

THE ZEIT GIST

## Mixi vs. MySpace -- a fight for your bytes

### U.S. SNS giant, domestic leader battle it out in multimillion-user Japanese market

By TONY McNICOL

Special to The Japan Times

Since she started using the mixi Web site last summer, Yuki Nikitaki has linked up with a network of friends all over the world, including in Japan, and in Greece where she grew up.

"One of the reasons I started mixi was that I wanted to practice my Japanese," says Nikitaki. "Now it is a nice way of meeting people with the same interests.

"For example, I met a Japanese guy who makes sushi in Athens. When I went back to Greece for the holidays, he made me some nice 'chutoro.' "

Eight million people are registered on the mixi social networking service (SNS) Web site, Japan's largest. After setting up a page with basic information about themselves, users can invite friends into their group, write a diary, post photos and join in online discussions.

In addition, the site has 1.5 million "communities" where users can chat and exchange information about every imaginable



TONY McNICOL PHOTO

interest and hobby.

There are groups ranging from the "Calpis and Kitkat" community (members: 1) to the "Using emoticons on mixi" community (members: 563,416).

Mixi CEO Kenji Kasahara was still a student at Tokyo University when he founded his first company in 1997, an Internet job site. A few years later, in 2004, he set up mixi, and when it floated on the Tokyo Stock Exchange last September, the share price doubled in a single day making Kasahara a dollar billionaire at the tender age of 30.

Today his site gets 10 billion page views a month, 70% from computers and 30% from mobile phones. It is the second most accessed site in Japan after Yahoo, and ranks first by time actually spent online.

Free for most users, the site gets 85% of its revenue from advertising and the rest comes from a minority of users who sign up for premium services.

But mixi now has a powerful new competitor in Japan. On Nov. 7 last year, a Japanese version of MySpace went online.

The U.S.-based SNS site is the world's largest with over 170 million members and is owned by Rupert Murdoch's News Corp. MySpace Japan KK is half-owned by Murdoch, and half by Japanese finance and telecommunications firm Softbank.

So how will American giant try to lure mixi's dedicated fans? MySpace Japan's Naoko Ando says that the biggest difference between the two sites is that MySpace is much more customizable. Users can even access the computer code of their pages to add images, video and music.

And so far 15,000 Japanese bands have set up profiles on the site.

"We want MySpace to be a place for musicians and artists to reach fans -- and for everyone who wants to express themselves," says Ando.

But despite clocking almost a million unique users in the month of March 2007, MySpace will have its work cut out challenging mixi.

"First movers tend to have enormous advantages in these types

of businesses," warns Hiroshi Kamide, 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."

Users who switch 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," Kamide says.

With their PC user bases well established, SNS operators are now looking to users of the mobile Internet.

In late 2006, mixi competitor GREE announced a tieup 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 game content.

Likewise, mixi launched a mobile version in December. MySpace Japan says they plan to set up a mobile phone site "within weeks."

Increasingly, users can contact their network of friends at anytime and anyplace, yet not everyone sees the growth of online communities as a good thing. Yukiko Hayami, the author of the book "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, [but 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.

But mixi user Yuki Nikitaki notes that social networking sites are practical as well as fun. She uses the site to get information on her hobbies through the communities.

"If you want to find out about a concert or an exhibition, mixi is faster than checking on Yahoo," she says.

Tomomi Miura, who lives in Saitama Prefecture with her family, also finds the site a handy tool. She accesses the site to get information on Web shopping for children's clothes, and the best parks to visit with her one-year-old son.

She is a member of the "Home medical dictionary" and "Children's clothes" groups, as well as the "Tokyo Disneyland" community.

"It's great," says Miura. "We talk about how tasty the popcorn is and which days Disneyland will be crowded or not."

*This is an updated version of an article that originally appeared in The Japan Journal.*

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The Japan Times: Tuesday, May 1, 2007  
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