

# Turkish Internet Sector Overview

May 2008

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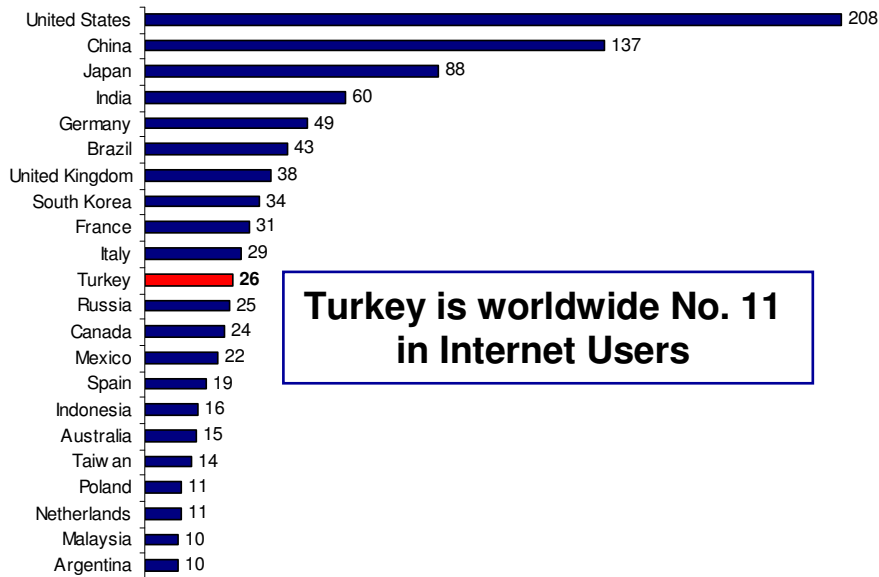
Gittigidiyor (eBay Turkey), Member of Board



# Turkey is catching up to the Top 10 Internet countries worldwide

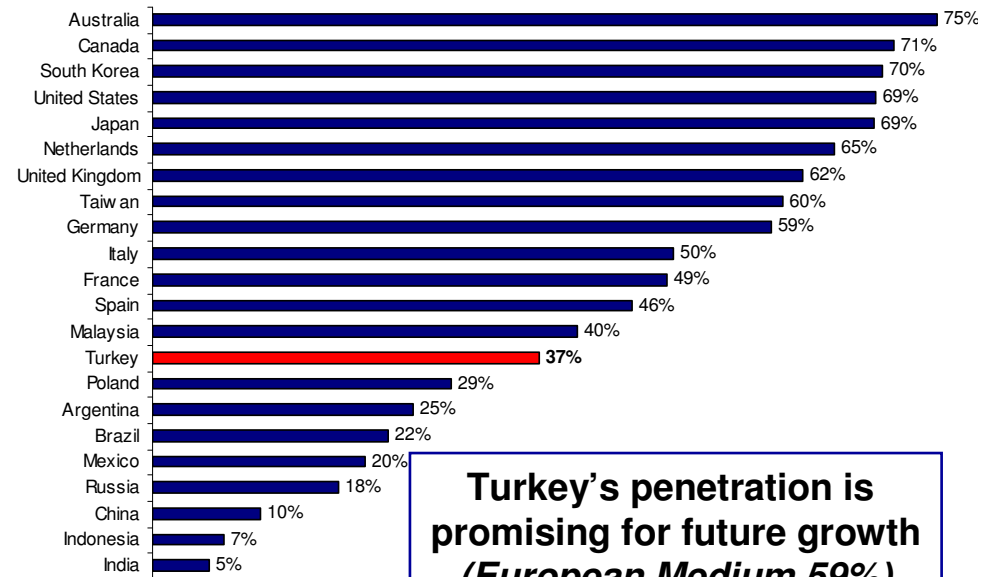


**Internet Users by Country in 2007 (m)**



**Turkey is worldwide No. 11 in Internet Users**

**Internet Penetration Rate by Country in 2007 (%)**

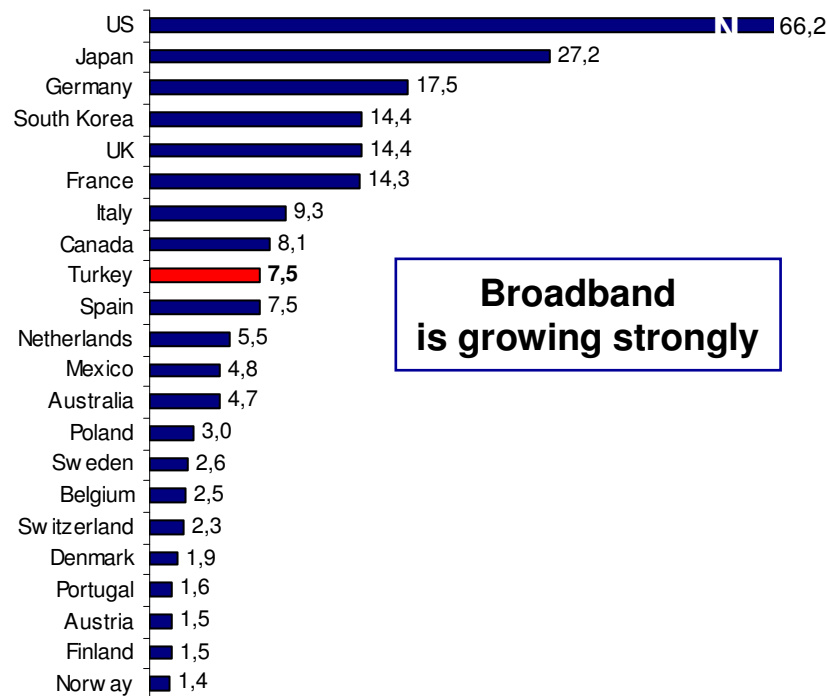


**Turkey's penetration is promising for future growth (European Medium 59%)**

*Sources:  
 Population figures 2007: CIA World Factbook  
 Internet User Statistics: World Internet Stats; eBay  
 Only countries with more than 10 m Internet Users were covered*

# Key metric of broadband penetration in Turkey is aligning with leading countries

## Broadband Subscriptions by Country in 2007 (m)



**Broadband  
is growing strongly**

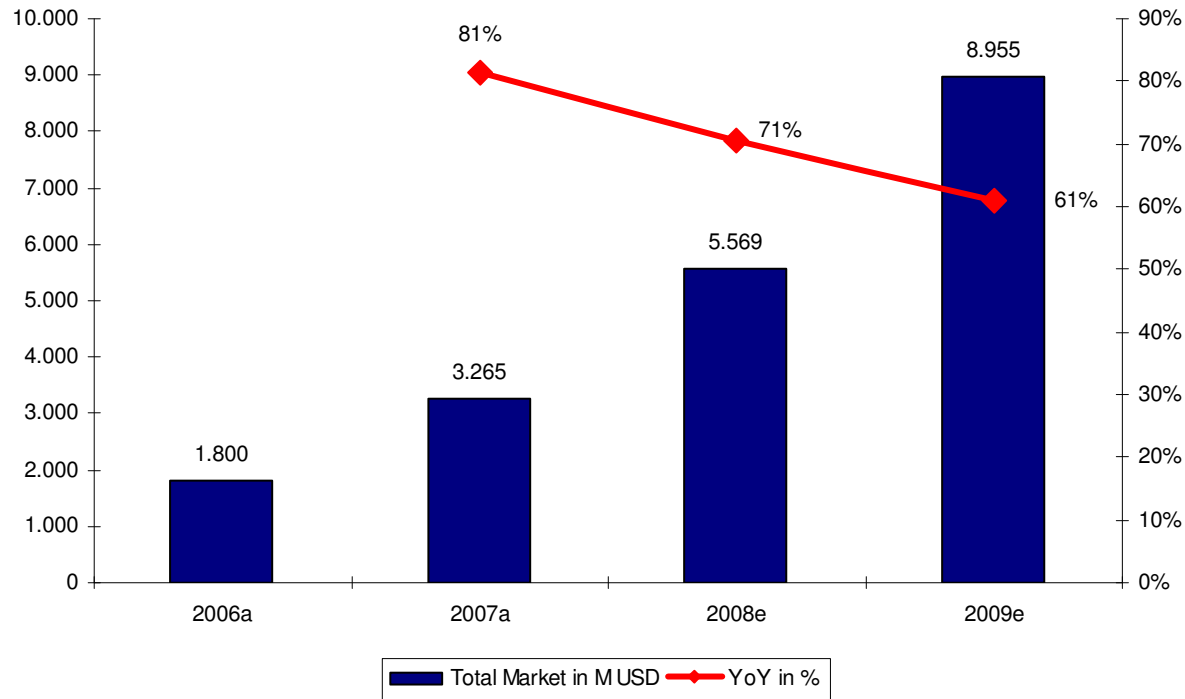
- Broadband in Turkey started late, 2003 with 55,000 subscriptions, but with tremendous growth
- Avg. Connection speed is 1 Mbps
- Monthly fees dropping
- 2,000,000 IP DSLAM ports with connection speed up to 70 Mbps are going to be deployed the next years (Start was Jan 2008) \* - This is especially important for IPTV

Sources:

Organization for Economic Cooperation and Development (OECD),  
OECD Broadband Portal, " November 6, 2007  
Turkish Telecom 12/ 2007  
\*Turkish Telecom, 09/2007

# eCommerce in Turkey is growing continuously

## Turkish eCommerce Total Volume in M USD



Notes:

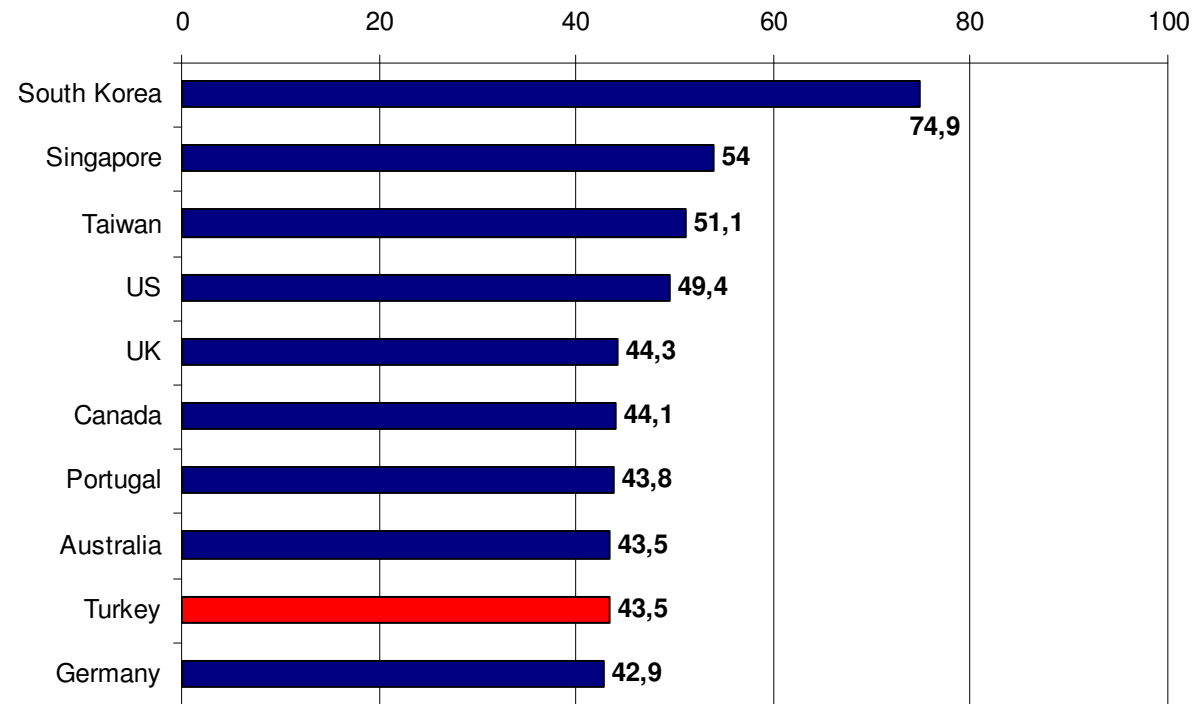
Including New Goods, Used Goods, Motors, Travel, Entertainment, Real Estate, Personals

Sources:

BKM ; Internet Card Centre Reports, eBay estimates

## Also other metrics indicate that Turkey is catching up on the Internet Sector...

### Top 10 Countries Worldwide Ranked by eGovernment 2007 (100-point scale)



*Note: based on availability of publications, databases and number of online services (ie the entire transaction can be completed online), features important for information availability, citizen access, portal access and service delivery; excludes Web sites for sub-national units, obscure boards and commissions, local government, regional units and municipal offices*

*Source: Brown University, Taubman Center for Public Policy, "Global E-Government, 2007," August 2007, eBay*

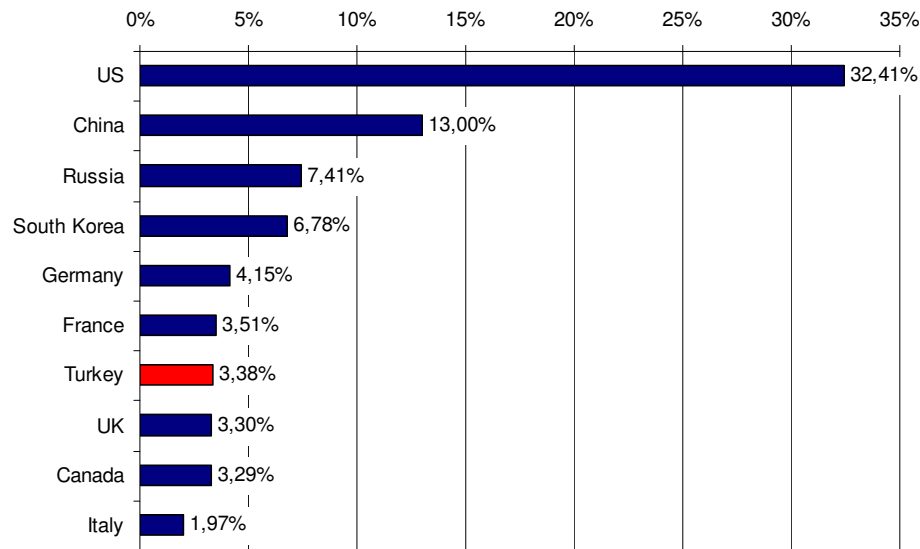
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... all kind of metrics, indeed

**Top 10 Countries Hosting Phishing Web Sites Worldwide, 2007 (% of total)**



**Top 10 Countries Worldwide, Ranked by active Facebook Users )**

**Top 10 Countries Worldwide, Ranked by Active Facebook Users, 2008**

1. US
2. UK
3. Canada
4. Turkey
5. Australia
6. France
7. Sweden
8. Norway
9. Colombia
10. South Africa

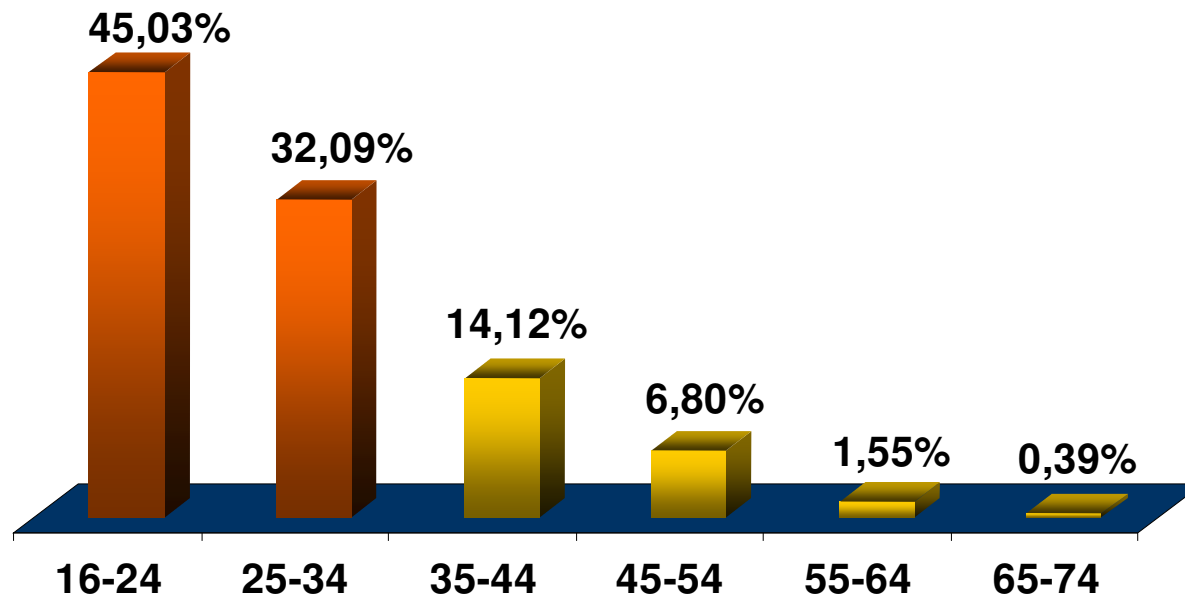
Source: Facebook, March 24, 2008

*Notes: a) based on Websense Security Labs data b) Phishing is an attempt to criminally and fraudulently acquire sensitive information, such as usernames, passwords and credit card details, by masquerading as a trustworthy entity in an electronic communication*

*Source: Anti-Phishing Working Group (APWG), "Phishing Activity Trends: Report for the Month of May, 2007," July 2007*

# The internet population is young – 77% of the internet population is between 16 and 34 years old

## Internet Users in Turkey by ages



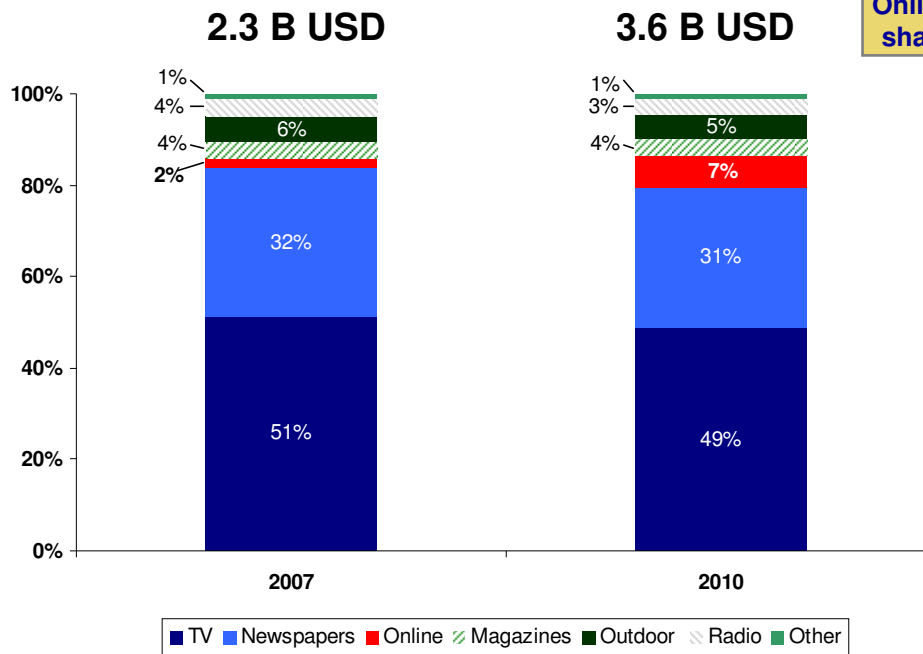
## Who are they?

- 66% of Internet users is male, 34% is female
- Average age is 26 both for male and female users
- 53% is in A/B/C1 SES
- 22% is graduated from university
- 68% is single
- 45% is employed, 37% is studying
- 39% speaks English
- 52% has PC in the house
- 91% has cellphone
- 84% is watching TV daily (avg. time spend is 3 hours)
- 63% is listening to the radio daily (avg. time spend is 2 hours)
- Average Internet connection is 2.5 hours / day
- Average Internet connections per month is 22

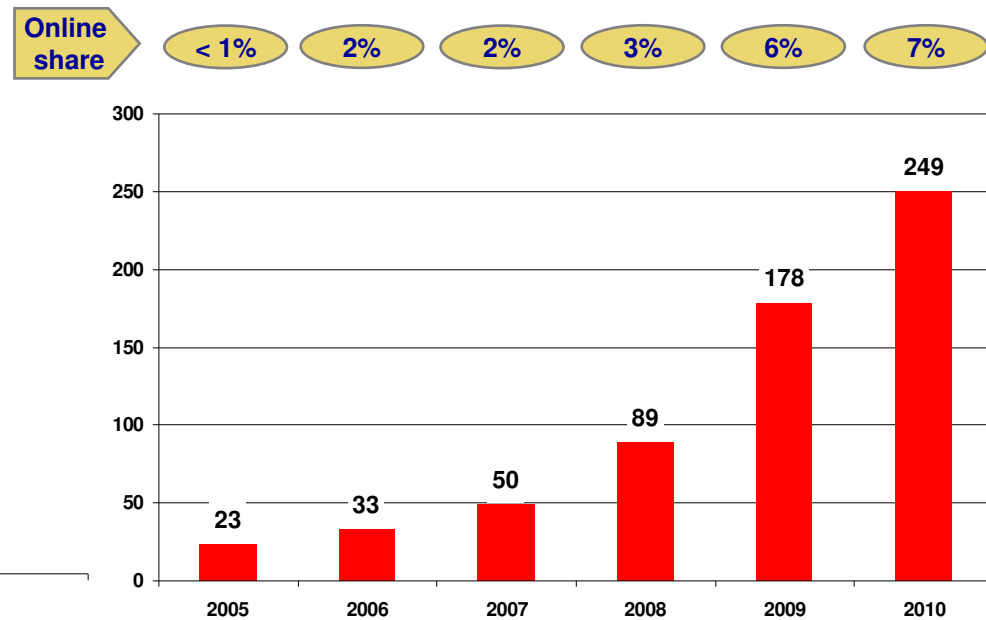
Source: Nokta Internet Technologies 2008, GfK Turkey Report 2006

# Online advertising will become the third largest advertising area in 2010 – especially when penetration of online ad technologies increase

**Turkish Advertising Market  
by medium (in %)**



**Online Growth Outlook in M USD  
2005 - 2010**



*Note: Net Advertising Revenues*

*Sources: Türkiye Reklam Arastirma Merkezi (TRAM); eBay estimates  
eBay*



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# The Internet Landscape in Turkey



Rank	Site	Type	Ownership
1	google.com.tr	Search	Google
2	facebook.com	Social Network	Facebook
3	live.com	Portal	Microsoft
4	google.com	Search	Google
5	youtube.com	Video	Google
6	Milliyet.com.tr	News	Dogan Media
7	hurriyet.com.tr	News	Dogan Media
8	mynet.com	Portal	Mynet
9	yahoo.com	Search	Yahoo
10	rapidshare.com	File Sharing	Rapidshare
11	blogger.com	Blog	Google
12	msn.com	Search	Microsoft
13	ekolay.net	Portal	Dogan Media
14	sourtimes.org	Information	Independent
15	gittigidiyor.com	eCommerce	eBay & Independent
16	Sahibinden.com	eCommerce	Independent
17	wikipedia.org	Information	Wikipedia
18	internethaber.com	News	Independent
19	haberturk.com	News	Ciner Yayin
20	imageshack.us	File Sharing	Imageschack
21	sabah.com.tr	News	Merkez
22	haber7.com	News	Kanal 7
23	netlog.com	Social Network	Netlog
24	blogcu.com	Blog	Nokta Internet
25	hepsiburada.com	eCommerce	Dogan Media



## Top 25 Online Companies according Alexa.com:

- News and Information as well as Search are the types of internet activities with the strongest traffic
- Google and Dogan control each 4 out of the top 25 sites

# Outlook: Turkey's Online Sector in 2010

## Major Developments:

### Turkish Internet Sector in 2010:

- 32-36 M Internet Users with a 10 B USD eCommerce Market and 250 M USD Online Advertising Market
- Turkey will be one of the top 10 countries in Internet Users and catch up in eCommerce and Advertising

The strategic importance of **gateways** will increase

- There are certain activities that drive a user's decision **to go to one site over another**
- We call these activities gateways: email, search, shopping, news, weather, maps, etc. The importance of gateways is **increasing**
- The game could be over for email and search but beyond these activities, **no site dominates a gateway**....and the gateways on mobile devices are different and completely up for grabs

**eCommerce** will continue to develop strongly

- The Turkish internet users will arrive in the next 2-3 in the eCommerce and the **buyer** side will continue to evolve.
- The seller side will introduce **new ways of shopping** (e.g. Exclusive Shopping Sites; Private Sales; Activity based Shopping etc.) and **improved technologies** (e.g. catalogue based Shopping Comparison)
- **Mass customization** as well as niche players will enter the long tail – this will lead to a **strong entrepreneurship** in the eCommerce segment

**Consolidation** is inevitable will continue – 2006 was likely just the beginning:

- We expect that some companies will successfully pursue a global multi-business strategy, but it will likely be done via partnerships, acquisitions, and/or investments as opposed to a pure organic build strategy
- Turkish Stand-alone companies and brands can **survive** as independents, but will likely still be pursued most aggressively by larger companies to penetrate consumers and advertisers
- The value of a business that cannot compete on engagement and monetization will become greater for an acquirer that has a strategic hole in its business mix than the value of the business on a stand-alone basis

We expect the accelerated introduction of advanced **advertising technologies** and international partnerships in the advertising segment

Foreign **VC and Business Angel** money will discover Turkey and create the financial framework of a strong entrepreneurship driven market

# These strategic themes will continue to define success in Turkey



## 1. Maximize engagement – owning differentiated and complementary gateways is required to drive reach, frequency and duration

- Expand the user base – consumers, publishers, advertisers, buyers and sellers
- Increase usage areas – applications (email, search, VoIP, IM, blogging, software), services (payments, stores, advertising), information (maps, weather, news), entertainment (sports, user-generated content, WebTV), and commerce
- Develop a multi-platform strategy – PC, mobile device, and the television

## 2. Optimize monetization – engagement is necessary but not sufficient

- Advertising – branded, pay for performance search (click, call, acquisition, lead generation), direct marketing
- e-Commerce – retail, marketplace, stores, shopping comparison
- Subscriptions – VoIP, email, fantasy sports, dating, careers, games
- Payments – transactions, communications, B2B, PC, mobile, etc.

## 3. Be part of the internalization – to capture two increasingly critical benefits

- Leverage learning across markets in order to capture growth
- Provide Incremental benefits to users (consumers, advertisers, sellers, etc.) due to a global footprint

# Contact Details



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