

Kakao Talk Unveils Digital Content Shop

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SEOUL, South Korea — Kakao Talk, a popular mobile messenger in South Korea, will launch an online music and electronic book shop next year as it continues to grow beyond its original mission to provide a simple messaging service.

The shop named "Kakao Page" will provide publishing tools for artists, writers, musicians and other creative types to sell and market their songs, music videos and electronic books to Kakao Talk users, which number 66 million, CEO Sirgoo Lee said Tuesday.

Kakao Inc. has built on the success of its mobile messaging service, which was launched in March 2010, to expand into online games, advertising and other forms of electronic commerce. The company has lost money since being founded in late 2006 but expects to make a profit this year.

The company plans to take a 20 percent cut from Kakao Page sales after giving 30 percent to application store operators like Google or Apple and 50 percent to the content creator.

When launched next year, Kakao Page will be available only in South Korea where roughly half of its users are based, Lee said.

Kakao has been trying to increase its overseas Kakao Talk users by partnering with companies in other markets. Last month, Kakao sold a 50 percent stake in Kakao Japan to Yahoo! Japan, hoping to achieve more growth in Asia's second-largest economy where rival Line messenger by NHN Japan has been expanding rapidly.

In the U.S., it hopes to partner with Internet giants such as Google and Facebook to reach U.S. smartphone users, its founder and chairman Brian Kim said.

"We are looking for partners in the U.S.," he said. "Google would be nice and Facebook will be nice as well."

Kim, a respected entrepreneur in South Korea, was formerly a CEO of South Korean Internet giant NHN Corp.

Others suggest a partnership with a game publisher or a mobile carrier could boost Kakao's overseas ambitions.

"The key for Kakao will be to find a company with a large existing user base and strong brand awareness in the U.S. market. Such a partner is most likely to come from the digital game industry or among the country's mobile network operators," said Mark Ranson, an analyst at research firm Ovum.

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In South Korea where "Ka Talk" has entered the local lexicon to describe a mobile chat, Kakao operates a popular photo-sharing tool akin to Instagram and a mobile commerce shop to send digital coupons to friends.

Its biggest move so far was opening a mobile game store in July.

Kakao Talk helped three mobile games gather more than 10 million users in about one month.

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