

Internet in China

An in depth profile of the Internet in China. This report provides both historic and current data on key industry metrics, major players and the regulatory environment.

Companies covered:

Alibaba Group, Baidu Inc, Shanda Corporation, Sina Corporation, Sohu.com Inc, Tencent Holdings

Internet in China

Global Media Market Intelligence (G2Mi.com)

ABOUT THE AUTHOR

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Sector Overview

China has an internet penetration level of about 34.3% with 457 million internet users (December, 2010)¹. The internet population is expected to reach 480 million by the end of 2011, with the penetration level rising to over 36%. The time spent online by the users, on an average is 19.8 hours a week (June 2010)². Broadband makes up the majority of internet connections in the country, while accessing internet through mobile phone is also rapidly increasing with 277 million mobile internet users (December, 2010)³.

Online adspend of China has been growing at an average of 9% since 2005; the growth rate accelerated since 2007 when the search engine advertising experienced an annual growth rate of about 114.8%. The adspend of the online sector has shown a CAGR of 47.8% in 2005 – 2009; with the search engine advertising recording a CAGR of around 62.03% for the same period. The major online display advertisers include Jiayuan.com, Vancl, Lining, Nike and 51job.com among others. The growth in online advertising continued and reached RMB 4.06 billion in the first quarter of 2010, a 52.7% increase over the same period in 2009. The Fashion industry was the top advertiser with almost 18% market share.

The major players in the online or internet segment are Alibaba Group, Baidu Inc., Shanda Corporation, Sina Corporation, Sohu.com Inc. and Tencent Holdings. Alibaba Group offers a wide network of services online which include e-commerce, B2B trading – both national and international, online payment platforms and cloud computing services. Baidu Inc. is a leading service provider offering online marketing services, search portals and online community services. Shanda Corporation offers various online interactive media services which include communities, informative portals and gaming. Tencent Holdings is an internet service portal with various offerings like entertainment, gaming, instant messaging services, and information services among others. Other players in the segment include Sina Corp. and Sohu.com, which offer various online services across segments like, gaming, video, infotainment and others.

Ministry of Industry and Information Technology (MIIT) was established in March 2008. It is the state agency of the People's Republic of China, which is responsible for regulation and development of the postal service, internet, wireless, broadcasting, communications, production of electronic and information goods, software industry and the promotion of the national knowledge economy. The MIIT also supervises the State Post Bureau as authorized by the State Council.

The growth trend of internet in China is attributable to the fact that the sector has been actively contributing to the economic and cultural growth of the country. The online service operators have been attracting huge investments from private equity investors. Recently, Chinese online retailing service provider 1000tuan.com raised CNY 10 million in an investment from angel investor Xu Xiaoping; China-based mobile social gaming solutions developer, Papaya Mobile, raised USD 18 million from Keytone Ventures and DCM. The other investments in the industry included Softbank Asia Infrastructure Fund Partners' (SAIF) investment in Tiantian.com, an online cosmetics retailer and the investment made by Matrix Partners in Hers.com. Another major development has been the acquisition of an online video platform Papi.cn by China-based online television services provider Ku6 Media Co Ltd.

¹ China Internet Network Information Center (CNNIC; Feb, 2011)

² China Internet Watch (December, 2010)

³ China Internet Network Information Center (CNNIC; Jan, 2011)

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Figure 1. China Internet, Industry developments

2011

May	Chinese online retailing service provider 1000tuan.com raised CNY 10 million in an investment from angel investor Xu Xiaoping
May	Chinese Trunkbow International Holding Ltd partnered with Hangzhou ICafe Technology Co Ltd for mobile payment applications for Internet Café
April	Jigyuan.com, a Chinese dating service provider, filed an IPO
April	21 Vianet filed for an IPO on NASDAQ
April	Renren, an online social networking services provider of China, filed its US IPO
April	Cloudary Corp, the digital publishing unit of Shanda Interactive, filed for its US IPO
April	China-based mobile social gaming solutions developer, Papaya Mobile, raised USD 18 million from Keytone Ventures and DCM
April	Indian online retailer FirstCry.com raised USD 4 million investment from Chinese private equity and venture capital firm SAIF Partners
April	Chinese online cosmetics retailer Tiantian.com raised investment from Softbank Asia Infrastructure Fund (SAIF) Partners
April	Chinese online female shopping community Hers.com raised investment from private equity investor Matrix Partners China
April	China-based online television services provider Ku6 Media Co Ltd acquired Chinese P2P based online video platform Pipi.cn
April	Online diamond retailer BLOVES raised CNY 100 million from Yonghua Capital and JC Capital Management
April	China based online retailer Shanghai Fclub Electronic Commerce Ltd raised certain investment from IDG venture capital led group of investors
April	Chinese group buying website Lashou.com raised USD 111 million investment from a group of investors led by Milestone Capital Partners LLP
April	Mobile games and applications developer Ozura acquired online and mobile advertising services provider Tatto Media for USD 60 million
April	Mobile search and advertising services provider Easou Technology Ltd, raised USD 20.48 million from Softbank China led group of investors
April	Domestic health and fitness social network Condoon.com received investment of RMB 10 million from Shanda Interactive Entertainment Ltd
April	Chinese social networking website Tianya.cn acquired back its stake from Google Inc to expand overseas
April	Chinese pet website Aigou.com raised USD 5 million for a group of investors led by Softbank Corporation
April	China based media company Shanda Interactive Entertainment invested USD 100 million in Ku6 Media Co
March	Goldstone and Huawei acquired stake in online video solutions provider Boafeng.com from Matric Partners and IDG Capital
March	Mobile commerce solutions provider Handpay received certain investment from Small & Medium Enterprise (Tianjin) Venture Capital Fund
March	Online group buying services provider Ftuan.com received USD 30 million as investment from Tencent Holdings Ltd
March	Haibo Wang acquired 51% stake in B2B e-business solutions provider Wangku from eFuture for CNY 6 million
March	Qihoo 360 Technology Ltd filed its IPO

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March	Netqin Mobile filed for its US IPO
March	Online shoes retailer, OkayBuy received an investment of USD 60 million from a group of investors.
March	Mobile application store Mobeep partnered with mobile advertising and transaction solutions provider MobGold
March	Baidu.com Inc led group of investors invested USD 50 million in online housing information services provider Anjuke Inc
March	Online media services provider Sina Corp acquired 19% stake in online retailer Mecox Lane from Sequoia Capital for USD 66 million
March	Online home textile retailer Uya100.com received multi-million dollar investment from IDC and DCM
March	Sports apparel manufacturer Dongxiang acquired 10% stake in online retailer Mecox Lane from Sequoia Capital for USD 34.7 million
February	KPCB China invested USD 4 million in e-commerce logistic services provider BFE Corporation Ltd
February	Global Market Group Ltd filed for its US IPO
February	Chinese e-commerce solutions provider Alibaba.com Ltd acquired web analytics services provider CNZZ for USD 15 million
January	Online retailing service provider Sportica received certain investment from Legend Capital in its first round of funding
January	Xinhua Multimedia Data Ltd partnered with Datang Telecom Technology Co Ltd to launch e-reading platform
January	Mobile phone solutions provider Moli Mobile acquired 51% stake in mobile digital content provider Yole Wireless Technology for HKD 95.6 mill
January	Advertising services provider SinoMedia Holding Ltd invested RMB 30 million in online travel information services provider Lotour.com

2010

December	Sina.com partnered with Enlight Media to extend cooperation in content and media platform
December	Shanda Interactive partnered with Xinhua News Agency for promotional activities
December	Tiger Technology Fund invested USD 75 million in 360buy.com, an online shopping platform
December	Baidu Inc invested in tg.com.cn, a home furnishing e-commerce web portal
November	Vodafone Group acquired Beijing Pinzheng, online lottery services provider, for CNY 130 million
November	Youku, an online video sharing site, filed for an IPO on NASDAQ
November	Dangdang Inc, an e-commerce company in China, filed for an IPO on NASDAQ
November	Sun Hung Kai Investment Services Ltd acquired 10% stake in Nexbis Ltd for AUD 5.59 million
November	BitAuto Holdings Ltd filed for IPO on NASDAQ
November	Sequoia Capital China and Giant Interactive Inc invested in 2345.com, online navigation services provider.
October	Tencent Holdings Ltd invested in Aibang.com, local living information search services provider.
October	Trustbridge Partners, Ceyuan Ventures, GSR Ventures and China Renaissance Partners invested USD 35 million in LightInTheBox.com
October	Alibaba Group entered into partnership with Microsoft to launch a search engine, Etao
October	Mecox Lane, an online retailer, filed for its IPO on NASDAQ
October	ChinaCache International Holdings filed for its IPO on NASDAQ
October	Jingwei International Ltd acquired Shanghai Haicom Telecommunications Corp Ltd for RMB 55 million
October	AutoNavi Holdings Ltd, digital map maker, formed a 51:49 joint venture with TomTomNV, which operates the same business
September	Chinasoft International acquired mobile multimedia instant messaging and social networking service provider MMIM technologies
September	Soufun Holdings, part of Australia based Telstra Corp, filed for its US IPO

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September	Shanda literature Corp acquired online and print magazine publisher Zubunet.com
August	Online video advertising company Adsit Media Corp raised an investment of RMB 50 million from Zhejiang Newspaper Group
August	News Corp acquired online enterprise connectivity solution developer Threadbox Inc through MySpace
August	Tencent Holdings acquired online social networking service provider Comsenz for USD 60 million
August	Online retailing service Quwan.com raised investment of USD 10 million from Trust Bridge Partners and Matrix Partners
August	Xinhua News Agency partnered with China Mobile Communications to form search engine JV
August	Sequoia Capital China along with GSR Ventures, Ceyuan Ventures and Fidelity Asia invested USD 35 million in NetQin Mobile Inc
August	Alibaba Group and Charles Zang acquired 16% stake each in Sogou online search business from Sohu.com Inc
August	China Post partnered with Tom Group to offer e-commerce facilities via China Post
July	Beijing Jingdu Culture Investment Co. launched an online shopping website for selling the products of Liulichang, a famed antique street of Beijing.
July	Tencent partnered with Novell to jointly establish an Internet Data Centre (IDC) cloud computing platform.
July	D.A Consortium Inc. partnered with Charm Communications Inc. for its online advertising delivery and other related technologies.
July	Hong Kong Trade Development Council Design Gallery partnered with Taobao.com to jointly launch hongkongdg.taobao.com, to promote the brands and designer collections of China.
June	Taobao, a subsidiary of Alibaba Group, and Wasu MediaInternet Ltd. jointly launched Taohua.com, a digital products platform and interactive digital television shopping site.
June	Alibaba.com Ltd acquired Vendio Services Inc. of USA, a multi-channel e-commerce company.
June	Zaobao.com entered into a deal with Shanda Literature Singapore, to launch a Chinese literary site to be called books.zaobao.com.
June	Taobao.com partnered with Yahoo Japan Corp., for complementary cross-border online shopping services to connect consumers and merchants across China and Japan.
April	Alibaba.com Ltd. launched AliExpress, an e-commerce platform offering smaller quantity orders, instant online transactions and an escrow service to protect buyer and sellers.
April	Tencent Holdings Ltd. acquired 10% stake in Digital Sky Technologies Ltd., which holds a stake in Facebook Inc, for USD 300 million.
April	Alibaba.com invested RMB 5 billion in its online payment platform, Alipay Co Ltd.
April	Shanda Literature, a subsidiary of Shanda Interactive acquired xxxy.net, a female literary website.
March	Baidu launched its online video company named Qivi, which would provide licensed and high definition online videos.
February	China Radio International (CRI) launched China's first Estonian and Lithuanian websites; ee.radio86.com and lt.radio86.com respectively.
February	The9 acquired Fire Rain, an online gaming company for RMB 100 million.
February	Providence Equity Partners entered into a deal with Baidu for investing USD 50 million in the online video company of Baidu.
January	Baidu Inc. partnered with Rakuten Inc., a leading e-commerce website in Japan, for building an online B2C shopping mall.
January	Taobao invested RMB 10 million to expand its online retail store for software applications.
2009	
December	China Central Television (CCTV) launched its internet television network (CNTV).
December	Alibaba.com acquired 85% stake in HiChina Web Solutions, an e-commerce website, for RMB 539.98 million.

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December	Ku6 Holdings partnered with Sohu.com Inc to invest USD 5 million each, to establish the first International Movie and TV copyrights purchase funds.
December	UnionPay partnered with Chinova Information Technology for the development and operation of its online shopping mall.
December	KongZhong Corporation acquired Shanghai Dacheng Network Technology for USD 80 million.
December	Ku6 Holdings invested RMB 300 million for quality enhancement activities of its website.
December	The9 Ltd. entered into an agreement with NeoWiz Games for licensing the operation of World of Fighter in Korea.
December	Simon Kwong Chi Wong appointed as the CEO of CDC Games, a unit of CDC Corp.
November	New Wave Investment Holding Company Ltd. invested USD 180 million in Sina Corporation
November	KongZhong Corporation acquired zhulang.com, an online literature works website.
September	KongZhong Corporation entered into a deal with CCTV.com to jointly launch wap.CCTV.com, a mobile internet site.
September	Ping An Insurance Group launched Ping An One, an online financial management service.
June	Alibaba.com acquired 51% stake in Hurray! Holding Co. Ltd. for USD 46.2 million.

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Figure 2. China Internet, Mergers and acquisitions

Date	Investor	Investee	Description
Apr-11	Ku6 Media	Pipi.cn	China-based online television services provider Ku6 Media Co Ltd acquired Chinese P2P based online video platform Pipi.cn
Apr-11	Ozura	Tatto Media	Mobile games and applications developer Ozura acquired online and mobile advertising services provider Tatto Media for USD 60 million
Apr-11	Tianya.cn	Google	Chinese social networking website Tianya.cn acquired back its stake from Google Inc to expand overseas
Mar-11	Goldstone & Huawei	Boafeng.com	Goldstone and Huawei acquired stake in online video solutions provider Boafeng.com from Matric Partners and IDG Capital
Mar-11	Haibo Wang	Wangku	Haibo Wang acquired 51% stake in B2B e-business solutions provider Wangku from eFuture for CNY 6 million
Mar-11	Sina Corp	Mecox Lane	Online media services provider Sina Corp acquired 19% stake in online retailer Mecox Lane from Sequoia Capital for USD 66 million
Mar-11	Dongxiang	Mecox Lane	Sports apparel manufacturer Dongxiang acquired 10% stake in online retailer Mecox Lane from Sequoia Capital for USD 34.7 million
Feb-11	Alibaba Group	CNZZ	Chinese e-commerce solutions provider Alibaba.com Ltd acquired web analytics services provider CNZZ for USD 15 million
Jan-11	Moli Mobile	Yole Wireless Technology	Mobile phone solutions provider Moli Mobile acquired 51% stake in mobile digital content provider Yole Wireless Technology for HKD 95.6 million
Nov-10	Vodafone Group	Beijing Pinzheng	Vodafone Group acquired Beijing Pinzheng, online lottery services provider, for CNY 130 million
Nov-10	Sun Hung Kai Investment Services	Nexbis Ltd	Sun Hung Kai Investment Services Ltd acquired 10% stake in Nexbis Ltd for AUD 5.59 million
Oct-10	Jingwei International Ltd	Shanghai Haicom Telecommunications Corp	Jingwei International Ltd acquired Shanghai Haicom Telecommunications Corp Ltd for RMB 55 million
Sep-10	Chinasoft International	MMIM Technologies	Chinasoft International acquired mobile multimedia instant messaging and social networking service provider MMIM technologies
Sep-10	Shanda Corp	Zubunet.com	Shanda literature Corp acquired online and print magazine publisher Zubunet.com
Aug-10	News Corp	Threadbox Inc	News Corp acquired online enterprise connectivity solution developer Threadbox Inc through MySpace
Aug-10	Tencent Holdings	Comsenz	Tencent Holdings acquired online social networking service provider Comsenz for USD 60 million
Aug-10	Alibaba Group & Charles Zang	Sogou	Alibaba Group and Charles Zang acquired 16% stake each in Sogou online search business from Sohu.com Inc
Jun-10	Alibaba.com	Vendio Services	Alibaba.com Ltd acquired Vendio Services Inc. of USA, a multi-channel e-commerce company.
Apr-10	Tencent Holdings	Digital Sky Technologies	Tencent Holdings Ltd. acquired 10% stake in Digital Sky Technologies Ltd., which holds a stake in Facebook Inc, for USD 300 million.

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Date	Investor	Investee	Description
Apr-10	Alibaba.com	Alipay Ltd.	Alibaba.com invested RMB 5 billion in its online payment platform, Alipay Co Ltd.
Feb-10	The9	Fire Rain	The9 acquired Fire Rain, an online gaming company for RMB 100 million.
Jan-10	Alibaba.com (TaoBao)	Taobao.com	Alibaba Group (Taobao) invested RMB 10 million to expand its online retail store for software applications.
Dec-09	Alibaba.com	HiChina Web Solutions	Alibaba.com acquired 85% stake in HiChina Web Solutions, an e-commerce website, for RMB 539.98 million.
Dec-09	KongZhong Corp	Shanghai Dacheng Network Technology	KongZhong Corporation acquired Shanghai Dacheng Network Technology for USD 80 million.
Dec-09	Ku6 Holdings	Ku6.com	Ku6 Holdings invested RMB 300 million for quality enhancement activities of its website.
Nov-09	New Wave Investment Holding Company Ltd.	Sina Corporation	New Wave Investment Holding Company Ltd. invested USD 180 million in Sina Corporation
Jun-09	Alibaba.com	Hurray Holding Co. Ltd	Alibaba.com acquired 51% stake in Hurray! Holding Co. Ltd. for USD 46.2 million.

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Figure 3. China Internet, Listed companies

Name	Reuters Code	Activities
Baidu.com Inc	BIDU.O	Search Engines & Portals
Kongzhong Corp	KONG.O	Websites & Mobile Value Added Services
Sina Corp	SINA.O	Online Media Activities & Mobile Value Added Services
Sohu.com Inc	SOHU.O	Online Gaming; Advertising Services; Wireless VAS; Search Engines and Portals
Tencent Holdings Ltd	0700.HK	Online gaming; Wireless Internet Value Added Services; Instant Messaging; Internet Value Added Services; e-Commerce; Online Advertising
Ctrip.com International	CTRP.O	Online Travel Services
eLong Inc	LONG.O	Online Travel Services
TOM Group Ltd	2383.HK	Online Media; Publishing; Outdoor Advertising; Television & Entertainment
Alibaba.com Ltd	1688.HK	E-commerce
51 Job.com Inc	JOBS.O	Online & Print Recruitment Services
Next Media Ltd.	0282.HK	Newspaper & Magazine Publishing; Online Media
Mecox Lane Ltd	MCOX.O	Online Apparel & Accessories Retailing
Soufun Holdings	SFUN.N	Online Real Estate & Home Furnishing Portals services
Youku.com Inc	YOKU.N	Online Video Services
E Commerce China Dangdang Inc	DANG.N	B2C e-commerce services
BitAuto Holdings Ltd	BITA.N	Internet content and marketing services for automobiles
Qihoo 360 Technology Co Ltd	QIHU.N	Online security products and services
Renren Inc	RENN.N	Online Social Networking
NetQin Mobile Inc	NQ.N	Online and mobile security solutions
Global Market Group	GMC.N	B2B e-commerce services
Shanda Interactive Entertainment Ltd	SNDA.OQ	Online Gaming
Focus Media Holding Ltd	FMCN.O	Out-of-Home Advertising; Mobile Handset Advertising; Internet Advertising
Hurray Holdings Company Ltd	HRAY.O	Wireless Value Added Services; Customized Online & Mobile Solutions
China Telecom Corporation Ltd	CHA.N	Internet Service Provider

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Sector Size

Online adspend reached RMB 32 billion in 2010 and is expected to grow 46% in 2011; it now accounts for 14% of total adspend.

Figure 4. China Internet, Adspend (2005-12f)⁴

CNY Millions	2005	2006	2007	2008	2009	2010	2011f	2012f
Adspend	4,070	6,050	10,610	17,000	20,740	32,120	46,880	67,610
% change	73.9%	48.6%	75.4%	60.2%	22.0%	54.9%	46.0%	44.2%
Share of total adspend (%)	3.0%	3.5%	5.4%	7.1%	7.9%	10.6%	13.7%	16.9%

Figure 5. China Internet, Adspend by type (2005-12f)⁵

RMB Millions	2005	2006	2007	2008	2009	2010	2011f	2012f
Display	2,031	2,971	4,881	8,041	9,022	14,390	19,736	26,436
Search	936	1,385	2,907	5,032	6,969	10,664	16,689	25,827
Other	1,103	1,694	2,822	3,927	4,749	7,066	10,454	15,347
TOTAL	4,070	6,050	10,610	17,000	20,740	32,120	46,880	67,610
<u>% change</u>								
Display	NA	46.3%	64.3%	64.8%	12.2%	59.5%	37.2%	33.9%
Search	NA	48.0%	109.8%	73.1%	38.5%	53.0%	56.5%	54.8%
Other	NA	53.6%	66.6%	39.1%	20.9%	48.8%	47.9%	46.8%
TOTAL	73.9%	48.6%	75.4%	60.2%	22.0%	54.9%	46.0%	44.2%
<u>% share</u>								
Display	49.9%	49.1%	46.0%	47.3%	43.5%	44.8%	42.1%	39.1%
Search	23.0%	22.9%	27.4%	29.6%	33.6%	33.2%	35.6%	38.2%
Other	27.1%	28.0%	26.6%	23.1%	22.9%	22.0%	22.3%	22.7%

⁴GroupM Forecast, Summer 2011

⁵GroupM Forecast, Summer 2011

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Online Adspend Analysis

The major online display advertisers include Jiayuan.com, Vancl, Lining, Nike and 51job.com among others. The Fashion industry was the top advertiser with almost 18% market share (Q1 2010).

There were about 3,700 online media advertisers in China in Q1 2010. The major brands which used online media for advertising includes P&G China Co Ltd, L'oreal Group, Unilever China Co Ltd, Yum Brands Inc and Coca Cola Company.

Figure 6. China Internet, Adspend and Advertisers (Q1 2009 – Q1 2010)⁶

Adspend (RMB million)	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010
Total Online Adspend	2,800.0	4,900.0	5,200.0	5,500.0	4,060.0
% change	NA	75.0%	6.1%	5.8%	-26.2%
Number of Advertisers	2,400.0	3,200.0	4,000.0	4,100.0	3,700.0

⁶ Source: CR Nielsen (June, 2010)

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Figure 7. China Internet, Top 10 Industries by Online Ad Value (Q1 2010)⁷

Industry (Q1, 2010 data)	Market Share (%)	Annual Growth of Online Adspend (%)	Annual Growth of Market Share (%)
Fashion	17.7	88.6	3.3
Automotive	15.7	50.9	-0.2
Retail	10.8	552.7	8.3
Computers/ Electrical	10.1	76.1	1.3
FMCG	8.8	90.2	1.8
Finance	8.0	78.4	1.2
Entertainment	7.0	15.0	-2.3
Real Estate	3.5	-36.1	-4.7
Employment	3.2	2.4	-1.6
Media	2.8	44.6	-0.2

Online advertising in China has been registering double digit annual growth since 2007, catching up fast with advertising done on traditional media. While search engines account for the major revenue share in the segment, integrated portals and vertical media have been significantly contributing to the sector. Automobiles and fashion have been the leading advertising industries in 2009.

Figure 8. China Internet, Leading Online Display Advertising Industries (2009)⁸

Industry	Online Display Adspend (%)
Automobiles	16.1
Fashion	14.8
Entertainment	10.6
Computer & Electronic Products	10.3
FMCG	8.4

⁷ Source: CR Nielsen (June, 2010)

⁸ Source: CR Nielsen (March, 2010)

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E-commerce

China had around 160 million online shoppers in 2010⁹, which accounts for about 35% of the total internet users in the country. This showed an annual growth of over 60% in the number of people shopping online in the country. Online shopping or e-commerce is more popular in the tier one cities like Beijing, Shanghai and Guangzhou. The most popular product categories which are purchased online are apparel and home accessories, followed by cosmetics and jewellery. The fastest growing online shopping sites in 2009 were RedBaby, Amazon China and Baidu Youa, with new users added at the rate of 61.9%, 44.9% and 42.3% respectively. Chinese consumers with internet access spend an average of RMB10,000 online annually.

The internet users with higher income spend more money and time in shopping online. The most effective online shopping marketing tactics are word of mouth marketing and search engine marketing, mainly due to the increasing usage of SNS and search engines. CNNIC statistics indicate that 48.7% shoppers are referred to by relatives and friends, 43.3% are influenced by the comments of other shoppers, 27.1% acquire product information through various search engines and 20.6% make on-site searches for products and services online.

Mobile payment services are also influencing the e-commerce positively in China. Of the total transactions through internet, 10.3% were made by mobile payment¹⁰. The B2C e-commerce websites are more popular in the country than C2C sites.

Figure 9. China Internet, Top B2C E-Commerce Sites (2009)¹¹

Website	Penetration (%)
Dangdang	10.4
Amazon China	4.5
360 Buy	3.5
Red Baby	1.6
99 Read	0.6
CnCard	0.5
M 18	0.5
New Egg	0.3

⁹ Source: China Internet Network Information Center (CNNIC) February, 2011

¹⁰ Source: China Internet Network Information Center (CNNIC) December, 2010

¹¹ Source: China Internet Network Information Center (CNNIC) & China Internet Watch (March 2010)

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Figure 10. China Internet, Top C2C E-Commerce Sites (2009)¹²

Website	Penetration (%)
Taobao	81.5
Paipai	10.5
Youa Baidu	2.0
EachNet	1.8

Figure 11. China Internet, Top B2B E-Commerce Sites (2009)¹³

Sites
Alibaba
hc360
Made-in-China
Global Sources
Tootoo
Diytrade
China.com
Yidaba
Unsbiz
Mysteel

Figure 12. China Internet, Online Shopping Spend (H1 2009)¹⁴

Particulars	Spend (RMB billion)
C2C	106.4
B2C	13.2

¹² Source: China Internet Network Information Center (CNNIC) & China Internet Watch (March 2010)

¹³ China Internet Network Information Center (CNNIC; February, 2011)

¹⁴ China Internet Network Information Center (CNNIC; September 2009)

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Figure 13. China Internet, Monthly Online Shopping Frequency (H1 2009)¹⁵

Frequency	Percentage of Shoppers (%)
0-2	32.3
5-10	30.5
10 and above	10.9

Figure 14. China Internet, Penetration of Online Shopping in Major Cities (2009)¹⁶

City	Penetration (%)
Beijing	51.3
Shanghai	52.6
Guangzhou	35.2
Wuhan	38.9
Xiamen	36.7
Hangzhou	34.7
Shenzen	34.1
Xi'an	33.3
Jiujiang	32.3
Tianjin	31.8
Chengdu	29.1
Luoyang	27.1
Zigong	24.1
Dongguan	23.3
Handan	22.1
Harbin	19.9
Cangzhou	19.1

¹⁵ China Internet Network Information Center (CNNIC; September 2009)

¹⁶ Source: China Internet Watch (March, 2010)

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Figure 15. China Internet, Leading Online Shopping Provinces – Based on No. of Transactions (2010)¹⁷

Province	No. of Transactions ('000)
Guangdong	182,250
Zhejiang	126,100
Jiangsu	112,170
Shandong	80,960
Fujian	68,340
Hunan	61,000
Sichuan	59,300
Hubei	58,990
Shanghai	58,300
Heilongjiang	55,550

¹⁷ Source: China Internet Network Information Center (CNNIC; February 2011)

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Internet Usage and Reach

China has an internet penetration level of about 34% with 457 million internet users.¹⁸ The internet population is expected to reach 480 million by the end of 2011, with the penetration level rising to over 36%. The time spent online by the users, on an average is 19.8 hours a week (June 2010)¹⁹. Broadband makes up the majority of internet connections in the country, while accessing internet through mobile phone is also rapidly increasing with 277 million mobile internet users (2010)²⁰.

Figure 16. China Internet, Users (2005 -10)²¹

	2005	2006	2007	2008	2009	2010
No. of Internet Users (millions)	111.00	137.00	210.00	298.00	384.00	457.00
% change	NA	23.42%	53.28%	41.90%	28.86%	19.03%

Figure 17. China Internet, domain names (2008 – H1 2010)²²

Y/E December (million)	2008	2009	H1 2010
Domain Names	16.83	16.82	11.21
CN Domain Names	13.57	13.46	7.25
Websites	2.88	3.23	2.79
CN Websites	2.22	2.50	2.05

Figure 18. China Internet, Leading Websites (March, 2011)²³

Website	Description	Unique Visitors (millions)
Baidu.com	Search Engine	218.56
qq.com	Instant Messaging	179.75
sina.com.cn	News/ Entertainment	113.36
sohu.com	News/ Entertainment	79.15
youku.com	Video Sharing	73.88

¹⁸ Source: China Internet Network Information Center (CNNIC) February 2011

¹⁹ Source: China Internet Watch (December, 2010)

²⁰ Source: China Internet Network Information Center (CNNIC; Jan, 2011)

²¹ Source: MIT & eMarketer (February, 2011)

²² Source: China Internet Network Information Center (CNNIC; July, 2010)

²³ Source: CR Nielsen (March, 2011)

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Figure 19. China Internet, Users – By Age (2008 – H1 10)²⁴

Age Group	2008 (%)	2009 (%)	H1 2010 (%)
Under 10	0.4%	1.1%	0.0%
10-19	35.2%	31.8%	35.8%
20-29	31.5%	28.6%	35.4%
30-39	17.6%	21.5%	19.6%
40-49	9.6%	10.7%	7.9%
50-59	4.2%	4.5%	1.1%
60 and above	1.5%	1.8%	0.2%

Figure 20. China Internet, Users by Point of Access (2008 – H1 10)²⁵

Point of Access	2008 (%)	2009(%)	H1 2010 (%)
Home	78.4	83.2	88.4
Internet Café	42.4	35.1	33.6
Work Place	20.7	30.2	33.2

Figure 21. Internet, Users by Level of Education (2008 – H1 10)²⁶

Education	2008 (%)	2009(%)	H1 2010 (%)
Primary School or Lower	5.4	8.8	9.2
Middle School	28	26.7	27.5
High School	39.4	40.2	40.1
Associate College	13.9	12.2	12
College or Above	13.3	12.1	11.3

²⁴ Source: China Internet Network Information Center (CNNIC; July 2010)

²⁵ Source: China Internet Network Information Center (CNNIC; July 2010)

²⁶ Source: China Internet Network Information Center (CNNIC; July 2010)

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Figure 22. China Internet, Broadband Internet Users (2008 – H1 2010)²⁷

(millions)	2008	2009	H1 2010
No. of Broadband Users	270.0	346.0	363.8
% change	NA	28.1%	NA

Figure 23. China Internet, Mobile Internet Users (2005 - 2010)²⁸

	2005	2006	2007	2008	2009	2010
No. of users	NA	17.0	50.4	117.6	242.6	277.0
%change	NA	NA	196.5%	133.3%	106.3%	NA

Figure 24. China Internet, Rural Internet Users – By Age (May 2010)²⁹

Age Group	Percentage (%)
Less than 20	47
20-29	30
30-39	13
40-49	7
50-59	2
60 and above	1

²⁷ Source: National Bureau of Statistics (August, 2010)

²⁸ Source: TMC News, Internet World Stats & China Internet Network Information Center (CNNIC; January 2011)

²⁹ Source: China Internet Network Information Center (CNNIC) & BCG Analysis (July, 2010)

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Figure 25. China Internet, Users by Province³⁰

Province (2009 data)	Internet Users (million)	Penetration Rate	Growth Rate
Beijing	1103	65.10%	12.60%
Shanghai	1171	62.00%	5.50%
Guangdong	4860	50.90%	6.70%
Tianjin	564	48.00%	16.30%
Chejiang	2452	47.90%	16.30%
Fujian	1629	45.20%	18.10%
Liaoning	1595	37.00%	40.20%
Jiangsu	2765	36.00%	32.70%
Shanxi	1064	31.20%	29.90%
Shandong	2769	29.40%	39.60%

Figure 26. China Internet, Usage of Online Applications (2008 – H1 10)³¹

Activities/ Percentage of Users (%)	2008	2009	H1 2010
Web Music	83.70	83.50	82.50
Web News	78.50	80.10	78.50
Search Engine	68.00	73.30	76.30
Instant Messaging	75.30	70.90	72.40
Web Game	62.80	68.90	70.50
Web Video	67.70	62.60	63.20
E-mail	56.80	56.80	56.50
Blogging	54.30	57.70	55.10
Social Networking	NA	45.80	50.10
Network Literature	NA	42.30	44.80
Web Shopping	24.80	28.10	33.80
Bulletin board/forum	30.70	30.50	31.50
Online Payment	17.60	24.50	30.50
Online Banking	19.30	24.50	29.10
Online Stock Operation	11.40	14.80	15.00
Travel Ordering	5.60	7.90	8.60

³⁰ Source: China Internet Network Information Center (CNNIC; March 2010)

³¹ Source: China Internet Network Information Center (CNNIC; July 2010)

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Major players / Competitive environment

The major players in the online or internet segment are Alibaba Group, Baidu Inc., Shanda Corporation, Sina Corporation, Sohu.com Inc. and Tencent Holdings.

Figure 27. China Internet, Major players

Players	Activities	Key Data	Revenue – 2010 (RMB million)
Alibaba Group	e-Commerce; B2B International Trade; Payment Platforms; Cloud Computing Services	Functions across 240 countries & regions; employs more than 18000 people; Operates Alibaba.com, Taobao.com, Alipay.com, Alibaba Cloud Computing and China Yahoo.	5,132
Baidu Inc	Online Marketing Services, Search Portals & Online Community Services.	Offers 57 search and community services; Provides an index of over 740 million web pages, 80 million images and 10 million multimedia files.	7,915
Shanda Corporation	Online Interactive Media Services	Offers a portfolio of diversified entertainment content including massively multi-player online role-playing games (MMORPGs) and advanced casual online games, as well as online chess and board games, e-sports game platform and a variety of cartoons, literature works and music.	4,433
Sina Corporation	Online Media	Operates four major business lines: SINA.com, SINA Mobile, SINA Online, and SINA.net. SINA has over 94.8 million registered users worldwide.	2,656 ³²
Sohu.com Inc	Online Media	Provides online infotainment services which include interactive search engine, games information portal, real estate website, online mapping services and online gaming among various others.	4,040 ³³
Tencent	Internet Service Portal	Operates various leading Internet platforms in China like QQ (QQ Instant Messenger), QQ.com, QQ Games, Qzone, 3g.QQ.com, SoSo, PaiPai and Tenpay. The active QQ users amounted to 650 million (January 2011)	19,571

³² Converted at 1 USD = RMB 6.59 (Rate as on 31st December, 2010)

³³ Converted at 1 USD = RMB 6.59 (Rate as on 31st December, 2010)

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Figure 28. China Internet, Major Players - Revenues (2006 -10)³⁴

Y/E December (million)	2006	2007	2008	2009	2010
Alibaba Group (RMB)	1,364	2,163	3,004	3,875	5,132
Baidu Inc (RMB)	838	1,744	3,198	4,448	7,915
Shanda Corporation (RMB)	1,654	2,467	3,569	5,241	4,433
Sina Corporation (USD)	213	246	370	359	403
Sohu.com Inc (USD)	134	189	429	515	613
Tencent (RMB)	2,800	3,821	7,155	12,440	19,571

Alibaba Group

Alibaba Group is an e-commerce company established in 1999, which connects customers and business to buy or sell online, anywhere in the world. Alibaba is a family of Internet-based businesses that includes B2B international trade, online retail and payment platforms and data-centric cloud computing services. Alibaba Group serves Internet users in more than 240 countries and regions, and employs close to 18,000 people in more than 60 cities.

Baidu Inc

Baidu Inc. was incorporated on January 18, 2000. It is basically a Chinese search engine for websites, audio files and images. It offers 57 search and community services including Baidu Baike, an online collaboratively-built encyclopedia, and a searchable keyword-based discussion forum. Baidu offers multi-media content including MP3 music and movies, and is the first in China to offer WAP and PDA-based mobile search. The company provides an index of over 740 million web pages, 80 million images, and 10 million multimedia files.

Shanda Corporation

Shanda Interactive Entertainment Ltd is a leading interactive entertainment media company. Shanda offers a portfolio of diversified entertainment content including some of the most popular massively multi-player online role-playing games (MMORPGs) and advanced casual online games in China. Other major offerings of the company include online chess and board games, e-sports game platform and a variety of cartoons, literature works and music.

Sina Corporation

Sina is an online media company which also provides Mobile Value Added Services (MVAS). The company provides services through five major business lines including SINA.com (online news and content), SINA Mobile (MVAS), SINA Community (Web 2.0-based services and games), SINA.net (search and enterprise services) and SINA E-Commerce (online shopping). The major service offerings of the company include region-focused online

³⁴Source: Morgan Stanley & Company Data (February, 2011)

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portals, MVAS, search and directory, interest-based and community-building channels, free and premium email, blog services, audio and video streaming, game community services, classified listings, fee-based services, e-commerce and enterprise e-solutions.

Sohu.com Inc

Sohu.com Inc. (Sohu) is an Internet company in China, providing news, information, and entertainment and communication services. The major business of the company consists of advertising, online game and wireless business.

Tencent Holdings

Tencent is mainly an internet service portal established in 1998. The diverse services of Tencent include social networks, Web portals, e-commerce, games and an instant messenger. The leading Internet platforms of Tencent in China are QQ (QQ Instant Messenger), QQ.com, QQ Games, Qzone, 3g.QQ.com, SoSo, PaiPai and Tenpay.

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Regulatory Environment

Ministry of Industry and Information Technology (MIIT) was established in March 2008. It is the state agency of the People's Republic of China, which is responsible for regulation and development of the postal service, Internet, wireless, broadcasting, communications, production of electronic and information goods, software industry and the promotion of the national knowledge economy. The MIIT also supervises the State Post Bureau as authorized by the State Council.

Search Engines

The Search Engine users in 2010 were over 350 million, an annual growth rate of about 45%³⁵. A report by CNNIC shows that the main use of search engines in the country is made for entertainment purposes. While the search engine users in the urban areas of China were around 180 million, the rural areas had 55 million users in 2010.³⁶ More than 87 million students have been using the internet for education and entertainment purposes, mainly music. Baidu is the leading search engine in the country, followed by Google China.

Search Engine advertising accounted for 30% of the total online advertising in Q1 2010³⁷. The total spend on Baidu and Google increased to 97.3%; with increase of 4% recorded by Baidu while fall of 3% for Google. The total spend on search engine advertising was RMB 8.09 billion or 56.15% of the total online advertising in 2009, while the total revenue of the segment was about RMB 13.2 billion in 2010, growth of 63%.

Figure 29. China Internet, Search Engine Market Size (Q1 10 – Q1 11)³⁸

(RMB Billion)	Q12010	Q22010	Q32010	Q42010	Q12011
Search Engine Revenue	1.91	2.69	3.10	3.34	3.21
Growth Rate (%)	NA	40.84%	15.24%	7.74%	-3.89%

Figure 30. China Internet, Search Engine Market Share – Based on Search Queries (Q4 2009 – Q4 2010)³⁹

Search Engine	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Baidu	77.10%	75.30%	80.20%	81.90%	83.60%
Google	17.50%	18.40%	14.10%	13.30%	11.10%
SoSo (Tencent)	3.60%	3.50%	3.10%	2.80%	3.10%
Sogou	1.00%	2.00%	1.70%	1.30%	1.20%

³⁵ Source: China Internet Watch (February, 2011)

³⁶ Source: China Internet Network Information Center (CNNIC; March, 2011)

³⁷ Source: iResearch Inc (May, 2010)

³⁸ Source: iResearch Inc & China Internet Watch (April, 2011)

³⁹ Source: China Internet Network Information Center (CNNIC; March 2011)

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Figure 31. China Internet, Search Engine Market Share – Based on Revenues (Q3 2010)⁴⁰

Search Engine	Market Share (%)
Baidu	72.90%
Google	24.60%
Sogou	1.20%
SoSo (Tencent)	1.00%

Figure 32. China Internet, Search Engine Adspend (Q1 2010)⁴¹

Search Engine	Adspend (RMB Million)
Baidu	1,293
Taobao	590
Google China	563
Sina	380
Sohu	290
Tencent	210

⁴⁰ Source: China Internet Network Information Center (CNNIC; December 2010)

⁴¹ Source: China Internet Network Information Center (CNNIC; July 2010)

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Social Media

The people using online social media by 2010 were over 200 million in China⁴². Majority of users of the Social Networking Sites (SNS) are youth. The penetration of these sites is increasing mainly through referrals made by friends, classmates or colleagues; 80% of the SNS users are those who initiate their usage through referrals. 34.3% SNS users visit the sites daily and spend on an average one hour on the site. The most popular activities on SNS are sending messages and uploading photographs. SNS advertising is also growing with 39.9% of the users willing to view interesting ads on these sites. Value Added Services on SNS is gradually increasing with 19.8% of women users willing to trade virtual goods, and men showing interest in B2C e-commerce and real goods trading.

Figure 33. China Internet, Leading Social Networking Sites (March, 2011)⁴³

Social Network	Description	Active Users (Millions)	Registered Users (Millions)	Alexa (China Rank)
Qzone (Tencent)	Social networking site for teens	190	481	12
Renren	Real name networking site for white collars & students	95	170	16
Pengyou	Real name networking site for white collars & students	80	131	36
Sina Weibo	Microblogging site for white collars	70	90	NA
Kaizin001	Real name networking site for white collars	40	95	19
51.com	Real name networking site for tier 2 and lower cities	40	178	51
Douban	Real name Social networking for urban youth	20	40	22
Taomee	Social networking site for children	20	180	NA
Tencent Weibo	Microblogging site for tier 2 and 3 cities	20	100	NA
Jiayuan	Dating site for white-collars	11	30	43
Tao Jianghu (Taobao)	E-commerce site	10	1200 (all Taobao)	NA
Bai Shehui (Sohu)	Real name Social networking for white-collars	5	30	NA
Zhenai	Dating site for white-collars	3	26	370
Baihe	Dating site for white-collars	2	23	412
iPartment	Dating site targeted at urban youth	1	20	514

42 Source: Nielsen (January, 2011)

43 Source: TechRice & iResearch UserTracker (March, 2011)

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Mobile Internet

The use of mobile internet in China has been showing triple digit growth rate since 2007. The growth in the number of mobile internet users in 2010 was 14.4% with 277.4 million users⁴⁴. The number of mobile users added in H1 2010 was about 4.3 million.⁴⁵

The use of mobile devices for surfing the internet is more popular with the male population, who account for 82.2% users (2009). Of the total number of users, 75.1% are aged between 18 to 30; 61.3% mobile internet users are students studying in high schools or below. Mobile internet generally is more popular among the educated population of the country.

Instant messaging is the most commonly used feature (61%). While Mobile VAS constitute about 55% of the total mobile internet segment, the other services like M-commerce, mobile gaming, mobile ads and mobile search have share of 22%, 14%, 8% and 1% respectively.

Figure 34. China Internet, Mobile Internet Market Composition (Q1 2011)⁴⁶

Particulars	Share (%)
Mobile VAS	55
M-commerce	22
Mobile Game	14
Mobile Ads	8
Mobile Search	1

Figure 35. China Internet, Mobile Internet Users (2006 -10)⁴⁷

	2006	2007	2008	2009	2010
No. of users (Millions)	17.0	50.4	117.6	242.6	277.4
%change	NA	196.5%	133.3%	106.3%	14.35%

44 Source: China Internet Network Information Center (CNNIC; March 2010)

45 Source: China Internet Watch (September, 2010)

46 Source: China Internet Network Information Center (CNNIC) & China Internet Watch (April, 2011)

47 Source: TMC News, Internet World Stats & China Internet Network Information Center (CNNIC; March, 2010)

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Figure 36. China Internet, Mobile Internet Applications (H1 2010)⁴⁸

Application	Utilization (%)
Mobile Instant Messaging	61.5
Mobile Search	48.4
Mobile Web Music	45.3
Mobile Web Literature	43.3
Mobile Social Exchange Website	35.5
Mobile Web Game	21.1
Mobile Web Video	20.4
Mobile e-Mail	16
Mobile Online Payment	6.1

Figure 37. China Mobile Internet Users – Net Additions (H1 08 – H1 10)⁴⁹

Period	Net Additions ('000)
H1 08	2,265
H2 08	4,455
H1 09	3,788
H2 09	7,796
H1 10	4,334

48 Source: China Internet Network Information Center (CNNIC; July 2010)

49 Source: China Internet Network Information Center (CNNIC; July 2010)

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Figure 38. China Internet, Mobile Internet Users – By Age (2009)⁵⁰

Age	Percentage (%)
Under 10	0.5
10-19	37.9
20-29	35.3
30-39	17.1
40-49	6.7
50-59	1.8
60 and above	0.7

Figure 39. China Internet, Mobile Internet Users – By Education (2009)⁵¹

Qualification	Percentage (%)
Upto Primary School	8.1
High School	26.9
Vocational School	42.4
Technical School	11.4
College	10.3
Others	0.9

Figure 40. China Internet, Mobile Internet Users – By Occupation (2009)⁵²

Occupation	2008	2009
Students	23.63%	19.50%
White Collar Workers	35.13%	38.90%
Blue Collar Workers	13.90%	16.52%

50 Source: China Internet Network Information Center (CNNIC; March 2010)

51 Source: China Internet Network Information Center (CNNIC; March 2010)

52 Source: China Internet Network Information Center (CNNIC; March 2010)

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Figure 41. China Internet, Mobile Internet Users – By Region (2009)⁵³

Region	Percentage (%)
Guangdong	24.8
Henan	8.4
Shandong	7.5
Hebei	6.1
Jiangsu	6.1
Sichuan	5.4
Fujian	5.2
Zhejiang	4.3
Beijing	4.2
Shanghai	3.0

Figure 42. China Internet, Leading Websites on Mobile (2009)⁵⁴

Sites
Kong.net
Baidu.com
Google.cn
renren.com (earlier xiaonei.com)
sina.com.cn
qq.com
hao123.com
sohu.com
operachina.com
taobao.com

⁵³ Source: China Internet Network Information Center (CNNIC; March 2010)

⁵⁴ Source: Opera Mobile Report (April, 2010)

Online Recruitment

The online recruitments market is quite popular in China with more than 34.1 million people seeking job vacancies online (2008). The market size of online recruitment has been growing at an average rate of 28% since 2005. China's online recruitment market is currently highly concentrated, with the top three recruitment websites, 51job.com, ChinaHR.com, zhaopin.com, accounting for more than 70% of the market. Foreign investments are growing in the segment; with activities like Monster.com forming an alliance with ChinaHR.com; Recruit.com from Japan buying stakes from 51job; Seek.com from Australia acquiring 25% of zhaopin.com, and Keyland.com from Ireland investing in some local online recruitment websites. Also 104china.com, a leading online recruitment website in Taiwan has set up a branch in Shanghai. The recent activities in the sector show that the competition is getting intense and the sector is growing both geographically and in terms of the services being offered.

Figure 43. China Internet, Online Recruitment Market Size (2005 - 10)⁵⁵

RMB (million)	2005	2006	2007	2008	2009	2010
Market Size	560.0	760.0	970.0	1,250.0	1,610.0	2,060.0
% Change	NA	35.7%	27.6%	28.9%	28.8%	28.0%

Figure 44. China Internet, Major Online Recruitment Sites

Website	Description
Ganji.com	A free classified websites since 2005 which has partnered with Google.
ChinaHR.com	Was set up in 1997; Monster invested USD 50 million in it in April 2005.
ZhaoPin.com	Founded in 1997 by a head hunting company called Alliance.
51Job.com	Formed in 1999; leading human resource solutions provider across industries.

⁵⁵ Source: Market Avenue (January, 2011)

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Figure 45. China Internet, Leading Job Sites ⁵⁶

Websites	Description
51Job.com	<p>51 Job is a leading provider of recruitment media and services in China.</p> <p>Established in 1998, the company operates a jobsite (51Job.com) and publishes a weekly recruitment classifieds newspaper (51Job Weekly)</p> <p>The jobsite has 37.1 million registered users (Aug 2009)</p> <p>The print publication is published in 23 Chinese cities and is distributed for free</p> <p>The company also offers a range of HR and recruitment services to employers.</p> <p>Listed on NASDAQ in September 2004</p>
ChinaHR.com	<p>Established in 1997, the site is now owned by Monster.</p> <p>Approximately 24 million registered job seekers and approximately 19 million resumes uploaded on the website (Aug 2009)</p> <p>Approximately 3,100,000 valid jobs offered daily.</p> <p>First provider of campus recruitment solution for companies.</p> <p>First professional recruitment website.</p>
Zhaopin.com	<p>Established in 1997</p> <p>Leading nationwide provider of human resource services in China.</p> <p>Services include jobsite, headhunting, HR outsourcing, corporate training and staff assessment.</p> <p>Zhaopin Ltd operates from 30 cities in China.</p> <p>It provides online human resource services in Chinese and English.</p>

⁵⁶ Source: Company Websites

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Online Travel & Tourism

The online travel and tourism market is expanding in China. Revenue from online activities like flight, hotel and package tour bookings was about USD 2.1 billion in Q1 2011. The travel industry of China generated revenue of RMB 1.3 trillion in 2009 and online segment is estimated to account for 8-10% of this revenue.

Figure 46. China Internet, Online Travel Booking Revenue (Q1 2010 – Q1 2011)⁵⁷

USD (billion)	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
Online Travel Booking Revenue	1.14	1.35	1.75	1.92	2.01

Figure 47. China Internet, Online Travel Booking Revenue (2008 - 09)⁵⁸

USD (million)	2008	2009
Online Travel Booking Revenue	431	548

Figure 48. China Internet, Leading Travel Booking Websites – By Revenue (Q1 2011)⁵⁹

Website	Revenue Share (%)
Ctrip	47
eLong.com	8
118114.cn	8
Huitongke.com	7
Mangocity.com	7
12580.10086.cn	3
17u.com	2
Others	18

57 Source: China Internet Network Information Center (CNNIC; April 2011)

58 Source: China Internet Network Information Center (CNNIC; March 2010)

59 Source: China Internet Network Information Center (CNNIC; April 2011)

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Online Entertainment

China has been recording significant growth in the online entertainment market. The major online entertainment activities are gaming, music and movies. The major players in the gaming segment are Shanda Interactive Entertainment, NetEase and The9. The growth of the online entertainment industry is enhanced owing to the fact that the Chinese spend around 70% of their leisure time online.

Figure 49. China Internet, Online Video Market Size (Q1 – Q4 2010)⁶⁰

RMB Million	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Online Video Market Size	590	890	1,300	1,770
Quarterly Growth (%)	NA	50.8%	46.1%	36.2%

Figure 50. China Internet, Online Entertainment in China (September, 2010)⁶¹

Age Group (% Usage)	18-34	35-54
Leading Online Activities		
IM/ Chat	56.3	52.3
Music/ Video Downloads	45.8	40.1
Celebrity Gossip	40.7	38.4
Leading Sites for Entertainment		
QQ.com	28.7	29.6
Sina.com.cn	13.5	21.2
Xunlei.com	12.3	NA
163.com	NA	14.8

Figure 51. China Internet, Leading Video Sites⁶²

Website (2009 data)	Unique Visitors (millions)
Youko	12.6
PPStream	11.5
Ku6.com/ UUSee	10.7
PPLive	10.4
Tudou	9.7
QQLine (Tencent)	9.1
56.com	NA
6.cn	NA
pomoho.com	NA

⁶⁰Source: CR Nielsen (March, 2011)

⁶¹Source: Prosper China (September, 2010)

⁶²Source: CR Nielsen (March, 2010)

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