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# Regional Social Networking Services (SNS) – The Current Situation and the Future Potential

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## The Emergence of a Succession of Regional SNS

Online membership communities known as Social Networking Services (SNS), established to heighten connections between people, have recently attracted considerable interest. We have seen a succession of news headlines about SNS, for example the listing of Japan's largest SNS, mixi, with over nine million subscribers, on the Tokyo Stock Exchange (TSE) Mother's Index in September 2006; its rival, GREE, announcing a partnership with KDDI; and the world's largest SNS, MySpace, working with Softbank to enter the Japanese market. Additionally, new SNS with various objectives and features are emerging every day, adding to the proliferation of SNS as a phenomenon.

This spread of SNS includes regional SNS built around communities based in geographic regions, and these new types of SNS have come to form an essential subset. At various levels, from neighborhood associations to municipalities to prefectural groups, they represent a commitment to gathering, distributing and accumulating regional information, to the revitalization of rural districts and promotion of business and tourism, etc, through the establishment of regional human networks via the Internet.

Japan's first regional SNS, "gorroto yacchiro" in Yashiro City, Kumamoto Prefecture, was established at the end of 2004. The number of sites started to skyrocket from early 2006, and as of February 2007, there were over 200 regional SNS (Fig. 1). The operating

organizations vary from local governments, regional companies engaged in system development, media companies, NPOs, individuals and others, and in some cases these parties collaborate to establish SNS.

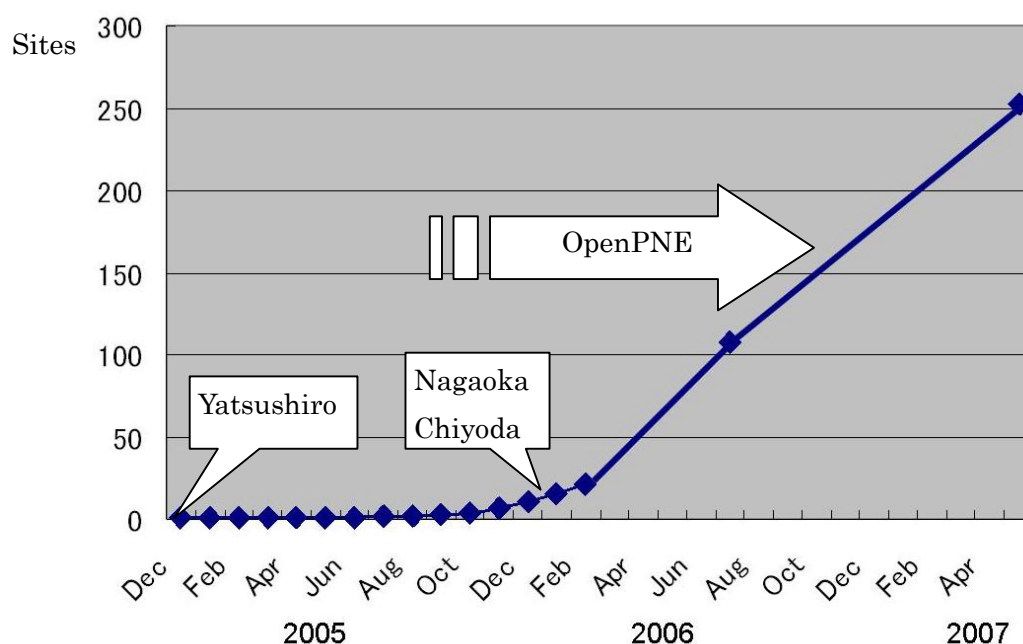


Figure 1: Cumulative Number of Regional SNS

(Source: Journal of Municipal Problems Vol.60 No.5, p.106; created by the author)

Examining the scale of regional SNS by the number of users, the average number is typically between 100 and 300 (excluding SNS that have been established but that have fallen into disuse). As shown in Table 1, regional SNS with several thousand users are also increasing. VARRY in Fukuoka Prefecture and "omotesando comnit" in Tokyo have the highest number of users, each with 5000 subscribers. This figure is

three orders of magnitude smaller than the nine million users subscribed to mixi. In contrast, 200,000 mixi users identify themselves as residents of Fukuoka Prefecture, while mixi's largest regional community, "I Love Yokohama," has 36,000 members. These figures far outstrip the 5000 members of the regional SNS mentioned above. However, compared to the 3000 users of e-COMMUNITY FUJISAWA in Fujisawa

City, Kanagawa Prefecture, which is known as a representative example of regional SNS, and the 1500 users of "e-democracy of Mie Prefecture residents" in Mie Prefecture, a membership of 5000 is quite significant. Regional SNS can no longer be overlooked when we try to assess the importance of SNS to the Internet in Japan.

The administrators of regional SNS come from various backgrounds, including the private sector, NPOs, individuals and private organizations. SNS operated by local government have received widespread coverage in the mass media, and account for approximately ten percent of the total number of SNS. However, the private sector operates the largest number of SNS. Taking a closer look at the breakdown, system development companies account for the

largest number, while other operators include companies running regional information sites, telecommunications companies, newspaper companies and broadcasting companies.

Trends concerning administrators are also changing. In early 2006, when regional SNS started to proliferate, administrators were primarily self-employed individuals, after the autumn of 2006, media companies came to play an active role. Apart from the private sector, non-profit organizations account for a large portion. One example, "amippy" (West Chiba District, Chiba City) was launched as an SNS by an organization that had been originally providing personal computer lessons in the region, the organization's main business at the time. In Imabari City, Ehime Prefecture a private organization

Table 1: Regional SNS with a Large User Base

SNS	Region	Membership
VARRY	Fukuoka Prefecture	Approx. 5000
omotesando comnit	Omotesando, Shibuya-ku, Tokyo	Approx. 5000
Hibino	Saga Prefecture	Approx. 4000
gorotto yacchiro	Yashiro City, Kumamoto Prefecture	Approx. 3000
kyoto comnit	Kyoto City	Approx. 3000
Yebisy!	Ebisu, Shibuya-ku, Tokyo	Approx. 2900
Aomori SNS Community	Aomori Prefecture	Approx. 2600

Source: Research by the Regional SNS Research Workshop (as of March 2007)

was established to revitalize the local region, although not an NPO, and established the SNS, "imasou" as part of that business. In Nagano Prefecture a group of volunteers centered around the local Chamber of Commerce started a regional SNS called "N".

## Background to SNS Proliferation

There are several factors driving the increase in regional SNS, the most significant being the trend toward SNS associated with mixi. People who have enjoyed their SNS experience as users of larger systems, who have perhaps worked as SNS administrators, generally those who were aware of the benefits that SNS provide but became dissatisfied with the experience of mixi and other large SNS, have been clamoring to expand their usage of SNS to satisfy their needs in relation to their businesses, regional revitalization and other more local community oriented goals.

A second factor was an experiment into regional SNS in Nagaoka City, Niigata Prefecture and Chiyoda-ku, Tokyo, conducted by the Ministry of Internal Affairs and Communications (MIC) from December 2005 to February 2006. The experiment followed the success of "gorotto yacchiro" and was held to determine whether regional SNS can be

utilized to enable residents to participate in local government, and to share information concerning disaster prevention. Local governments have been trying to encourage citizens to use ICTs, notably bulletin board systems (BBS), to participate in local government affairs since the late 1990s. 733 local governments were using such systems by 2002. However, except for a few successful instances, most initiatives floundered due to the absence of active discussions or through the malicious acts of a few users. Under these circumstances, people's interest moved to SNS which are typically subscriber based and so provide a safer environment in which to use the services. The legacy of the Ministry's experiment is the conclusion that a safe and trusted environment for communication is critical to a SNS' success. A far more significant though less direct legacy of the experiment is that the notion of regional SNS has proliferated among a large number of people inspired by the initiative.

The third factor contributing to the spread of SNS has been the advent of open source applications supporting SNS operations. Just as SNS were becoming known to users, and regional SNS were attracting greater attention thanks to the Ministry's experiment, a Social Networking Service Engine called

OpenPNE, which can be used by anybody free of charge was developed. At the same time, Google Maps and Skype, as well as the RSS distribution of weather forecasts, news sites, etc. emerged. Combined with OpenPNE they created a "mash-up" of services which added a rich and attractive set of features to the efforts to establish new regional information sites.

## Regional SNS Business Models

We should consider whether regional SNS have the potential to function as businesses or are more suitable as public services.

Operating costs are of course a starting point when considering the sustainability of SNS. A report by MIC made a conservative estimate that the annual running costs for a regional SNS could be as low as approximately 280,000 yen, assuming the use of open source programs, existing computer systems and technicians etc. However, the amount could jump to more than 7.5 million yen per year if the SNS needed new hardware and implementation, and administration had to be outsourced to external providers.

Looking at regional SNS funded by the private sector, we see some using free Application Service Providers (ASP), where hosting services that would

otherwise cost of tens of thousands yen per year are already in place, and where the administrators themselves assume the primary role in implementation and administration to restrict the annual outlay to less than 100,000 yen per year.

Then who should bear the administrative expenses of regional SNS? Current arrangements can be largely divided into four types. The first is the model where the SNS is publicly operated through collaboration. Initial start-up costs are provided by public money such as from local governments. The second is an advertising model. As is the case with mainstream SNS, banner advertisements are put in place for sale to external advertisers. The third is a Customer Relationship Management (CRM) model. Here, people and/or organizations that have existing primary business related to the operation of the SNS such as the owners of regional information sites, system developers, NPOs and others, operate regional SNS to establish and maintain relationships with customers and prospective customers, to gain knowledge of consumer behavior, to familiarize users with their own businesses, and to derive other benefits from by-products based on the relationship value their business has with the SNS. Finally, the fourth model is the not-for-profit, autonomously run model.

In reality, it is difficult for SNS to cover their own operating costs and in many instances they combine administration through a pseudo CRM model with some form of advertising to raise some income at the same time. However, some autonomous, not-for-profit regional SNS are operating based on the incidental benefits derived from relationship value with the SNS.

## What Regional SNS Can Do

SNS are an example of consumer-generated media (CGM) enabling users to freely exchange ideas and information. At the same time they are group-forming networks (GFN) allowing users to create groups at will to gain advantages in relation to socializing and other activities. However, there are a range of perspectives concerning what an SNS can do in a specific sense. An overview of a number of regional SNS shows they provide opportunities to enjoy communicating with friends and to exchange information across a wide spectrum of communities. In addition we find regional SNS have the following unique attributes: (1) promotion of offline activities, (2) a supplementary bridge between existing person-to-person networks, and (3) the creation of new media centering on individual regions.

### (1) Promotion of offline activities

A number of regional SNS encourage frequent offline activities, taking advantage of the fact that many users live close at hand and can easily meet face-to-face. The users of VARRY (Fukuoka Prefecture), DOKOIKO KAGAWA (Kagawa Prefecture), and SHOKOBE.COM (Kobe City), have enjoyed sporting activities, presented music events, created their own special products, and engaged in volunteer activities, with the starting point of each traced back to the socializing opportunities afforded by their SNS. Off-line meetings where users meet face-to-face are reminiscent of people socializing at pubs and having dinner parties. These meetings hosted by active regional SNS should more appropriately be called "events" or "projects" because of their large scale and meticulous preparation. In contrast, SNS such as "amippy" which developed to supplement existing offline relationships and events, the offline events are already the core activity of the group.

Offline events and activities inspired by discussion online have given rise to what are referred to as "off" events. These events have been taking place since about 2002 when the users of an anonymous bulletin board website, "2 channel," played a central role in hosting meetings between its users. An "off" event is an

offline meeting and is categorized as "Toppatsu off" (an offline meeting that takes place instantaneously), "Dai kibo off" (an offline meeting with many participants), "Neta off" (an offline meeting that centers on a certain topic), and others, each of which have a special meaning. In these "off" events members of the online community share in the significance and context of topics that were discussed on the bulletin board and aspects that interested them. In this way, they show their commitment to the website (in this case, "2 channel"), and cultivate a sense of comradeship.

Perhaps "off" events can also play an essential role in regional SNS, the bottom-up style of planning is well suited to community activities that could contribute to the vitalization of the region. Administrators would therefore be required to have skills to manage offline projects as well as the ability to develop online tools.

## (2) Supplementary bridge between existing person-to-person networks

Regional SNS have taken an active role in functioning as a bridge to creating new person-to-person connections. A regional SNS "hyocom" actively tries to achieve this outcome by calling the person who introduces his or her friend to somebody else, nakodo (matchmaker). "Kawasaki social net" (Kawasaki City) arranges

networking events for the key people involved in organizing revitalization and group activities in local districts in the city. This interaction has given birth to an Internet radio program, RADIO TAMAJIN that primarily discusses local topics. When it comes to the revitalization activities of local districts and group activities, there is always a person serving as a facilitator (or hub) who connects people, as well as people and resources that have an active commitment to such activities. Efforts to invite such key people to an SNS to facilitate networking between others who previously had not met improves the level of communication in regional SNS. Moreover, facilitators also help in the formation of strong and enduring human relationships in everyday society.

## (3) Creation of new media centering on individual regions

Regional SNS are about to transform themselves into regional media where users create, record, and distribute information related to their individual regions. Personal diaries and topics discussed in the SNS communities are not necessarily of particular significance. However, it is important to note that much of the information found on such SNS is regional information based on individual local topics. The strength of regional SNS is they disseminate regional information about who is doing

what, when and where. Over time logging this type of information can become an asset for the region and serve as the basis for initiatives to drive regional change.

There are also initiatives to collate and edit information created by local SNS users and redistribute it by media such as newspapers (free and others), radio and television as well as the Internet. Local media companies such as NikiNiki at Kagoshima Television Station Co., Ltd. (KTS) and Hibino at Saga Shimbun Co., Ltd. are operating SNS with the intention of finding new types of user-created regional information and matching it with existing local media.

## The Future of Regional SNS

The characteristic feature of online communities is the separation of an individual's real identity from their online personality. For example in both "2 channel", representative of anonymous bulletin board systems, and "SecondLife" representative of equally anonymous virtual worlds, users real-life identity is suspended once they are online. SNS operate in the other direction, users real identity is carried with them online along other aspects of the their lives, for example in the case of regional SNS where they live and what local activities they might be interested in. SNS attempt to add a greater sense of prosperity and

convenience to everyday lives, human relationships and social lives.

In March 2007, at the time of writing, the public is showing a high level of interest in regional SNS. Local governments, the private sector and NPOs are showing enthusiasm for regional SNS and we can expect their continued supporting for some time.

However, just as large domestic SNS have seen considerable fragmentation in both the topics covered and in membership of their communities, regional SNS can be expected to follow the same path. As they grow larger and are more successful, there will be greater specialization and diversification, for example covering such topics as childcare support, the promotion of business activities, autonomous activities etc. At the same time features will improve allowing users to collaborate more easily with specific interest groups. Some of SNS now include features such as maps, local news flashes, coupons, chat rooms, the posting of movies, and inclusion of cell phone features. We can expect regional SNS to continue to evolve with more value added features, such as locality-based services, targeted advertisements, event sponsorship etc.

The value of regional SNS to their users in terms of convenience and information

provided is increased by maintaining partial coordination with external websites such as those of other regional SNS, and national SNS, rather than trying to exist as isolated information systems. Continued innovation and efforts to develop features and launch services through a process of trial and error are sure to result in some sustainable models.

## Regional SNS Research Workshop

In March 2006, the Center for Global Communications (GLOCOM), International University of Japan established a Regional SNS Research Workshop

(<http://www.glocom.ac.jp/project/chiiki-sns/>) in conjunction with administrators, developers, researchers of regional SNS and others. The group has closely monitored the latest trends, made case study presentations, exchanged information related to administrative issues and conducted research. The group inherited research on regional information systems, support for activists, and the achievements of online community research accumulated by GLOCOM since the early 1990s. Moreover, from the viewpoint of both participants and observers of regional SNS, the workshop will pursue design science to explain the development of

regional SNS and what regional SNS may be like in the future.

Achievements so far have been summarized in a publication, *Chiiki SNS Saizensen: Web2.0 Jidai no Machiokoshi Jissen Gaido (The Forefront of Regional SNS: A Practical Approach to the Revitalization of Local Districts in the Era of Web 2.0)*, published by ASCII, March 2007. In the future, projects such as "Regional SNS 2010" will be promoted. We would like everybody with an interest in this initiative to participate.