

The Web We Weave

Has Web 2.0 truly arrived in Japan? **Tony McNicol** begins a new mini series with a look at the “social network service” phenomenon.



Tokyo Architect Nikitaki Yuki has twenty-eight friends on the “mixi” website. She logs on everyday, posts entries to her online diary, and sends messages to her friends. Some she knows offline, but some she has never met face to face, and several live in other parts of Japan or overseas. “I don’t think I would have ever met these friends if it wasn’t for the site,” she says.

Nikitaki is one of millions of people to join “social network service” (SNS) sites over the last few years in Japan. On mixi, once members set up a page with basic information about themselves they can invite other friends to join—who, in turn, can invite their own friends and introduce them into the group. This simple concept has made for exponential growth. Mixi has drawn 6.6 million users in less than three years and is by far the largest SNS site in Japan.

SNS sites enable people with similar interests all over the world to get together online. Mixi has no less than 1.1 million “communities” where users can chat and exchange information about every imaginable interest and hobby. Nikitaki, who grew up in Greece, is part of forty-two groups: one is for “people who like Greece,” another a Feta cheese group (her mixi friends include Japanese people living in Greece and Greeks in Japan). She’s also a member of a group especially for people born in 1977 and a host of other hobby- and work-related communities.

Mixi Inc.’s HQ is in the trendy, noisy, somewhat chaotic Tokyo district of Shibuya, which seems appropriate for a company with both users and staff mostly in their twenties and early thirties. Mixi CEO Kasahara Kenji was just a third-year student at the University of Tokyo when he founded his first company in 1997, an Internet job site. In 2003, mixi was set up and in September floated on the Tokyo Stock Exchange. The share price doubled in the first day of trading, making CEO Kasahara a dollar billionaire at the age of thirty.

Mixi gets a staggering 7.5 billion page views by computer and 1.9 billion by mobile phone a month. It is the second most accessed site in Japan after Yahoo, and ranks first by time actually spent online. Most users sign up for free and about 85% of the site’s revenue comes from advertising. The rest comes from a

Japan’s most-popular website by time spent online, the mighty mixi has more than a million online “communities.”



MySpace, the world's fourth most popular English-language website [Alexa Internet], is now making inroads in Japan.

minority of users who sign up for premium services.

Mixi, however, has a powerful new competitor in Japan. On November 7 a Japanese trial version of the world's largest SNS site, MySpace, went online. The U.S.-based MySpace, which has 134 million members worldwide at the time of writing, is owned by Rupert Murdoch's News Corp. MySpace Japan KK is half-owned by News Corp and half by Japanese finance and telecommunications firm Softbank.

So how will MySpace try to lure mixi's nearly 7 million users? "The biggest difference between MySpace and mixi," says MySpace Japan's Ando Naoko, "is that [on MySpace] you can customize your profile with pictures, background images, video, and music." Users can access the computer code of their profile page to change whatever they want. Ando says they are hoping that Japanese users will decide how the site evolves: "We'll just throw the ball into the pond and see what the fishes say." Like mixi, they hope to raise revenue from advertising on the site.

But MySpace may have its work cut out. "First movers tend to have enormous advantages in these types of businesses," warns Kamide Hiroshi, an analyst at KBC Securities in Tokyo, "because once you establish a following, and you get x million subscribers on your site, the switching costs for those users are pretty high." The very nature of SNS sites creates a powerful disincentive against changing sites, he argues. Users would lose painstakingly created content, such as online diaries, not to mention their online network of friends. And there's the large amount of time that mixi users typically spend online ("stickiness"). "If they can

keep people that sticky, and keep increasing their user numbers, [mixi] will become a very valuable medium," he says.

With PC audiences now established, SNS operators are looking to mobile phones. On November 16 GREE, another of mixi's SNS competitors, announced a tie-up with mobile carrier KDDI AU to create a cell phone version of the site. The service will allow users to download AU video, music, and games content. Like-

wise, mixi launched a mobile version on December 4. MySpace Japan is also making plans. "There are many people in Japan who only look at the Internet on mobile phones, especially young users," says Ando. "We need a mobile phone service, and we are talking to carriers now."

Significantly, MySpace part owner Softbank already knows all about mobile phones having recently taken over the Vodafone network. Nishikido Yoko, an editor of the 2006 Internet White Paper published by Impress R&D, says analysts are awaiting their next move. "We won't know whether MySpace will be successful in Japan or not until Softbank make their strategy clear," she says. "There's a possibility that mobile phones will give the SNS another push."

Just Connect?

Yet not everyone sees the further growth of online communities as a good thing. Hayami Yukiko, author of *A Dangerous Pleasure Called "Connection,"* argues that sites like mixi are a convenient escape from the problems of "real" world relationships. "Lots of people are using the sites and making new groups of friends," she says. But the sites make it too easy to find groups of likeminded people: "[Users] have almost no chance to meet people with different values and opinions." She worries that the traditional social networks of Japan—neighborhood, school, and company—are being forsaken for ever more homogenous online groups.

There have also been concerns over the privacy of personal information on the sites. When mixi first started, users were required to use their real names. Now users can choose to remain anonymous—and the vast majority do.

But SNS users themselves stress the practicality as well as the fun of the sites. Thirty-year-old Ito Tomomi lives in the suburbs of Tokyo with her husband and one-year-old baby son. Of her twenty-eight mixi friends, almost all have pictures of baby children on their profiles. Through the site Ito chats with other young mothers about the best parks to visit with her son, and web shopping for children's clothes. She is a member of the "home medical dictionary" community, children's clothes discussion groups, and the Tokyo Disneyland Community. "The Disneyland community is great," she says. "We talk about how tasty the popcorn is or which days Disneyland is likely to be crowded."

So are SNS sites here to stay? Well, if Internet commentators are right about the advent of so-called Web 2.0, then probably yes. Arguably SNS sites like mixi and MySpace are part of a sea change in the working of the Internet. Those who support this argument believe that on the new Web, content will be created by individual users rather than cor-



MySpace Japan's Ando Naoko demonstrates the potential for customization of user profiles on the company's SNS site.

porations and organizations. Blogs, photo sharing sites, SNS sites, and other so-called me-media are often cited as examples of Web 2.0. As are Wikipedia, a vast online encyclopedia completely written by volunteers, and amateur reporter "citizen journalism" websites. We will be looking at some more Web 2.0 trends in the remaining articles of this series. ■

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