The Investment Timing Analysis of Instant Messaging APP: A Case Study based on Fetion and Momo

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Abstract. The market timing of the investment greatly affects the success or failure of a product. This paper focuses on the communication industry, taking Fetion and Momo as an example to reflect the importance of market timing. We use four basic "Why Now" drivers to illustrate the factors which might have an impact on the two products. This paper compares Fetion and Momo from technology, economic, social, and installed bases, these four aspects. This paper involves the extent mentioned above to show the reasons for the failure of Fetion, in the meanwhile, Momo's survival in the market and also made such success. Then we make decision-making and discussion to prove our points powerful.

Keywords: Investment timing, Instant messaging, Case study.

1. Introduction

Since entering the 21st century China’s telecommunications industry has developed rapidly. More than 20 years later, it has developed into a relatively mature industry. Nowadays, telecommunication becomes a part of people’s life. Telecommunication is built on a completed communication network, so the internet technology which had developed for several decades could be its base. In the 1990s, the first Global System for Mobile Communications (GSM) had been established in Jiaxing, Zhejiang. In the same period, many communication companies involved Huawei set up. Moreover, a lot of overseas phone brands entered the China market. It must invest a lot to advance the industry, therefore, the fixed cost of the communication industry is high. As a result of this, the nationalized telecommunication operators like the China Mobile were funded. After entering the new century, the industry still keeps a high development speed. Liang pointed out that after China joins the WTO in 2001, foreign operators will bring funds into the Chinese market. The introduction of foreign investment has improved the network infrastructure and also stimulated the growth of the investment. This will provide more communication services [1]. In 2007, the emergence of the smartphone not only caused a revolution worldwide but also influenced the telecommunication field in China. Before the appearance of the smartphone, the phone’s communication functions were limited as it just could deliver messages and photos in text messages. The emergence of the smartphone activated the Internet completely, it had opened up a new development path. Therefore, the 3G internet could not match the speed of development of the phone firms and the internet companies. Later around 2014, China began to layout the 4G internet. Many famous enterprises had seized the opportunities during this period. The QQ, for instance, which had already been built up for many years developed sharply. It increased many services on the application while improving its drawbacks in the past. The QQ became the earliest prototype of the current social media. Under the age of information, the high-tech development pushed social media and the Internet to their current form.

Fetion was published in 2007 and is a communication service set up by China Mobile. Fetion can achieve the communication service between the Internet and the mobile internet. It can send messages to other users without a fee and even achieved a voice chat function. In 2006, the year before the Fetion had been published, the function of phones began to show the prototype of the smartphone. The development trend in China was to invent the smartphone. China Mobile was developing
dramatically at that time so it had gained a large number of users. China Mobile has its own completely and independently communication network system. Large percentage of phone owners bought the call or the message plan which were provided by the China Mobile, because of this, it had been seen as the leader of the communication industry. However, the most attractive factor of Fetion was free texting. Compare to other telecommunication applications in the same period, Fetion was simple and convenient to operate while others need to earn points to send the messages. As soon as Fetion was launched, Fetion played the trump card of “free message”. And at the same time, it ensured the timeliness and arrival rate of user communication through Fetion to message. This is the core competitiveness that other communication software without a basic communication network cannot be emulated at all [2].

Now turn to MOMO, which had been published in 2011. It is a famous social media which based on geographical location searching technology. It has various functions, for example, videos posted by users on the homepage of MOMO. Its users can browse the application, and watch those videos to find out the like-minded people. MOMO has its concept-connect people and life, and it truly provides a platform for people to post their life on the internet. MOMO is more likely a contemporary typical social media but it has characteristic geographical position technology. In 2011, when MOMO was published it was a social media completely based on geographical positioning. The major functions are using video, speech sound, and script to build up a real social contact online. Later in 2015, however, MOMO had a revolution on the chat room function based on the same habit. The chat room allowed like-minded people to meet each other on the Internet and can even build up a good friendship. Furthermore, many famous influencers who already gained followers on the Internet started to do the broadcast lives on MOMO. It advertised MOMO indirectly. Moreover, the acquisition of Tantan which is another social media in China strengthened the social business of MOMO. It not only brought more users to MOMO, the complementation of the two companies optimized their products and gained higher profits.

Fetion had achieved success initially but finally, fail to survive in the market. On the contrary, MOMO has gained a lot of users and still increasing this number nowadays.

Our paper analyses the factors that caused the success of MOMO but the failure of Fetion. We use the five most common and typical ‘Why Now’ drivers as our analytical criteria. These five drivers involve technology, business, social, installed base, and regulation. Five factors can aid the analysis more scientifically as it considers many influencing factors in many aspects. All five points are about the market timing which has a great impact on the company’s success or failure. The arguments mentioned above are the points that other papers do not include.

The following parts of the paper are organized as follows: Section 2 involves market timing factors: technology, economic, social, installed base, and regulation. Section 3 is about decision-making, then followed by Sections 4 and 5 which are discussions and conclusions, respectively.

2. Comparison of these two companies

2.1 Technology

Fetion and MOMO were established in different periods, its basic technology determines what can be achieved in the end.

MOMO is the first mobile advertising and social platform in China with accurate geographical positioning, it could accurate delivery according to the set of keywords such as geographical location, age, gender, etc. In this case, MOMO advertises the videos that their customers are keen on. Screening is the biggest highlight of Momo. Recommend videos you are interested in or like-minded users according to your likes. These users with common interests can establish a circle on Momo to make users feel more belong to Momo. However, Fetion had been published in 2007, and sending messages is the only function that Fetion had the advantage of at that time. It can send messages directly to the other party's mobile phone through the Fetion client, of course, in the form of a message. There is even a prototype of WeChat.
Fetion harvested 500 million registered users around 2010, and the peak hours of activity were close to 100 million [3]. However, during the development of science and technology of the network, Fetion stopped that period. Fetion did not change its way of operation immediately after the emergence of the 3G internet. The 3G internet has larger network coverage and stronger carrying capacity than before. Though other communication tools gained benefits after installing the 3G internet, the China Mobile still has not provided the 3G internet for its consumers. The phone system also shocked Fetion. The systems are more varied and more convenient. iOS and Android, for instance, those phone systems have telecommunication tools. Furthermore, the systems are not just involving the function of communication. In comparison, the system has more functions so Fetion is superfluous and useless. Besides, Fetion had another drawback. Fetion’s anti-disturbing mechanism was immature so when the users login the application, their account number would receive thousands of messages and advertisements at once. The phone or computer may be crashed as a consequence of this issue. Although Fetion had an advanced design in that period, it could not attract more users like Momo, because it has always been defined as a communication tool rather than entertainment software, which will bring different psychology to people. People always like to have fun instead of using a tool. Fetion did not adopt the advanced technology under the premise that its technology was flawed. It will easily to overtook by other communication applications and eliminated by the times. Momo has all the functions that nowadays social media should have. Moreover, it also keeps developing its characteristic technology aim to attract more users. Based on the concept of real social contact, Momo published the chat room function in early 2012. The chat room is based on the aim of chatting with other users on the platform but it involved some multiplayer online games to increase the fun.

Momo aimed to rise fun when the users are chatting with others, while Fetion had a low network that could not use to operate the room containing many online users. The different networks determined that Momo could have more complicated functions than Fetion. Technology can be a key factor to influence the survival of a company in a certain market.

2.2 Economic

Though the biggest selling point with Fetion is free when texting, as the major purpose of the application was used for office or contact information. There was the reason why though it was free to send a message at first but it still fell to survival in the market. Normally, this kind of free and convenient business should be deeply rooted. But in fact, not many people use Fetion today. The reason is that users focus not on “cost” but “value”. WeChat’s user experience and user value are significantly better than Fetion. Trade-offs between “free but useless” and “useful and need fee”, the consumers were hard to make unreasonable decisions [4].

Fetion could not gain such profits from its users to support its operation, so the monopoly of the China Mobile on Fetion which aimed to compete with other companies to earn more revenue was a key factor in the failure of Fetion. The way that the China Mobile earns profit is by secretly changing the originally free “Fetion to message” to “Fetion toll message”, that is to say, if the other party’s “Fetion” is not online, you will send him a message to become a “free text message”. At first, China Mobile did profit from it, but only its customers did not realize the change. As more and more people find out, the number of Fetion customers has plummeted, because sending a text message is too expensive. This strategy was a turning point for Fetion. China Mobile did not pay attention to other competitive products and overestimated the influence of the Fetion at the time. On the contrary, social apps like Momo have large traffic and wide coverage, and most of them realize traffic realization through advertising. Secondly, the realization of value-added services is also a common means of profit in social apps. By developing some special functions, paying users can have more exclusive privileges, which will not affect the use of basic functions by normal users, but also meet the personalized needs of users pursuing more advanced services. Common forms of value-added services include membership, expression, skin, and so on. Similar to other social media, Momo also allows the influencers to broadcast live on the platform. During every broadcast live, the fans may
reward gifts to their favorite influencers which is a kind way to gain money. MOMO will extract profits from it. MOMO may also sign a contract with the influencers, so it forms a win-win relationship. This mutual benefit may result from MOMO providing the minimum wage for those anchors, and it will extract a certain percentage of the extra income of the influencers. Momo is not only very cheap in communication, but also has higher playability than Fetion. MOMO adopts the most common basic profit model in modern times, however, on this base, MOMO also adds other ways to seek more revenue. Compare to Fetion which set a high fee on the message suddenly and secretly, the users of Momo always spend their money voluntarily.

2.3 Social

A result of the better living standard nowadays led to the people to yarn for more entertainment such as some social media like MOMO. Momo provides a platform for people who do not socialize in real life to make friends in Momo, its huge number of users brings profits for MOMO to survive in the market. In 2018, the Mergers and Acquisitions (M&A) of another social media-Tantan which is known as Chinese Tinter, brought change to MOMO. Tantan and MOMO are two different types of social media, however, the two companies have achieved new success in complementing each other’s product tone. Compared with MOMO’s boldness and radicalism which may sometimes touch the law, Tantan is more restrained. Tantan corrects the name of “stranger socialization” and adheres to the product concept centered on female users. After observing many social behaviors, Tantan made two strategies on the mechanism and function of the Tantan. Firstly, maintain the purity of people in the community and protect the rights and interests of female users. first of all, after the user registers the account, it needs to pass a manual review before it can be seen by other users. Secondly, users who also infringe on privacy ideas will be banned directly. Second, Tantan always tries to maintain the balance between the number of male and female users [5]. The two strategies protected the rights and interests of users so it attracts many people who wish to socialize on the Internet but are scared to be criminalized. “People come here to meet new friends on the Internet”, said the CEO of the Momo, “we hope to build a platform like Disneyland, which has a lot of entertainment facilities”. Momo constantly innovates products around social networking and expands the core functions of the platform. Develop from simple social functions into a platform that includes rich social entertainment scenes, including one-on-one, group chat, live broadcast, short videos, and other functions. Try to meet the needs of users [5]. Compared with the big Internet celebrities who create millions of fans, more small anchors with only a few thousand fans live on MOMO. This allows influencers and audiences to interact more frequently, creating a good live broadcast experience and an approachable platform culture [6].

But the Fetion could not achieve such success as its basic function. And because of its defeat in the competition with QQ. Fetion’s customers base is small, so the number of users has been declining over time. Different social atmosphere leads to different outcomes of the two software, as surfing the internet be a part of people’s life. The M&A of Tantan doubled the user number of MOMO, and the mutual benefit of the two social media improve both drawbacks to make a better product. The original users base and later improvements bring MOMO more users, while few people are familiar with Fetion nowadays so it finally fails to survive in the market.

2.4 Installed Base

Fetion was published in 2007, but at that time, the smartphone was not yet popular. In this case, Fetion could only be installed on the clamshell phone, so only simple buttons and functions make it more convenient to use. Fetion’s functions are also limited by immature mobile phone technology. However, Momo was published after many years of the birth of smartphones. The smartphone allows Momo variety and more complex functions like the user can browse the videos on the app. Moreover, the networks that the Fetion and MOMO use are also different. When the Fetion was popular among the people, it used the 3G network. However, MOMO was published under the age of the 4G network. The different network provides people with different experience when they are using social media.
The 4G network coverage area is larger, communication speed is faster, the carrying capacity is stronger, and has a lower fee. The coverage area allows more places even if it locates in a rural area that can use the Internet. As a consequence of this function, the number of Internet users will rise which may lead to an increase in the number of consumers of social media. It also benefits MOMO as its geographical positioning function can be larger and more accurate. Secondly, the faster communication speed accelerates the dissemination of information which allow people to know the news around the world immediately. The emergence of the 2G network was the base of the age of telecommunication, though the network speed was slow. The 3G network was the updated version of the 2G network so it had a faster speed than the 2G network. However, its speed was still much slower than the speed of the 4G network. The fast network fast can allow people to surf the Internet smoothly and do their work efficiently. The stronger carrying capacity varies the function of the telecommunication tool. The 4G network allows the social function to have many complicated functions like broadcasting live. The 3G network was hard to achieve the smooth connection with a large number of Internet users and involves the visual and audial functions in an isolated system. At least, the fee of 4G network is even cheap than the 3G network which attracts more users. The convenient billing system of the 4G network lets the operator operate easily, and the consumers can choose the services they want freely. The 4G network is based on traditional communication and ensures a better network environment through the latest communication [7]. Basic technology determines the launch of the software, though Fetion was almost successful, other factors led to its stagnation and failed to maintain a large user base. The more advanced technology brings more convenience and interest to the users. Fetion has its app which can use on smartphones and has its website, but few users led to end the operation of both the app and the site.

3. Decision-making

In enterprise management, Momo undertakes the following responsibilities: First, Momo's responsibilities to employees include the legal obligations of ensuring employees' right to obtain labor remuneration, social insurance, and labor welfare which can highly increase the incentives of the employees. Second, Momo is responsible to consumers and does not deceive or conceal consumers in its publicity, which could build customer loyalty. Third, as a leading mobile Internet enterprise in China, Momo has always been concerned about and participated in supporting public welfare which can build good fame.

The reasons for the success of MOMO are as follows: First, through publicity and public opinion guidance and other means to let employees accept the company's innovative development reform ideas, timely solve the contradictions in this process. Hold a variety of excellent competition and competition activities to excavate the advanced ingredients in the staff's thoughts, vigorously advocate the spirit of dedication and love of the post, cultivate the collective sense of honor of the staff, to stimulate the staff's high sense of responsibility, to form a strong cohesion within the company. Second, taking development as the core, building competitive corporate culture, with excellent culture to promote the enterprise's core competitiveness, coordinate the harmonious development of enterprises, encourage Momo employees vying for knowledge workers, according to company needs, take all kinds of ways to train employees on the employees' professional level and skill to improve the quality, to create a competitive Momo corporate culture, Promote the progress and development of enterprises.

4. Discussion

The development of Momo was relying on the flourishing resources which made it successful. Momo has financial financing. Alibaba has made a strategic investment of us $40 million in Momo. The staff are trained and have communication expertise. The staff is loyal to the company. The team members come from Sina NetEase and other Internet companies which has sufficient media relations
and operational resources, strong innovation and development capabilities, and excellent technical reserves. With a very good reputation.

Momo takes advantage of its core competitiveness and gives full play to its competitive advantages to increase its market share. Product yield is high. Enterprise production management ability strong R & D production process. High organizational efficiency can achieve clear goals, unified command, equal responsibilities and rights, reasonable division of labor, and clear coordination. Have a good corporate culture.

MOMO’s operation is mainly followed by 3 steps which are Marketing advertising, the corporate strategy and increasing the band image. Marketing advertising can attract more people to use the app because the new things are quite impressive. The corporate strategy of the firm has thought about the ecology of the community, to maintain and control, establish logic, to determine what users need to be retained and activated, and what users need to be filtered out, equivalent to the content building. Increasing the band image can bring customer loyalty to Momo which can earn more profit.

The market's recognition of its functions is not as simple as now. This requires product adjustment so that the user biological board deeper interaction.

In terms of leadership, Momo has excellent technical skills which can solve all kinds of technical problems during the implementation of the project. The firm has strong customer responsibility and can provide technical solutions according to customer needs. Strong leadership and implementation ability to make technology work faster and more efficiently. MOMO also has a strong personnel management ability, able to explore more technical talents.

As a dating software, Momo used a competitive strategy to ensure the target has been completed which means using different versions to attract more users. There is also add the fiction of chatting and reward to the live steamer which can help the firm to make more profit.

Momo uses general consumers’ curiosity to attract customers. Another way is by using the way of the emoji stores. Gaming and other functions, and services attract more consumers. By the way, making the users' information become three-dimensional which makes it easier to recognize can identify the consumers' wants and needs. Now, China's Internet market is booming, and Momo’s desire for consumers to recognize is the key to its growth.

In terms of the development of social networks, Wang Liang and Gao Xianzi have done effective research and analysis on the development status and prospects of social networks in the first period [8, 9]. Wang Liang pointed out that with the booming development of social networks, the concentration degree of SNS social networking is constantly improving, and the leading effect is significant [8]. Gao Xianzi analyzed the current network technology and pointed out the impact of new technology on the construction and dissemination of social networks [9]. Nowadays, with the rapid development of the Internet and mobile Internet, the social environment is changing rapidly, and the development of social networks has entered a new height. According to iResearch and CNNIC data, in 2017, the number of users of mobile social applications in China has exceeded 600 million, nearly 90% of the mobile Internet users, ranking the world's leading year-on-year growth rate. The development of social networks is gradually moving closer to mobile, and social networks are blossoming. To be specific, they are divided into a wide range of fields and applied in many fields.

Perceived entertainment has a positive influence on strangers' willingness to use social apps, and the degree of influence is similar to usefulness. Compared with acquaintances' social networking sites (such as WeChat and QQ), strangers' perception of entertainment has a greater impact on their willingness to use social networking apps, which can be interpreted as users’ demand for entertainment in strangers' social networking apps is greater than that in acquaintances' social networking apps. Through previous studies on WeChat use intention, Wu Rushuang found that perceived entertainment had a positive impact on WeChat use intention, but it was weaker than perceived usefulness [10]. In this study, the author finds that perceived entertainment and perceived usefulness have roughly equal impacts on strangers' willingness to use social apps, which is due to the differences in positioning and usage scenarios of the two types of apps. Both enterprises and users tend to position strong social networking applications like WeChat as "contact", while entertainment...
tends to be auxiliary. On the other hand, social apps like Momo (especially after its transformation into "video social") are mostly positioned as "social + entertainment", and the two functions complement each other. In terms of usage scenarios, WeChat is mainly used for communication with friends and relatives in life, study, or work, while Momo is mainly used for interaction with new friends and entertainment in the boring process. The functions of live broadcasting, video, games, chat rooms, circles, interactive auxiliary tools (music, games, etc., can be initiated during communication) in Momo and other applications are the manifestation of the entertainment transformation of such products. Momo uses general consumers’ curiosity to attract customers. Another way is by using the way of the emoji stores. Gaming and other functions, and services attract more consumers. By the way, making the users’ information become three-dimensional which makes it easier to recognize can identify the consumers' wants and needs. Now, China's Internet market is booming, and Momo’s desire for consumers to recognize is the key to its growth.

Momo has bright industry prospects and a leading industry position. With the rapid development of modern technology, more and more people are willing to learn about interesting things and things around them and share their feelings, and Momo has a huge advantage in communication and other aspects. Momo also has a strong tendency to globalize and dominate key markets.

5. Conclusion

According to the evidence, it can be easily seen that the difference is why Momo is more successful than Fetion.

Generally speaking, Momo had used the modern technology adequately by using the LBSN which can satisfy plenty of consumers' wants by finding the friends they want to meet in the same local area, which is more efficient than the traditional way of operating like Fetion (meeting friends in a certain circle. MOMO has attracted most consumers' wants like curiosity based on the geography, live streaming and so on which is more efficient than the traditional conversation on chatting, thus this is the main point why Momo is more successful than Fetion.

All in all, Momo follows the trend of The Times and conforms to the curiosity and the extensivity of modern people to seek friends, while Fetion did not carry out relative changes and sticking to conventional rules, which led to its failure.

References