

# WhatsApp Deal Highlights Suite of Similar Apps

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SEOUL, South Korea (AP) — Facebook's announcement it is paying \$19 billion in cash and stock to acquire WhatsApp is a milestone in the short history of mobile messaging apps. Hundreds of millions of people have downloaded such apps to their smartphones and tablets to chat and share photos and videos for free, making them potent rivals to Facebook. WhatsApp alone has 450 million active monthly users.

The stunning price tag for a company that employs just 55 people is likely to boost valuations of other messaging applications and also stoke worries about a new tech bubble. Many of the apps are still figuring out how to make money from big pools of users.

Their main features are free messaging and voice calls between two individuals or in groups. Some have been adding gift buying and mobile games. They are already undercutting the mainstay businesses of mobile phone network companies: text messages and voice calls.

Some of the most popular messaging apps were developed in Asia, where a slew of competitors are vying for dominance.

### **LINE**

Developed by Naver Corp. in 2011, LINE is a free messaging app that has become hugely successful in Japan and Southeast Asian countries such as Thailand. It built its popularity around cute "stickers" of animal or comic characters that users can share in chat rooms. As of November, 300 million people were using LINE around the world. In less than three years, LINE has become a cash cow for Naver, which operates South Korea's most visited web portal but is little known outside of East Asia. Its money making prowess makes it a rarity among messaging apps. Most of the app's revenue comes from mobile games. Some also comes from sticker sales which cost about \$1 for a dozen. LINE raked in revenue of 454.2 billion won (\$423 million) in 2013.

### **Viber**

Created by Cyprus-based Viber Media, Viber offers its core Internet phone call function for free to its 280 million global users. Japan's top online retailer Rakuten Inc. said last week it will buy Viber for \$900 million as the retail giant is eager to expand outside Japan. Rakuten founder Hiroshi Mikitani sees Viber as a potential platform for games and other content. Viber users can make video calls and exchange photos and messages between mobile devices and desktop computers. Access from a desktop computer is a feature that more mobile messenger apps are offering as they want users to stick with their service as they shift between devices.

### **WeChat**

China's dominant mobile messaging app is WeChat, launched in 2011 by Tencent Holdings Ltd., one of China's leading Internet companies. Tencent, which makes most of its revenue from games, said WeChat had 272 million active users last year, with more than 100 million of them abroad. Other Chinese Internet companies including Alibaba and Baidu and phone carrier China Mobile Ltd. also offer instant messaging apps but have far fewer users. WeChat has added features including short voice messages and video calls over WiFi, which saves users money on phone calls. WeChat has added a payment feature for use in e-commerce. Alibaba, which dominates e-commerce in China, sees that as a threat to its own online payment service and is scrambling to shore up its dominance.

### **Kakao Talk**

Created in 2010 by Kakao, a South Korea startup, Kakao Talk spread quickly in South Korea along with rapid adoption of smartphones. It has become the go-to free messaging service enjoyed by nearly all Korean smartphone users, giving birth to new idioms such as "Let's do Ka Talk." Some government officials and business people hold online meetings in Kakao Talk's group chat rooms. Abroad, it has lagged behind LINE and others in popularity. As of last month, Kakao Talk had 130 million users exchanging 5.5 billion messages a day and spending 213 minutes on the app every week. Kakao Talk is looking for ways to extend beyond messaging and mobile games to become a portal for navigating the mobile Internet and an e-commerce platform. Mobile games helped the app become profitable in 2012 and Kakao plans an IPO for 2015. Tencent became Kakao's second-biggest shareholder in 2012.

*AP Business Writer Joe McDonald contributed to this story from Beijing.*

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