

Can WeChat become a world-beating app?

IT IS hard to make money peddling social media anywhere. During their first few years in business, Facebook and Twitter lost pots of money. Yet somehow Tencent, an innovative Chinese firm that released the WeChat app in 2011, seems to have cracked the code. Alicia Yap of [Barclays](#), an investment bank, forecasts that WeChat will earn some 6.8 billion yuan (\$1.1 billion) this year and 9.6 billion yuan next year. The reasons for optimism include clever integration of the app with other money-making services and spectacular growth in users at home and, unusually for a Chinese app, abroad.

WeChat started off as a messaging service, similar to America's WhatsApp, but it has grown rapidly into much more. In recent months, Tencent has integrated online-payment functions into it. Customers can do their banking through it and a wealth-management service has just been launched. It is also promoting e-commerce: during a recent sale held exclusively on WeChat, Xiaomi, China's hottest smartphone-maker, is said to have sold 150,000 of its latest model in under ten minutes.

Most internet companies that make money do so by selling online ads, but Tencent makes most of its money selling customers virtual goods (like gaming avatars, online stickers and other icons). About 85% of the money Tencent will make this year from the app will come from gaming.

Tencent says that WeChat has 270m active users, including tens of millions overseas. Their number and enthusiasm matters a lot to marketers. At the moment, Tencent allows companies to send occasional, targeted messages to some users without charge. Mark Natkin of Marbridge, a consultancy, says that in future it might ask for a fee.

The biggest unknown about WeChat is whether the app can become a global blockbuster like Twitter or Facebook (both of which are blocked in China). Mr Natkin points out that the app will lose one of its most attractive features outside the country. WeChat usage exploded in part because it seamlessly integrates a user's address book from Tencent's QQ, an old-fashioned instant-messaging service that has over 800m registered users (though few outside China).

WeChat is already used in South-East Asia, Russia and India. The app is available in the Japanese and Korean languages, but strong local rivals already exist in those markets. America and Europe will be harder to crack. To succeed there, it must not only beat WhatsApp and other rivals. It must also persuade consumers living in free societies to use a social network actively monitored by an authoritarian regime.