



Business model of QQ
---IM in China

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18-12-2009



QQ

● The users of QQ

- The business of QQ
- The earnings and the cost of TENCENT company
- Why the users would like to pay?
- SWOT analysis of QQ
- How to compete with rivals



QQ2008- 58462175

海晓东 [隐身]

0 69 0

搜索我的好友...

QQ好友

- 我的好友 (1/36)
- 海晓东 (paris手机号)
- 全阳高赵 ☆ (你的手)
- 蓝色的雨 ☆ (我什么)
- 不心不絕情 ☆ (爱)
- 一与賊暖jia ☆ (全)
- 緯緡一司文 ☆ (60)
- Jerry (执子之手 与)
- 觀①节, 越地 ☆ (7)
- Di調の颓废 ?

通讯录

QQ群

最近联系人

查找

与 全阳高赵 交谈中

聊天 娱乐 应用 工具

安全提示：腾讯公司提醒您警惕“QQ中奖”骗局。

对方的欢乐

对方的形象

你的手上有几... X

十个斗的人和十个簸箕的是上天注定的姻缘，他们要受好几世磨...

我的形象

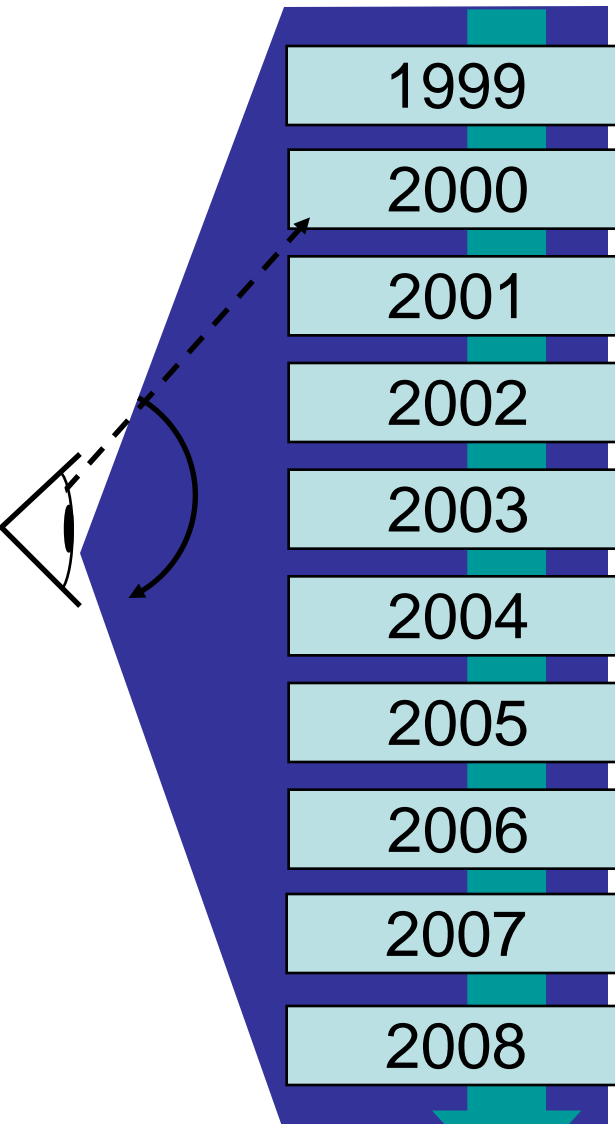
点此 免费拥有QQ秀

聊天记录

关闭(C) 发送(S)



Unit: million people



	Registered users	Most users on line at the same time	Users pay for IVAS	Users pay for M&T Service
1999	1	-----	-----	-----
2000	5	0.1	-----	-----
2001	50	1	-----	-----
2002	100	2	-----	-----
2003	256	4.9	6.9	13.1
2004	369	9.4	8.3	8.8
2005	492	18.4	10.6	8.1
2006	580	24.5	12.5	9.9
2007	741	36.1	17.6	10.9
2008	891	49.7	31.4	14.7

PS: 376 active users

3.5%

1.6%

•t



Functions and operation of QQ

– Improvement of QQ

conservation of clients' information;
send messages off line;
combination of Chinese culture;
low entrance;
fast;
cheap;
concealed communication

--Operation of QQ

Plenty of experience in telecommunication;
Aimed in entertainment.

Huge users base

Demands of users

- more social activities, be respected and self fulfillment;
- People get used to communicate with strange ones because of the development of material civilization.
- Young people like entertainment and easily to accept new things in China.
- Demands of second life on internet.
- there were few rivals when QQ developed first in China.



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Moi | QQ邮箱
mail.qq.com



QQ会员
VIP.QQ.COM



Life
QQ空间
qzone.qq.com



QQ Music
MUSIC.QQ.COM



QQ相册
PHOTO.QQ.COM



手机QQ
mobile.qq.com



QQ游戏
QQGAME.QQ.COM



QQ校友
xiaoyou.qq.com



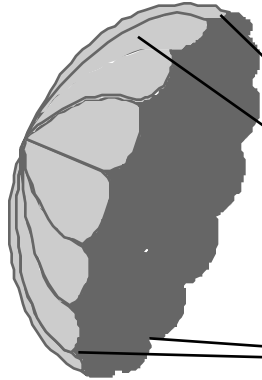
QQ Live
LIVE.QQ.COM



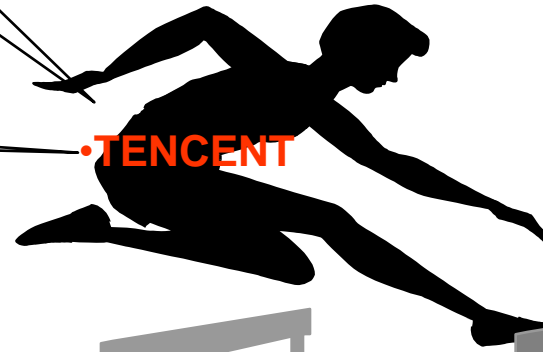
腾讯软件中心
PC.QQ.COM



QQ



•TENCENT



•Lived on Client AD

•Developped by Mobile value added service

•Firmed the status by online games

•Plan in building a Integrated platform
●Aim in SNS,enterprise market and wireless market



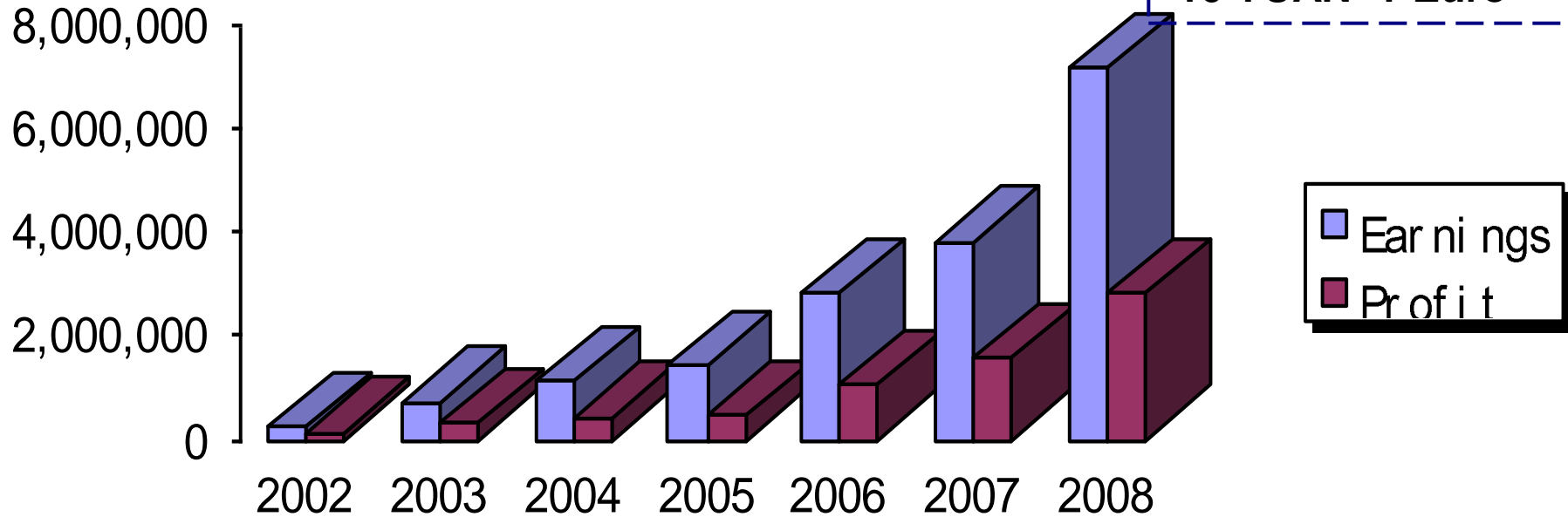
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Earnings & Profits for TENCENT 2002-2008

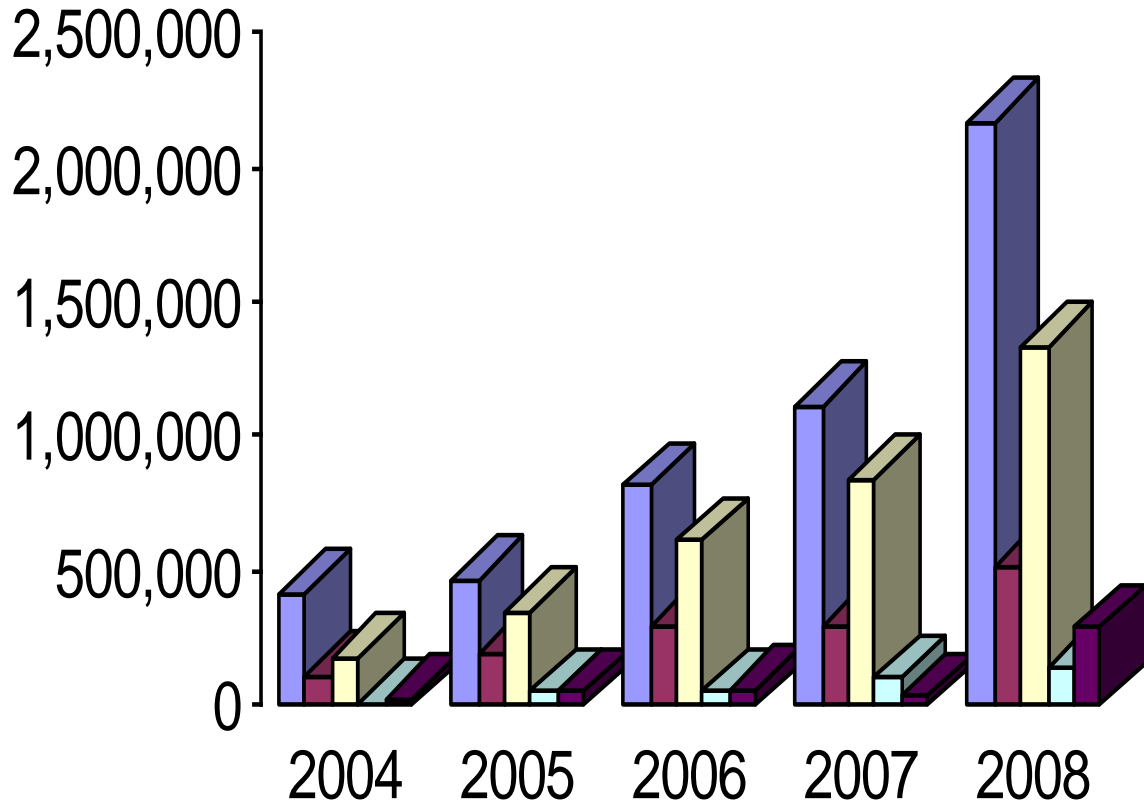


RMB: Thousand Yuan
10 YUAN=1 Euro



Year	Earnings	Growing rate	Profits	Growing rate
2002	263,107	---	140,707	---
2003	734,957	1.79	322,196	1.29
2004	1,143,533	0.56	441,119	0.37
2005	1,426,395	0.25	485,362	0.1
2006	2,800,441	0.96	1,063,800	1.19
2007	3,820,923	0.36	1,568,008	0.47
2008	7,154,544	0.87	2,815,650	0.8

Cost of TENCENT 2004-2008



RMB: Thousand Yuan
10 YUAN=1 Euro

- Cost of sales
- marketing cost
- administrative cost
- financial cost
- income tax

Years	Cost of sales	Marketing cost	Administrative Cost	Financial cost	Income tax
2004	418,125	109,517	173,110	5,043	22,534
2005	469,869	197,627	347,685	47,304	48,307
2006	817,062	293,247	610,022	46,534	52,971
2007	1,117,557	297,439	840,113	100,192	33,505
2008	2,170,421	518,147	1,332,207	140,732	289,245

Three main services earnings for TENCENT 2004-2008

RMB: Thousand Yuan



IVASE-Internet value added service earnings; M&TSE-mobile and telecommunication service earnings; IADE-Internet AD earnings.

The three main service's cost for TENCENT 2004-2008



RMB: Thousand Yuan
10 YUAN=1 Euro

Year	cost of sales	Internet value added service cost	Mobile and telecommunication Service cost	Internet AD service cost
2004	418,125	143,425	244,930	17,613
2005	469,869	231,480	189,264	34,761
2006	817,062	426,191	272,558	93,940
2007	1,117,557	627,982	310,110	146,717
2008	2,170,421	1,393,878	514,669	211,889

□ The Internet value added service cost was increasing from 2004 to 2008. It reached 1,393,878,000 YUAN RMB in 2008. It was 64% of the whole Cost of sales.

□ The proportion of mobile and telecommunication cost was declining from 59% in 2004 to 24% in 2008.



The profits of the three main services for TENCENT 2004-2008

RMB: Thousand Yuan
10 YUAN=1 Euro

Year	Internet value added service	Mobile and telecommunication service	Internet AD service
2004	497,765	194,111	37,188
2005	555,200	328,001	78,065
2006	1,403,809	427,442	176,060
2007	1,885,718	497,490	346,283
2008	3,521,122	884,331	614,111



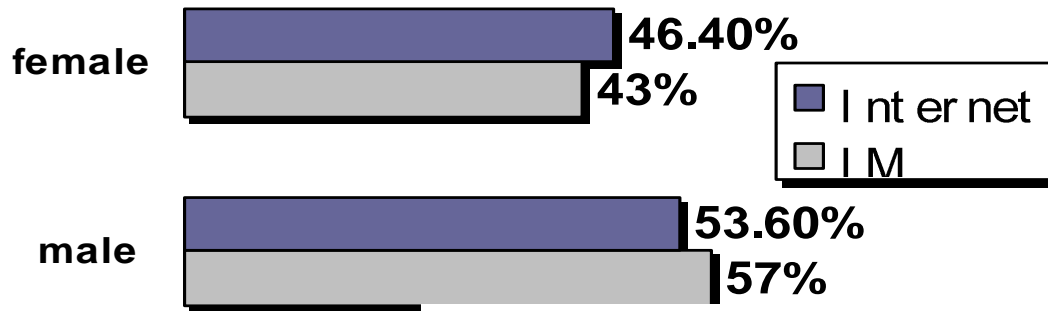
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Consuming features of IM users

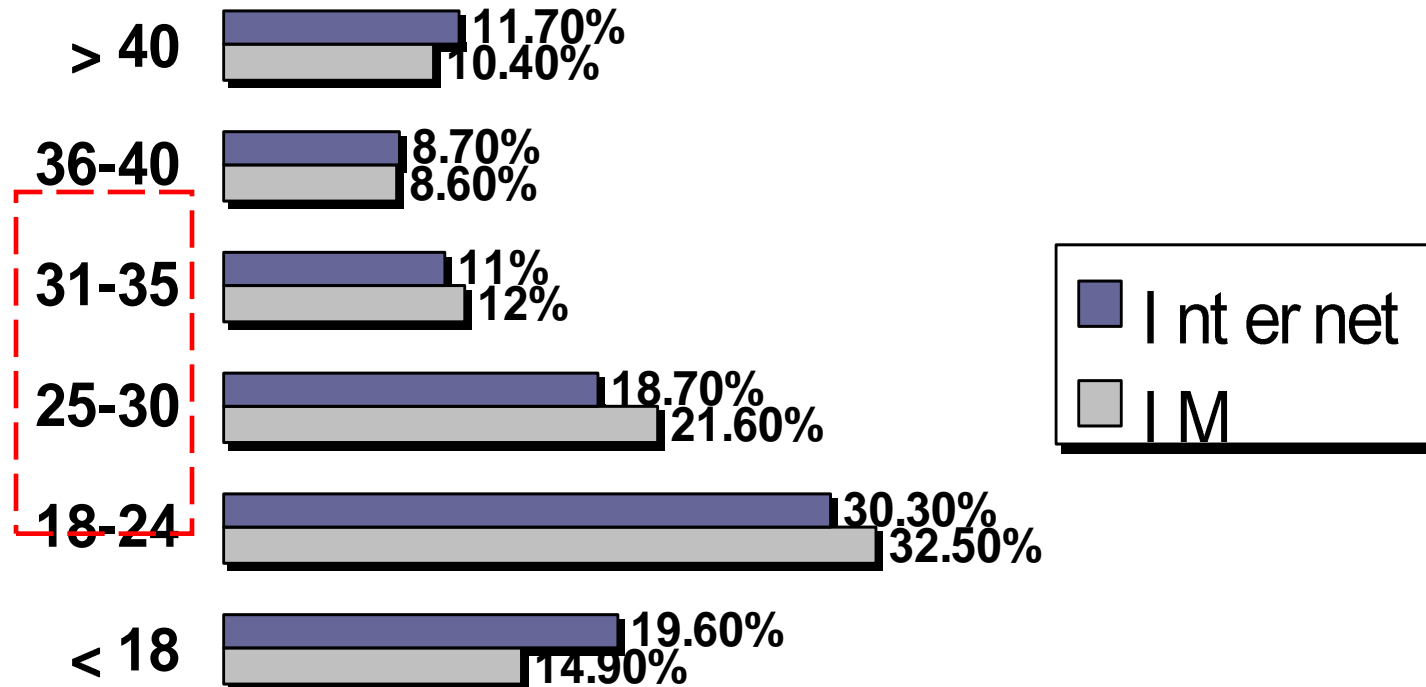


sex of users for IM and Internet 2008



The Male users of IM
Are more than female.

Age of users for IM and Internet



Consuming features of IM users

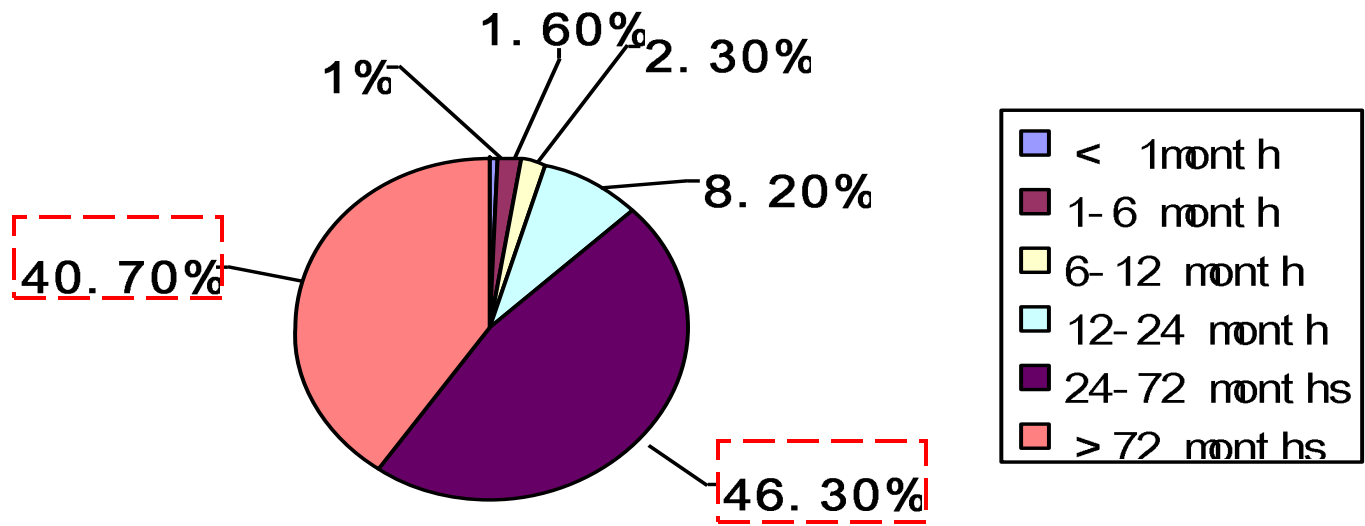


Place	IM	Internet
Home	47.9%	49.7%
Company	32.9%	29.1%
School	9.4%	9.1%
Internet bars	4.8%	7.0%
others	9.8%	12.1%
Profession	IM	Internet
Students	25.8%	27.4%
Jobless	4.2%	4.9%
Work home	11.7%	12.2%
Job holder	52.1%	48.5%
Others	58.3%	55.5%



Income per month [Yuan]	IM	Internet
< 500	24.1%	26.5%
500-1000	9.2%	10.2%
1000-2000	27.8%	28.4%
2000-5000	31.2%	28.7%
> 5000	7.6%	6.3%

PS: Total of IM users =21271, Total users for internet =70,000

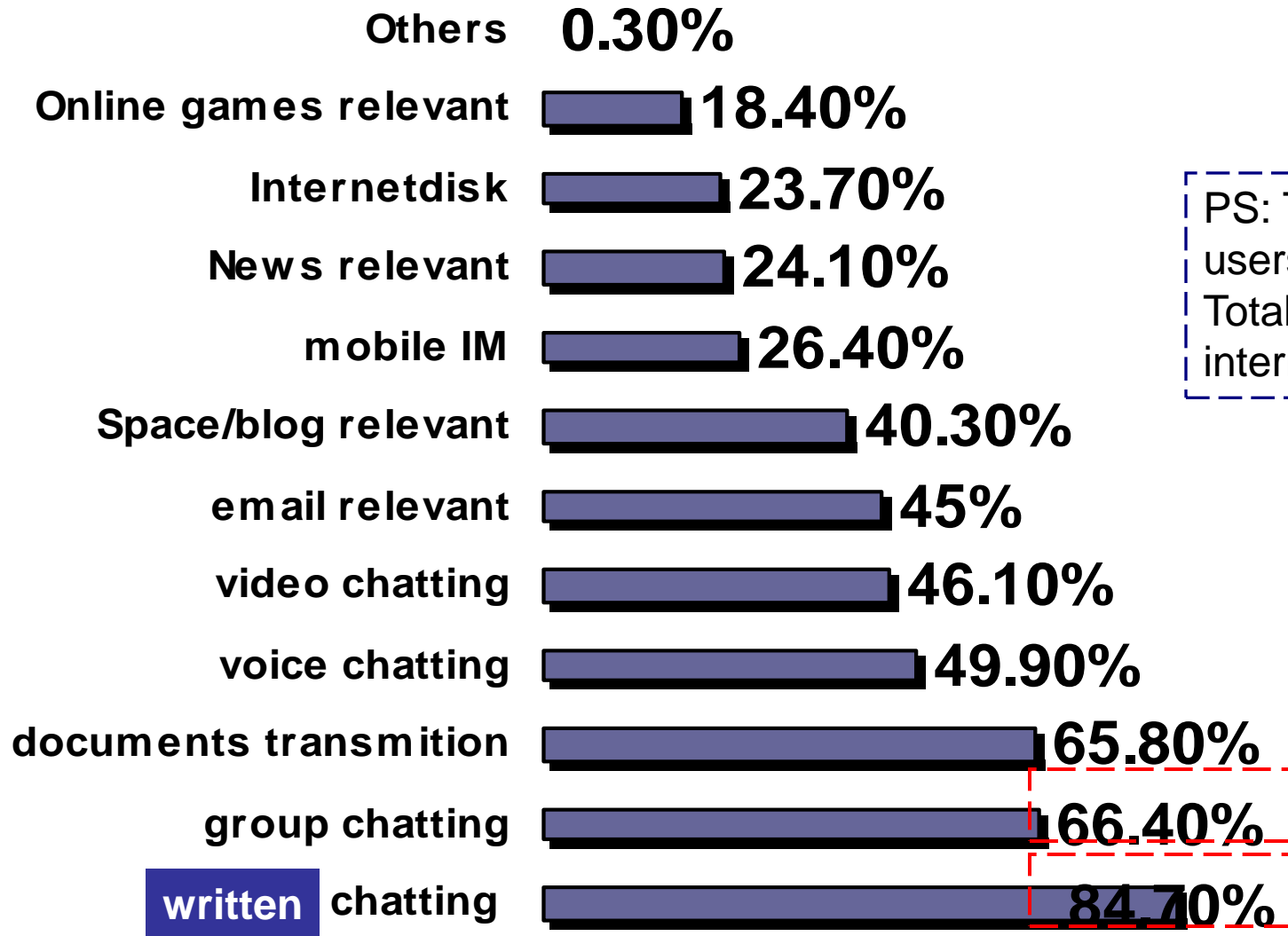


PS: Total of IM users =21271, Total users for internet =70,000

Time of using IM for IM users in 2008



Consuming features of IM users



PS: Total of IM users =21271,
Total users for internet =70,000

The functions of IM people use frequently in 2008



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Why & How to pay

- **Why the users would like to pay?**

- ✓ **Petty sum of payment for QQ service**

In 2008, it was 188 Yuan per user one year for IVAS and 108 Yuan per user one year for IADS.

- ✓ **QQ is fast and concealed to communicate.**

- ✓ **QQ is a important entrance to Internet media, searching engine, Interactive entertainment, BLOG ,SNS and ecommerce.**

- ✓ **Regenerative feedback of QQ .**

- **Popularizing rate of Internet in low in China**

Mobile QQ [people use it on cell phone];

Popularizing rate of internet in China in 2008 is 22.6%.

- ◆ **Demands of communication.**

Anytime and anywhere; frequently; information mutual; the status of online or offline.

- ◆ **Chinese people would like to communicate impliedly.**

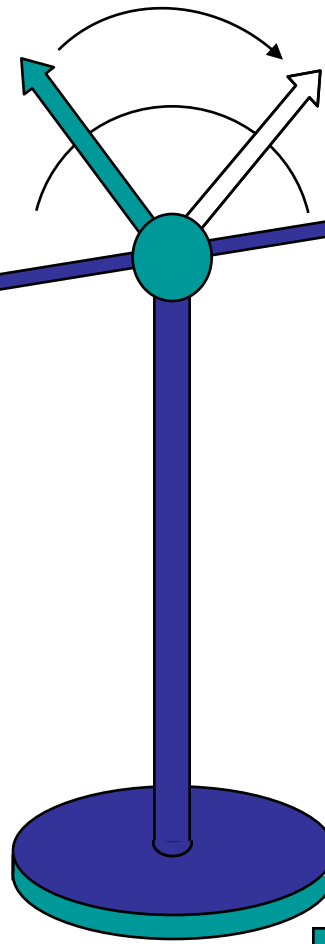
- **How to pay ?**

**Channels for paying: Mobile payment;
Internet Banking;
Cai Fu Tong.....**



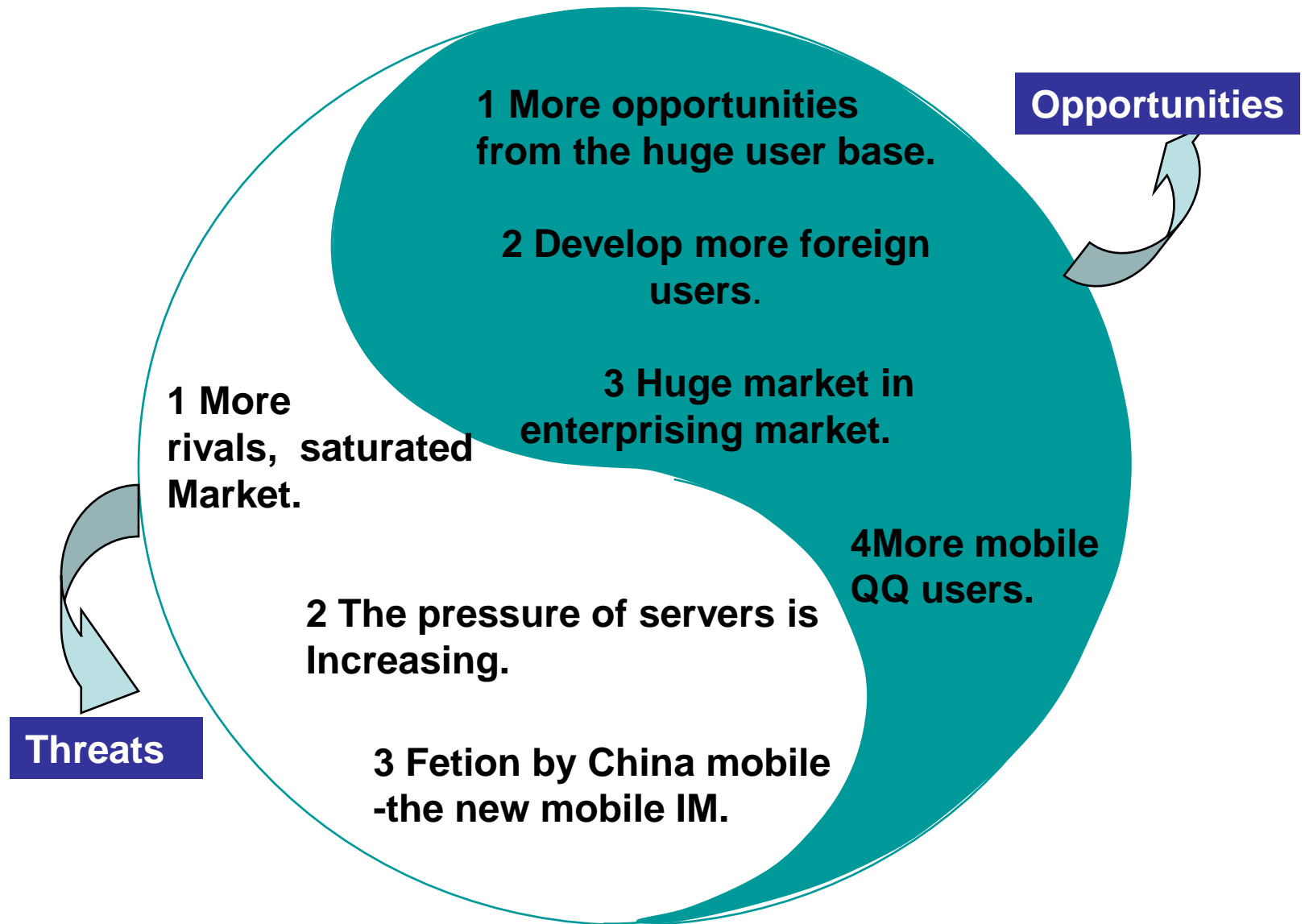
strengths

- 1 Low entrance ,huge user base & viscosity.
- 2. Convenient chatting.
- Add anybody you want .
- 3 Convenient using
- 4 powerful function
chatting; huge capacity email;
membership; pet; games ;
space; music; internet hard disk;
group; transmitting documents;
view the news
- 5 connect with cell phones
- 6 plenty of operation
experiences
- 7 colorful content providing and
good client software



weakness

- 1 most of users are Chinese people.
- 2 most of users are young people, especially students; few business men with high income.
- 3 security is not powerful.
- 4 Compellent advertisement.
- 5 Too many relevant services to hide its core competency.





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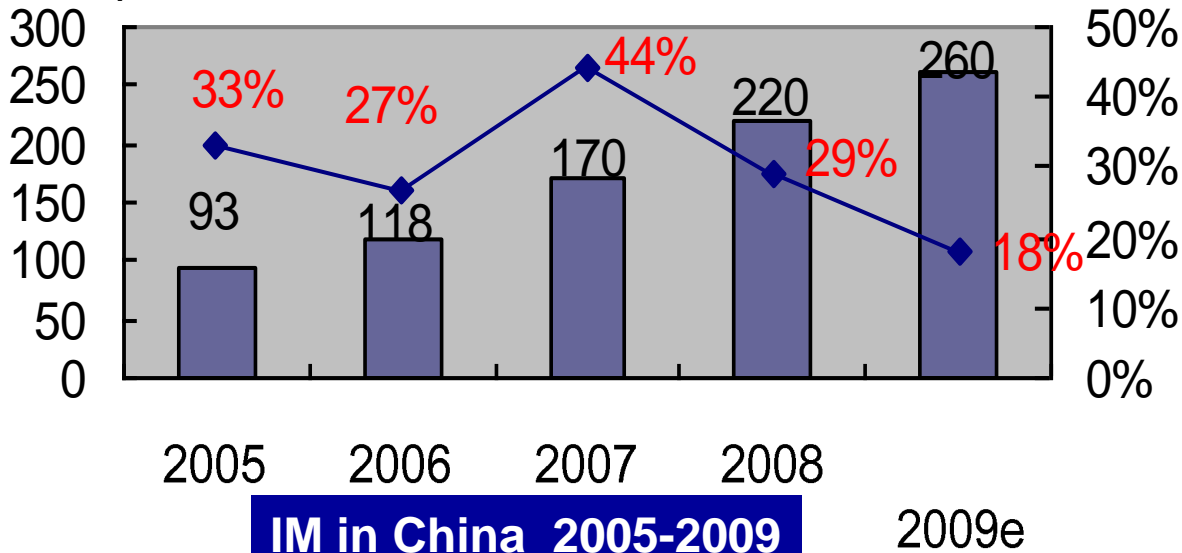


Popularizing rate of IM in 2008



China's IM popularizing Rate is much higher than In USA and KOREA whose Internet popularizing rate is high.

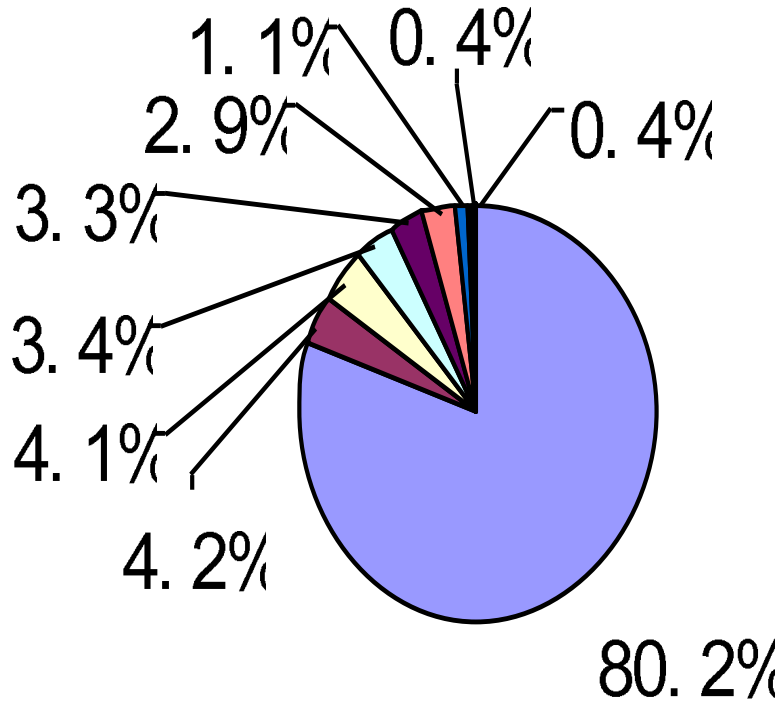
Million persons



There was 220 million people Who use IM at least once per month in China in 2008.

IM in China 2005-2009

IM users — Increasing rate



Different IM in China 2008

- QQ
- Fet i on
- MSN
- ALI wangwang
- Si na UC
- Skype
- Wangyi Paopao
- Yahoo tong
- Q her s

□QQ took 80.2% Of the Chinese IM Market.



– **Users:**

- young people in China
- people like to know strangers
- low income people.

– **Group function**

huge capacity group.

– **Business communication.**

not powerful QQ TM

QQ

MSN

– **Users:**

- people all over the world;
- people who know each other
- high income people.

– **Group function:**

not powerful group.

– **Powerful business communication.**

QQ

Fetion



□User base:

891 million in 2008.

□First development advantages.

- developed in 1999.
- the strongest IM operator Over pc.

□Good content service

□Good client Soft ware

□Experience of operation on IM

□User base:

457 million cell phone Users in 2008;

□Promotion channels:

Business halls all over China. Free sms from PC.

□The intercommunication of Cell phone and PC.

□Convenient charging channels.

□ The powerful one in mobile internet.

PS: 2006 fetion developed





Thank you !