



# Personal Instant Messaging

Case Study Series  
Fetion, China Mobile



## Introducing China Mobile

China Mobile is the largest mobile phone operator in China and the largest in the world in terms of number of subscribers, with 464 million customers (as of January 2009).

China Mobile is a state-owned enterprise of the People's Republic of China government (it was spun off from former monopoly China Telecom in 1997), and now has approximately 68% share of the competitive mainland Chinese mobile market.

## The messaging market in China

Mobile messaging, especially SMS, is very popular in China. It is estimated that in 2008 over 700 billion SMS and 30 billion MMS were sent in China. Instant messaging has also emerged as a very popular service in China, initially used exclusively by users communicating from PC to PC over the Internet but in the last two years a number of mobile instant

messaging services have been launched.

Although China Mobile leads the Chinese mobile messaging market, the instant messaging market in China is currently dominated by Tencent QQ, which controls about 80 percent of the market. However, since its launch in June 2007 Fetion, China Mobile's mobile Instant Messaging service has overtaken Microsoft's MSN to take the second place in the overall instant messaging market behind Tencent QQ and given its rapid growth could potentially threaten Tencent QQ's market dominance in the coming years.

In addition to China Mobile's Fetion service, China Unicom and China Netcom have each launched instant messaging services too, UMS and CNC MAXIM respectively. The mobile messaging market in China is becoming far more competitive but Fetion, a service developed upon the GSMA's Personal IM service guidelines, continues to be the fastest growing mobile IM service in China.

Quick Facts

**Name:** Fetion

**Positioning:**

Pioneering integrated mobile and Internet communication service

**Pricing:**

Service is free, only GPRS data charges apply

PC to PC service is free

**Communities:** Fetion, QQ and POPO

**Clients:** Mobile (Symbian, J2ME, embedded), WAP and PC

**Handsets:** the service is compatible with over 500 models

**Protocol:** SIP-SIMPLE

**Vendor:** China Mobile



**Introducing Fetion**

China Mobile launched its own mobile Instant Messaging service, Fetion, in June 2007. The Fetion service, based on the Personal IM service principles, is a comprehensive telecoms service, integrating IVR, GPRS and SMS enabling real-time group voice and text chat, and file interchange between mobiles and PCs.

Fetion allows users to log-in through multiple terminals such as the mobile phone and PC, achieving seamless and real-time communications between mobile phones and PCs guaranteeing that users will never be off-line. Text messages are free between mobiles running the service, and for PC to PC and for PC to mobile. GPRS data charges apply for messages originated and terminated on the mobile phone. Chargeable valued added services are planned to be added to the basic Fetion service during 2009.

The use of Presence is an important feature of Fetion. There are two types of Presence status for Fetion. One is system generated e.g. online, busy, away, offline, making a phone call. For example, if a user stays

offline for more than 5 minutes or the PC is locked, the system status will set to 'away' automatically. The other is user generated e.g. in a meeting, back soon, out for lunch, hiding etc. Whatever the status a Fetion user is, the user's buddy will see it accordingly.

China Mobile also has agreements in place to enable Fetion users to communicate with other on-line communities such as Fetion QQ ([www.qq.com](http://www.qq.com)) and Fetion POPO ([www.163.com](http://www.163.com)).

China Mobile chose to develop the Fetion service platform internally. The Fetion service platform is based on the SIP-SIMPLE protocol, one of the two protocols selected by the GSMA for Personal IM services. The Fetion service is supported by all of the mainstream mobile phone brands and operating systems such as Symbian, JAVA, Windows Mobile and Linux. Over 500 handset models now support the service.

China Mobile is trying to make Fetion a model product that converges telecoms and Internet services, and to continually make it more attractive with richer features and powerful services in 2009 and beyond.

“China Mobile sees Fetion as more than just a mobile IM service. Fetion is an integrated communication service – a platform that bridges the cellular network and the Internet – and one of China Mobile’s key strategic services platforms upon which it will launch new pioneering applications in the future. Fetion is a next generation service that will evolve to combine business, entertainment and mobile lifestyle requirements of Chinese consumers.”



Example of mobile client user interface

### Service Overview

Fetion offers the following features:

**Multiple terminal log-on support:** Fetion supports log-on from the mobile phone and PC with multiple log-on, it also supports task switching among multiple log-ons ensuring always-on-line and seamless message receipt.

**Free SMS:** SMS from Fetion PC to the mobile phone is free. Fetion users can also send an SMS to a group of recipients, and can schedule timing of message delivery.

**SMS Continuity:** a Fetion user can send a message to a non-Fetion user and have it delivered as an SMS, and a non-Fetion user can send an SMS back to a Fetion user which is then received as an IM message.

**Voice group chatting:** anytime anywhere with up to 8 chatting parties support, no long distance charges domestically.

**File transfer:** Fetion enables file transfer between users including MP3, pictures and other typical files between the mobile phone and PC.

**Spamming proof:** Fetion users can only send messages or make calls to other Fetion users when added as a buddy by recipient.

**Other features:** help, download, blog, album, group, forum as well as other interactive features.

**7x24 customer care:** Fetion includes a unique customer service which is different from customer care of other services.



PC client user interface

### GSMA and PIM

China Mobile has worked closely with the GSMA to ensure the openness of its Fetion service, and continues to work with the GSMA to assess new opportunities for Fetion in areas such as international interoperability for Personal IM services.

### Promoting the Service

China Mobile’s core customer development strategy for Fetion was to grow the Fetion customer base and to drive revenue enhancement through a variety of targeted promotional campaigns via proprietary, co-operative and social channels.

### Proprietary Channels

The Fetion service is promoted heavily in China Mobile retail outlets, where sales staff are encouraged to demonstrate and recommend the service to potential customers looking to upgrade their phones. China Mobile has also developed customised Fetion-specific SIM cards. Fetion clients and associated applications such as “friend-quick-match” are embedded into these SIM cards and sold in combination with GPRS data volume packages.

### Social Channels

China Mobile has organised numerous events and campaigns at educational and business campuses in combination with its M-Zone brand activities to

promote the benefits of the Fetion service in community environments such as the use of class contact lists.

#### **Co-operative Channels**

China Mobile is also working with a number of co-operative partners to promote the Fetion service. For example, it has partnered with new Internet-based distribution channels, and vertical market channels via a unified sales distribution platform. These include cable Internet websites, FREEWAP, electronic terminal channels and Internet bars etc. At present, over 400 Internet-based co-operative partners are helping to promote and sell Fetion services which have so far brought nearly 10 million active users to the service.

#### **Fetion Delivers Dreams**

One specific promotional activity that was particularly successful in driving adoption and usage of the Fetion service was China Mobile's "Cheers for the Olympics Using Fingers – Fetion Delivers Dreams" promotion. In the run-up to the Beijing Olympics in the summer of 2008 the Fetion service was used to participate in a series of activities related to the Olympic Torch relay. For example, the "Olympic Hand-in Hand, Fetion Delivers Dreams" encouraged Fetion users to deliver the fire of the Olympic dream "hand-to-hand" via Fetion clients. This was an extremely effective promotion with an average of 60,000 new users per day joining the

service, and a total of 10.15 million participants by the end of the five-month promotion. China Mobile is also proud that this promotional activity supported both the "High-Tech Olympic" spirit and "Green Olympic" spirit as it was realised without the use of paper at all.

#### **The Fetion service today**

Over 30% of China Mobile's total subscriber base has used the Fetion service to some degree since its launch. By February 2009 China Mobile had accumulated 150 million registered users for the Fetion service, with more than 30 million monthly active users.

This remarkable success has been a result of the development of a superior product, effective promotion and excellent customer care. The offer of free SMS served as a very effective marketing strategy to build up the initial user base quickly. But once the user base had reached critical mass, usage spread very rapidly resulting in over 100% growth during 2008.

Despite fears of potential cannibalisation of SMS revenues China Mobile has seen no negative impact on SMS volumes, and conversely has seen increasing use of SMS by Fetion users as a result of SMS replies to messages sent by Fetion users. However, China Mobile has learnt that the fast growth in usage poses significant challenges to the capacity of the system and technology resources, calling for more capacity and new features to be added to satisfy the ever-increasing needs of its customers.

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