

# The Future of Asian Online Communities

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Asia-Pacific

Information Technology

Summit

# Online Communities and the Future of Ecommerce in Japan

## **Online Communities and Online Commerce in Japan: Key Themes**

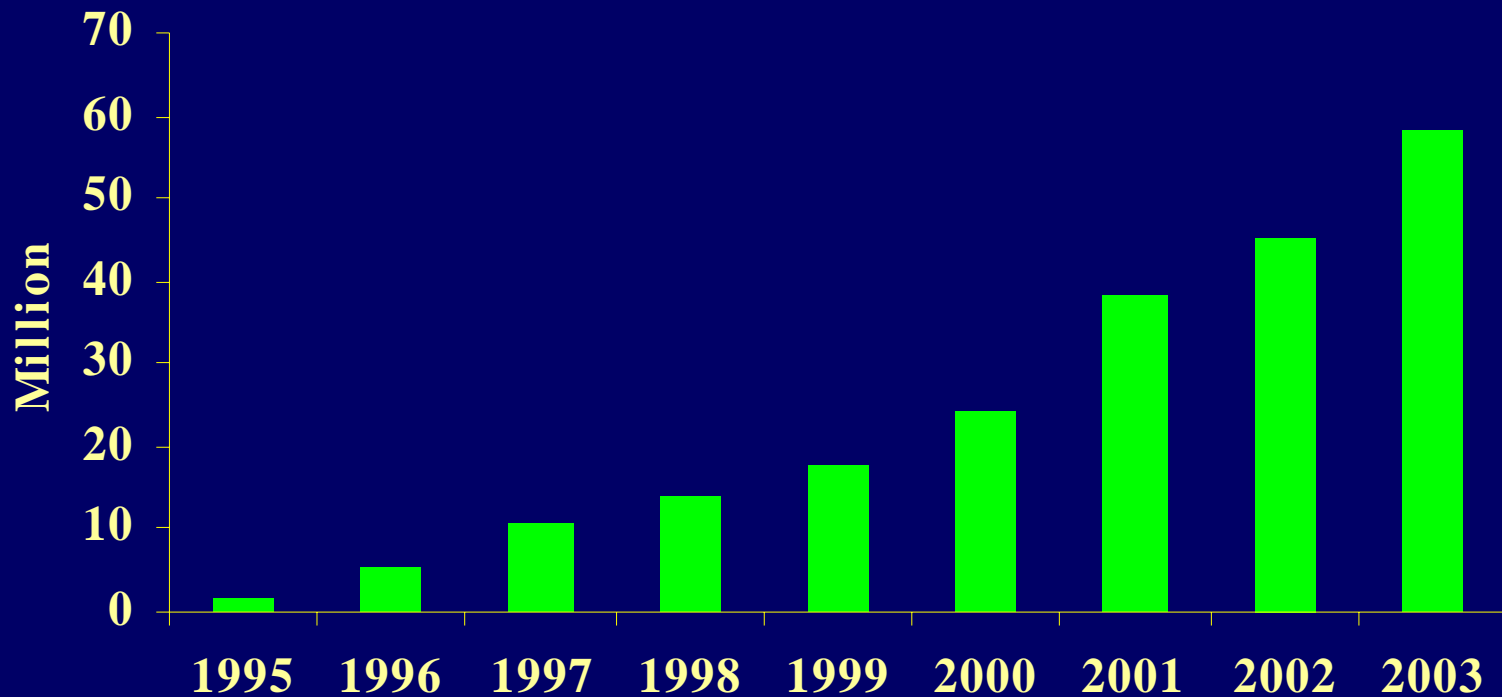
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- **Online communities will grow rapidly in Japan**
- **Online communities will help *drive* ecommerce higher**
- **Online community builders go commercial**
- **Online community-ecommerce is a tonic for the broader Japanese economy**
- **Online Communities and ecommerce--a perfect marriage?**

## Online Communities and Online Commerce in Japan: Online Communities Will Grow Rapidly

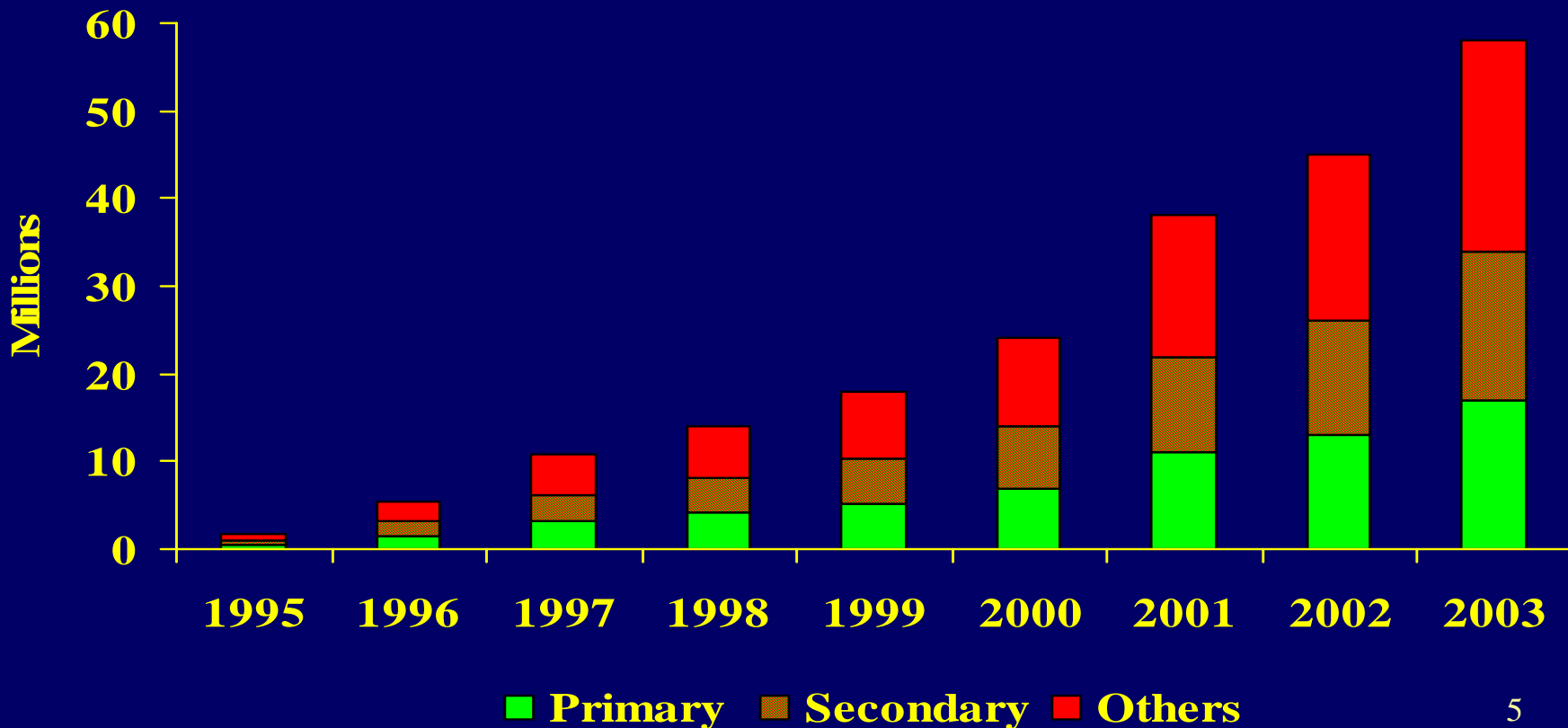
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### Japan's Internet Population



## Online Communities and Online Commerce in Japan: Online Communities Will Grow Rapidly

### Internet Population: Interest in Community



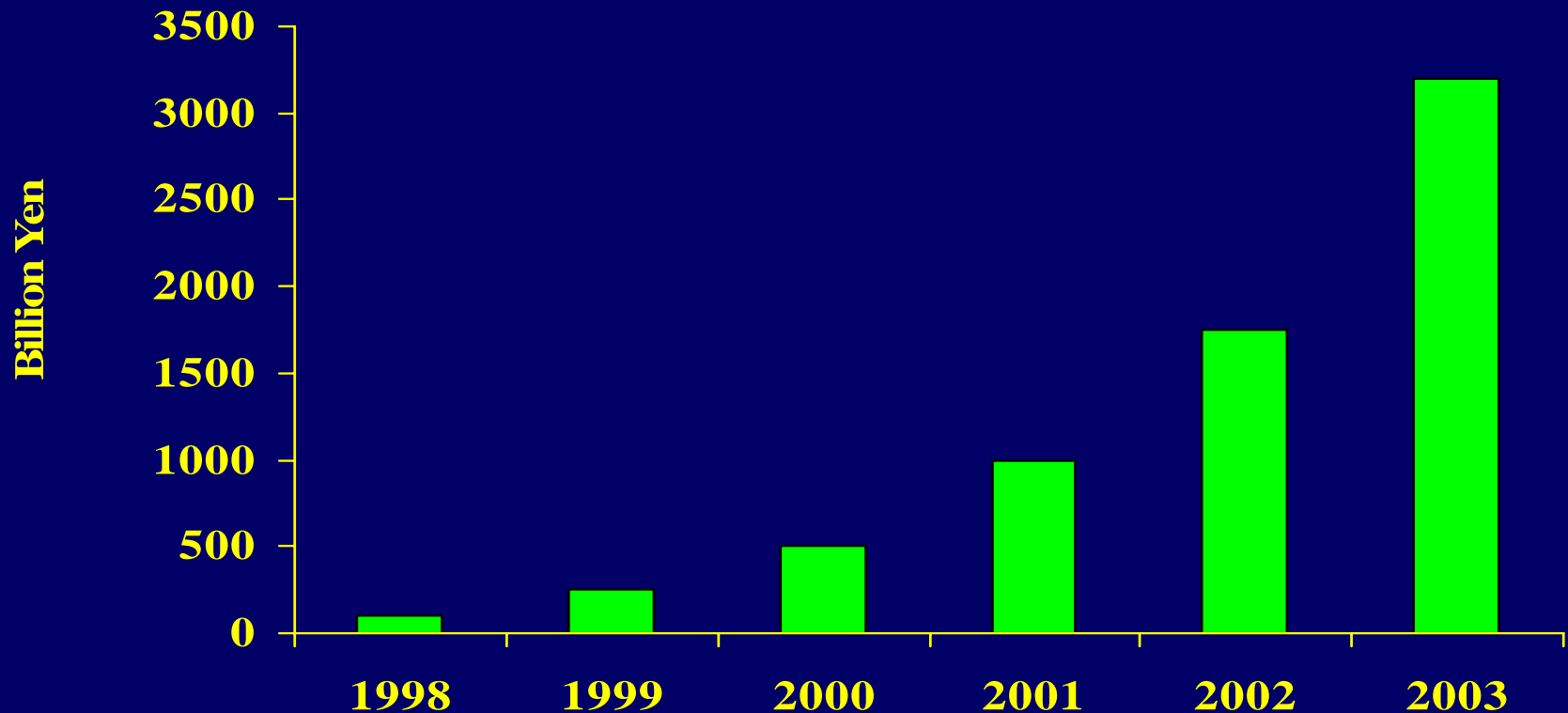
## **Online Communities and Online Commerce in Japan: Online Communities Will Grow Rapidly**

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- **Between 1998 and 1999, the percentage of Japanese Internet users visiting chat rooms and bulletin boards increased from 19 percent to 30 percent.**
- **Between now and 2003, the number of core online community seekers in Japan potentially will increase from about 5 million to over 20 million.**
- **There is a subgroup of the Japanese Internet population that could be considered hard-core community seekers that will grow from 1.5 million to nearly 5 million over the same time frame.**

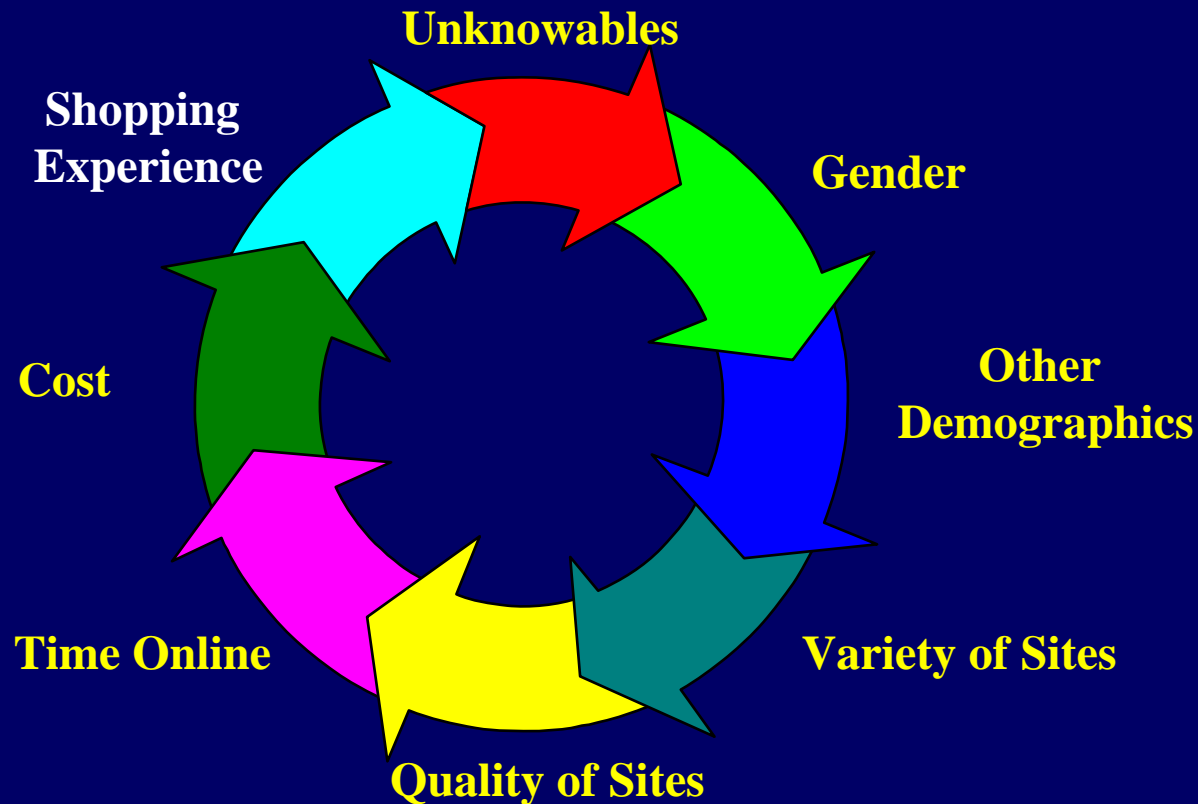
# Online Communities and Online Commerce in Japan: Online communities will help *drive* ecommerce higher

## Japanese Ecommerce: Ready for Takeoff



# Online Communities and Online Commerce in Japan: Online communities will help *drive* ecommerce higher

## What Drives Ecommerce Numbers in Japan





## Online Communities and Online Commerce in Japan: Online communities will help *drive* ecommerce higher

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### Ecommerce Revenue Drivers: Gender

- **Compared to Japanese males, Japanese women:**
  - are more likely to shop online
  - shop more often
  - are growing rapidly as a share of the online population (from 21 percent in 1998 to about 50 percent in 2003)
- *Japanese women are twice as likely to be hard core community seekers compared to males*

## **Online Communities and Online Commerce in Japan: Online communities will help *drive* ecommerce higher**

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### **Ecommerce Revenue Drivers: Time Online**

- **More time online leads to online shopping**
  - **About 20 percent of Japanese Internet users shop in first year--more than 40 percent after two years**
  - **After one shopping experience, multiple shopping is virtually assured**
- ***Participation in community takes time. Community seekers spend more time online***

## **Online Communities and Online Commerce in Japan: Online communities will help *drive* ecommerce higher**

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### **Ecommerce Revenue Drivers: Age**

- **The core shoppers are in the 25 to 40 age group**
- **The Japanese Internet population is steadily getting younger, moving more into core shopping groups**
- ***Japanese in their 20s and 30s are half as wary as older Japanese of exchanging messages with strangers***

## **Online Communities and Online Commerce in Japan: Online communities will help *drive* ecommerce higher**

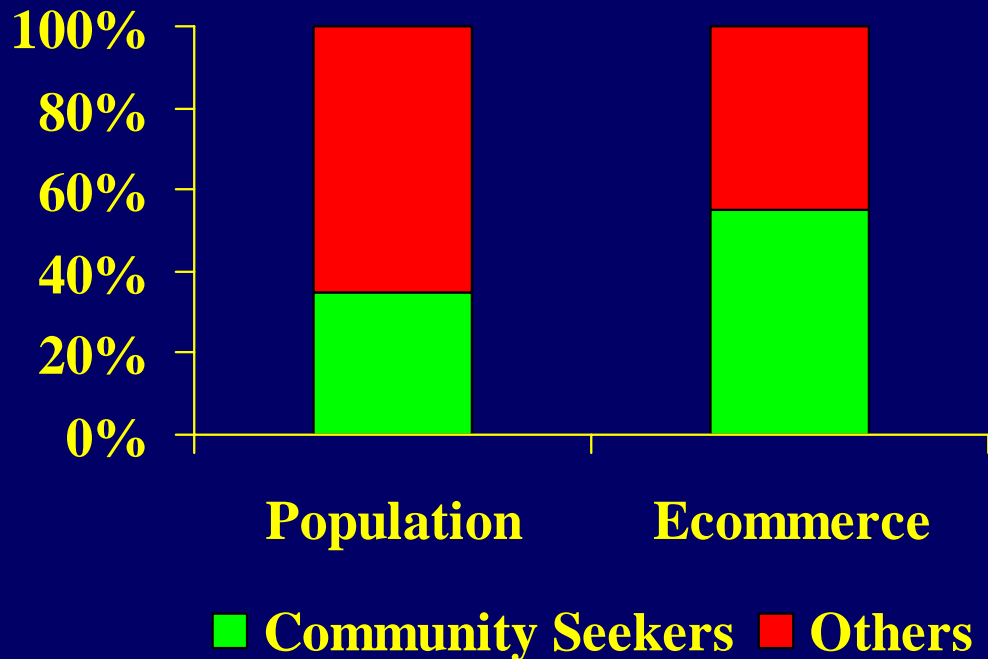
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### **Ecommerce Revenue Drivers: Online Communities**

- **The more female, longer surfing, younger population of community seekers, therefore, generate a disproportionate share of ecommerce**
- **All these trends are pointing to rapid expansion of Japanese online communities and a synergy with ecommerce**

## Online Communities and Online Commerce in Japan: Online communities will help *drive* ecommerce higher

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- Community seekers will gain as a share of Japanese Internet users, but remain a minority
- Their share of online commerce revenues will be disproportionately high

## **Online Communities and Online Commerce in Japan: Online community builders go commercial**

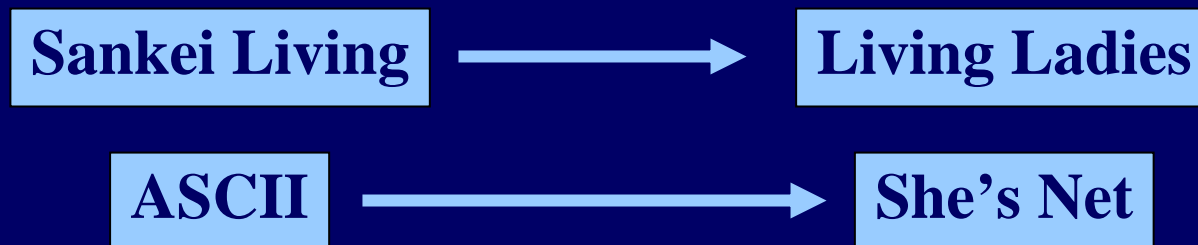
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- **Over the past year online community builders have:**
  - **Become much more commercial**
  - **Heavily targeted women**
  - **Have spanned B2C and B2b interests**
  - **Integrated ecommerce into communities**
  - **Heavily focused on market research**

## Online Communities and Online Commerce in Japan: Online community builders go commercial

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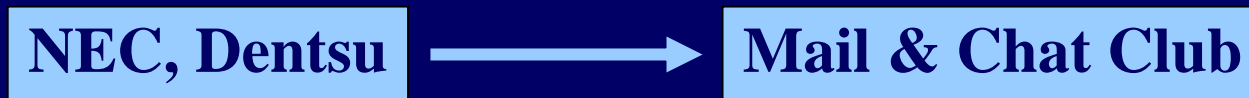
- There are three key types of commercial community builders:
  - Traditional media companies -- brand extension



## **Online Communities and Online Commerce in Japan: Online community builders go commercial**

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- **There are three key types of commercial community builders:**
  - **Traditional company consortia -- cyberadapting**





## **Online Communities and Online Commerce in Japan: Online community builders go commercial**

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- **There are three key types of commercial community builders:**
  - **New community specialists**
    - **Gala, Inc. creators of a series of “Friends” communities**
    - **SOHO Village**

## **Online Communities and Online Commerce in Japan: The Community/Ecommerce Tonic for What Ails Japan**

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- **Boon for (some of) Japan's IT firms**
- **Changes Japan's business culture**
- **Creates more open markets**
- **Increasing efficiency in the distribution sector**
- **Gives citizens a voice -- breaks the info-monopoly**
- **Changes relationship between Gov't and citizens**

## Online Communities and Online Commerce in Japan: Communities and Ecommerce: A Perfect Marriage?

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On the Internet as in life, a good marriage will take work

**Innocent Love**

*Early efforts of online community pioneers*

**Arr. Marriage**

*Current commercial efforts to corral eyeballs, dissect behavior, sell both*

**True Love**

*Quality commercial sites, personalized content, respect for privacy*

# Online Communities and the Future of Ecommerce in Japan

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