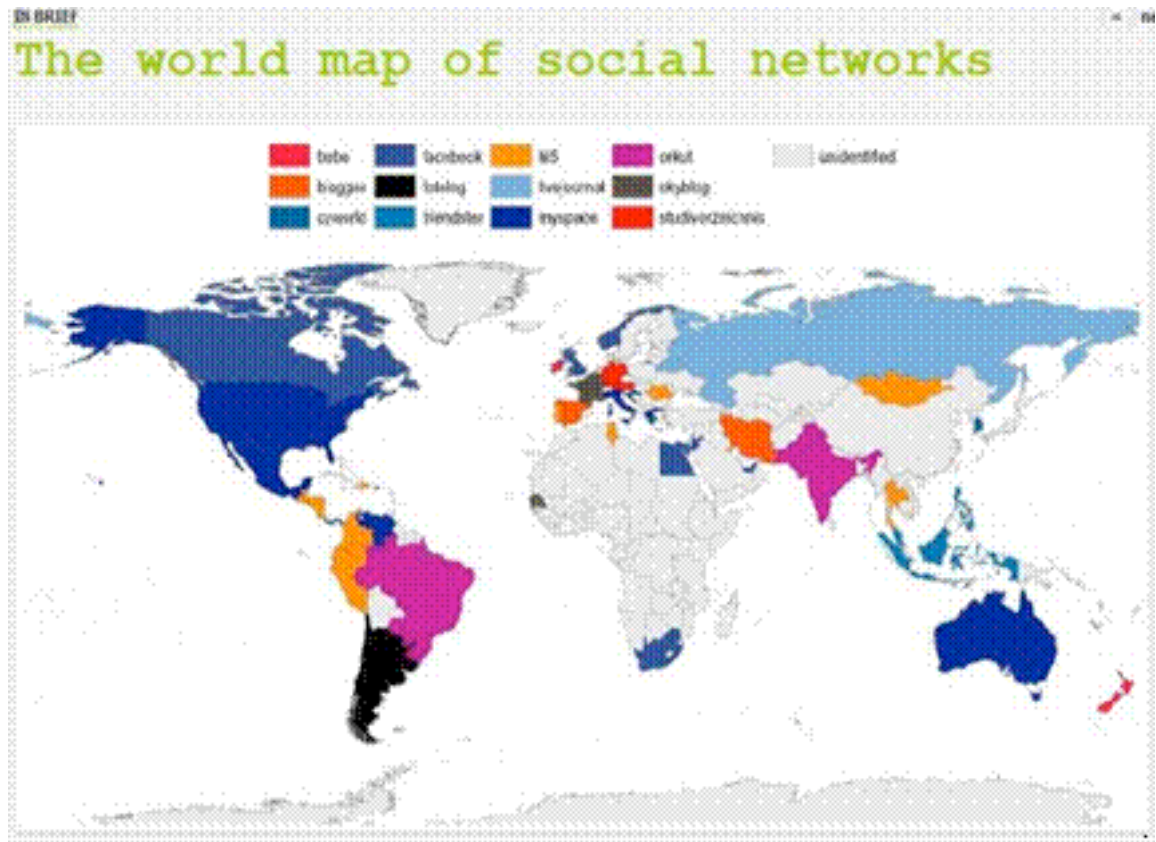


Is Facebook a Global Player?



Introduction

This paper will look at the global phenomenon that is social networking by focusing on particular countries/regions to examine the reasons behind its popularity and the main players in each locality. It will focus particularly on Facebook to evaluate whether the site's success in the English-speaking world can be replicated globally; and if not, what would it need to do to improve its global presence and prospects?

Facebook

Facebook was founded in February 2004 by a Harvard University student and was initially only available to other students at the University. However it quickly expanded across other Universities before moving onto schools and it finally became available to all in September 2006. Since then, it has grown exponentially and currently has over 140 million usersⁱ worldwide. As of June, Facebook became the largest social network by reach at 132 million unique visitors, a 35% jump from the end of 2007. However the majority of its success has been in English-speaking world, in particular Canada, the US and the UK and it has only been in the past months that it has begun an assault on other countries with the introduction of different language sites, of which there are over 20 at present, with that number still growing.

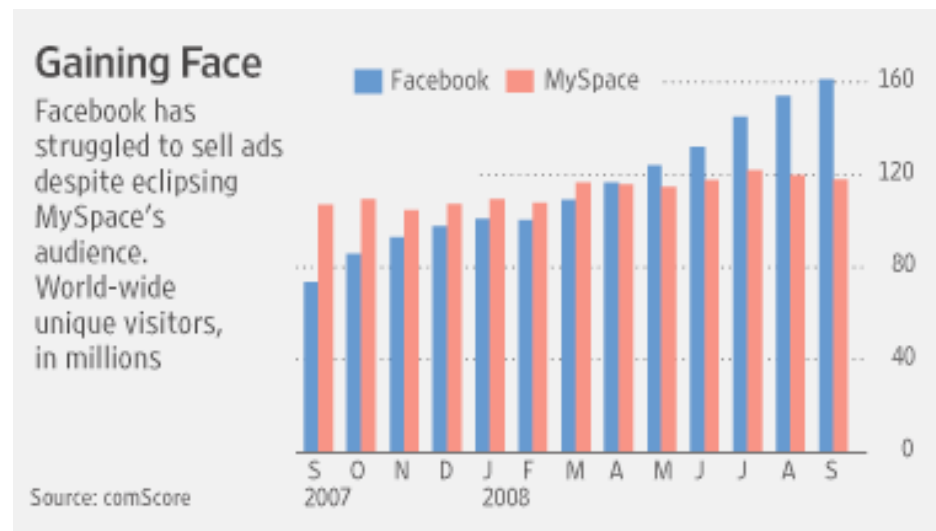
- Since January 2007, Facebook has had an average of 250,000 new registrations per day, resulting in an average of 3% weekly growth.
- Its active users are doubling every 6 months and more than half of all active users visit the site daily.
- The fastest growing demographic is the 25 years old and older and more than half of the users are now outside of college.
- Comscore revealed that people spend an average of 20 minutes per day on the site.

Facebook's wealth of applications are often credited as a major factor in its success:

- It is the number one photo sharing application on the web, with more than 14 million photos being uploaded daily.
- There have been over 52,000 applications built on the Facebook platform, and over 100 are added every day.
- Over 95% of all members have used at least one of the applications.
- The group functionality is also very popular; there are more than 19 million active groups on the site.

Despite such growth, Facebook still seeks a working business model, according to the Wall Street Journal in November 2008:

- A new "engagement" ad format, tested in August; made available to all advertisers in November 2008 has been introduced to draw in advertisers.
- Facebook reports that 70 of the U.S.'s 100 largest advertisers have advertised on its site since 2007 yet its share of total number of U.S. online display ad views was just 1.1%, (comScore Inc., June 2008)
- The potential is there – Fox Interactive Media Unit (of which MySpace is part) has 15.9% market so Facebook needs to find a way of improving its success, especially as it now exceeds MySpace's worldwide audience. (see graph below)
- Despite its low market share, Facebook's revenue this year is expected to more than double to between \$300 million and \$350 million.



Facebook's Global Presence

The tables indicate the level of Facebook's global penetration, as well as the growth it achieved by country.

Visitation to Selected Social Networking Sites by Worldwide Region
 June 2007
 Total Worldwide Home/Work Locations Among Internet Users Age 15+
 Source: comScore World Metrix

Social Networking Site	Share (%) of Unique Visitors					
	Worldwide	North America	Latin America	Europe	Middle East-Africa	Asia Pacific
MySpace	100.0%	62.1%	3.8%	24.7%	1.3%	8.1%
Facebook	100.0%	68.4%	2.0%	16.8%	5.7%	7.1%
Hi5	100.0%	15.3%	24.1%	31.0%	8.7%	20.8%
Friendster	100.0%	7.7%	0.4%	2.5%	0.8%	88.7%
Orkut	100.0%	2.9%	48.9%	4.6%	0.6%	43.0%
Bebo	100.0%	21.8%	0.5%	62.5%	1.3%	13.9%
Tagged	100.0%	22.7%	14.6%	23.4%	10.0%	29.2%

Country	2/8/08	7/29/08	Growth	Growth %
United Kingdom	8,680,900	11,389,300	2,708,400	31%
Chile	106,960	2,456,480	2,349,520	2197%
Colombia	777,960	2,691,760	1,913,800	246%
France	1,279,920	2,451,180	1,171,260	92%
Australia	2,347,200	3,356,480	1,009,280	43%
Venezuela	137,100	1,073,080	935,980	683%
Hong Kong		912,240	912,240	
Canada	8,724,260	9,513,920	789,660	9%
Turkey	2,848,020	3,498,020	650,000	23%
Mexico	648,360	1,098,360	450,000	69%
Spain	333,040	774,120	441,080	132%
Argentina	96,620	510,600	413,980	428%
Puerto Rico		394,780	394,780	
Denmark	409,800	787,600	377,800	92%
Greece	184,300	518,500	334,200	181%
Italy	239,560	572,400	332,840	139%
Belgium	258,340	519,280	260,940	101%
South Africa	732,660	971,980	239,320	33%
Croatia		230,640	230,640	
India	540,820	768,080	227,260	42%
Germany	481,880	695,900	214,020	44%
Switzerland	221,100	420,180	199,080	90%
Malaysia	296,700	492,100	195,400	66%
Egypt	612,720	800,360	187,640	31%
Israel	427,940	606,740	178,800	42%

The table above highlights some of the main global growth areas for Facebook:
Growth by region:

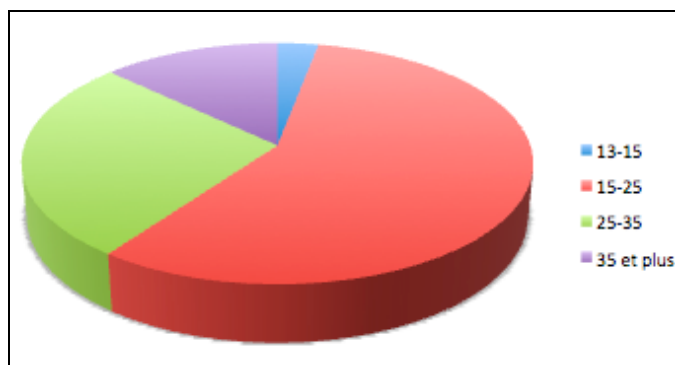
- **Latin America:**
 - Chile -- 2.3 million new users in 6 months
 - Colombia -- 2 million
 - Venezuela -- 1 million
 - Argentina -- 0.4 million
 -
- **Europe:**
 - UK -- 2.7 million new users
 - France -- 1.1 million
 - Spain -- 0.4 million
 -
- **Saturation in developed markets**
 - Canada -- 30% of population on Facebook
 - Norway -- 25%
 - Australia -- 8%

The question remains, however, will this translation be enough to ensure its growth in these markets, or will established, local domains still retain their popularity and position. This paper now examines a cross section of countries in order to evaluate the impact of Facebook in those markets.

France

Social networking in France

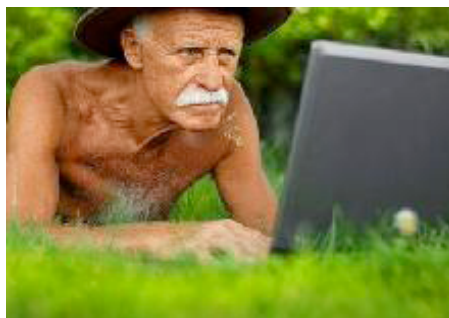
Social networking is a popular concept in France, with over 16 million people registered for social networking sites.ⁱⁱ The most popular site by far is Skyrock Network, a French site which has around 11.5 million users, compared to 3.16 for Facebookⁱⁱⁱ. However, when the figures are compared to the same month in 2007, Facebook had experienced 2877% growth, whereas Skyrocket only grew by 34%, indicating that there is certainly great potential for Facebook in the country. MySpace, which was the world's biggest social networking site before Facebook holds the number 3 position in France, despite having had French version since January 2007. Facebook's French language version was only made available in March 2008. 12-35 year olds are the main users of social networking sites in France, with Facebook users concentrated in the 15-25 age group.



And the over-60s are not so rare either!!

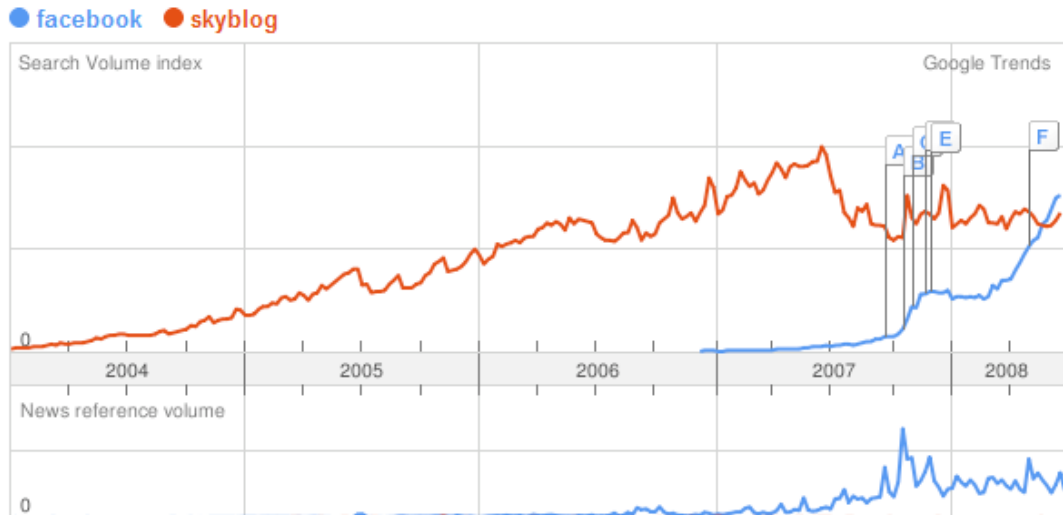
On the 3.16 million of French registered on Facebook, the over-60s already account for 16,000 users.

Will Facebook now build applications designed for Grandparents?



How Facebook fits?

The popularity of the site has undoubtedly increased since the launch of the French version in March, however interestingly it is mainly French Non-English speakers who have taken to it, feeling less excluded than they did on the English version. Those French who do speak English prefer the English site, as the international aspect of it is what attracted them to Facebook in the first place. They see Facebook as an American product, one which can't be totally French and like the exclusivity that the English version gives them over non-English speakers.



How can it do better?

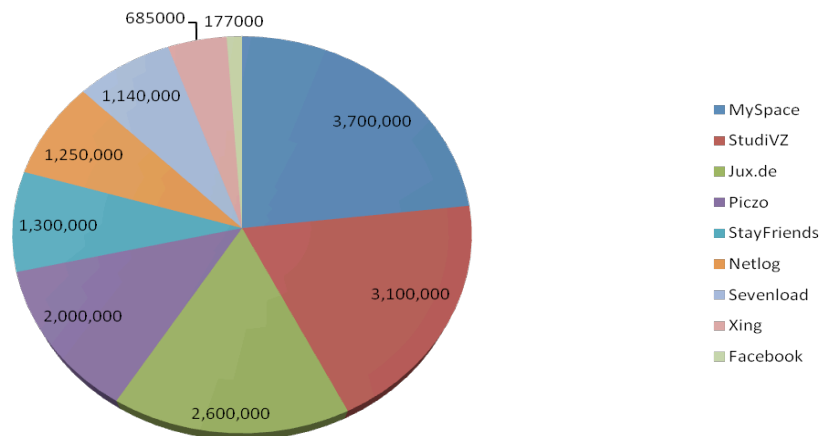
An issue affecting the usage of the site is the actual translation – which contains grammar errors, mistranslations and incorrect phrases. Coupled with that is the difficulty in translating many of the specific Facebook terms, such as 'Funwall', 'Poke', 'Friends block' and even the name 'Facebook' itself. These simply cannot be translated so either result in odd translations which make no sense or the terms remaining English, detracting from the concept that it is a French site. Whilst many will come to understand, and embrace these specific 'Facebookisms', it could cause many French users to abandon the site and rely on Skyrock Network and other French sites for their networking.

Germany

Social networking in Germany

The trend continues in Germany, with social networking being popular but being led by local and established sites, rather than Facebook. StudiVZ, a site mainly for students is the most popular, with around 10 million members in April 2008^{iv} and there are many similarities between the German site and Facebook, which will perhaps prove a hindrance to Facebook's penetration of the German market. MySpace is also popular amongst users, as is Xing, another local site. In fact, 48.5% of social networking users in Germany have never heard of Facebook^v, however the German version of the site is likely to reduce this figure. Currently it is mainly German's who have lived abroad who join Facebook.

Unsurprisingly the main reasons people use social networking sites are to keep in touch with friends, make new ones and share information, including photographs. Only 9.9% of users are on the sites for business purposes. Supporting this is the data on why users would leave a site, with the most popular reasons being that their friends have left, or that the content is no longer of interest.^{vi}



How Facebook fits?

The German version of Facebook launched (.,....) and that is likely to improve its position, as Germans do prefer sites and applications in the German language, rather than English. However, the style of Facebook has also been cited as a reason why it doesn't appeal in Germany: Despite the fact that the usability of the Facebook impresses the German's, they don't feel attracted to it, or any connection with it.

How can it do better?

Data protection is big issue in Germany and Facebook will need to make improvements and changes in order to comply with German data protection laws.^{vii} However, it may have the opportunity to capitalise on recent unpopular changes by StudiVZ, such as the integration of more advertising onto the site.

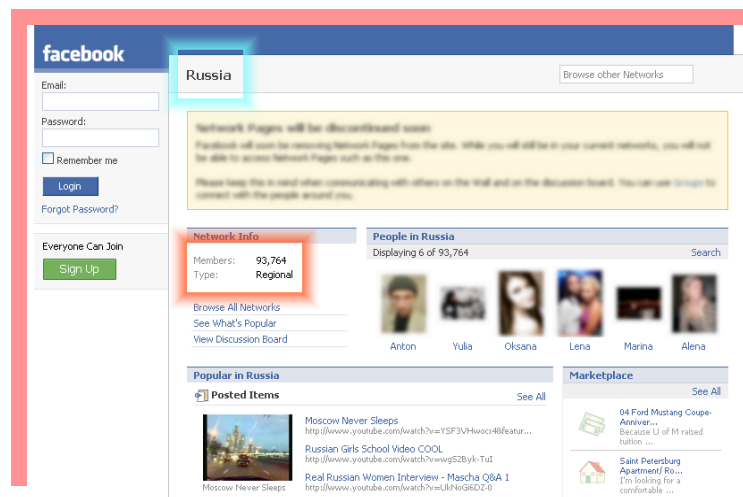
Russia

Social networking in Russia

In Russia, it is the local sites with the greatest number of users and the international sites have virtually no presence in comparison. Odnoklassniki and Vkontakte have around 18 million and 14 million users respectively^{viii}, compared to the 95,000 Russians on Facebook^{ix}. The Russian version on Facebook was only launched in June 2008, and this addition may increase its market share, although as Vkontakte is almost identical to Facebook in its style and layout, many users may see no reason to change.

How Facebook fits?

Facebook has a lot of work to do if it wants to be successful in Russia and increase its market share. Google's inability to compete with Russian search engines Yandex and Rambler could generally reflect the tendency of Russian internet users to prefer local options than global ones, which is likely to apply to social networking sites as well.



How can it do better?

As around 60% of Russian social networking users live in either Moscow or St Petersburg^x, Facebook really needs to focus its advertising and promotion in that area, and in the other large cities in the country. It will also need to make as many of the tools and applications free to users, and when payment is required, it is essential that Russian payments systems are used, rather than international ones. Another word of warning for Facebook is that Russian's hate pop-up adverts, so advertising needs to be subtle and non-invasive.

Japan

Social networking in Japan

Japan has also embraced social networking however the local Japanese sites are significantly more popular than Facebook. Mixi and Gree, both founded in 2004 have 14 million and 5 million uses respectively^{xi}, compared to only 538,000^{xii} Japanese users of Facebook. The Japanese version of Facebook was only launched in May, 2008 so there is still time for it to gain ground on the local sites, especially given that there is an upward trend on social networking, which is partially due to the growth of mobile search.

How Facebook fits?

As a culture, the Japanese are wary of using their real names in public domains, and Mixi allows people to register with their real names. To register for Mixi, you must be invited by a friend, so that increases the feeling of reliability and security for users. Many users already have communities on the site, and therefore are unwilling to change to a different site, such as Facebook, where they would not have this. Mixi has been adapted significantly for mobile search, which increases its popularity in this mobile centric country, and it also can be used as a source of information on local celebrities, events etc...

How can it do better?

Currently, those Japanese using Facebook are often living overseas, or have previously done so, hence their knowledge of English and their desire to be part of an international community. With the Japanese version, Facebook is addressing the issue of language, however needs to consider other factors such as usability and stricter privacy controls if it wants to entice new users to sign up. However, it faces an up-hill battle if it is to pose any real threat to the well-established local offerings.

China

Social networking in China

China now has more internet users online than any other country in the world, and therefore it has a huge number of social networking website and users. The most popular of all the offerings is Qzone, which is listed as the 16th most popular site in the world, according to Alexa^{xiii} and has over 200 million users. Qq.com was originally launched as an Instant Messaging service, in 1998, however has expanded its portfolio to cover a range of different services, encompassing social networking. Other popular sites include Xiaonei, 51.com and Zhanzuo, which Facebook actually tried to buy for \$85 million last year^{xiv}. Many of the sites focus specifically on the student population and are used to allow users to interact with friends and socialise with a range of people.

How Facebook fits?

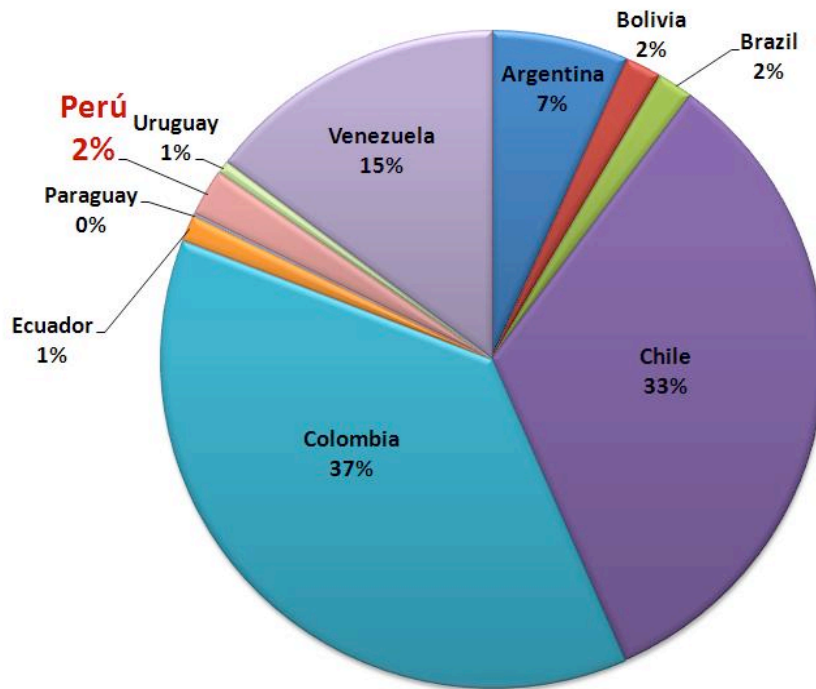
The Simplified Chinese version of Facebook was launched in June 2008, and only has around 500,000 members. As in many other countries, Facebook has the problem of competing with already popular and established sites. The censorship restrictions enforced by the Chinese government cause added problems, as the laws are extremely strict and the technology required to adhere to them is highly complex. Currently Facebook is hosting its Chinese site on offshore servers, and although this means it doesn't have to comply with the laws, it doesn't stop Chinese users being denied access to the site, and Chinese servers blocking it.



How can it do better?

Facebook has an uphill struggle in China, due to the censorship issues and the large number of Chinese sites already in use. The popularity of Baidu, China's own search engine illustrates the preference the Chinese generally hold for local sites, in the local language. The Chinese version will encourage users to join the site, although there are still some issues with the accuracy of the language which must be addressed. Like other global companies, such as Google, Facebook will need to work especially hard to increase its share of this vast and profitable market.

Facebook presence in South America



Peru

Social networking in Peru

Hi5 is the most popular social networking site in Peru – in fact it is the third most popular site in the country, beaten only by Google and Windows Live^{xv}. This is a truly international site with over 80 million users^{xvi} across the world including many South American countries, Tunisia, Romania and Mongolia and it's available in 23 languages.^{xvii} The site is particularly popular in Peru, where it has more than 3.2 million users and it has seen continuous growth since its launch in 2004. The reasons for use follow the international standard – interacting with friend and family and the opportunity to present yourself how you want to be seen and create your own pages and identity.

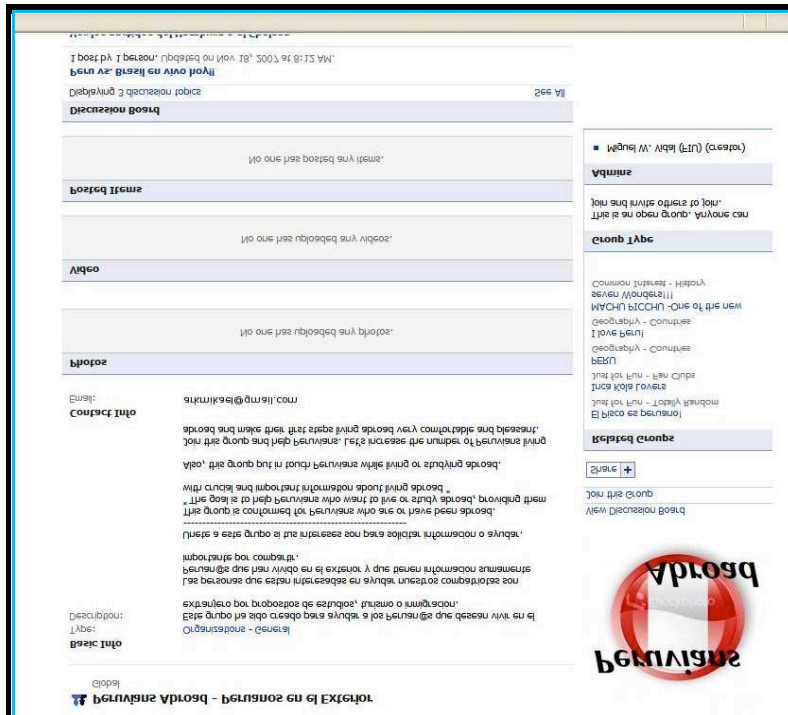
The screenshot shows the Alexa website interface. The main content area is titled "Top Sites Peru" and lists the following sites:

- Google Perú**
Buscador que enfoca sus resultados para este país y a nivel internacional tanto en español como en inglés.
google.com.pe
Site info for google.com.pe
- Windows Live**
Search engine from Microsoft.
live.com
Site info for live.com
- Hi5**
One of the world's largest social networks
hi5.com
Site info for hi5.com

The left sidebar contains navigation options under "Free - Browse By" (Global Top 500, Country Top 100, Language Top 100, Categories, Movers & Shakers) and "Premium - Download" (Top 25,000 Sites, Top 100,000 Sites). Below that is "Popular Countries" (Global, United States, Russia, China, United Kingdom).

How Facebook fits?

In comparison Facebook currently only has approximately 155,000 users in Peru, however once again this is expected to increase with the new Spanish version, launched in..... . Hi5 offers different variants of Spanish, to reflect the different dialects spoken around the world and Facebook might need to follow that lead if it is to really penetrate the Peruvian market. Many Peruvians live abroad so Facebook is a becoming a popular way for them to keep in touch with each other, as well as friends in other countries. There is even a Facebook group which urges Peruvians to beat other nations in having the most Facebook users.



How can it do better?

Facebook has made most of the right steps towards increasing its presence in Peru and it offers much of what users there are looking for including mobile usage, the ability to join many different networks and a variety of different applications. Its main challenge here will be to persuade users that it offers the same, and more than they can get from Hi5.

Mexico

Social networking in Mexico

Mexico holds the fourth position globally for amount of social networking activity however, there is some discussion about which site holds the number one position in Mexico. 57% of Mexican internet users already have a social networking profile. According to some studies, either MySpace, Msn Spaces or Hi5 could hold the top spot. These studies place Facebook in 3rd or 4th place however indicate that its market share is growing. The reason behind Hi5's is that it offered the Spanish version a long time ago, and MySpace also introduced a Mexican Spanish version, with a local domain. People use social networks to keep in touch and get back in touch with friends, to find love and meet new people. For some people, Hi5 is targeted at the masses (3 million users), whilst MySpace (1.8 million) and Facebook (over 1 million) are considered "classier" social networks. Some users classify Hi5 as a Corsa whilst Facebook is more like an Audi.

How Facebook fits?

Facebook currently only has just over one million users in Mexico, and although its usage has been increasing, there has been a slowdown due concerns about security issues. Privacy is an important topic as it has been alleged that the fact that some people have not restricted access to their profile, made them targets for kidnapping and robbery. Recently Facebook has invited local developers to produce more localised applications for this market which are being successfully used at the moment. There was a positive response when Facebook launched its Spanish version, although there were some groups of users who wanted to keep Facebook as an "elite social network" limited to those who speak English. Many people perceive Facebook as a more serious social network and some small companies are even considering it as a potentially good channel to promote products and services. Social networks like Hi5 are not delivering results from such activity.

How can it do better?

It would become more popular if it developed more applications specifically for the Mexican Market. As in many other countries, Mexican users have serious concerns about privacy and Facebook would need to tackle these in order to encourage more users. These concerns did once exist about Hi5 and MySpace, and they have found ways to combat the issue so Facebook needs to do the same.

Arabic Nations

Social networking in the Arab world

Social networking is as popular in this region, as anywhere else in the world, and the sites have been described as modern day souks – a place to meet friends and share ideas and information. In particular many Muslims are using the group feature of Facebook to discuss ideas and beliefs related to Islam – although anti-Islam groups have been the cause of some controversy. Internet censorship can be an issue in many Arabic nations^{xviii} and social networking is often used as an outlet to express views and discuss ideas which are generally unacceptable and repressed. Some Facebook applications, such as dating forums, will pass through the internet filters used by some countries, which could explain why the site has a relatively high number of users in the region.

How Facebook fits

Facebook is becoming increasingly popular and is one of the region's most visited sites. According to Alexa data, Facebook is actually the most popular site in Lebanon and the fourth most popular in Egypt. Egypt also has the fifth largest number of Facebook users outside the UK, the US and Canada – and this is despite the site not offering an Arabic version as yet.

What can it do?

The first step for Facebook is obviously to introduce an Arabic version of the site, which would open it up to a huge market of non-English speaking citizens, and increase the number of users. It would also, however, need to improve its filtering to stop anti-Arab or anti-Islam content, and give users more control over images and picture if it is really going to appeal to users.

Conclusions

This research supports the general assumptions that social networking is popular all around the world and also that every country is different, and users therefore have different preferences, priorities and expectations when using social networks. However, it has also highlighted important similarities which will help marketers when planning any activity related to social networking.

The demographics of users of social networking sites is consistent across all of the countries studied, with 16-25 year olds being the core users, with that range widening to 12-16's and 25-35's who are also active users. The number of users over that age is comparatively insignificant in all countries. There are some sites which specifically target students, which would explain the demographic data; however the trend is consistent across non-student specific sites as well.

In addition, the main reason for usage across the nations is keeping in touch with friends, and making new ones. Sharing information and discussing ideas and opinions is also important for users. Usage for business reasons was relatively low across the networks reviewed, indicating perhaps that business specific sites such as LinkedIn, are used for that purpose, allowing users to keep their business and personal lives separate.

Facebook clearly still has a long way to go to achieve the coverage and market share that it has in the English-speaking world, in Non-English speaking countries. The presence of well-established social networking sites in all of the markets creates an obvious barrier to entry for Facebook, and it will have to work hard at taking market share from those sites. Its main opportunity could come from the non-native English speakers, and those people who travel and have friends all around the world, who can use Facebook to communicate with people of all nationalities, rather than relying on language/country specific networks.

In terms of its different language sites, localisation is undoubtedly the key. One size doesn't fit all, and simply translating the current site into different languages, not always correctly as previously discussed, is not going to be effective. Facebook needs to identify what users in each country want, need and expect from a social networking site, and modify Facebook to provide that for them. Users want to connect with a site, especially when it is used as a social tool and for entertainment, and therefore it needs to be something they can relate to. Hi5's success across different continents demonstrates that it is possible to appeal to different nations, and effectively cater for their needs, however if Facebook wants to replicate this success it will need invest a great deal of time and money to develop its service for the international market – without a guarantee that it will work.

- ⁱ <http://www.facebook.com/press/info.php?statistics>
- ⁱⁱ Comscore, April 2008
- ⁱⁱⁱ Comscore, April 2008
- ^{iv} http://www.studivz.net/l/about_us/
- ^v CSCM 2008
- ^{vi} CSCM 2008
- ^{vii} Netzertig.com
- ^{viii} <http://www.liveinternet.ru/> , <http://www.spylog.ru>
- ^{ix} Rambler-Media
- ^x TNS Gallup Media 2007
- ^{xi} <http://ja.wikipedia.org/wiki/mixi> and <http://ja.wikipedia.org/wiki/gree>
- ^{xii} <http://www.comscore.com/press/release.asp?press=2393>
- ^{xiii} http://www.alexa.com/site/ds/top_sites?lang=zh_gb2312
- ^{xiv} <http://www.allfacebook.com/2007/11/facebook-offers-85-million-for-zhanzuocom/>
- ^{xv} **http://www.alexa.com/site/ds/top_sites?cc=PE&ts_mode=country&lang=none**
- ^{xvi} **<http://www.hi5networks.com/press.html>**
- ^{xvii} **<http://valleywag.com/tech/data-junkie/the-world-map-of-social-networks-273201.php>**
- ^{xviii} http://66.102.9.104/translate_c?hl=it&sl=it&tl=en&u=http://map.opennet.net/filtering-pol.html&usg=ALkJrhg6bdxcxtNJqh5KdTc2DQOZzECFjw