

September 2009

Social Networks On the Move



Alexander Banks

Managing Director, Latin America

Agenda

- **Overview of a few key global trends**
- **Overview of the LatAm online audience (10 mins)**
 - A look at the recent growth, general trends
 - Broad, regional analysis of online content consumption
- **The phenomena that is social media (10 mins)**
 - What is social media? Social Networking, Messenger etc.
 - Focus on the explosion of SM across LatAm
- **A look at Mobile online behavior (5 mins)**
 - What do we see globally? Trends?
 - Is behavior different? Is the audience different ?
- **The Internet and Mobile in Latin America (5 mins)**
 - What conclusions can we draw?
 - What does the future hold?



September 2009

The Global Online Audience

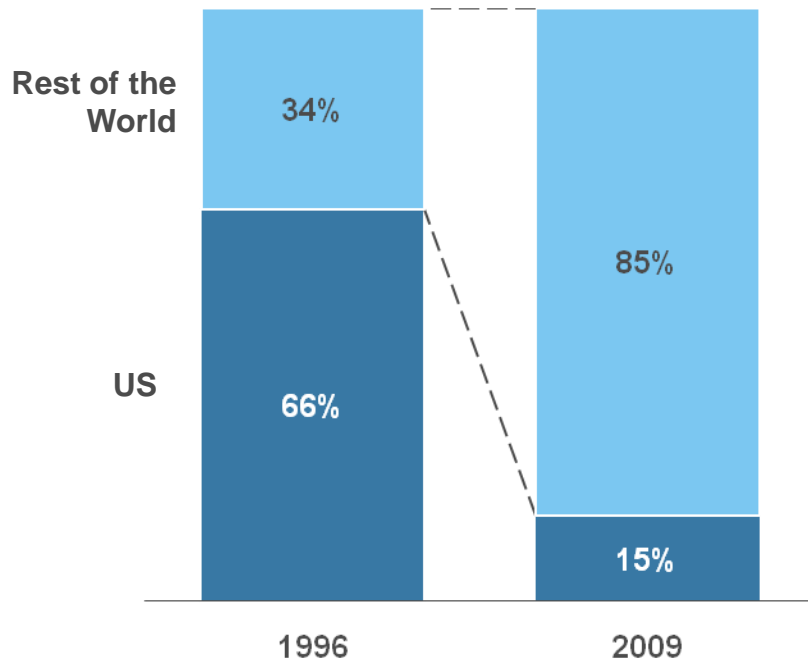


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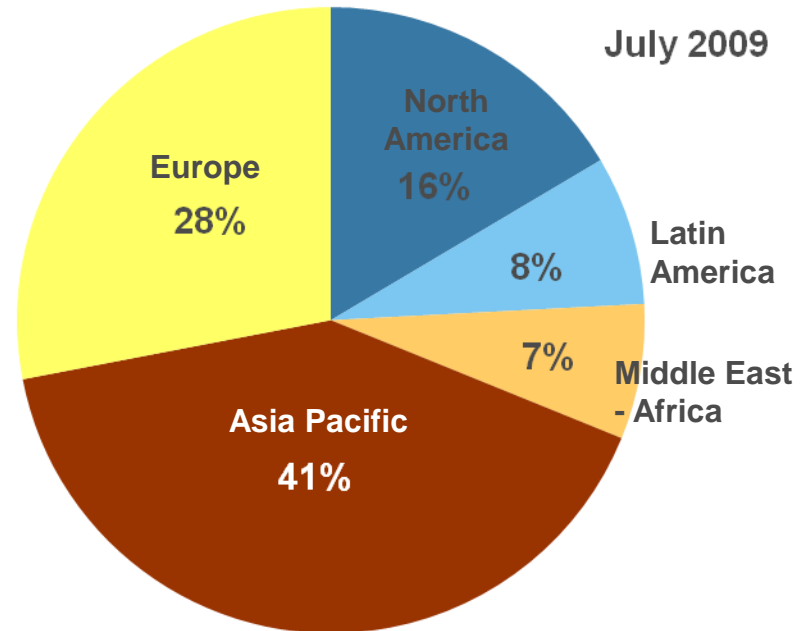
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The US is No Longer the Center of the Online Universe

US Internet Population vs. Rest of the World



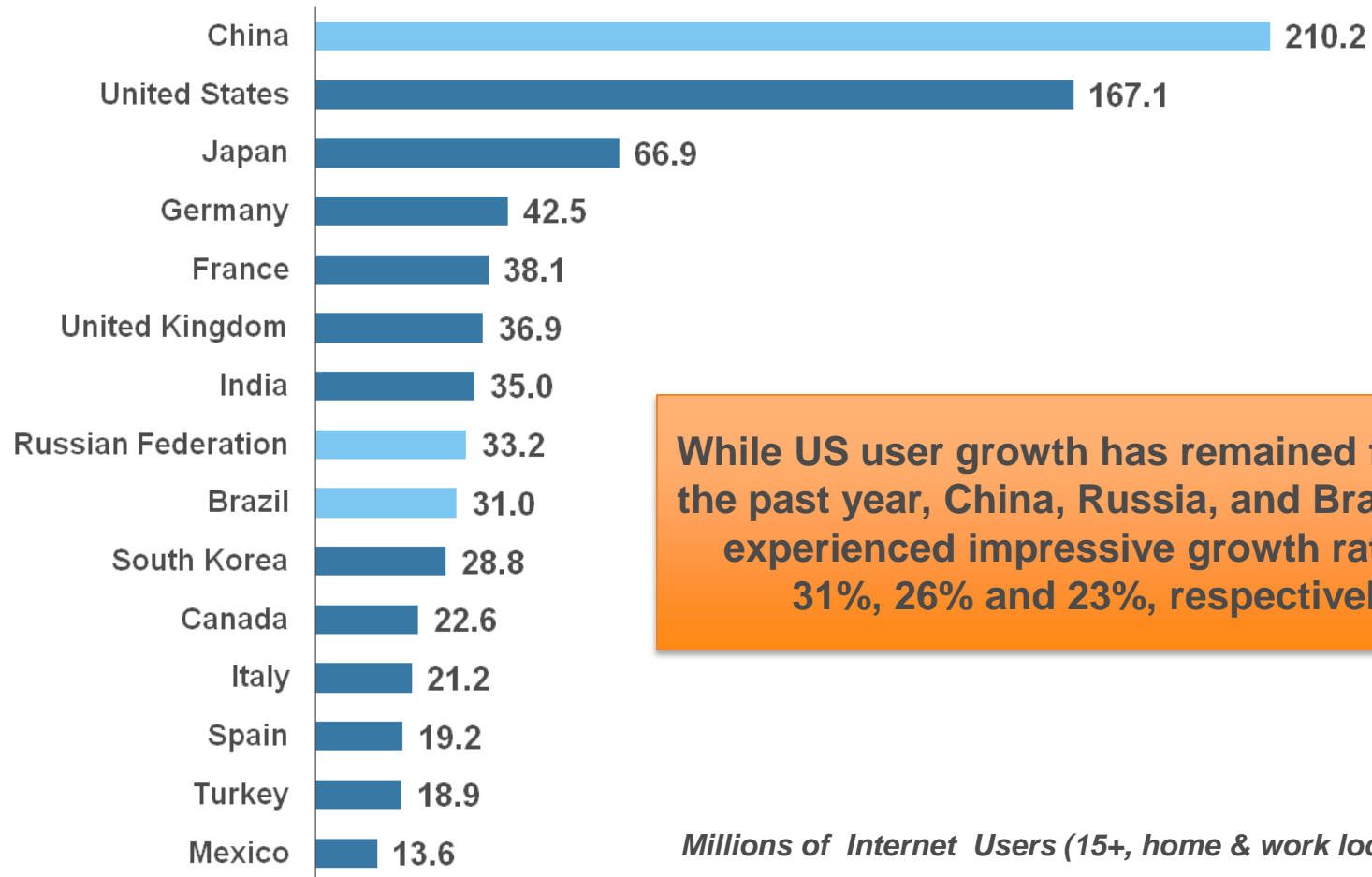
Distribution of Worldwide Internet Audience



- In 1996, 2/3 of the world's Internet population was in the US, yet today Asia Pacific is the largest region.
- Many emerging regions are likely to bypass old modes, skipping dial-up to go straight to broadband, making multimedia, video, and collaborative content immediately accessible.
- Early adoption of mobile web in addition to PC web will likely be popular in many of these high-growth areas.

China Surges Past the US

Internet Users Age 15+ (MM)

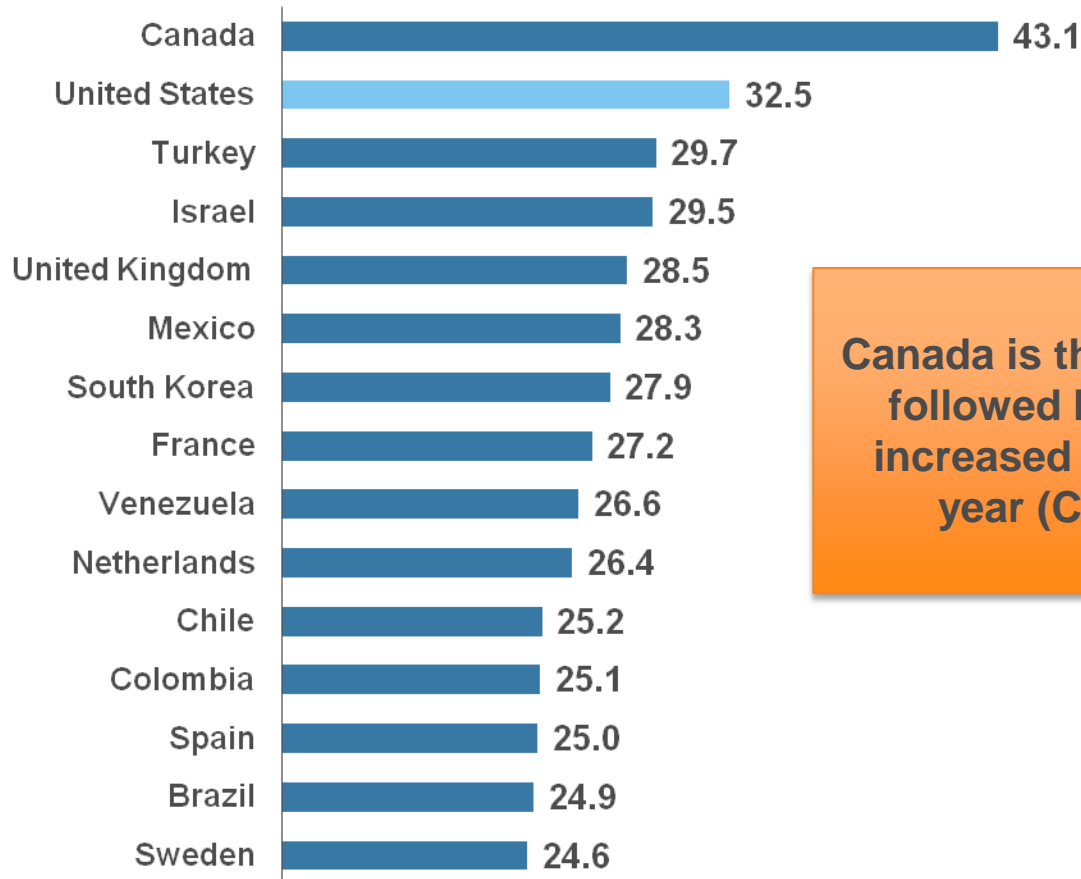


While US user growth has remained flat over the past year, China, Russia, and Brazil have experienced impressive growth rates of 31%, 26% and 23%, respectively.

Millions of Internet Users (15+, home & work locations)

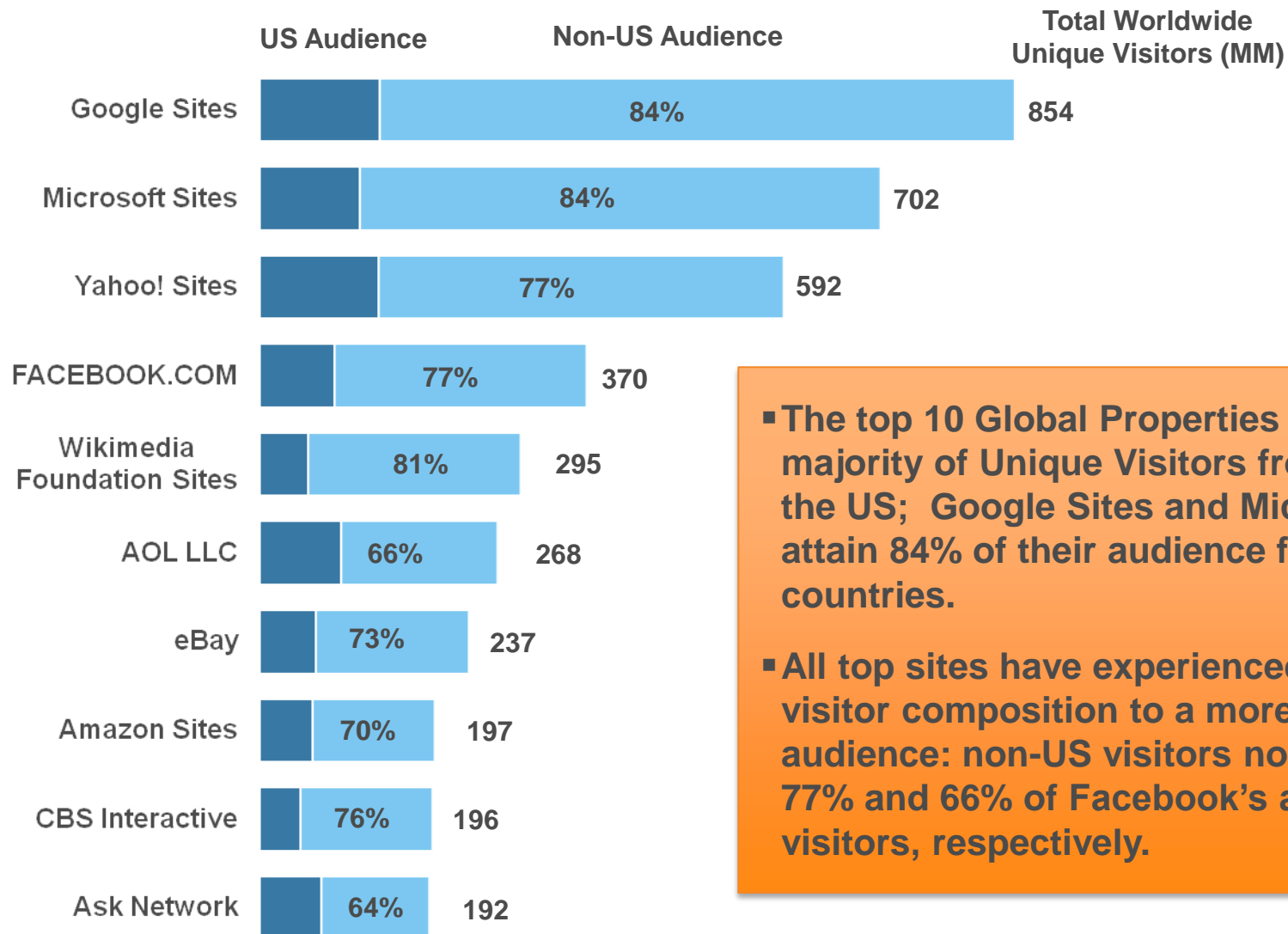
Online Engagement by Country

Average Hours Per Visitor Per Month



Canada is the most engaged country, followed by the US, both of which increased time online over the past year (Canada +7%, US +17%)

The Majority of Top Properties' Audiences Coming from Outside US



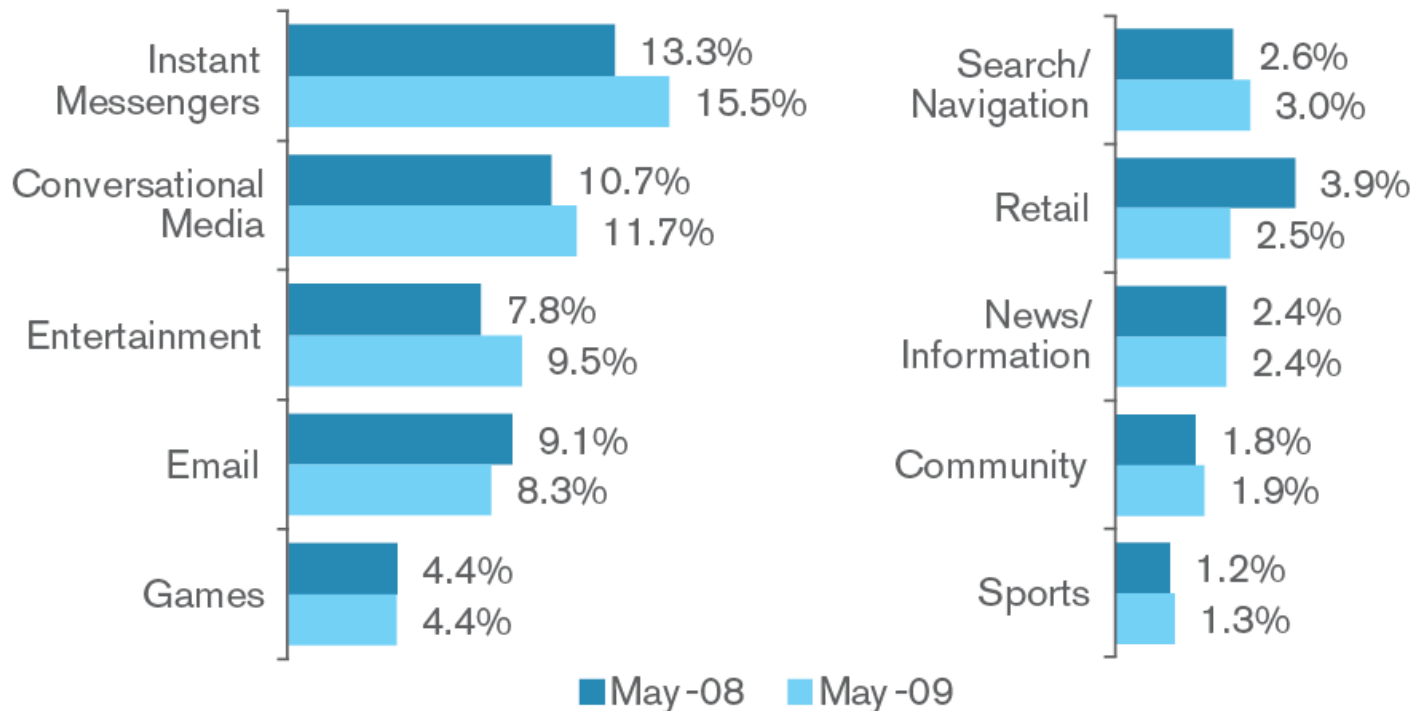
- The top 10 Global Properties attract a majority of Unique Visitors from outside the US; Google Sites and Microsoft Sites attain 84% of their audience from non-US countries.
- All top sites have experienced a shift in visitor composition to a more international audience: non-US visitors now represent 77% and 66% of Facebook's and AOL's visitors, respectively.

How global online behavior has changed over the last year

Share of time Spent on Entertainment is growing the fastest

Instant Messengers and Conversational Media both boast significant usage time

Worldwide Share of Time Online





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The Latin American Online Audience



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Latin American Internet Audience Continues Strong Growth

- Growth has slowed in North America
- European growth driven by Eastern Europe, particularly Russia
- Asia Pacific continues to show strong growth on a large base
- Latin America and the Middle East/Africa are now the high-growth regions globally

Worldwide Online Population

Millions of Internet Users (15+, home & work locations)

+21.3%

949.6

1,151.4

Worldwide

July 2008

July 2009

Online Populations by Region

Millions of Internet Users (15+, home & work locations)

+22.7%

383.4

470.3

+20.3%

268.2

322.6

+3.0%

184.2

189.7

+28.0%

69.2

88.6

+80.1%

44.5

80.2

Asia Pacific

Europe

North America

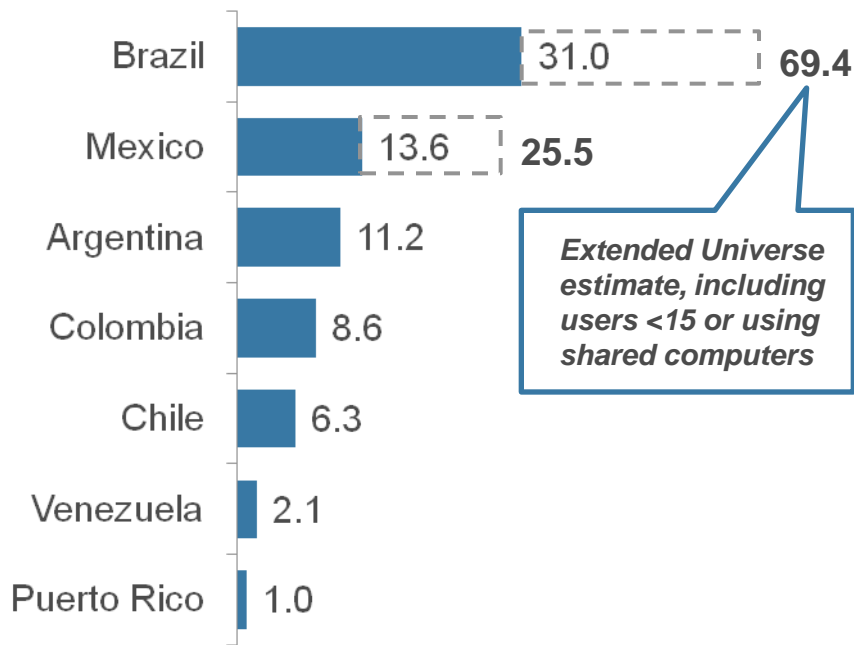
Latin America

Middle East - Africa

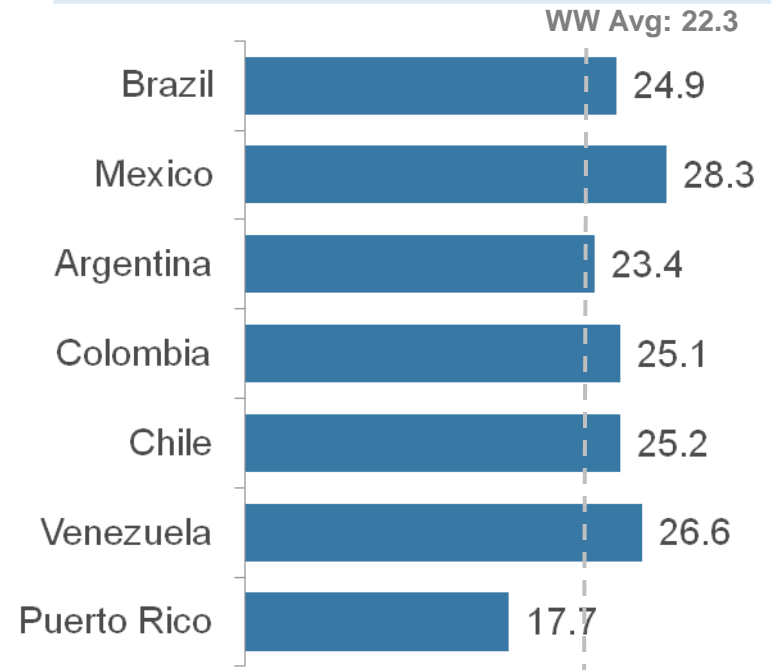
Brazil and Mexico are the largest web populations in the region

- Brazil has the largest Internet population in the region with 31M (15+, home and work) and an estimated 70M users overall during the month of July
- Usage for the region is, in many cases, considerably higher than the WW average

**Internet Users (MM)
in Latin America**



**Total Online Hours per Visitor
Latin America**



Internet audience in Latin America is to be taken seriously

- Brazil is the 9th largest Internet audience in the world (15+, H&W), Mexico is 15th
- In terms of page views (PVs), Brazil was 10th in July, ahead of Spain, India and Italy
- In July, Brazil consumed 3.2% of the world's PVs, Mexico next with just over 1%
- In average minutes per visitor, Mexico is 6th in the world (Canada 1st with 43+ hours)
- Argentina (47.6) and Brazil (47.3) are both above the WW average in average visits to the Internet per visitor each month (47.2)
- The WW average percentage of 15-24 year-olds online is 27.6% (15+, H&W)
 - Venezuela 50%
 - Colombia 48%
 - Mexico 47%
 - Brazil 31%
 - Puerto Rico 31%
 - Argentina 27%
 - Chile 27%





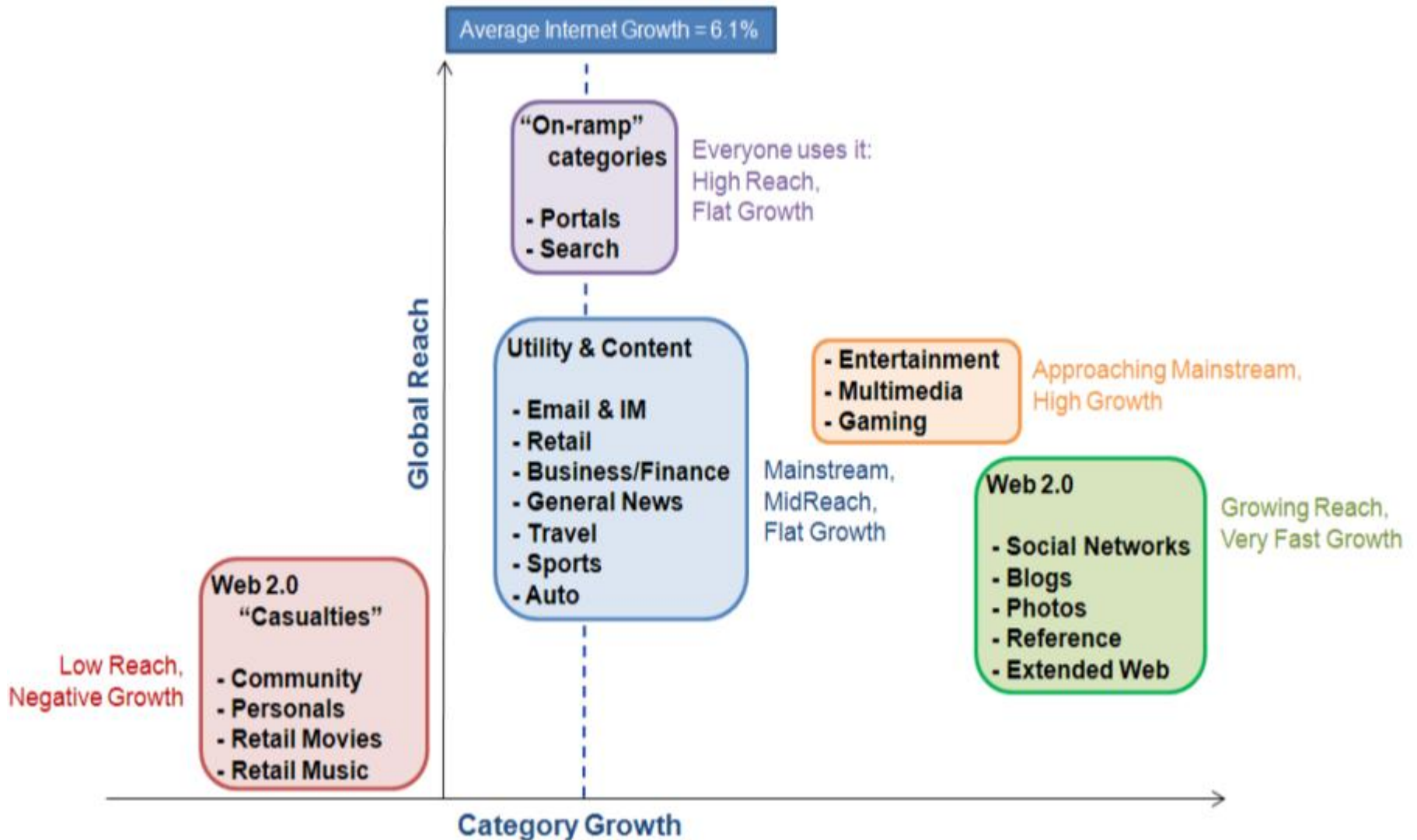
How Latin Americans use the Internet



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How the world uses the Internet



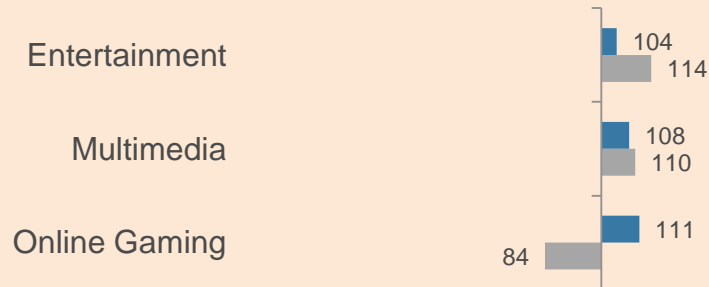
How LatAm compares to the rest of the world in content consumption

“On-ramp” categories



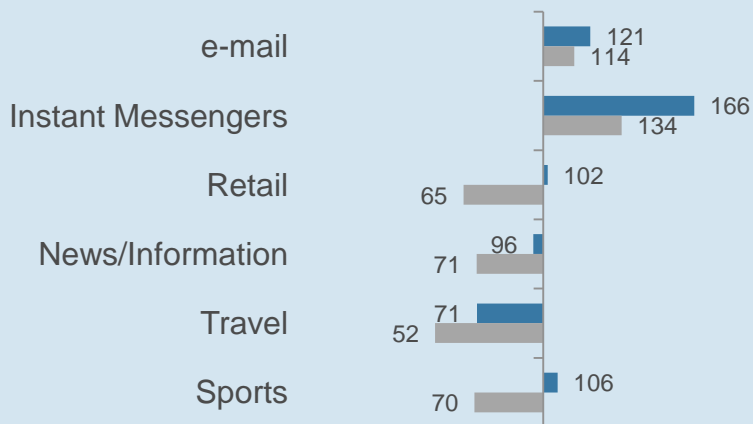
High Reach, Flat Growth

Entertainment



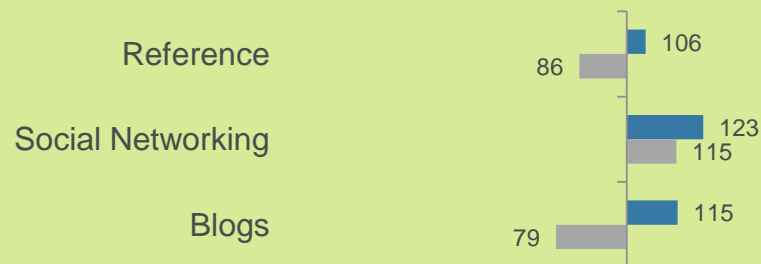
Approaching Mainstream, High Growth

Utility & Content



Mainstream, MidReach, Flat Growth

Web 2.0



Growing Reach, Very Fast Growth

■ Reach Index ■ Time Index



The Phenomena that is Social Media



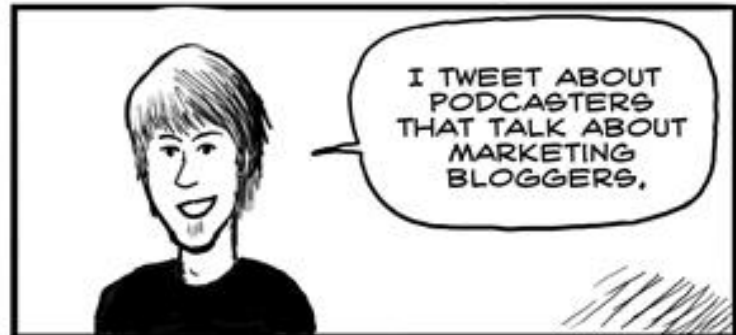
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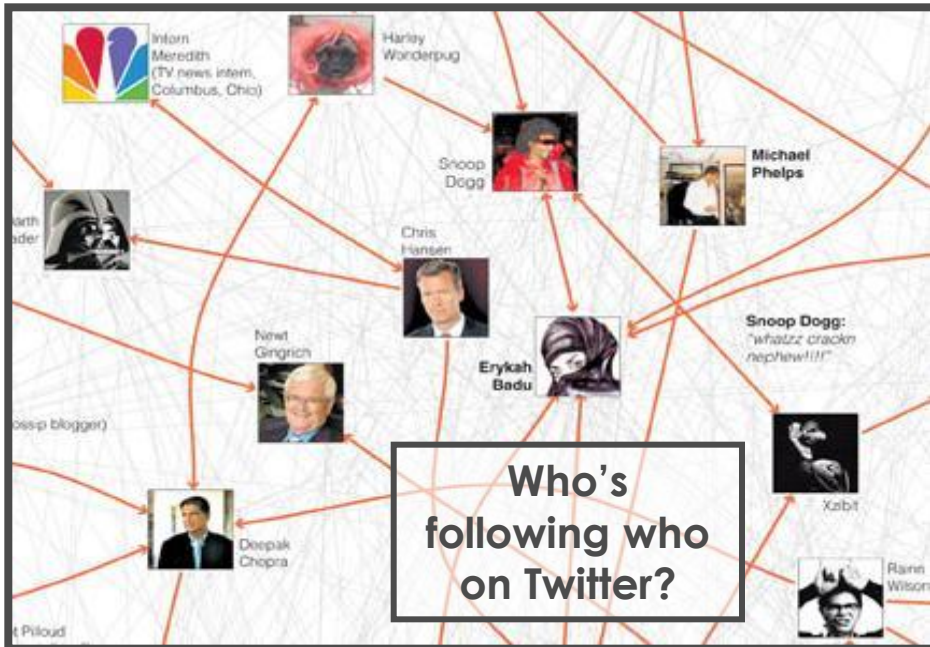
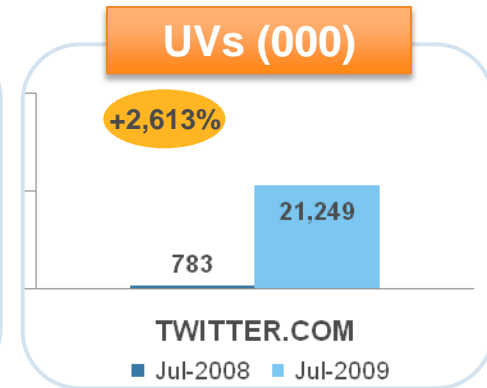
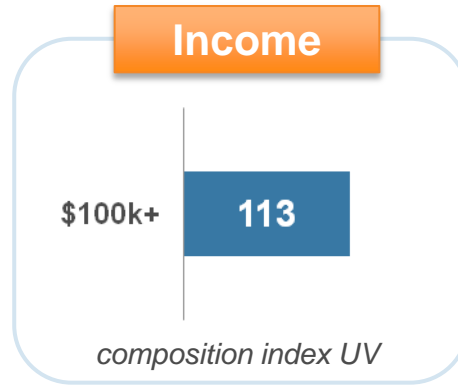
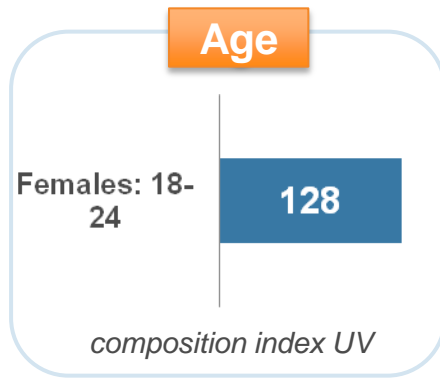
Everything from Twitter to Facebook to Digg to LinkedIn to Youtube

Examples of social media software applications include:

- **Communication Blogs:** Blogger, LiveJournal, Open Diary, TypePad, WordPress, Vox, ExpressionEngine, Xanga
- **Micro-blogging / Presence applications:** Twitter, Plurk, Jaiku, fmylife
- **Social networking:** Bebo, Facebook, LinkedIn, MySpace, Orkut, Skyrock, Hi5, Ning, Elgg
- **Events:** Upcoming, Eventful, Meetup.com
- **Collaboration Wikis:** Wikipedia, PBwiki, wetpaint
- **Social bookmarking:** Delicious, Digg, StumbleUpon, Google Reader, CiteULike
- **Multimedia Photo sharing:** Flickr, Zoomr, Photobucket, SmugMug, Picasa
- **Video sharing:** YouTube, Vimeo, sevenload
- **Livecasting:** Ustream.tv, Justin.tv, Stickam
- **Audio and Music Sharing:** imeem, The Hype Machine, Last.fm, ccMixer
- **Reviews and Opinions Product Reviews:** Yelp, epinions.com, MouthShut.com
- **Virtual worlds:** Second Life, The Sims Online, Forterra



Profile: Twitter Users



Many Twitter regulars opt to access the service exclusively from their mobile devices after an initial visit to Twitter.com...

...the average visitor spends only 22 minutes on the actual site, viewing just 35 pages over the course of the month.



I don't know how much longer we can withstand this Twitter outage.



"Last tweet?"

Most Popular Social Networks Vary by Region



The phenomena that is social networking in Latin America

- **The social networking category reached more than 82% of all Latin American Internet users in the month of July (15+, home and work locations)**
 - Unique visitors to the category up 22% over July of 2008
 - Average number of visits per unique visitor higher than that seen in the US

- **Brazil is head and shoulders above the rest of the region in terms of online social networking**
 - Orkut leads the way with an average of 28 visits per visitor (Facebook average in US is 22)
 - Facebook audience has more than tripled in the last 8 months (Orkut unaffected)
 - Twitter audience has grown by a factor of almost 10 over just the last 5 months (from 413k in March to nearly 3.6M in July)

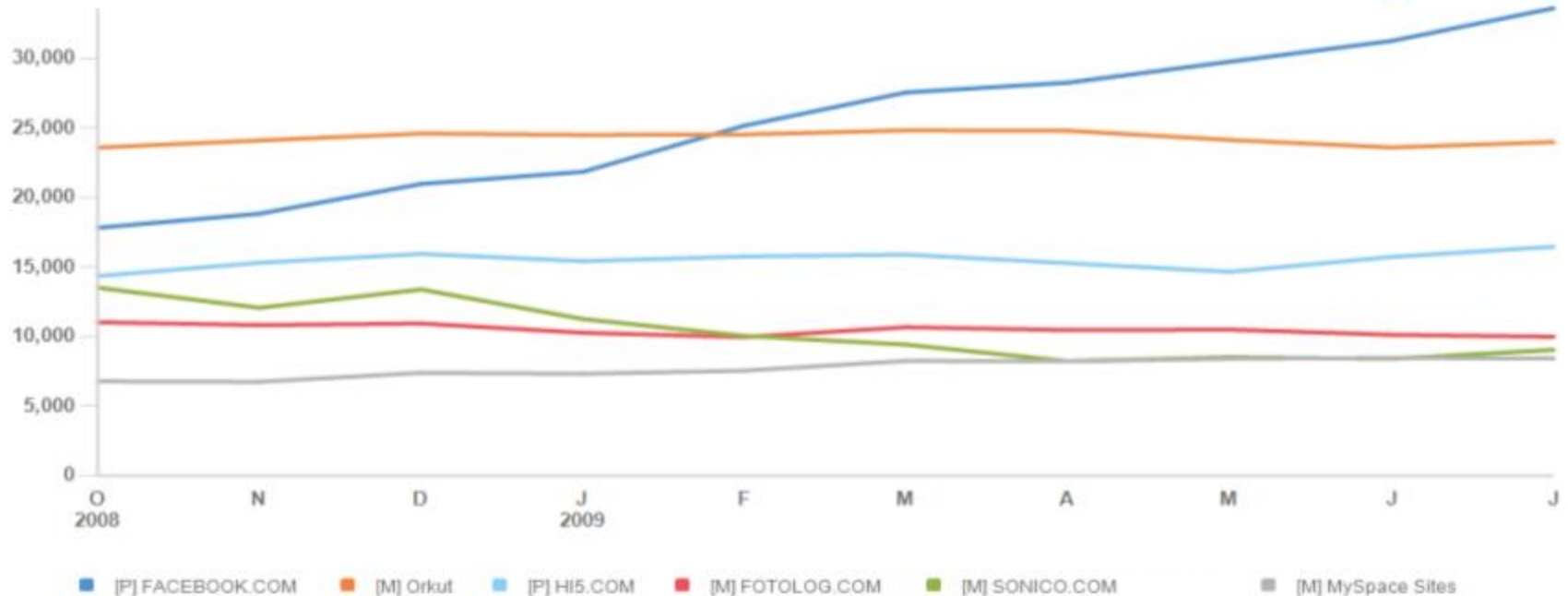
Items 1 to 10 of 10 First Prev Next Last		Social Networking						
		Total Unique Visitors (000)	% Reach	Total Minutes (MM)	Total Pages Viewed (MM)	Total Visits (000)	Average Minutes per Visit	Average Visits per Visitor
1	World-Wide	770,092	66.9	179,517	416,326	15,725,271	11.4	20.4
2	United States	131,088	78.5	35,254	66,715	2,998,450	11.8	22.9
3	Latin America	72,936	82.4	19,552	52,157	1,686,740	11.6	23.1
4	Brazil	23,966	77.2	8,431	30,622	672,760	12.5	28.1
5	Mexico	10,512	77.4	2,380	4,802	189,005	12.6	18.0
6	Argentina	7,928	70.7	1,556	2,968	195,332	8.0	24.6
7	Colombia	7,490	87.5	1,727	3,375	153,516	11.2	20.5
8	Chile	5,358	84.8	1,453	2,560	144,244	10.1	26.9
9	Venezuela	1,779	86.3	437	783	38,163	11.4	21.4
10	Puerto Rico	843	83.5	287	510	19,669	14.6	23.3

Facebook's dominance has spread to Latin America

- Facebook's recent audience growth across Latin America has been spectacular
 - Surpassed 33M in July of 2009 (38% reach)
 - Venezuela, Chile and Colombia show the highest reach (80%, 79% and 76%, respectively)
 - 3rd largest online property in Chile (2M UVs more than Yahoo Sites, and 2.5X the size of Terra)
 - 3rd largest online property in Colombia (2M UVS more than Yahoo, Hi5.com is 7th largest)
 - 3rd largest online property in Venezuela (almost 20% more PVs than Google Sites with over 652M)

TOTAL UNIQUE VISITORS (000)

comSCORE



Instant Messengers in Latin America

- Instant Messengers in LA continues to see enormous reach and usage
 - reached almost 78% of all Latin American Internet users in the month of July (15+, home and work locations)
 - During the month of July 2009, LatAm averaged 5 more visits per visitor than the worldwide average, more than twice as much as the US

Items 1 to 10 of 10 First Prev Next Last		Instant Messengers						
		Total Unique Visitors (000)	% Reach	Total Minutes (MM)	Total Pages Viewed (MM)	Total Visits (000)	Average Minutes per Visit	Average Visits per Visitor
1	World-Wide	539,104	46.8	225,403	13,134	6,495,599	34.7	12.0
2	Latin America	68,963	77.9	38,740	2,078	1,167,553	33.2	16.9
3	United States	61,856	37.0	18,024	1,467	507,857	35.5	8.2
4	Brazil	22,207	71.5	11,689	627	399,371	29.3	18.0
5	Mexico	10,627	78.2	7,164	352	189,460	37.8	17.8
6	Argentina	8,145	72.7	4,668	222	146,644	31.8	18.0
7	Colombia	7,110	83.0	3,695	252	120,532	30.7	17.0
8	Chile	4,633	73.3	2,860	152	73,343	39.0	15.8
9	Venezuela	1,667	80.9	884	48	27,247	32.4	16.3
10	Puerto Rico	517	51.2	165	11	5,705	28.9	11.0



A Look at Some Trends in Mobile Media Use

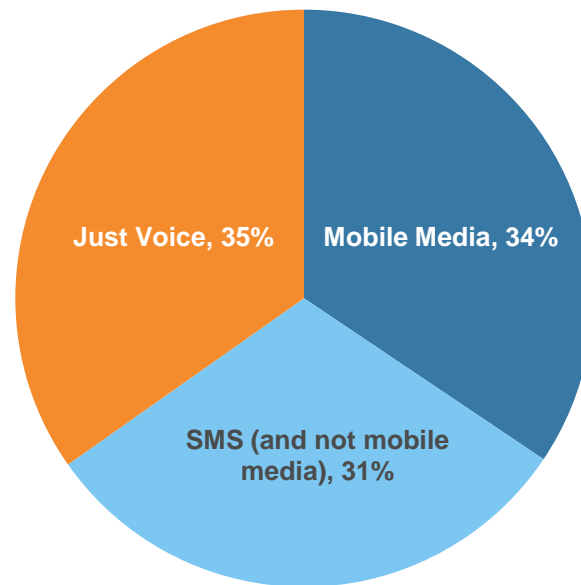


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More and more mobile users are online each year

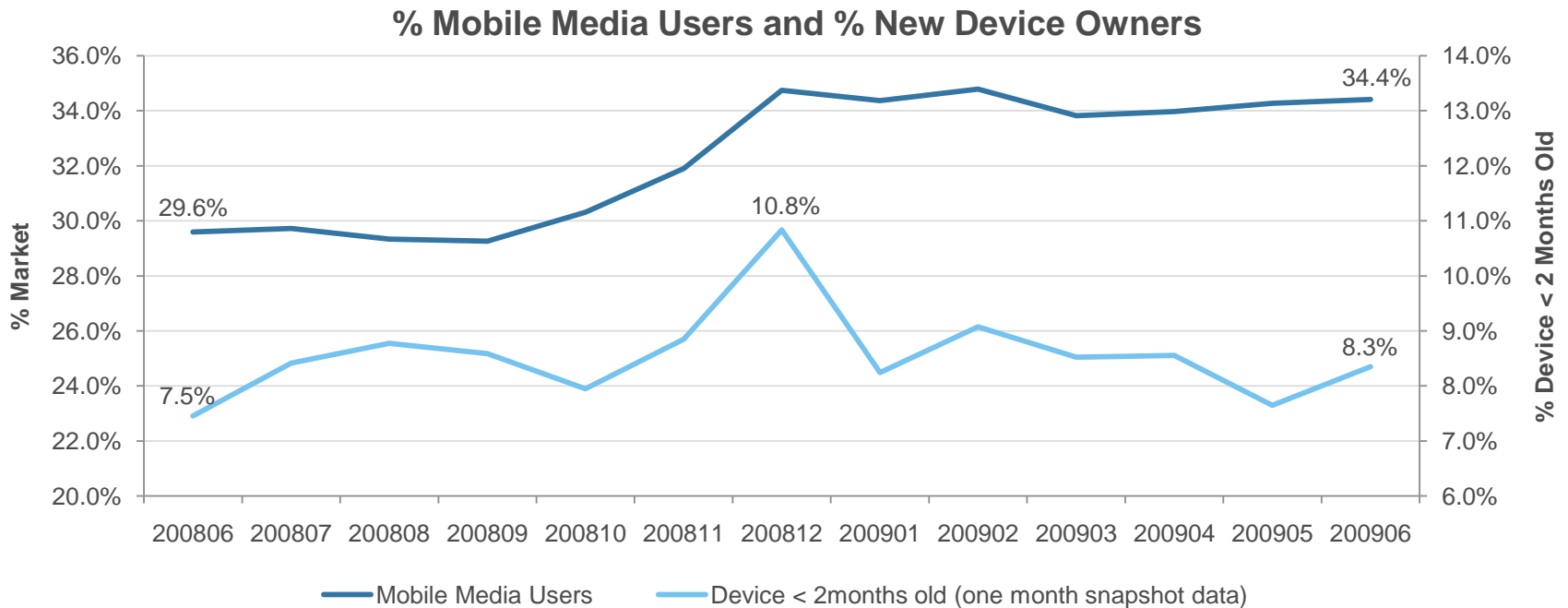
- Approx. 80.1 million of American mobile users (more than 34%) browse, use an application, or download content on their mobile device
- The number of users who just use voice decreased 17% year on year

Market Segments



Mobile media users are growing at 20% YOY

- The increase in mobile media users (mobile browsers, application users and downloaders) can be linked to the handset sales cycle
- The graph shows there is a large increase in consumers gaining new devices around the holiday period
 - Clear increase in the amount of mobile media users at the same time



Product: MobiLens

Data: Three month average ending June 09

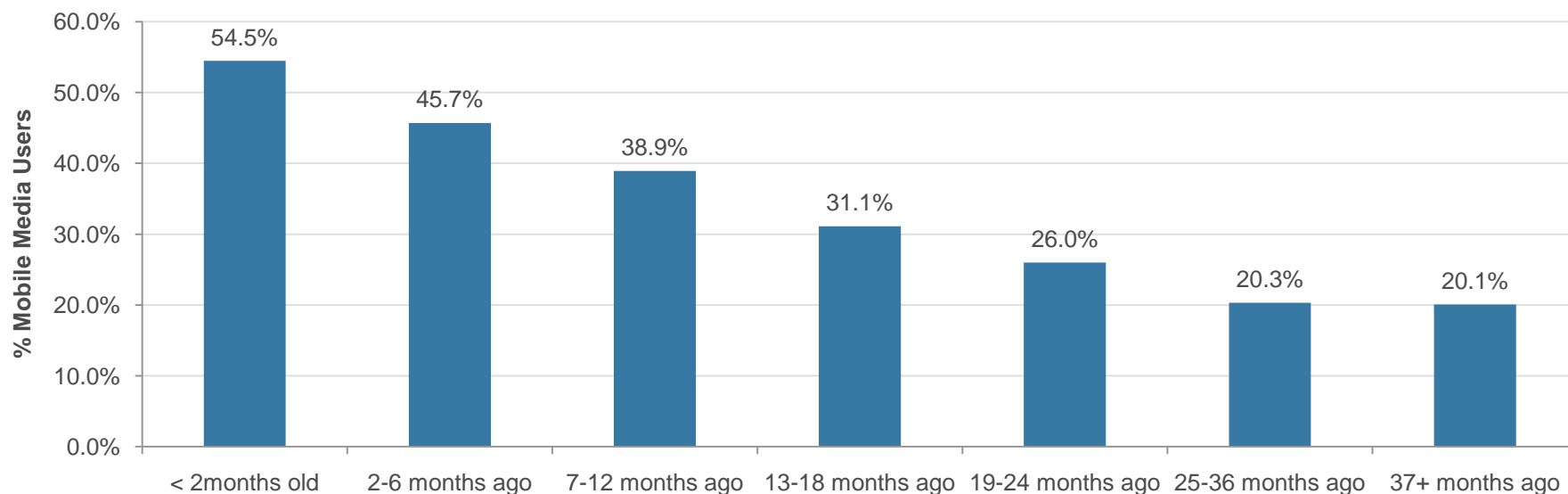
Country: US - N= 33,453

Mobile owners more likely to use mobile media if they have a new device

This brings up two points:

- Device technology is improving and is enticing a greater % of people to use mobile media with their new device.
- Usage can then tail off after the initial excitement recedes. This is however dependent on the type of device. For example the % of smartphone owners who use mobile media only reduces by 13% over a year, this is compared to an 82% reduction in the % of non-smartphone owners over the same period.

% Mobile Media Users by Length of Device Ownership



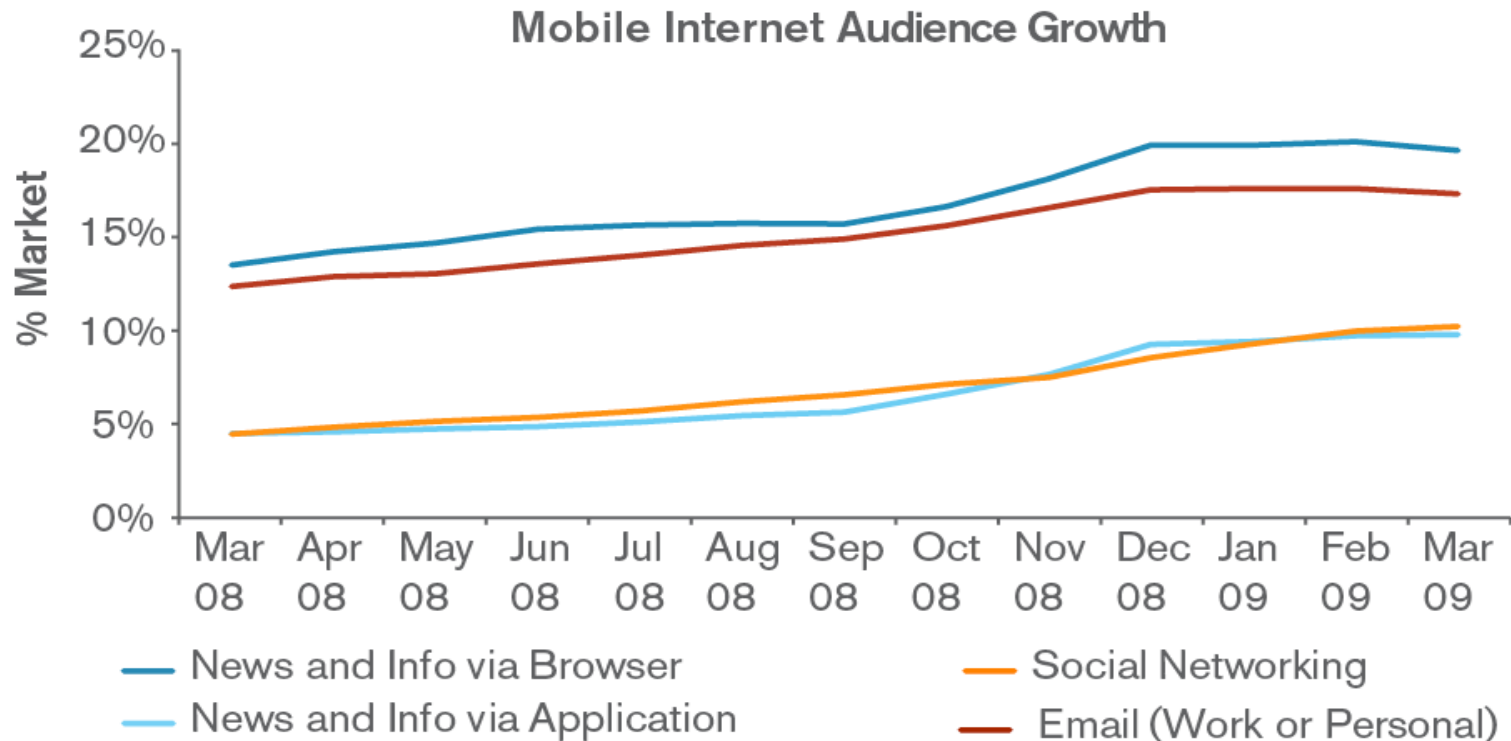
Product: MobiLens

Data: Three month average ending June 09

Country: US - N= 33,453

Consistent growth seen in the mobile Internet audience

- Mobile Internet services in the US are booming, thanks to...
 - Ample advertising, online and offline buzz
 - Faster network speeds
 - Lower subscription costs



There are many services available on mobile devices, ranking their popularity gives context

- 10 of the top 20 activities seen from the entire mobile user population in the US, over a three-month period, can be tied to social media

Ranking	Activity	# Users	% Users
	Total Market	233,000,000	
1	Sent text message to another phone	140,575,859	60.3%
2	Took photos	108,525,414	46.6%
3	Used network services for photos/videos	76,000,357	32.6%
4	Sent photo directly to another phone	69,920,530	30.0%
5	Received an SMS Ad	58,874,389	25.3%
6	Changed to native ringtone	56,162,992	24.1%
7	Set graphics with camera	55,868,983	24.0%
8	Played games	55,149,568	23.7%
9	Set graphics with camera	49,976,279	21.4%
10	News or Info via Browser	48,196,924	20.7%
11	Transferred photo to PC	47,185,884	20.3%
12	Used email	43,683,176	18.7%
13	Captured video	41,420,147	17.8%
14	Instant Messenger	31,881,504	13.7%
15	News or Info via SMS	31,817,643	13.7%
16	Made own ringtone	29,685,805	12.7%
17	Listened to music on mobile phone	28,105,602	12.1%
18	Social Networking	27,621,575	11.9%
19	Sent video directly to another phone	25,929,369	11.1%
20	Transferring video to PC	21,883,698	9.4%

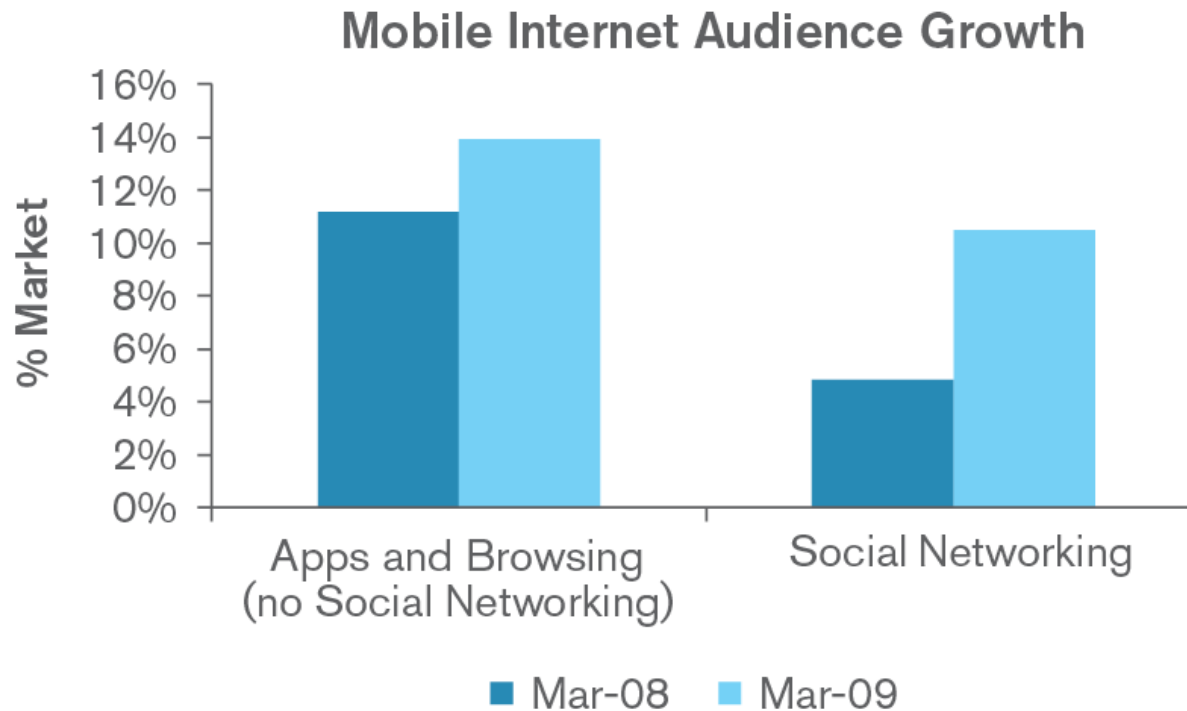
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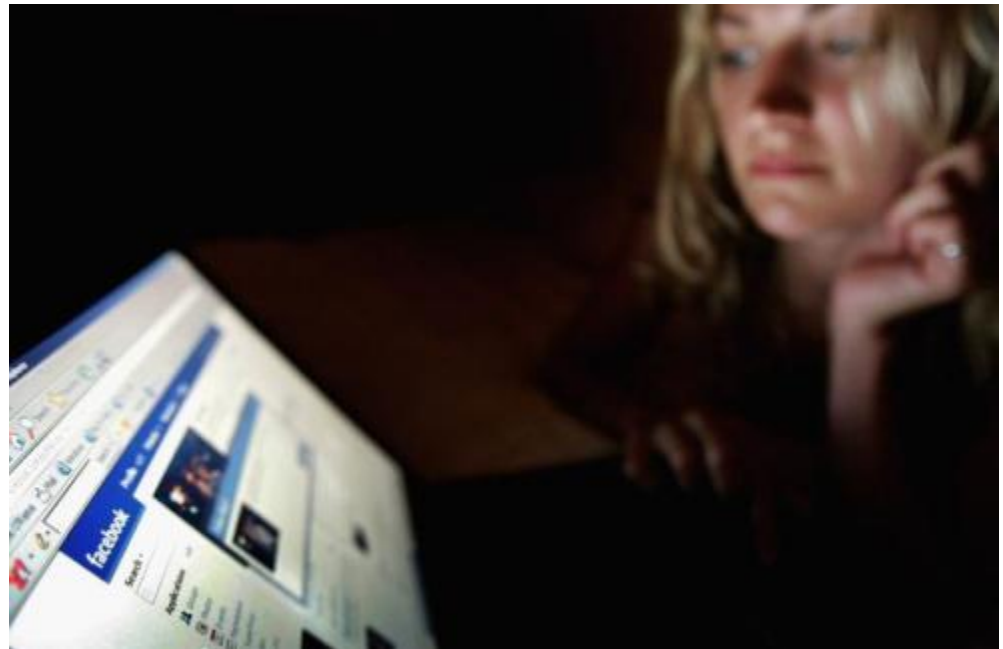
Social Networking and the mobile Internet user

- Social networks have seen strong growth recently from the mobile audience
- Mobile functionality now a key part of business strategy for major publishers
 - certainly all major names in the conversational media space (Twitter, Facebook etc.).



The Mobile / PC Connection: online & on-device browsing (UK)

Facebook usage is surprisingly similar on both mobile and PC platforms



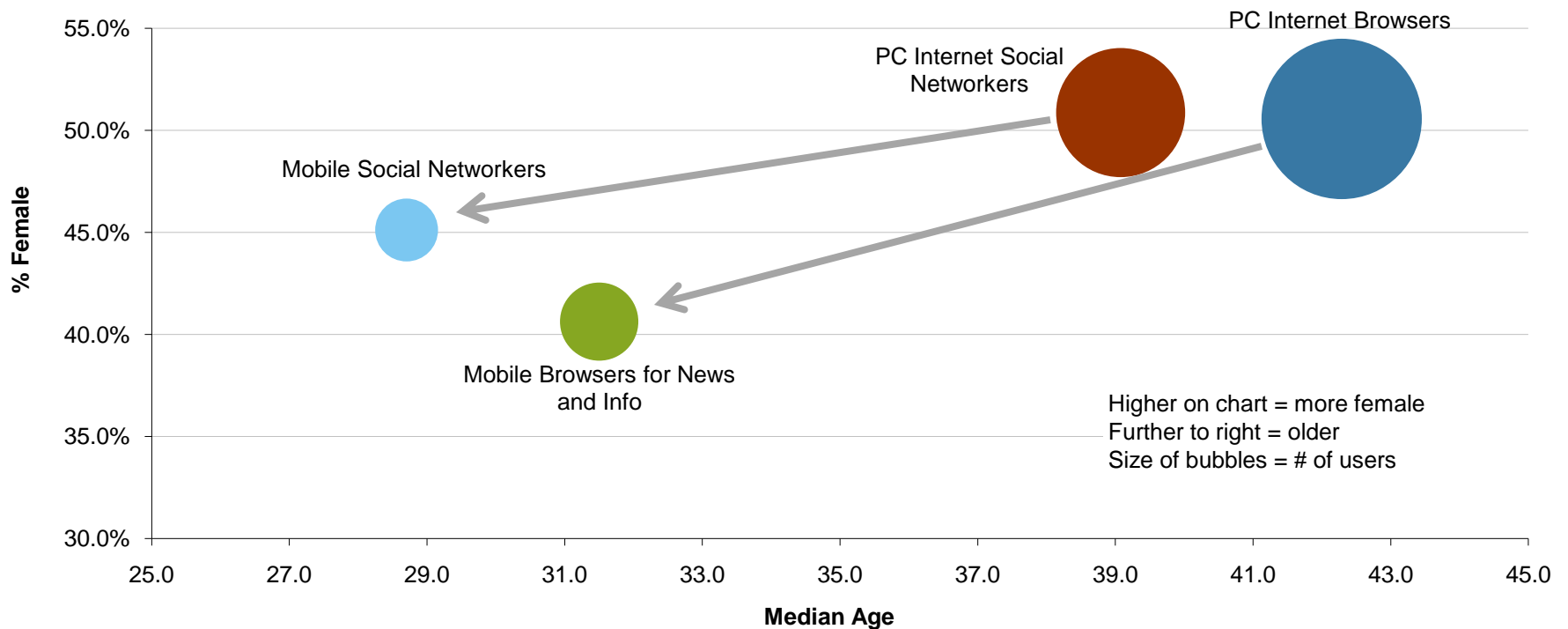
mobile users spend an avg of **24** mins on Facebook per day, with an avg of **3.3** visits per day

PC users average **27.5** minutes per day; with **2.3** visits per day

Mobile Internet Users Younger and Skew More Male than PC Internet Users

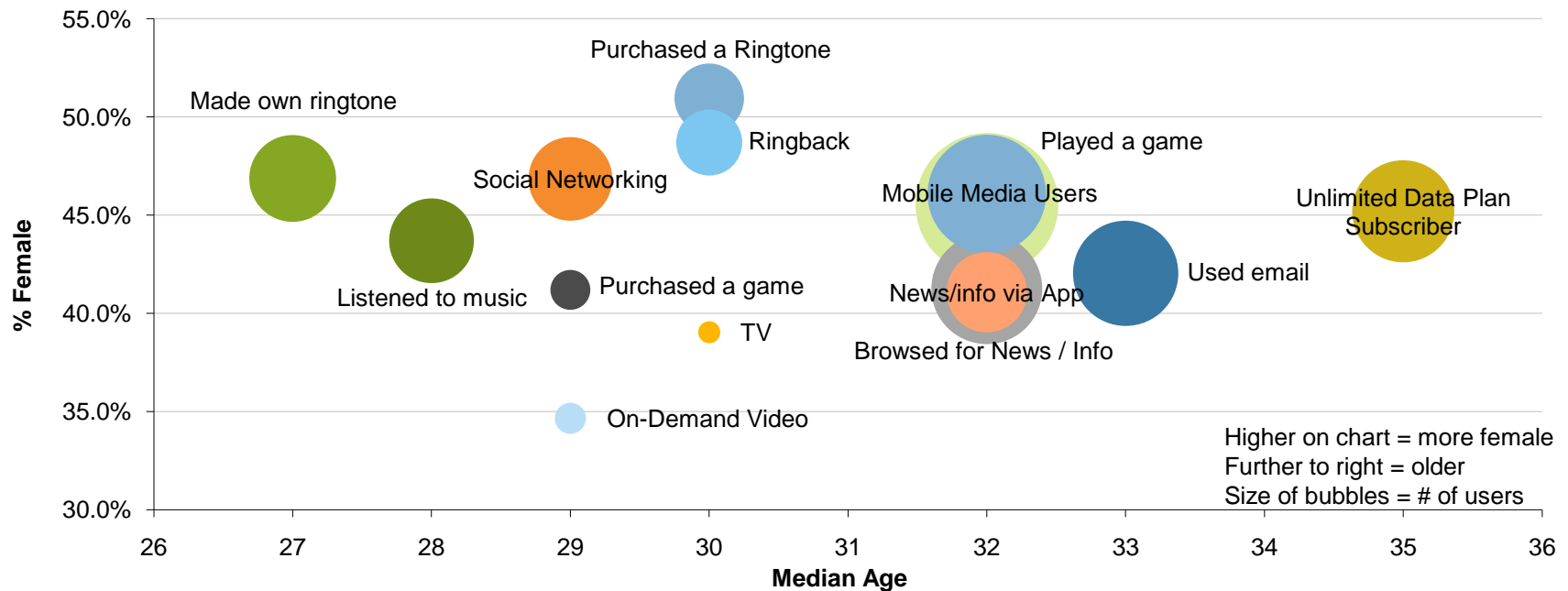
- Mobile social networkers have less gender bias than other mobile internet users suggesting that social networking will help to take mobile out of the early adopter demographics and into the mainstream

PC Internet vs Mobile Internet Demographics



Different services are used by different demographics

- Mobile media users tend to be older and more Female than many think
- Younger demographics create their own ringtones, use social networking services, listen to music and watch on-demand video (web 2.0 type services)
- Mobile internet services (browsing, apps and e-mail) skew 60% male
- Unlimited data plan subscribers average age 35





What conclusions can we draw for Latin America?



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Some conclusions and Q&A

- **Fast-growing and relatively young Internet audience**
 - Young audience, consuming “younger” content
 - Tastes will become more and more varied, refined in coming years
- **Clear appetite for social media applications and communication**
 - Social networking, messenger, multimedia etc.
 - Orkut, Facebook, Twitter, Blogs, Web 2.0
- **Mobile online activity exploding in major markets**
 - Strong growth and demand seen already across LatAm
 - Tremendous room for growth in both audience, content and advertising inventory