Social Networking in Emerging Markets

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1. Market Overview

1.1 Demographic and economic analysis of emerging markets

Younger generations, including millennials and Generation Z, have been raised with computers and on the internet. They are the largest group of social media users as they have used digital technology since they were young and are comfortable with the internet and social media.

The population of emerging markets is skewed toward younger age groups. The global median age was approximately 30.9 years in 2019, but the median ages in emerging markets are normally lower than the global average. For example, Malaysia's is 30.3 years, Indonesia's is 29.7 years, India's is 28.4 years, and the Philippines' is 25.7 years. These younger population bases indicate great potential for the development of social media in emerging markets.

Figure 1：Population of younger generations* by region (Million, 2019)
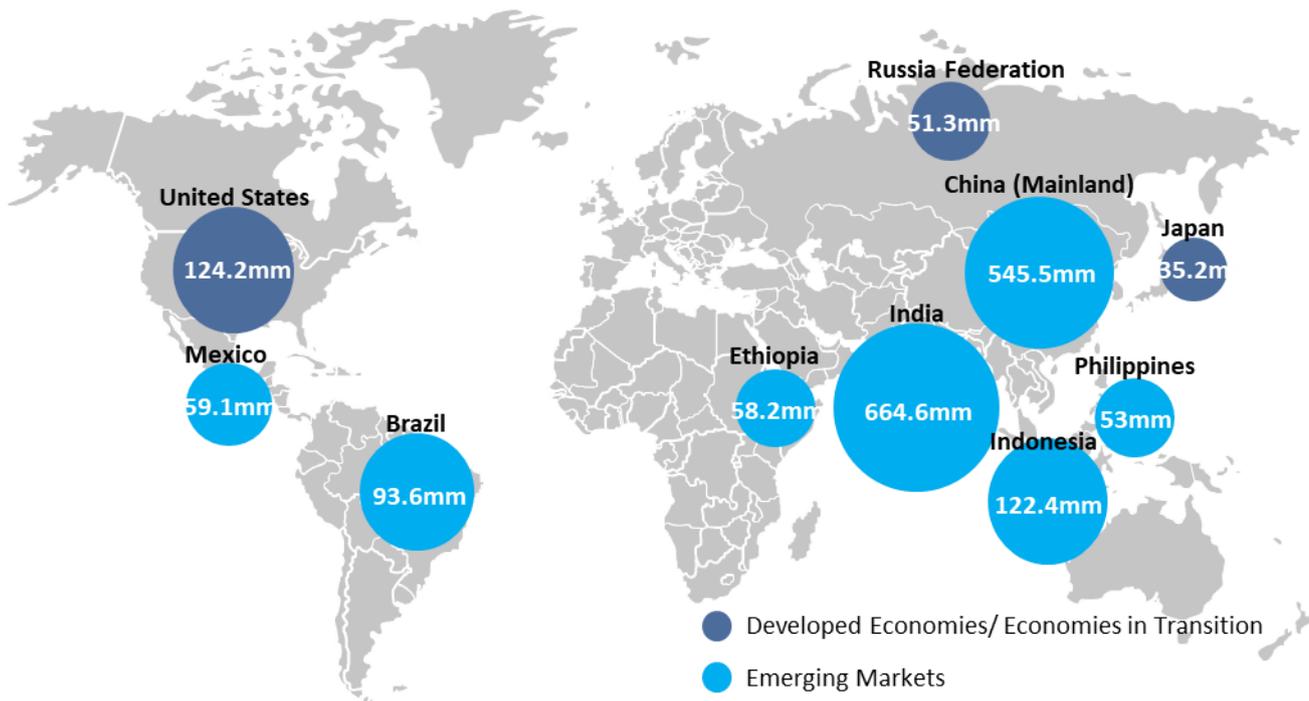
Source: United Nations; Frost & Sullivan

*Note: Younger generations include millennials and Generation Z, which refer to the demographic cohorts born between 1980 and 1995 and between 1996 and 2009, respectively.

Figure 2：Global population by age group (%, 2019)
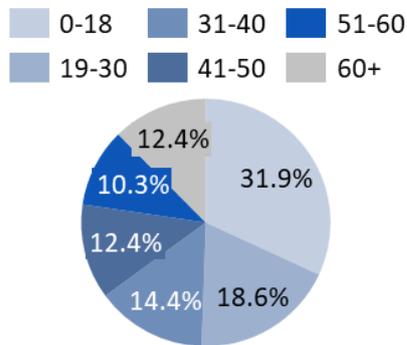
Source: United Nations; Frost & Sullivan

Figure 3：Younger generations as a percentage of total population(%, 2019)
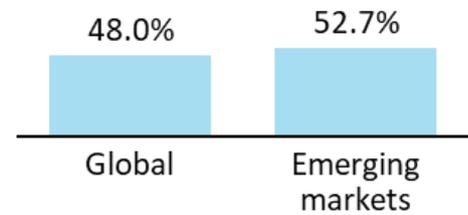
Source: United Nations; Frost & Sullivan

The aggregate GDP of emerging markets reached approximately 36.4 trillion USD in 2019, which accounts for a significant proportion of global GDP (Figure 4). Meanwhile, large population bases and high proportions of younger generations in emerging markets jointly point to huge potential user bases for social networking. In 2019, the combined social networking user base in emerging markets reached approximately 1.6 billion, which is about 60% larger than the user base in developed economies (the US and Western Europe).

Figure 4：Key statistics for emerging markets compared to developed markets and China (2019)

Key Statistics for Different Regions/Countries
2019

	GDP USD trillion	Population Billion	Mobile internet users Billion	Mobile video streaming users Billion	Mobile social networking users Billion	Mobile game users Billion
US and Western Europe	32.4	0.6	0.5	0.2	1.0	0.2
China	14.4	1.4	0.9	0.6	0.7	0.5
Emerging Markets	36.4	4.5	1.8	1.1	1.6	0.9
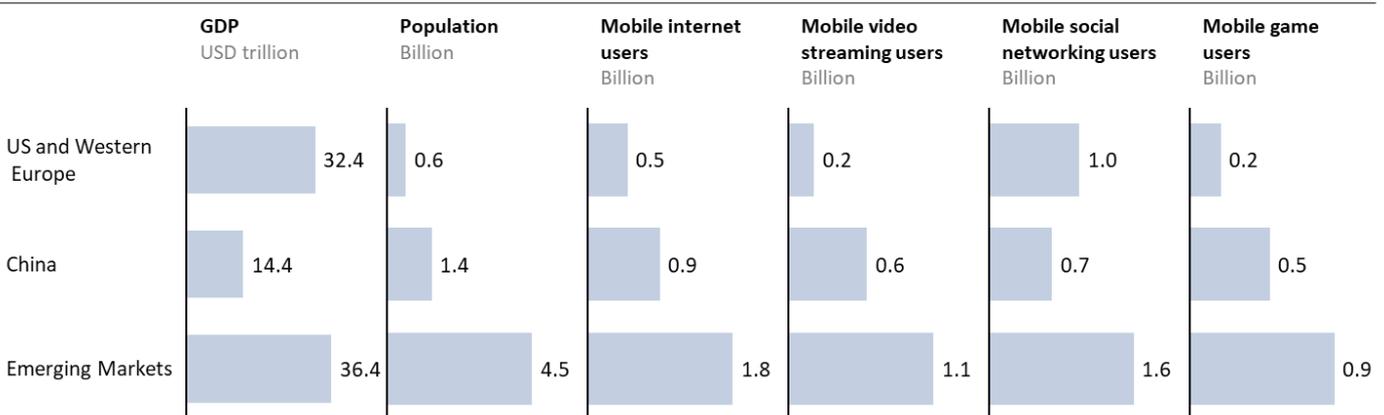
Source: World Bank; United Nations; Frost & Sullivan

1.2 Internet penetration in emerging markets

Compared with internet penetration rates (percentage of internet users in a total population) in developed economies such as North America and Northern and Western Europe, internet penetration rates in emerging markets show significant growth potential. This is evidenced by significantly higher internet user growth rates in emerging markets. In particular, South Asia ranked highest in the world in terms of internet user growth rate in 2019.

Figure 5：Internet penetration rates in selected regions (%, 2019)
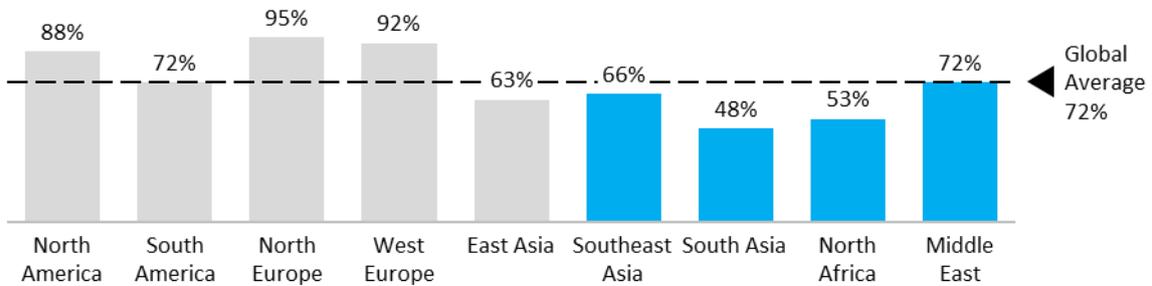
Source: World Bank; Frost & Sullivan

Figure 6：Internet user growth rates in selected regions (% year-on-year, 2018-19)
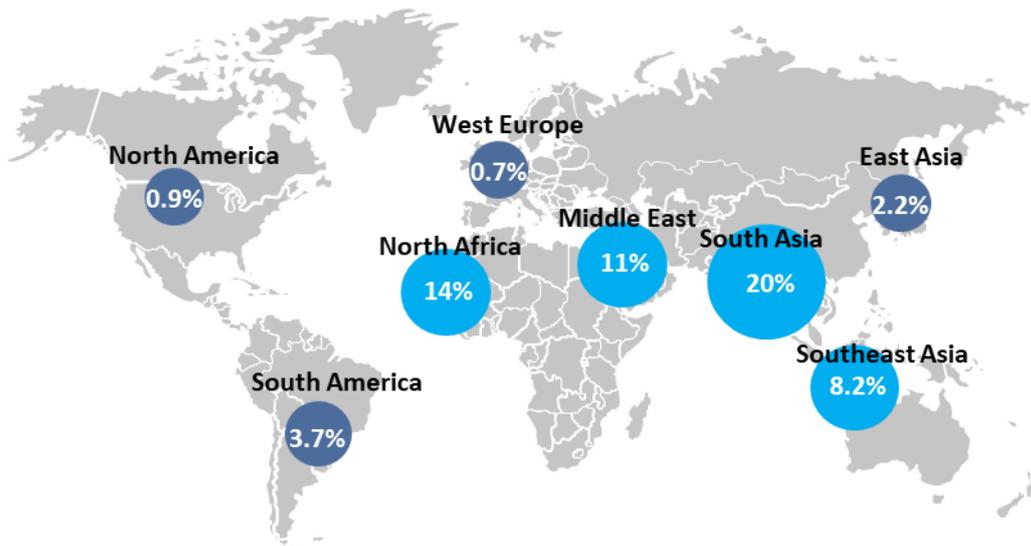
Source: World Bank; Frost & Sullivan

In emerging markets such as the Middle East and South Asia, the internet coverage gap (the number of people who do not live within the footprint of a mobile broadband network) remains significantly higher than in developed markets such as North America and Europe. However, the gap with developed countries is gradually narrowing and the coverage gap in emerging markets is approaching the global average.

The expansion of internet coverage achieved in 2019 mostly occurred in South Asia and Sub-Saharan Africa. The total uncovered population (the number of people who do not live within the footprint of a mobile broadband network) in South Asia and Sub-Saharan Africa accounts for approximately 67% of the world's total uncovered population (compared to approximately 75% in 2018). Mobile network operators continue to expand 4G mobile broadband networks in these regions, narrowing the internet coverage gap in emerging economies.

A more significant difference remains in the internet usage gap between emerging and developed markets. In emerging markets, half or more of residents who are covered by a mobile internet network do not have mobile phones. However, with the gradual maturity of basic network infrastructure in emerging markets and continuous growth in average disposable income levels, mobile internet usage rates in emerging markets are expected to increase in the future.

Figure 7：Mobile internet connectivity by region (%, 2019)
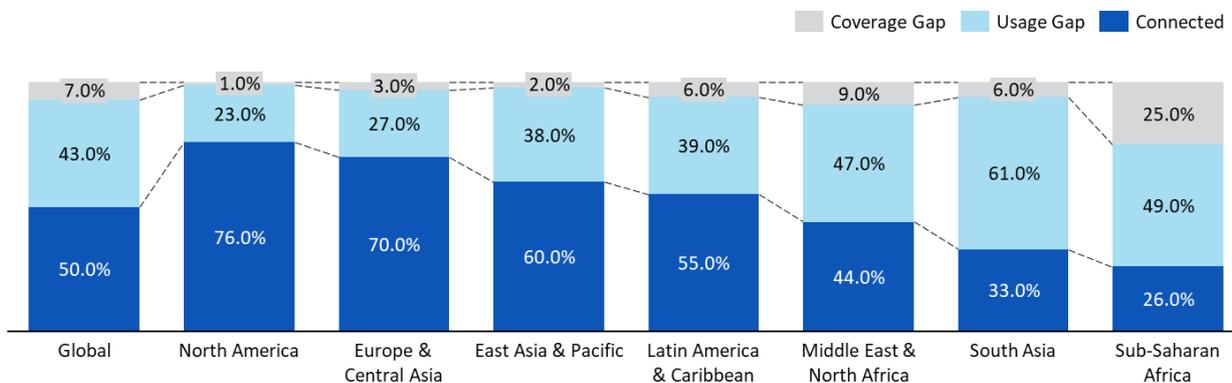
Note:
- *Connected refers to the number (in billions) of unique people who have used internet services on a mobile device. Mobile internet services are defined as any activity that consumes mobile data.*
- *Usage gap refers to those who live within the footprint of a mobile broadband network but are not using mobile internet.*
- *Coverage gap refers to those who do not live within the footprint of a mobile broadband network.*

Source: GSMA; Frost & Sullivan

2. Social Networking in Emerging Markets

2.1 Social networking user base in emerging markets

Compared to social networking user penetration in North America, emerging markets show significant potential for growth in social networking user penetration, especially in Pan-India and the Middle East and North Africa (MENA).

The social networking penetration rate in Southeast Asia is already above the global average, and the average daily time spent on social networking is higher in Southeast Asian countries such as the Philippines (approximately 3h 53m) and Indonesia (approximately 3h 26m) than the global average (approximately 2h 24m).

Figure 8:Social networking user base as a proportion of total population in selected regions (%, 2019)
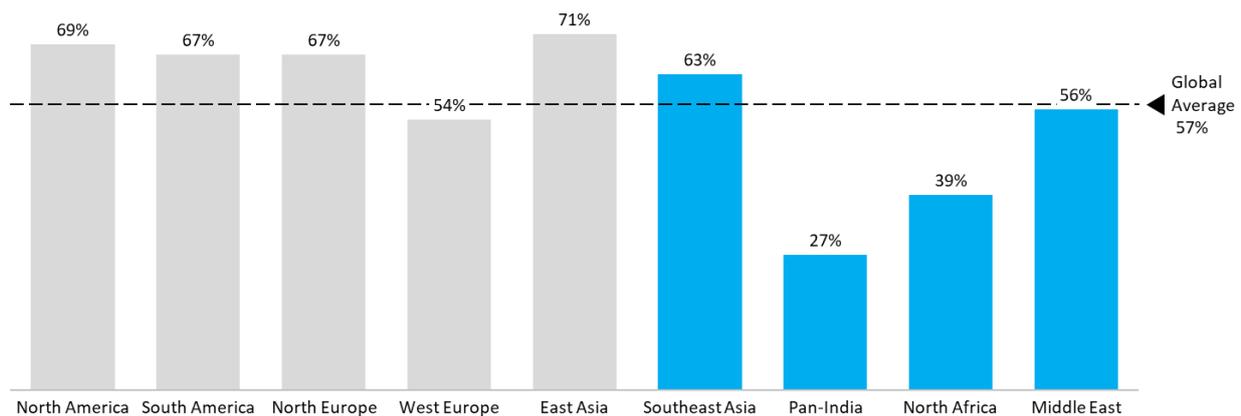
Source: Frost & Sullivan

2.2 Social networking market size in emerging markets

The global social networking market has continued to grow and evolve toward an integrated ecosystem alongside the emergence of large numbers of social media platforms. The global social networking market reached 135.4 billion USD in 2019 and is forecast to reach 264.4 billion USD in 2024, representing a compound annual growth rate (CAGR) of 14.3% during the period.

The ongoing COVID-19 pandemic has had fewer negative effects on the supply and demand sides of the online social networking industry than it has on many other industries. In particular, the social networking user base and average usage time for segments such as live video and online gaming have increased even though the average revenue per

user (ARPU) has declined as the pandemic has adversely affected the global economy. Therefore, market revenue growth has slowed since the COVID-19 outbreak, but the market should not be adversely affected in the long run.

From the perspective of market segments by function, the live video market has shown notable growth over the past five years and is expected to deliver a CAGR of approximately 32.2% between 2019 and 2024.

Figure 9：Global social networking market size* (USD billion, 2014-2024)

	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E
Total	20.3	30.9	49.4	74.3	110.5	135.4	161.2	187.2	213.3	239.8	264.4
■ Voice-centric social networking	0.5	3.2	5.9	8.6	11.9	15.4	21.0	27.9	35.4	43.7	52.6
■ Live video	3.0	4.7	8.1	14.1	23.7	31.9	48.5	67.0	89.0	107.9	128.7
■ Image-centric social networking	3.2	5.0	8.1	12.3	18.5	23.8	26.3	28.3	28.9	29.7	30.7
■ User-generated content (UGC) community	9.1	12.9	20.8	30.1	43.2	47.5	50.1	52.1	52.5	56.9	59.5
■ Instant messaging	2.6	4.2	7.0	11.2	17.3	22.7	25.1	27.0	28.2	28.9	29.0

Source: Frost & Sullivan

*Note: Due to rounding, numbers may not add up precisely to the totals

2.3 Social networking development timeline

Social networking market development can be divided into four main phases:

1) In Phase 1, online social tools such as email, websites, and social networking platforms primarily supplement offline communication and the range of online contacts is typically limited to one's real-world social circle.

2) In Phase 2, instant messaging and blogging platforms become popular. Users can create personal profiles online and connect virtually with friends. The increasing availability of image-enhanced content enriches the recreational appeal of online social networks.

3) In Phase 3, users can upload videos and music and share their personal interests with others. Meanwhile, the addition of increasingly engaging recreational features enables users to engage with a broader audience based on common interests.

4) In Phase 4, users can build social networks based on personal interests and interact with others via enhanced recreational features such as in-stream emojis, gaming, and virtual gift-giving. More recently, driven by the proliferation of advanced mobile devices and media technology, a new generation of online social products—so-called "live social" products—have emerged to empower people to connect, socialize, and be entertained in real-time via rich media channels such as live video and live audio. The addition of more live social functions and features increases the frequency and duration of users' live social engagement. Moreover, the integration of live content along with other types of content enables users to interact in real-time and simplifies information transmission through diversified formats, including one-to-one, one-to-many, and many-to-many.

Figure 10：Global social networking market development timeline

	Phase 1	Phase 2	Phase 3	Phase 4
	Email, personal websites, and in-person gathering platforms	Instant messaging and blogging	Video and music platforms	Recreational social platforms
Content type	Mainly text	Text & images	Video & audio	Seamless integration of live content and a variety of other formats
Audience	Typically limited to one's existing real-world social circle (friends, family, and colleagues)	• Users typically begin with their existing real-world social circles • Limited options and incentive to connect with broader audiences	▪ Users have the ability and are encouraged to engage with a broad potential audience based on common interests	▪ Users have the ability and are encouraged to engage with a broad potential audience based on common interests and a general need to socialize and be entertained
Format and level of social engagement	• Low frequency and largely one-to-one • Two-way communication between the sender and intended recipient • Low level of social engagement given the lack of real-time communication tools and limited content formats		▪ Medium frequency ▪ Largely one-to-one or one-to-many ▪ Generally one-way communication from the content creator (musicians, labels, influencers, etc.) to a waiting audience of content consumers ▪ Lack of real-time communication tools	• High frequency • Gamified social feature • Highly social and based on two-way, real-time communication • Formats vary, including one-to-one, one-to-many, and many-to-many • No clear boundary between content creators and content consumers
Typical platforms	Meetup	Facebook, Twitter	YouTube, Spotify	Instagram, Uplive

Source: Frost & Sullivan

2.4 Social network market overview by segment

2.4.1 Live video in emerging markets

From 2014 to 2019, the global live video market grew from 2.9 billion USD to 19.7 billion USD, showing a CAGR of 47%. The market is forecast to continue rapidly growing and is expected to deliver a CAGR of 26.6% from 2019 onward to reach approximately 64.1 billion USD in 2024.

While China's live video market has experienced rapid growth over the past decade, international markets—especially emerging markets such as Southeast Asia, MENA, and Pan-India—remain at relatively early stages of live video market development.

Emerging markets retain significant room for improvement in terms of the variety of online content and the potential to enhance users' willingness to pay for online services. The live video market in emerging markets is expected to achieve a CAGR of more than 40% during 2019 to 2024.

Figure 11：Global live video market size by revenue (USD billion, 2014-2024)
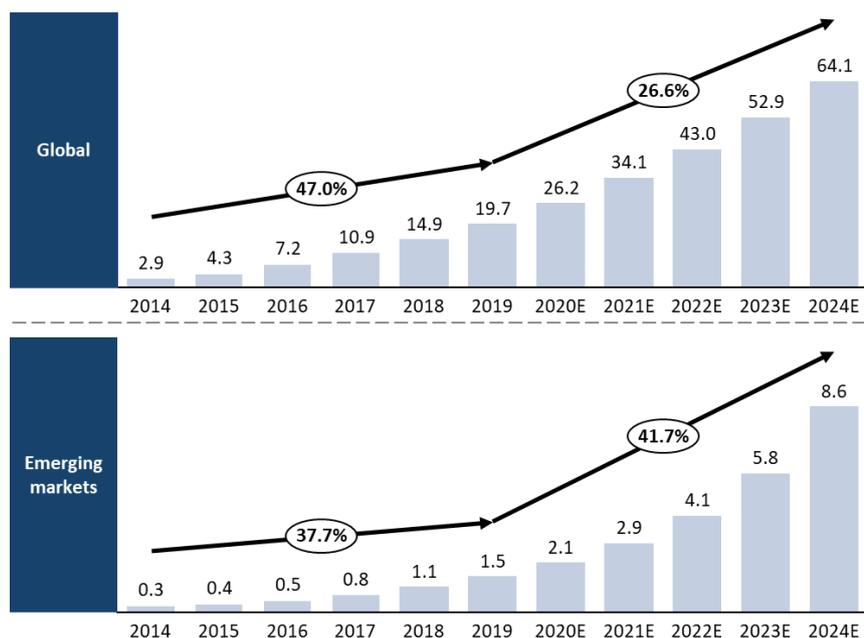
Source: Frost & Sullivan

Drivers of live video adoption in emerging markets include:

1) **Higher disposable income:** With increasing disposable income alongside per-capita GDP growth, users have a

higher propensity to consume. At the same time, user demands become increasingly diverse—apart from satisfying basic needs for leisure, they expect online activities to fulfill needs such as social interaction and companionship.

2) **Infrastructure upgrades:** The adoption of higher-power smartphones with higher-resolution cameras and internet infrastructure upgrades represent important precursors for video-based live social market development.

3) **Technology innovation:** The adoption of new technology like virtual reality (VR) and augmented reality (AR) enhances the mobile livestreaming experience, dramatically enriching interactions between viewers and content providers.

4) **Online social and recreational innovation:** Innovative functions such as in-app games and live video content communities enhance user experience and stickiness by providing increasingly personalized services for different groups of users. This in turn increases users' willingness to pay for online services.

5) **Mobile payment penetration:** Virtual gifting is one of the main ways livestreaming platforms monetize content. Viewers can purchase virtual gifts using a special in-app currency (with prices linked to real-world currency). Virtual gift prices can range anywhere from 0.01 USD to 100 USD or more.Viewers are likely to be increasingly willing to pay as the livestreaming industry implements easier mobile payment processes.

Live video competitive landscape in emerging markets

There are four main types of live video market players: general social platforms, video social platforms, game-centric live video platforms, and short video platforms with live video functionality.

1) **General social platforms**: Many general social platforms such as Facebook, Instagram, and Weibo have also launched live video functions.

2) **Video social platforms**: These are platforms in which online streaming media is recorded and broadcast in realtime. Live video content on these platforms includes entertainment, fashion, sports, and gaming. Major players in this segment include Uplive, YY, Bigo, Yingke, and LiveMe.

3) **Game-centric live video platforms**: These are platforms that focus on game-related content, where people record themselves playing games and broadcast in real time. Major players include Twitch, Huya, and Douyu.

4) **Short video platforms with live video functionality:** Provided by video hosting services, these players enable users to upload, store, share, and playback video content over the internet. Major players include TikTok, Kuaishou, Vimeo, Likee, and Xiaoying.

Figure 12：Major live video segment players in emerging markets

General social platforms
- General social platforms such as Facebook, Instagram, and Weibo have launched live video functions.

Video social platforms
- These are platforms in which online streaming media is recorded and broadcast in real time, and the content of live video includes social, fashion, sports, and more.
- Major players include Uplive, YY, Bigo, Yingke, and LiveMe.

Game-centric live video platforms
- Game-centric live video refers to livestreaming activities where people record themselves playing games and broadcast in real time.
- Major game-centric live video platforms include Twitch, Huya, and DouYu

Short video platforms with live video functionality
- Provided by video hosting services, these players enable users to upload, store, share, and play back video content over the internet.
- Major players include TikTok, Kuaishou, Vimeo, Likee, and Xiaoying.

Source: Frost & Sullivan

2.4.2 Online dating in emerging markets

The global online dating market reached 5.4 billion USD in 2019 based on a CAGR of 51.1% from 2014 to 2019. As mobile device penetration and consumption habits lead more and more mobile internet users to seek serious committed relationships via online social networking, the global online dating market is expected to reach 15.7 billion USD by 2024, representing a CAGR of 23.8% between 2019 and 2024.

Meanwhile, online dating in emerging markets has primarily been driven by expanding mobile internet user bases and the relatively large proportions of younger generations in these markets. In particular, users in emerging markets generally prefer face-to-face communication to traditional text messaging. As a result, online dating has witnessed significant growth as live video-based dating applications have emerged across markets such as Southeast Asia and MENA.

Figure 13：Online dating revenue for global and emerging markets (USD billion, 2014-2024)
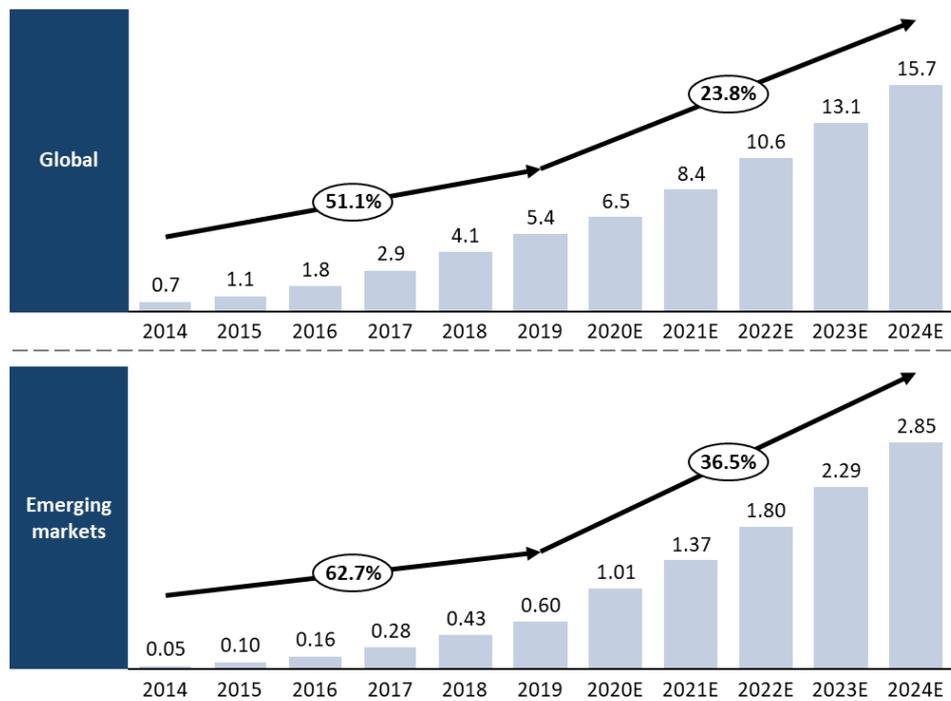
Source: Frost & Sullivan

Key drivers of online dating in emerging markets include:

1) **Younger generations embracing expanded social dating:** Social trends in many emerging markets are evolving to include increased dating and marriage outside traditional social circles. This is helping drive adoption of online dating in part by increasing the phenomenon of "casual" dating and rates of interracial marriage.
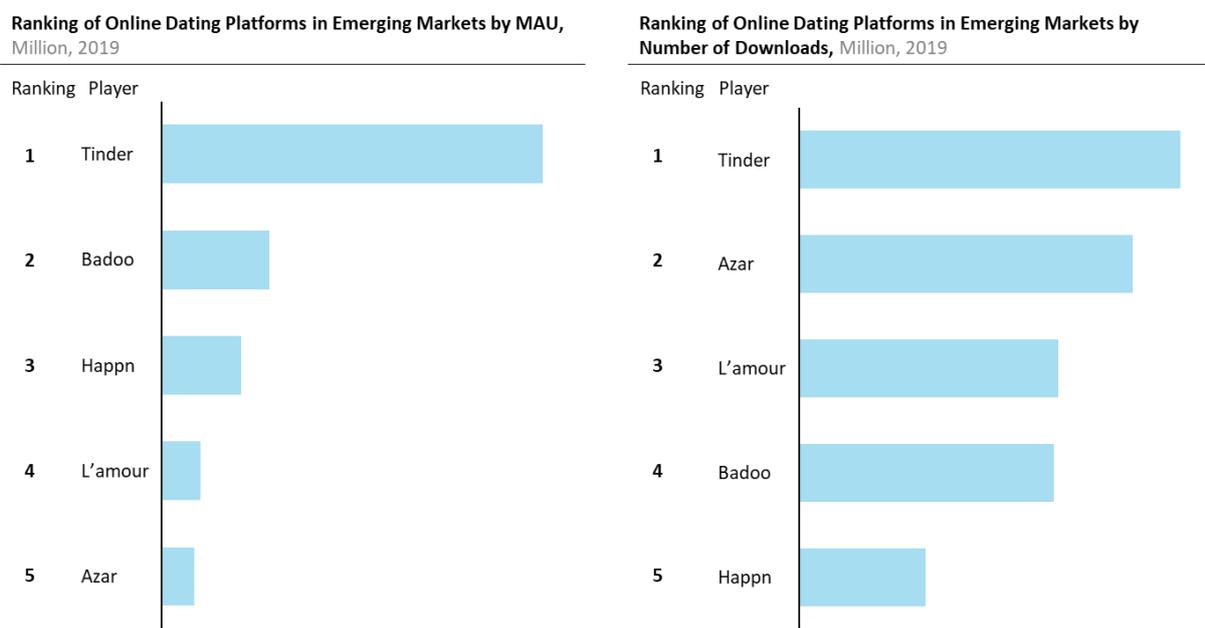
2) **Changing consumption habits**: As per-capita disposable incomes rise and mobile payment methods proliferate, mobile internet users, especially among younger generations, are more willing to pay for in-app value-added services.

3) **Changing dating platform preferences among young mobile internet users**: Younger generations have grown up alongside rapid technology development and the popularization of the internet. Socializing via video or audio has become the dominant trend, rendering traditional text chat-based online dating less attractive. As a result, dating platforms with livestreaming functionality or other rich social features have become more attractive and competitive in the market.

4) **Higher user demand on matching**: Younger mobile internet users have increasingly high online experience standards. In online dating, this translates into users expecting to be matched with compatible users efficiently and quickly and being able to connect with them on demand.

5) **Changing cultural norms**: Even in more traditional cultures, social restrictions are being relaxed and individuals are increasingly open to new modes of socializing and new entertainment options. This open-mindedness is lowering cultural restrictions on individual choices and leading younger people in particular to pursue independent interests.

6) **Conservative cultures in some markets drive demand for online social connections:** Religious and cultural practices allow relatively limited offline social networking and entertainment activities in some markets. As a result, young users in these markets tend to have a strong affinity for online social networking.

Major players in the online dating sector in emerging markets include Tinder, Badoo, Happn, L'amour, and Azar. Figure 14 shows online dating platform rankings in emerging markets in terms of monthly active users (MAU) and number of downloads.

Figure 14:Competitive online dating landscape in emerging markets (2019)

Ranking of Online Dating Platforms in Emerging Markets by MAU, Million, 2019

Ranking	Player
1	Tinder
2	Badoo
3	Happn
4	L'amour
5	Azar

Ranking of Online Dating Platforms in Emerging Markets by Number of Downloads, Million, 2019

Ranking	Player
1	Tinder
2	Azar
3	L'amour
4	Badoo
5	Happn

Source: Frost & Sullivan

2.5 Social networking drivers in emerging markets

1）Growing demand for combined recreation and social networking：

Younger generations, especially Generation Z, were born in the internet age and are eager to engage in online social interaction. They show a higher degree of willingness to socialize online with different groups of people who may or may not have much in common with them, satisfying their desire to keep up with social trends.

Traditional online social networks with text-based chatting are not able to hold these young users' attention as they prefer a constant stream of diversified content. This has led online social network platforms to develop integrated applications that combine social interaction and other recreational functions such as watching videos, playing online games, or giving virtual gifts.

2）Increasing internet penetration rate:

ROST & SULLIVAN

Improving mobile internet infrastructure, especially the construction of 4G and 5G networks, is driving growing demand for smartphones in emerging markets. As a result, individuals in these markets have access to a growing volume of information and a diversity of online activities such as social networking, leading to increased social networking demand in these markets.

As a result, the user base of social networking platforms has shown steady growth over the past five years and the average daily time spent on mobile internet per capita has increased from 63 minutes in 2014 to 132 minutes in 2019.

3）**Fast-growing emerging markets:**

As their economies have grown and internet and telecommunication infrastructure has improved, emerging markets are increasingly the driving force of the global social networking market. Internet and mobile internet penetration rates show significant growth potential in developing countries, especially in Southeast Asia and MENA, indicating substantial social network user base growth potential. Additionally, buying power and willingness to pay for online services is growing steadily in emerging markets, also helping to drive the social networking market development.

4）**Rapid internet technology upgrades:**

The internet is reshaping the public and private sectors alike, creating new business opportunities. Internet technology continues to develop at a rapid pace, and new technical innovations are enabling faster network speeds, more convenient access, safer internet environments, stronger legal and regulatory privacy protection, and more personalized user experiences. All of these features are expected to continue driving social network use.

5）**Time poverty leading people to seek connections online:**

In the hustle and bustle of contemporary life, people are increasingly busy with work and personal obligations, leading to an increasing sense of time poverty. Lack of time increases an individual's willingness to interact online in order to gain a sense of human connection and belonging. Against this backdrop, mobile social activities and services that are not subject to time constraints are welcome.

6）**Growing willingness to pay:**

As consumers' disposable income increases and online social networking markets evolve, new innovations are emerging in online payment solutions, reshaping online users' payment habits. Users are increasingly willing to pay for value-added online services such as receiving exclusive content or member-only perks. This trend is particularly evident among younger internet users, helping drive overall revenue growth for the industry, promoting more efficient allocation of resources, and strengthening copyright protection.

2.6 Future social networking trends in emerging markets

1 ）Social apps with more differentiated functions:

With the surge in demand for and participation in social networking, market competition has intensified and leading players are integrating traditional social networks with recreational features such as video-on-demand, voice chatting, and images to strengthen users' stickiness and willingness to pay.

2 ）User demand for cross-regional networking:

Online social platforms remove regional barriers between social network users. As internet infrastructure is upgraded around the world and internet penetration continues to grow, cross-regional social networking has become a trend. At the same time, the rollout of next generation networks and real-time translation technology is enabling users to connect via real-time audio and video with people of different cultures who live across borders and often speak different languages.

3 ）**Advance of technology:**

Artificial Intelligence (AI), virtual reality (VR), augmented reality (AR), holography, and other technologies are gradually being integrated into social networks, providing users with increasingly rich interactive experiences. In the future, the social networking experience will continue to evolve and change as these technologies mature and achieve mass adoption.

4 ）**Integrated social networking platforms:**

Developing integrated platforms is an emerging trend for social networking platforms. As the current online social networking market is highly competitive, market participants tend to add new services and functions to existing social networking platforms to cater to users' growing demand for diversified social experiences.

5 ）**Continuous development of real-time social networking:**

Currently, non-real-time social networking (delayed or indirect social interaction) is increasingly incapable of meeting users' needs. Real-time video or voice social networking offers online social interaction that is closer to offline interaction, enhancing the user experience. Therefore, real-time social interaction is expected to increasingly emerge as the baseline for online social networking platforms.

6 ）**Continuously rising demand from emerging markets:**

As social network markets in China, the US, and Europe reach saturation, emerging markets such as Southeast Asia, MENA, and Pan-India have become the new driving forces. Those emerging markets benefit from surging demand for social networking platforms, large populations in the target age group, and relatively high and growing willingness to pay.

Appendix: List of Emerging Markets

Latin America and the Caribbean	Africa		Asia		Europe
Argentina	Algeria	Liberia	Brunei Darussalam	Syrian Arab Republic	Russia
Barbados	Angola	Libya	Hong Kong SAR	Turkey	
Bolivia (Plurinational State of)	Benin	Madagascar	Indonesia	United Arab Emirates	
Brazil	Botswana	Malawi	Malaysia	Yemen	
Chile	Burkina Faso	Mali	Myanmar		
Colombia	Burundi	Mauritania	Papua New Guinea		
Costa Rica	Cameroon	Mauritius	Philippines		
Cuba	Cabo Verde	Morocco	Singapore		
Dominican Republic	Central African Republic	Mozambique	China, Taiwan Province of China		
Ecuador	Chad	Namibia	Thailand		
El Salvador	Comoros	Niger	Vietnam		
Guatemala	Congo	Nigeria	Bangladesh		
Guyana	Côte d'Ivoire	Rwanda	India		
Haiti	Democratic Republic of the Congo	Sao Tome and Principe	Iran (Islamic Republic of)		
Honduras	Djibouti	Senegal	Nepal		
Jamaica	Egypt	Sierra Leone	Pakistan		
Mexico	Equatorial Guinea	Somalia	Sri Lanka		
Nicaragua	Eritrea	South Africa	Bahrain		
Panama	Ethiopia	Sudan	Iraq		
Paraguay	Gabon	Togo	Israel		
Peru	Gambia	Tunisia	Jordan		
Trinidad and Tobago	Ghana	Uganda	Kuwait		
Uruguay	Guinea	United Republic of Tanzania	Lebanon		
Venezuela (Bolivarian Republic of)	Guinea-Bissau	Zambia	Oman		
	Kenya	Zimbabwe	Qatar		
	Lesotho		Saudi Arabia		