



Mobile Messaging: The Next Generation of Mobile acquisitions



James Lee
Managing Director
Global Internet Research, CLSA

May, 2016

For important disclosure information please refer to the last page of this presentation.



Introduction



James Lee is a managing director at CLSA and covers the global internet and media sectors with a focus on the convergence of online and mobile internet, the migration of advertising to the digital world, and the emergence of mobile content and online entertainment. He has strong relationships with companies in China and periodically hosts events between management teams and investors in the USA. In 2005, Forbes cited James as one of the best stock pickers across all industries. In 2008, he was selected by South China Morning Post as a top stock picker for Chinese equities. Prior to CLSA Americas, James was affiliated with Fidelity Investments, UBS, Oppenheimer and WR Hambrecht.

CLSA Americas is the North American affiliate of CLSA, Asia's leading and longest-running independent brokerage and investment group. CLSA provides equity trading and execution services, corporate finance and asset management services to global corporate and institutional clients. CLSA established a US representative office in New York in 1986 to serve US fund managers investing into Asia and has the largest dedicated Asia-markets sales desk in North America. In 2009, CLSA initiated coverage on US equities and today has staff located in Boston, Chicago, Dallas, New York, San Francisco and Canada.



Agenda

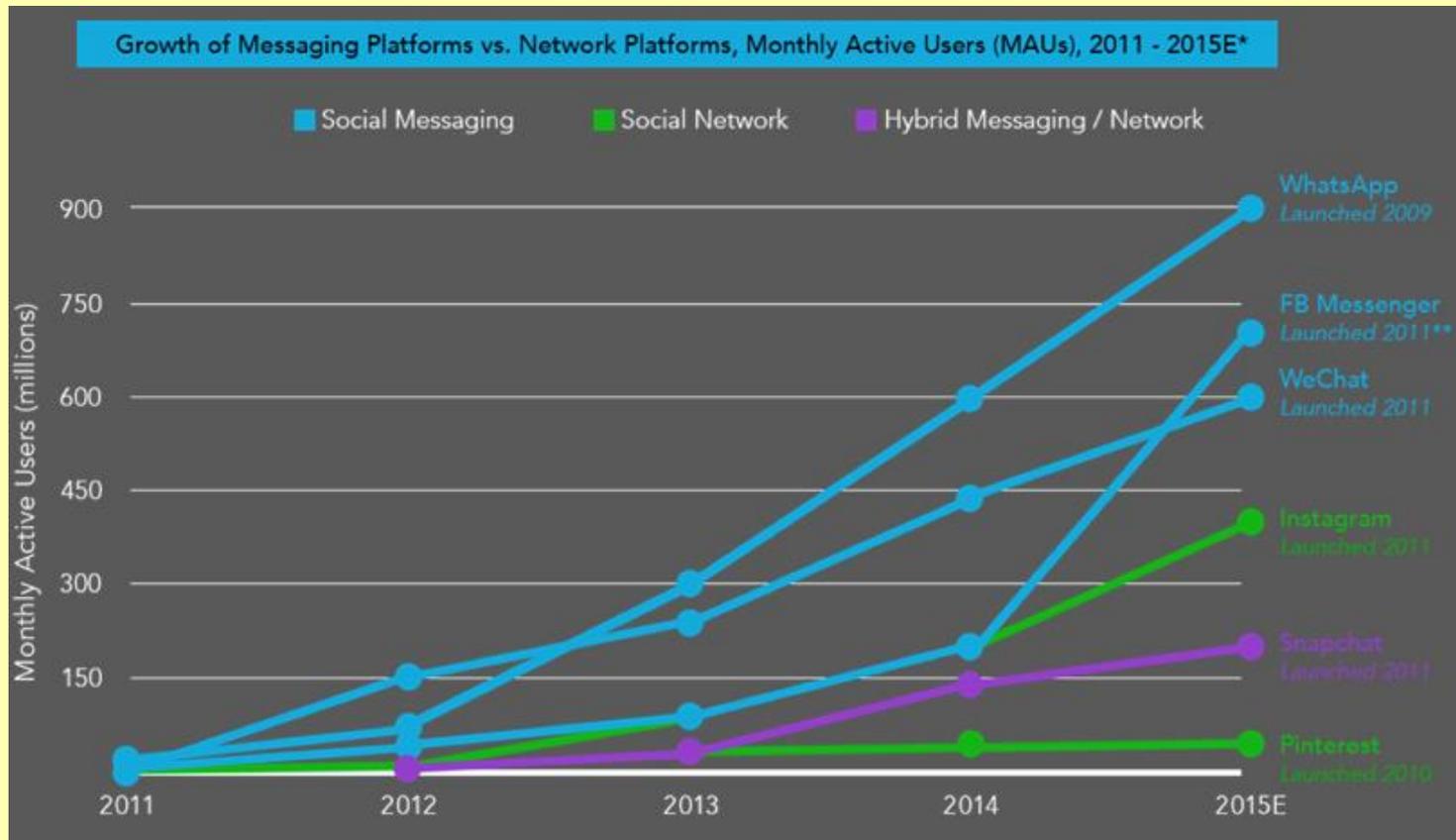
- The Transition Of Social
- Why This Matters to Advertisers?
- Product case studies



The Transition of Social



Messaging Overview



Messaging is the new social media.

Messaging has been the fastest growing online space over the past five years, surpassing social media networks in size and monthly active users

*Messaging defined as communicating primarily in real time with other contacts; social defined as broadcast sharing of status updates, images, videos, or other content. All data measured from Q2/Q3 of each year.

**Became standalone app in 2014

Sources: Swyft Media

Rise of Desktop Social Audiences

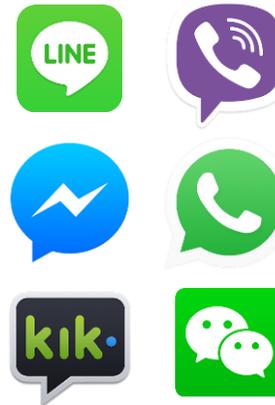


Paid Social Media

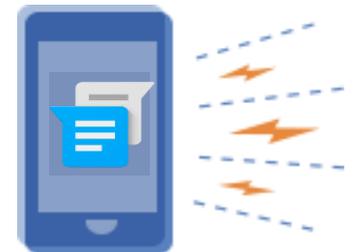


Brands sponsor posts, tweets and media to amplify & target audiences

Messaging Explosion



Untapped Opportunity

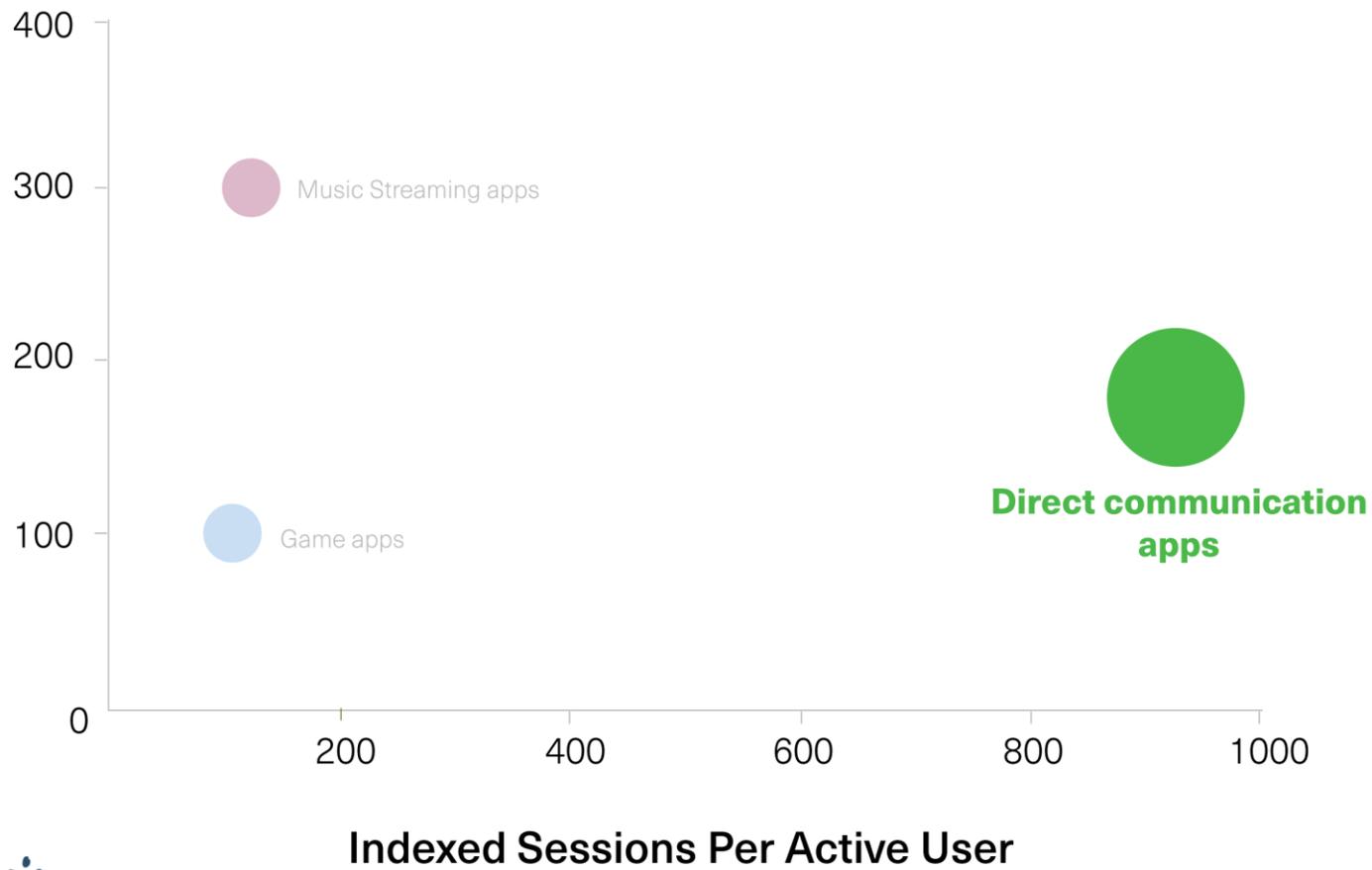




Engagement

Sessions Per Active User vs. Session Length*

iPhones, United States, Q1 2015**



App Annie



Reach

Top App Categories* by Sessions Per Active User

Android Smartphones, Q1 2015**

Rank	United States	United Kingdom	Germany	Japan	South Korea
1	Social	Communication	Communication	Communication	Communication
2	Communication	Social	News & Magazine	Productivity	Social
3	News & Magazine	News & Magazine	Productivity	Personalization	Personalization
4	Tools	Productivity	Social	Tools	Books & Reference
5	Personalization	Tools	Tools	Social	Games

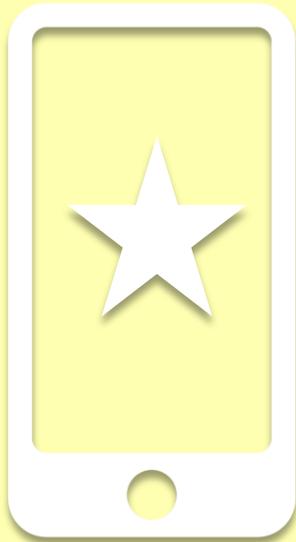
App Annie



Why Advertisers Should Take Note



The Mobile Audience



86%



\$200B



30 Min



Audience Statistics

Millennials

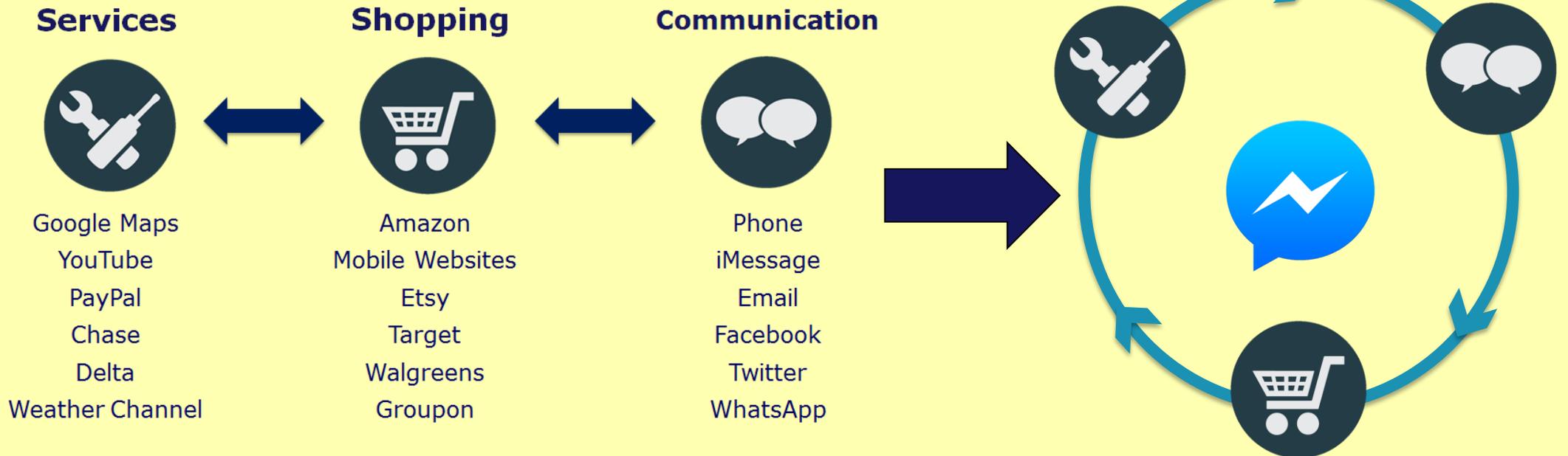
- ❑ Make up **25% of the U.S. population**
- ❑ 21% of consumer discretionary purchases, estimated at **over a trillion dollars in direct buying power**
- ❑ **80%** want brands to entertain them
- ❑ **46%** are known as content creators and users

Generation Z

- ❑ Influence **\$600 billion** of family spending
- ❑ Spend **7.6 hours per day** socializing with friends
- ❑ **30 minutes** per day in messaging
- ❑ Want individualization and expression



Mobile Experience: Today vs. Tomorrow





Product case studies



FB Messenger Brand accounts

https://www.everlane.com

EVERLANE

Thanks for your order.

We hope you enjoy. Feel free to reach out to us via Messenger if you have any questions or just want to give feedback.

Look for your order details in Messenger
You can also message us privately for help.

David Marcus Not you?

SHOP MORE

© 2015 Everlane

Verizon 11:01 AM

Recent Everlane > Messenger

You signed up for updates from Everlane. [Turn Off](#)

Hi there, thanks for shopping with us! We're using Messenger as a better way to support and reach our customers. Please send us any questions and we'll be happy to help. In the meantime, we'll send you shipping updates as soon as they're available.

Order confirmation **EVERLANE**

 **The Everlane Anorak**
Midnight · S

Ask a question...

Aa Camera Photos Smiley GIF More Like

Verizon 9:47 AM

Recent Everlane > Messenger

I need some new tops. is that something you can help me with?

Hi Emily! Of course. We're happy to help you out. What kind of tops are you looking for.

some silk sleeveless tops

Awesome to hear! I've attached a more detailed measurement chart of the silk sleeveless.

	Added Style	
	XS	S
Length - from HPS	26	26 1/2
Length - from HPS	26 1/2	27
Cumference	14 1/2	15
Waist - edge to edge	13 3/4	14 1/4
Shoulder - armhole	18	19

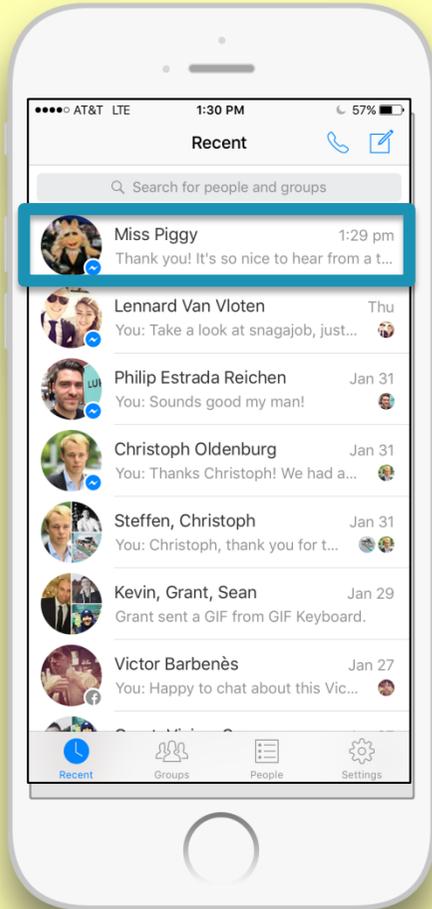
Ask a question...

Aa Camera Photos Smiley GIF More Like

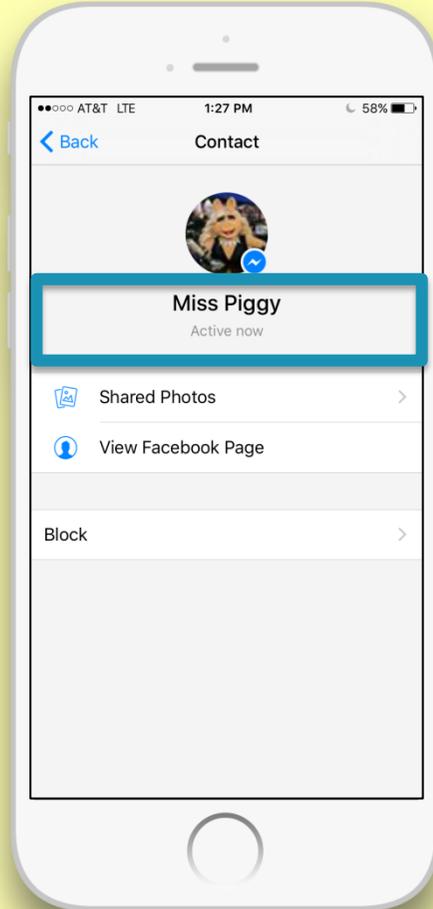


FB Messenger Chat Bots

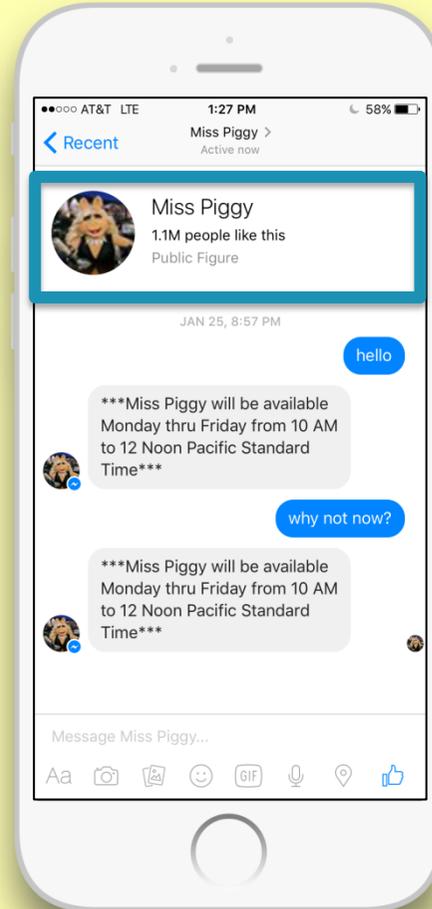
One to one conversation with brand



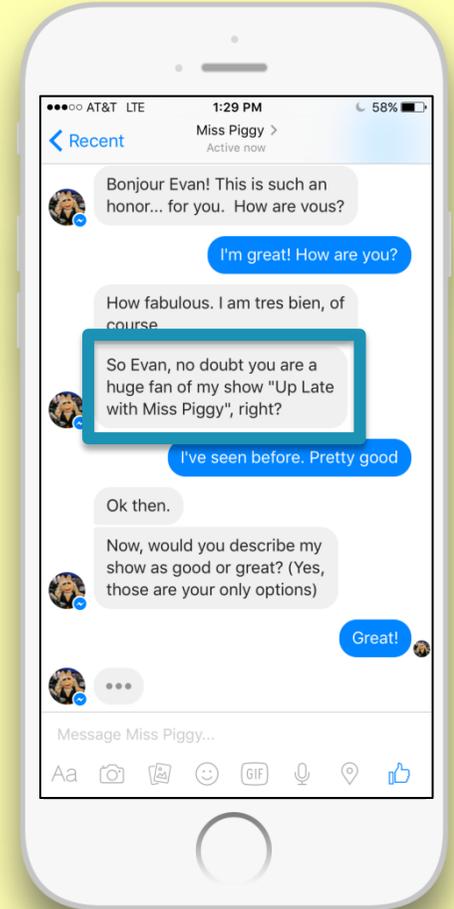
Contact List



Profile Page



Chatting Interactions



Chatting Interactions



FB Messenger Chat Bots

Unique capability to deploy customizable microsites within the user's native messaging application to drive user action and engagement with:

- Artificial Intelligence
- Customer Service
- Contests/Sweepstakes/Coupons
- Video Views
- E-commerce
- Ticketing

- Imperson
- GupShup
- Msg.AI
- Massively
- Pandora Bots
- ChatFuel
- And more every day...

A collection of logos for various chat bot providers is displayed on the right side of the slide. The logos include: 'Massively' (red wavy icon), 'msg-ai' (blue speech bubble icon), 'gupshup' (blue and orange code icon), 'pandorabots' (black text), and 'im person' (black silhouette icon).

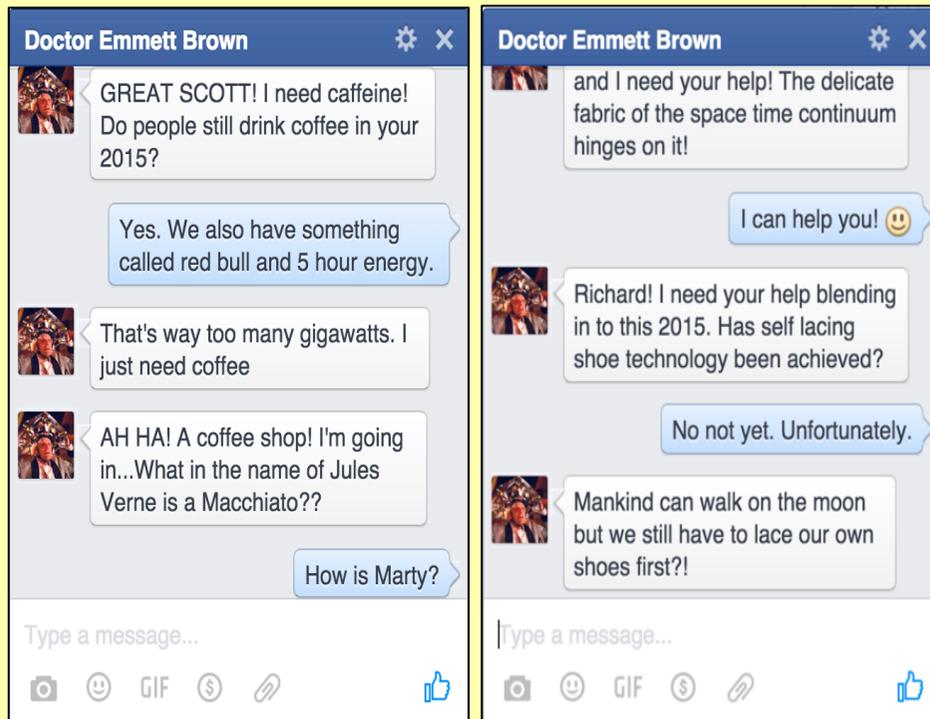


Platforms supporting Brand accounts and Chat Bots

Brand Accounts	Chat Bots
FB Messenger 	FB Messenger 
Kik 	Kik 
Line 	Line 
WeChat 	WeChat 
KakaoTalk 	Twitter 
Viber 	Slack 
BBM 	Telegram 
Tango 	Anything with an open API



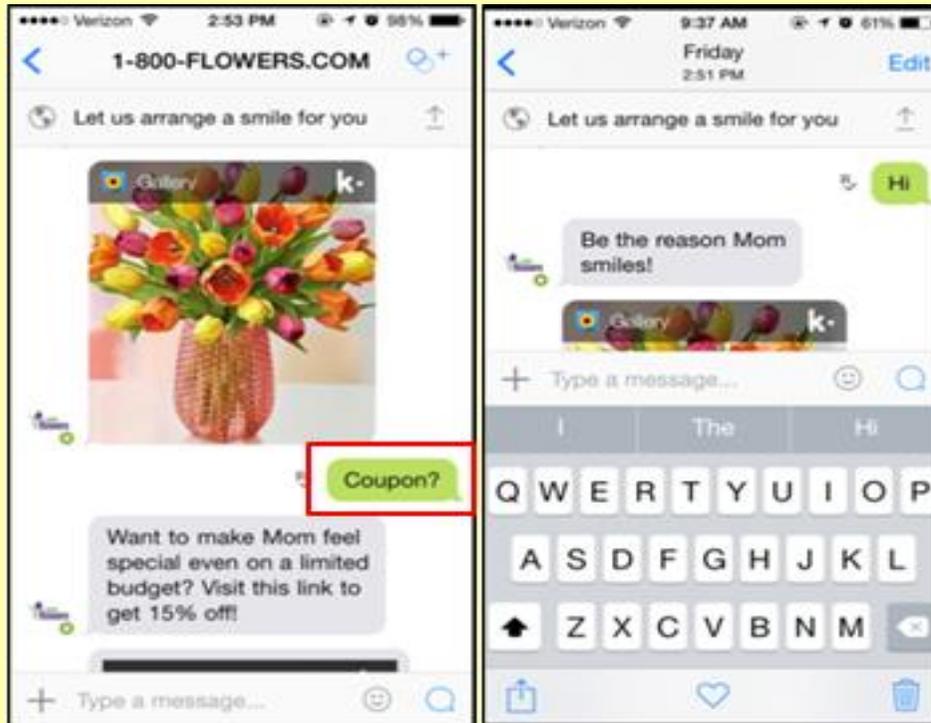
FBM: Doctor Brown from BTF Trilogy



	FBM
Messages sent to fans	73,226
Conversion to chatters	50.0%
Total Chatters	36,613
Campaign spend	\$9,886
Increase in page likes	185%
New fans acquired	135,468
Increase in organic reach	83%
New reach acquired	60,778
KPIs	
Cost per chatter	\$0.27
Ave chatting length (minutes)	8



Line: 1-800-Flowers Case study



	Line
Messages exchanged	1,785,000
Conversion to chatters	13.3%
Total Chatters	238,000
CTR on Coupon	36.0%
Clicks	85,680
CPC	\$0.58
Campaign spend	\$49,980
Clicks	85,680
Conversion rate	0.54%
Conversions	466
AOV	\$98.71
Sales achieved	\$46,000
KPIs	
Cost per chatter	\$0.21
ROI	0.92
CPA	\$107.25

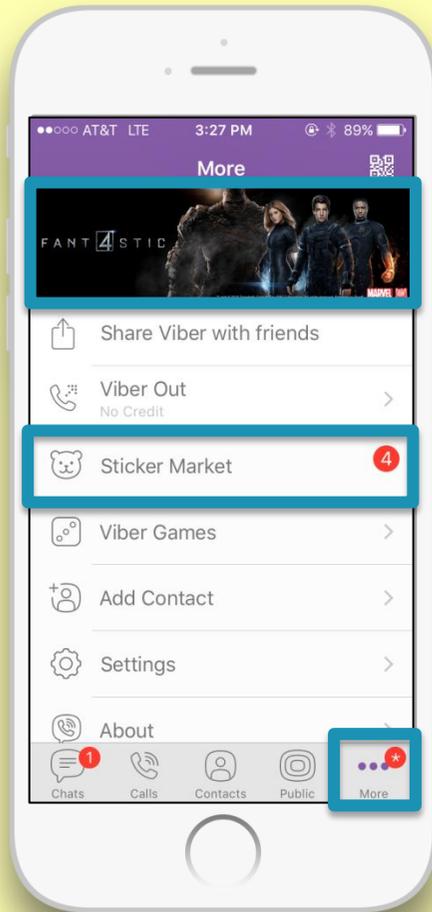


Sponsored Stickers

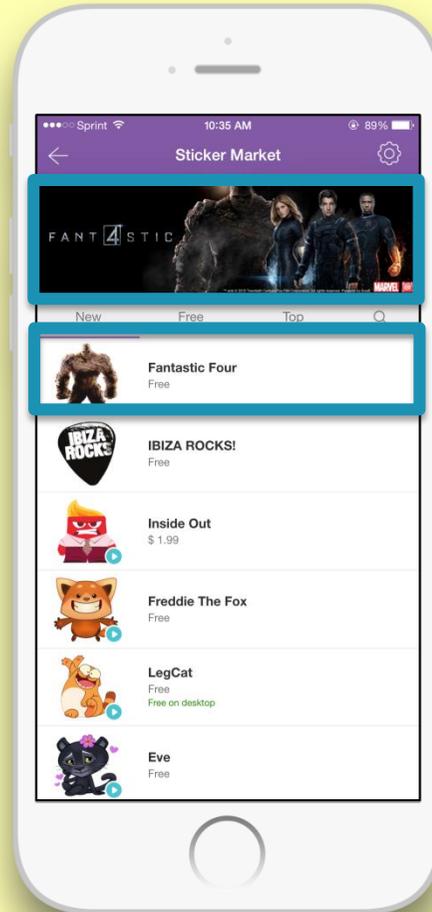
Brand Visibility in Messaging Apps



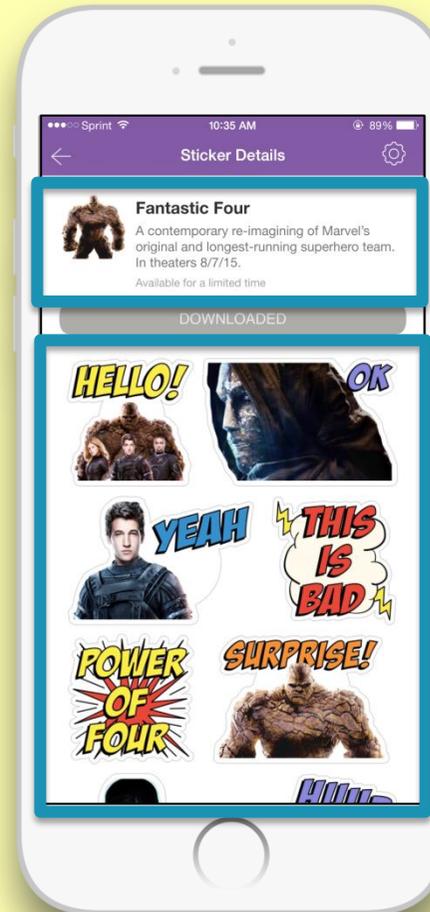
Connect. Freely.



Sticker Market Badge



In-App Featured Banner



Sticker Pack Download Page



Usage In Conversation



Sponsored Sticker Case study

Disney's Minions: use NYMM table

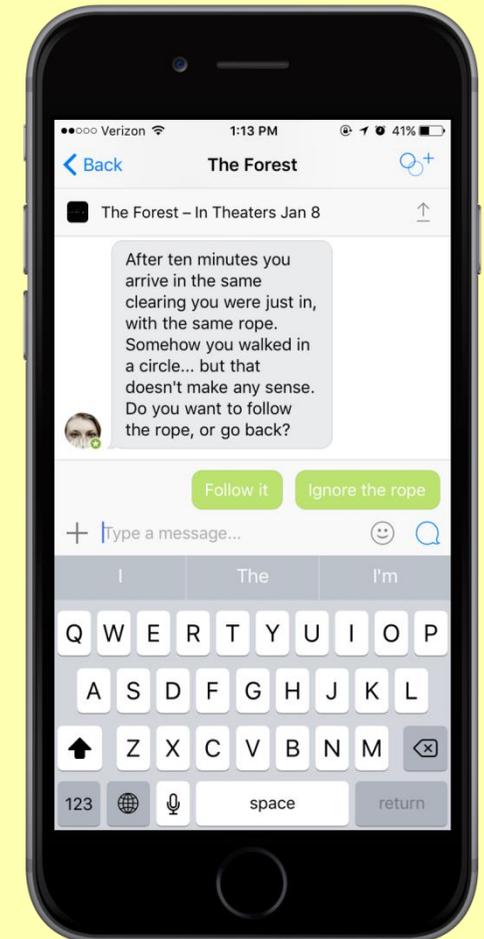
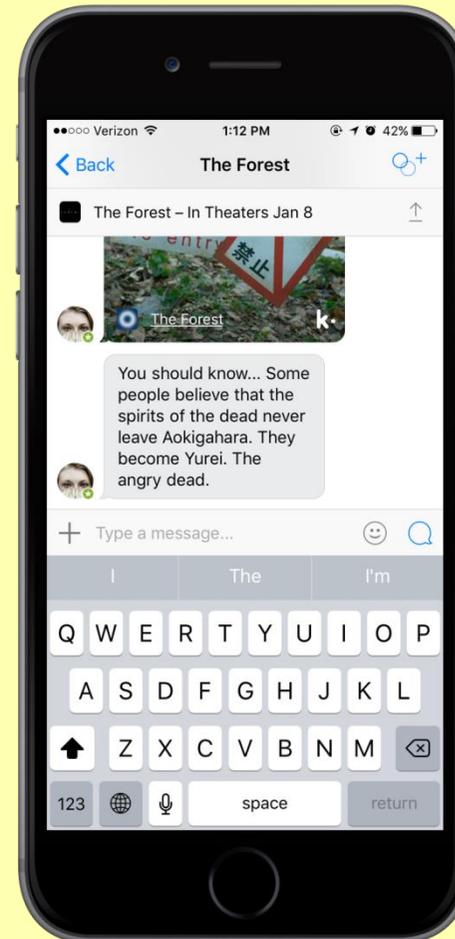
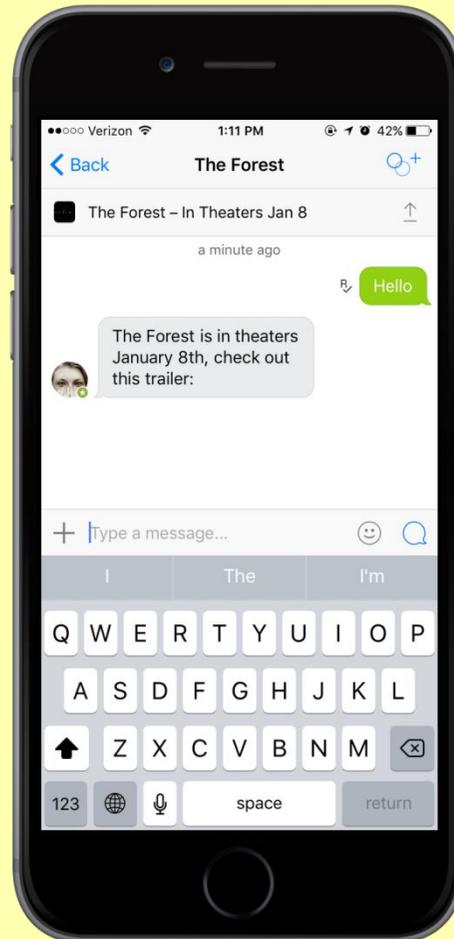
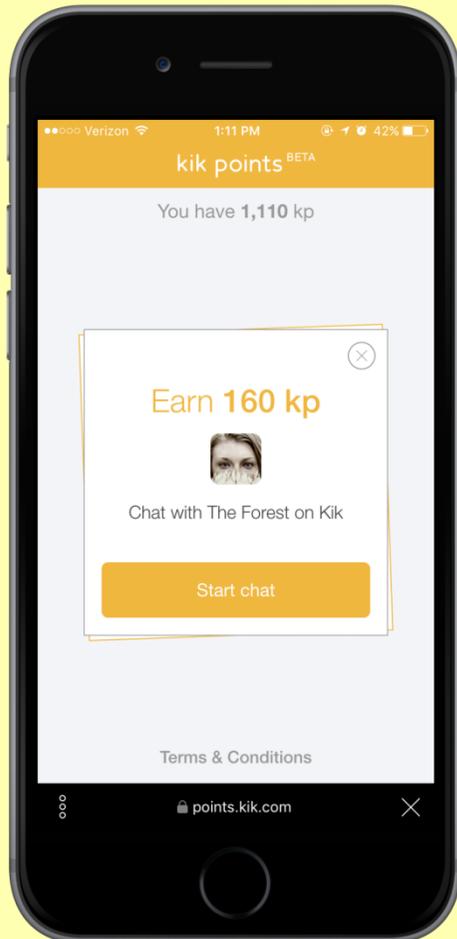


Viber	Sponsored Stickers	Benchmark (FB)	Comments
Ad spending			
Impressions	55,000,000		
CTR	<u>0.27%</u>		
Clicks/install	150,000		
CPC	<u>\$0.33</u>		
Cost	\$50,000		
eCPM	\$0.91	\$2.90	
Install conversion metrics			
Clicks/installs	150,000		
Conversion rate on downloads vs impressions	0.27%		
Cost per install	\$0.33	\$1.10	FB is based on apps, not stickers
Share conversion metrics			
Shares	1,200,000		
Conversion rate on shares vs impressions	2.2%		
Shares/installs	8.0		
Cost per share	\$0.04	\$0.78	Users less likely to share apps download
Video view conversion metrics			
In-app video views	500,000		
Conversion rate on video views vs impressions	0.9%		
Video view per download	3.3		
Cost per video view	\$0.10	\$0.20	



Digital Currency Ecosystem

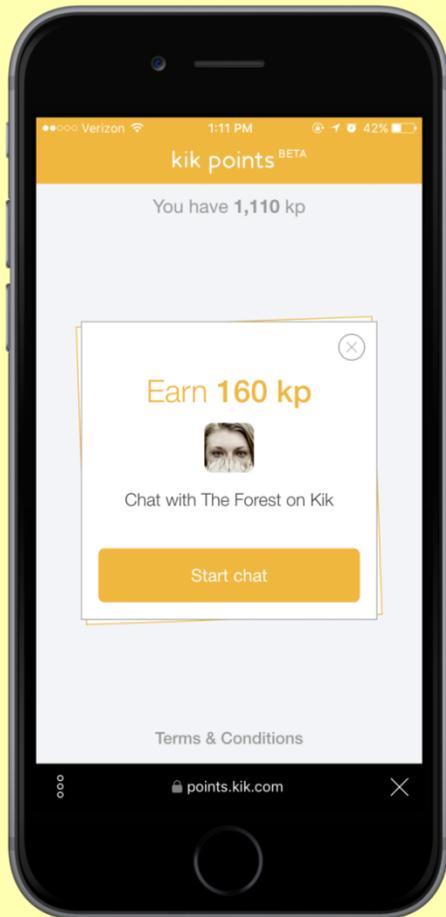
KIK





Digital Currency Success

The Forest Case Study



KIK	The Forest Campaign	Comments
Ad spending		
Impressions	65,104,167	
CTR	0.48%	
Clicks/video views	312,500	
CPC/per video view	\$0.16	
Cost	\$50,000	
eCPM	\$0.77	
Conversion metrics		
Clicks/video views	312,500	
Conversion rate	0.10%	Download app or make purchase
Converted actions	313	
KPI		
Cost per click/video view	\$0.16	
Cost per action	\$160	



Geofilters in SnapChat

Location relevant advertising



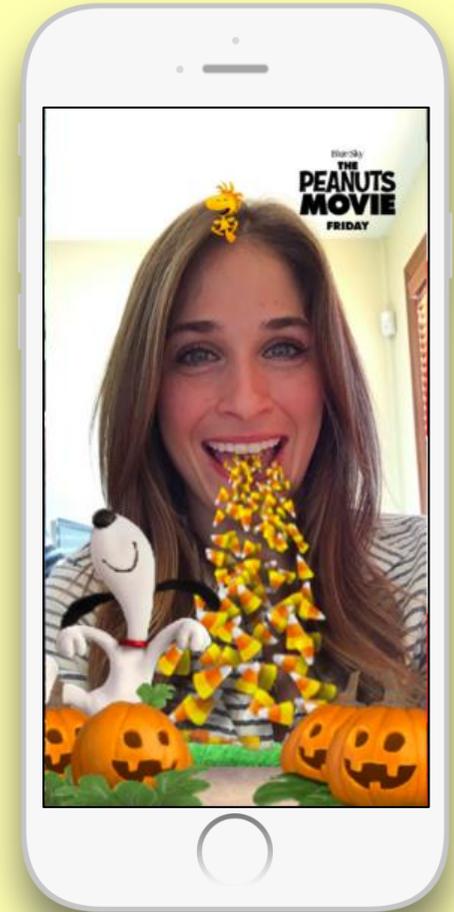
Soul Cycle



KFC



McDonald's



Peanuts Movie



Geofilters

Overall geofilters have been met with a variable amount of success. Depending on which brands you speak with they either love it or hate it. KFC is an example of a brand leveraging filters on an ongoing basis.

- Location based targeting
- Limited Direct Response
- Understanding ROI
- Brand Association with Snapchat
- Most successful ad unit to date
- \$100k price down from \$750k



Apple Beats Filter Integration



Important notices

© 2015 CLSA Limited, CLSA Americas, LLC ("CLSA Americas") and/or Credit Agricole Securities Taiwan Co., Ltd. ("CA Taiwan")

This publication/communication is subject to and incorporates the terms and conditions of use set out on the www.clsa.com website. Neither the publication/communication nor any portion hereof may be reprinted, sold, resold, copied, reproduced, distributed, redistributed, published, republished, displayed, posted or transmitted in any form or media or by any means without the written consent of CLSA group of companies (excluding CLSA Americas, LLC) ("CLSA"), CLSA Americas (a broker-dealer registered with the US Securities and Exchange Commission and an affiliate of CLSA) and/or CA Taiwan.

CLSA, CLSA Americas and CA Taiwan has/have produced this publication/communication for private circulation to professional, institutional and/or wholesale clients only. This publication/communication may not be distributed or redistributed to retail investors. The information, opinions and estimates herein are not directed at, or intended for distribution to or use by, any person or entity in any jurisdiction where doing so would be contrary to law or regulation or which would subject CLSA, CLSA Americas and/or CA Taiwan to any additional registration or licensing requirement within such jurisdiction. The information and statistical data herein have been obtained from sources we believe to be reliable. Such information has not been independently verified and we make no representation or warranty as to its accuracy, completeness or correctness. Any opinions or estimates herein reflect the judgment of CLSA, CLSA Americas and/or CA Taiwan at the date of this publication/communication and are subject to change at any time without notice. Where any part of the information, opinions or estimates contained herein reflects the views and opinions of a sales person or a non-analyst, such views and opinions may not correspond to the published view of CLSA, CLSA Americas and/or CA Taiwan. This is not a solicitation or any offer to buy or sell. This publication/communication is for information purposes only and does not constitute any recommendation, representation, warranty or guarantee of performance. Any price target given in the report may be projected from one or more valuation models and hence any price target may be subject to the inherent risk of the selected model as well as other external risk factors. This is not intended to provide professional, investment or any other type of advice or recommendation and does not take into account the particular investment objectives, financial situation or needs of individual recipients. Before acting on any information in this publication/communication, you should consider whether it is suitable for your particular circumstances and, if appropriate, seek professional advice, including tax advice. CLSA, CLSA Americas and/or CA Taiwan do/does not accept any responsibility and cannot be held liable for any person's use of or reliance on the information and opinions contained herein. To the extent permitted by applicable securities laws and regulations, CLSA, CLSA Americas and/or CA Taiwan accept(s) no liability whatsoever for any direct or consequential loss arising from the use of this publication/communication or its contents. Where the publication does not contain ratings, the material should not be construed as research but is offered as factual commentary. It is not intended to, nor should it be used to form an investment opinion about the non-rated companies.

Subject to any applicable laws and regulations at any given time, CLSA, CLSA Americas, CA Taiwan, their respective affiliates or companies or individuals connected with CLSA/CLSA Americas/CA Taiwan may have used the information contained herein before publication and may have positions in, may from time to time purchase or sell or have a material interest in any of the securities mentioned or related securities, or may currently or in future have or have had a business or financial relationship with, or may provide or have provided investment banking, capital markets and/or other services to, the entities referred to herein, their advisors and/or any other connected parties. As a result, investors should be aware that CLSA, CLSA Americas, CA Taiwan and/or their respective affiliates or companies or such individuals may have one or more conflicts of interest.

Regulations or market practice of some jurisdictions/markets prescribe certain disclosures to be made for certain actual, potential or perceived conflicts of interests relating to research reports. Details of the disclosable interest can be found in certain reports as required by the relevant rules and regulation and the full details are available at http://www.clsa.com/member/research_disclosures/. Disclosures therein include the position of CLSA, CLSA Americas and CA Taiwan only and do not reflect those of CITIC Securities International Company Limited, Credit Agricole Corporate & Investment Bank and/or their respective affiliates. If investors have any difficulty accessing this website, please contact webadmin@clsa.com on +852 2600 8111. If you require disclosure information on previous dates, please contact compliance_hk@clsa.com.

This publication/communication is distributed for and on behalf of CLSA Limited (for research compiled by non-US and non-Taiwan analyst(s)), CLSA Americas (for research compiled by US analyst(s)) and/or CA Taiwan (for research compiled by Taiwan analyst(s)) in Australia by CLSA Australia Pty Ltd; in Hong Kong by CLSA Limited; in India by CLSA India Private Limited (formerly CLSA India Limited), (Address: 8/F, Dalamal House, Nariman Point, Mumbai 400021. Tel No: +91-22-66505050. Fax No: +91-22-22840271; CIN: U67120MH1994PLC083118; SEBI Registration No: INZ000001735 (Old SEBI Regn No: BSE Capital Market Segment: INB011499135; BSE F&O Segment: INF011499135; NSE Capital Market Segment: INB231499139 ; NSE F&O Segment: INF231499139); in Indonesia by PT CLSA Indonesia; in Japan by CLSA Securities Japan Co., Ltd; in Korea by CLSA Securities Korea Ltd; in Malaysia by CLSA Securities Malaysia Sdn Bhd; in the Philippines by CLSA Philippines Inc (a member of Philippine Stock Exchange and Securities Investors Protection Fund); in Thailand by CLSA Securities (Thailand) Limited; in Taiwan by CA Taiwan and in United Kingdom by CLSA (UK).

United States of America: Where any section of the research is compiled by US analyst(s), it is distributed by CLSA Americas. Where any section is compiled by non-US analyst(s), it is distributed into the United States by CLSA solely to persons who qualify as "Major US Institutional Investors" as defined in Rule 15a-6 under the Securities and Exchange Act of 1934 and who deal with CLSA Americas. However, the delivery of this research report to any person in the United States shall not be deemed a recommendation to effect any transactions in the securities discussed herein or an endorsement of any opinion expressed herein. Any recipient of this research in the United States wishing to effect a transaction in any security mentioned herein should do so by contacting CLSA Americas. Canada: The delivery of this research report to any person in Canada shall not be deemed a recommendation to effect any transactions in the securities discussed herein or an endorsement of any opinion expressed herein. Any recipient of this research in Canada wishing to effect a transaction in any security mentioned herein should do so by contacting CLSA Americas.

United Kingdom: In the United Kingdom, this research is a marketing communication. It has not been prepared in accordance with the legal requirements designed to promote the independence of investment research, and is not subject to any prohibition on dealing ahead of the dissemination of investment research. The research is disseminated in the EU by CLSA (UK), which is authorised and regulated by the Financial Conduct Authority. This document is directed at persons having professional experience in matters relating to investments as defined in Article 19 of the FSMA 2000 (Financial Promotion) Order 2005. Any investment activity to which it relates is only available to such persons. If you do not have professional experience in matters relating to investments you should not rely on this document. Where the research material is compiled by the UK analyst(s), it is produced and disseminated by CLSA (UK). For the purposes of the Financial Conduct Rules this research is prepared and intended as substantive research material.

Singapore: This publication/communication is distributed for and on behalf of CLSA Limited (for research compiled by non-US and non-Taiwan analyst(s)), CLSA Americas (for research compiled by US analyst(s)) and/or CA Taiwan (for research compiled by Taiwan analyst(s)) in Singapore through CLSA Singapore Pte Ltd solely to persons who qualify as Institutional, Accredited and Expert Investors only, as defined in s.4A(1) of the Securities and Futures Act. Pursuant to Paragraphs 33, 34, 35 and 36 of the Financial Advisers (Amendment) Regulations 2005 with regards to an Accredited Investor, Expert Investor or Overseas Investor, sections 25, 27 and 36 of the Financial Adviser Act shall not apply to CLSA Singapore Pte Ltd. Please contact CLSA Singapore Pte Ltd in connection with queries on the report. MCI (P) 094-11-2014

The analysts/contributors to this publication/communication may be employed by a Credit Agricole, CLSA or CITIC Securities company which is different from the entity that distributes the publication/communication in the respective jurisdictions.

MSCI-sourced information is the exclusive property of Morgan Stanley Capital International Inc (MSCI). Without prior written permission of MSCI, this information and any other MSCI intellectual property may not be reproduced, disseminated or used to create any financial products, including any indices. This information is provided on an "as is" basis. The user assumes the entire risk of any use made of this information. MSCI, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. MSCI, Morgan Stanley Capital International and the MSCI indexes are service marks of MSCI and its affiliates. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and Standard & Poor's. GICS is a service mark of MSCI and S&P and has been licensed for use by CLSA.

EVA® is a registered trademark of Stern, Stewart & Co. "CL" in charts and tables stands for CLSA/CLSA Americas/CA Taiwan estimates unless otherwise noted in the source.

05/02/2015