



Welcome to the Reform International Search Review

While information on the search engine marketing industry in the US and UK is readily available, insight into other search markets around the world can sometimes be harder to find – and often contradictory. As a result, Reform's international team of search marketing consultants are pleased to present to you the first of several research papers on other key and emerging search markets around the world.

With many western marketers increasingly adopting a global perspective – and with Internet usage (along with mobile and broadband internet access) rapidly developing in several countries - having the right sort of knowledge and information is key when entering these new search markets. At the same time, many marketers within these 'unchartered' countries are only starting to see what the benefits of search engine marketing are – with SEO and PPC both at earlier stages of development in some cases. With returns on investment key to many global companies, search marketing is starting to take centre stage.

Reform has experience with brands in many international search markets around the world. Many businesses face various obstacles when moving their brands into an international marketplace. Reform helps their clients to navigate new international and local search markets through market research, analysis and localized strategic search planning.

In our International Search Reviews, Reform adopts both a business and a consumer perspective to each local search market, so that our findings will help brands to understand local search behaviour, and to develop the most effective strategies for converting this behaviour into meaningful engagement and customer conversion through search.

With the major Western search engine players like Google and Yahoo! focusing their international strategic efforts on targeting new users in Asia, we thought that this territory would be an appropriate starting point for our international search marketing research globetrotting. Customised interfaces and applications which attempt to cater to some Asian countries' vastly different Internet users are only the tip of the iceberg as we begin to monitor market development. We must also take into account that user interaction and requirements with search engines can be quite varied from market to market, and we use this local knowledge to gain insight in order to shape our audience planning strategies.

Because of the Asia region's increasing prominence on the global stage and its alluring economic potential for global brands and businesses, Reform's forthcoming series of International Search Review papers will begin its global journey by focussing on the Asia markets. Each issue will include specific insights on China, India, Japan, South Korea & Russia. These issues will also cover general Search statistics for Indonesia, Philippines, Malaysia - and insights where possible on emerging search markets, Thailand and Vietnam, amongst others.

We hope that these Reform International Search Reviews help to guide your future search marketing activities on a global *and* on a local basis. Please feel free to send us your comments and feedback on the contents of this issue, and let us know if you would like to discuss any subjects raised in more detail, by contacting Niall Madden or Heidi Kinsey at +44 203 178 3086.

Happy search engine globetrotting!



Issue 1: China

Executive Summary

With over 1 Billion internet users worldwide (ComScore 2009), the online marketplace has clearly gone global.

Furthermore, mass Internet adoption and penetration no longer permeates just the Western markets of North America and Europe: 41% of Internet users are based in the Asian market. And this is via a lower internet penetration than seen in Europe or in North America, so the Asia market potential is only starting to be tapped.

In Asia, countries such as China and India are expanding rapidly, while markets like Japan and South Korea are already established as “online savvy”. The Chinese market has in fact expanded so fast in internet usage that there are more unique visitors from China than any other country in the world. The U.S. is second, while Japan is third. India, Russia and South Korea also appear in the top 10.

While many “western” search engines such as Google and Yahoo have taken recent initiatives from observing markets in the Far East, we also noticed that Search Marketing in China itself was becoming more “westernised” and developing into a significant business opportunity for Chinese companies. SEO is relatively new in China, as local market leaders Baidu have historically and predominantly served their results via Paid Placements and PPC.

Still, over the coming years, the eyes from the western world will look closer at this market, as it not only has the most internet users in the world of any country, but also the most mobile search users. The market has moved quickly to place itself amongst the forefront of online innovators, becoming one of the leading markets in social networking, evolving this medium into what is now a very profitable industry in China.

Stop press!

On 12th January 2010 Google announced that they are potentially leaving the Chinese market. This significant market development followed the publication date of this white paper. Thus far Google are yet to confirm whether they will close their operations in China. So as far as the market is aware, advertisers may still purchase display ads via Google AdWords in China, and users in China will still be able to access Google.com (and Google.cn may still be active regardless – again, Google have yet to confirm whether they will be closing Google.cn).

Google’s news will, however, affect search market share to some extent, because businesses will not have any local contacts in Google. However user share in China may potentially increase due to the political backlash. We will endeavour to update this report based on what actual changes take place in the Chinese search market; however so far, we believe that it is too early to tell whether Google will really exit this market completely.

Methodology

Reform’s International Search Review is a series of papers based on findings on various search markets around the world. Each market paper summarises manual and web-based research (various sources cited), as well as Reform’s own practical experience across various local and global search marketing campaigns.

Our research not only looks at how search engine usage has evolved in various markets – but also how search engine marketing efforts and options have fared in these countries.



China in 2009

Internet usage – 360,000,000 Internet users as of Sept, 09 – 26.9% Penetration (CNNIC and Internet World Stats)

Broadband penetration – approximately 20-25% (estimated)

Search Market Share

Baidu 64% / Google 21% / Others 15% (China Daily)

Baidu 62% / Google 29% / Bing 1% (Analysys International)

Baidu 76% / Google 20% / Yahoo & Bing 1% (Comscore – July 2009)



Beyond these players, the ecommerce site TaoBao has also just launched a search engine in 2009. It is owned by Alibaba, in which Yahoo has a 40% share.

Figures for search market share in China are very contradictory. Several news articles reported that Baidu has taken back more market share in 2009, while others reported that Google took a portion of Baidu's lead, and poised to take more.

One figure that might support Google's argument is from Business Week in June 2009, which cited that Google may have only 21% of the searches, but it also has 33% of the revenue

(http://www.businessweek.com/globalbiz/content/jun2009/gb2009068_694655.htm). It may also be a reason why Baidu spent much of 2009 revitalising its PPC platform and making it more like Google's.

And then there is Baidu itself, who released their own figures in 2009, saying: "Baidu has 76 percent of the Chinese search market, which consists of 338 million Internet users: larger than the entire population of the United States." (Source, Baidu CEO / Robin Li - <http://www.zdnetasia.com/news/internet/0,39044908,62058073,00.htm>)

Search Engine Usage in China

Baidu: in July 2009 Comscore reported that Baidu was the second largest search engine in the world. Baidu is, and has been for many years, the market leader in China, but its days as Number One may be numbered. The controversy surrounding Baidu builds, and over the past years major sites such as Alibaba.com (who own popular auction site Taobao.com) have withdrawn paid search advertising (even the ones integrated in natural results) - http://www.media.asia/newsarticle/2008_10/Alibaba-pulls-ads-from-low-quality-Baidu/33142

Surveys show that the more educated crowd in China prefers Google, and as the Internet users in this market mature, so may the quality of their search results. As a result, Baidu has almost panicked with its knee-jerk changeover in PPC platforms to a more westernised style of ad bidding. It's also tried to shed some light on the natural search results, which until early 2009 had a very 'members only' feel to it. But was it the level of restriction that helped Baidu in the first place? Only time will tell.

A lot of Baidu's early popularity, though, was not due to relevance, but entertainment. And Baidu still is the place where free MP3's and video files lurk in the results (they claim they hold no responsibility for copyrights, as it's not on their own site – as is the case with Google), which users of course like to have.

Baidu also got a head start via Hi Baidu (also known as Baidu Space), also one of the top Social Networks in China (combined with the main Baidu Social Network – 137 million users estimated).

Google: After making significant changes to its staff in 2009, Google might finally be on the right track in China. They are making a better share of revenue than audience, and have closed the gap in the huge mobile market.



Also, many more local sources are starting to speak out about Google's flaws (feedback upon which Google is improving the local results). One common theme is that Google looks at Chinese Traditional language, while Baidu is more focused on modern Chinese languages. These use a different set of characters – and are what most mainland Chinese people are accustomed to.

Google is also known to several users in China as the “slower connection” and with over three quarters of Chinese Internet users not on broadband, the slower connection may be the reason why people stick to Baidu (who seem to always have a fast connection). Again, put this in the “conspiracy theory” pile in China, but many people (including the Government based non profit organisation CNNIC - <http://www.cnnic.net.cn>) do claim that Google China's servers are often delayed or down. Whether that's because of a DOS type attack on the servers carried out by inside sources – we'll never know.

However, CNNIC also revealed that white-collar urban professionals in the major China cities, and citizens with overseas study background, tend to use and love using Google China. Usually, their spending power is much higher, and Google China has an advantage in this audience demographic. Google is also more relevant to the type of language used in Hong Kong and Taiwan.

Overall, Google has the smaller market, but it caters to the big spenders – hence the better profit margin. One other thing to note is that Google.cn results for users on networks outside of Chinese IP's are completely different. For instance, if we searched from the UK on Google.cn, Twitter.com might be in the results. But in China, it is long gone. And when its there, try clicking on it, and you'll get nowhere.

Other Engines: In China, the market is pretty much all Baidu and Google when it comes to search. Neither Yahoo nor Bing have been cited as holding more than a 1% share in the search engine market – and even China Daily's statistic of 15% of users in “Others”, lacks any details on whether some of these so-called others are using Yahoo or Bing. At this point in time though, it's a two horse race – and this looks to be this case for all of 2010, as neither poses much of a threat to the leading engines in the mind of any critics.

SEO & PPC in China

Baidu is currently undergoing extensive strategic changes which will significantly shape the SEO and PPC markets in China. Until April 2009, businesses had to buy their way into the natural listings in China – and SEO was invariably a “cost per click” medium, where agencies charged advertisers by the click irrespective of the ranking or overall traffic result. Many Western marketers became frustrated to see their sites never make it into what they thought were the ‘natural’ results (though in fact they were far from).

Over the past year, Baidu has moved from its “Online Marketing Classic Edition” (a.k.a: Baidu Bidding Rank) to “Phoenix Nest.” Baidu Bidding Rank was (and still is) a sort of “paid placement” service where, like traditional advertising, you pay for placement over a set period of time. The results can appear in either the left hand or right side column of a page, based on what plans you purchase.

As for “Phoenix Nest” released on April 20th 2009, this is Baidu's newer ad platform, but the launch has been very gradual (companies in China still use both, and results go back and forth between the two). Phoenix Nest is attractive to more Western advertisers due to its more AdWords-esque interface and western-style PPC bidding strategies. At the same time, however, it has potentially alienated the local Chinese marketers (according to research published by Baidu.com though, Phoenix Next has been welcomed by most advertisers; however this is a quote from Baidu, and no actual advertisers have actually claimed that it is any better for what they do than its predecessor).

From a revenue standpoint though, Phoenix Nest looks to be successful, as the third quarter revenues of Baidu.com have reached 1.28 billion RMB, a 39.1% increase compared with the same period last year.

So how do marketers differentiate between the two? Well on the left hand side of the results, people should at least be familiar with “推广” on the main search results, which indicates a paid search result - while 百度快照 means “natural.”



Here are the key differences between the two:

Classic Version -

The screenshot shows the Baidu search results for 'LG 手机'. The search bar contains 'LG 手机' and the search button says '百度一下'. The search results are as follows:

- Top results (Natural search results):**
 - LG GD900e晶灵手机
 - 【LG手机专区】报价、导购、评测、LG手机大全、ZOL中关村在线
 - 【LG手机】最新报价 图片 超值热卖 百度有啊
 - lg手机官方网站
 - LG Mobile
- Right side results (Mixed with Paid Placements):**
 - iPhone 官方网站
 - 京东-家电数码 疯狂特价
 - 2010款林荫大道 实力登场
 - 老年手机 选日照凯越电子
 - 伊卡璐 愉悦洗发 芬芳音乐

Annotations with arrows pointing to specific results:

- Paid Placements – One used to have to buy on a keyword by keyword basis.** (Points to iPhone 官方网站)
- PPC result (similar to Trusted Feeds in Yahoo)** (Points to 京东-家电数码 疯狂特价)
- Baidu result, not listed as paid or natural, but always on the first page** (Points to 2010款林荫大道 实力登场)
- Natural search results** (Points to the top five results on the left)

Still active in late November 2009 - “Classic Version” was in some ways similar to a mix of “paid placements” and “trusted feed” a la the old “Yahoo Search Submit Pro.” To make matters more confusing, both this and the new “Phoenix Nest” program are live at the same time.

The New Version (Phoenix Nest) –

The screenshot shows the Baidu search results for '手机 手机'. The search bar contains '手机 手机' and the search button says '百度一下'. The search results are as follows:

- Top results (Mixed with Paid Placements):**
 - 网站怎样做才会有效果?
 - 购老年手机 选日照凯越电子
 - 腕表手机专卖 国内货到付款
- Right side results (Mixed with Paid Placements):**
 - iPhone 官方网站
 - 京东低价促销 正品行货
 - 2010款林荫大道 实力登场
 - 韩国SK提供一万手机漫游费
- Bottom results (Natural search results):**
 - 【手机 手机】最新报价 图片 超值热卖 百度有啊
 - 手机之家 最专业的手机社区
 - 手机号码所归属的城市

Annotations with arrows pointing to specific results:

- New PPC results – similar bidding to Google Adwords** (Points to 网站怎样做才会有效果?)
- Mixed with Paid Placements – One used to have to buy on a keyword by keyword basis.** (Points to iPhone 官方网站)
- Baidu result, not listed as paid or natural, but always on the first page** (Points to 2010款林荫大道 实力登场)
- Natural search results** (Points to the bottom three results)



A more Westernised PPC layout, where 推广链接 (stands for “Promotional Link”), currently the engine shows a bit of both of the old and new PPC results, though the new versions are hard to come by.

In both cases though Baidu itself is often displayed multiple times as a top PPC and SEO result. And in fact this is how a lot of SEO in China works. One to this day will be used to the “pay to play” mentality.

But the new/upcoming version of Baidu is a lot more similar to Google these days. The key differences in Baidu’s algorithm include the following:

- Home site advantage. A site in Modern Chinese and hosted in China will have a huge advantage.
 - o This matters more than domain usage
- Link strength isn’t as important (Baidu’s algorithm is a little more tweaked towards page strength rather than site strength)
 - o In fact, Baidu seems to prefer link quantity instead of quality
- Title tags and content at the top of the page are key
- Meta keywords actually count here

Many assume that a lot of the natural results are manually “boosted” as Baidu is known to manually edit listings according to various sources and examples cited on the web. A common critique that some users have is that Baidu’s new and more natural algorithm may be poised for spam, so some in house clean up may be needed after all.

For the time being through, Baidu still has a preference for certain sites, and paid placements all over the results page. The right hand column is often known as “placement” – where as traditional PPC goes in the main results.

For the natural results, Baidu’s algorithm also likes “fresh content” which favours its own sites, such as its forum, questions and answers and other offerings. As for PPC, there’s no turning back, as Baidu released the following statement in November 2009:

"With 70% of customers already using Phoenix Nest, we believe this is the right time to complete the switch to the new system," continued Mr. Li. "The move to a single upgraded bidding platform will more efficiently utilize company resources and relieve customers from the burden of maintaining two systems. We are confident that Phoenix Nest will deliver tremendous benefits to our users, customers and Baidu." (Baidu PR – Nov 2009)



The relationship between Social Networking & Search in China

Social Networking has been on the rise in China. And many say that this is why Baidu has such an advantage in search, as Baidu's Social Network has over 100 million users, way more than the 6 million on MySpace and the 1 million Facebook users. QQ.com has them all beat though, with close to 400,000,000 accounts.

SNS in China				
Name	Webpage		Registered Accounts	Global Alexa ranking
1	QQ		376,000,000	17
2	51		130,000,000	359
3	Baidu		110,000,000	11
4	Xiaonei		40,000,000	168
5	Kaixin		30,000,000	135
6	Baidu Kongjian		27,500,000	11
7	Ipartment		22,000,000	4,489
8	360quan		11,000,000	2,932
9	Wangyou		10,000,000	412
10	Tongxue		10,000,000	3,493
11	Baihe		9,000,000	10,763
12	Zhanzuo		7,000,000	12,872
13	Myspace		6,000,000	9
14	Douban		2,000,000	372
15	Tianji		1,500,000	10,695
16	Wealink		1,500,000	15,285
17	Facebook		1,452,000	5
18	Friendster		1,100,000	47
19	LinkedIn		1,026,000	110
20	Hainei		1,000,000	16,363

© www.web2asia.com

While Social Networking in the western world is more about communicating with friends and family – Social networks in China are used for different reasons. Users in China log on to their account to play games with other users, often chatting with them on the game's interface itself, but not for regular communication (outside the games). China's market often resembles an early Social Network market in the west, as users often resemble some of the earlier email users – the ones who forward that viral joke or clip to all their friends.

Users in China are more public and market friendly too. Again, sort of like the early wave of web users, users are likely to accept almost anyone as a friend – even a brand name. From forum discussions to postings about themselves, China's audience do not value privacy as much as westerners. And they're not looking at staying anonymous, as the case is in nearby Japan, where most users create a fictional character and alias to represent themselves.

User social networking profiles are also very personal at the same time. QQ, the top social network in China – sells clothing and accessories for personal profile customisation. QQ's stores are in fact a good portion of their site's revenue. In fact, instead of relating Chinese social networks to that of Facebook and Linked in – maybe looking at games like Second Life would be a better alternative instead.



The market is also more “gaming” friendly than in the west. Nowhere else in the world has the “one child” per family felt a bigger impact on internet usage. While it happens in the US, UK, and Europe for instance due to economic progress, the government has basically forced this to happen in China. Loads of single children equate to more solitude, and time in, playing video games or chatting on virtual networks. The market in China may be immature, and viral messages and games seem out of date here – but it’s exploded so fast, that it’s become the mainstream market - and it’s a young market, with 66.7 % of internet users younger than 29 years old and 35.2 % of them are teenagers (Source: Techcrunch) —with social networking and entertainment applications being the most popular.

According to the China Internet Network Information Center, 42.4% of users log in “to kill time”, while another 27.4% play cyber games. 52.6% of users are in their twenties, 50.3% are students, 31.1% are white collar workers, and 59.1% have junior college certificates.

Like in Korea and Japan, Social Networks have found a way to become profitable - without relying on advertising. And while it pales in comparison to Baidu or QQ, Google works with local social networking company Tianya – which claims to have over 20 million users registered there.

The ‘Westernisation’ of Search marketing in China

SEO and PPC as we know it today is brand new in China. Many local companies claim that they offered SEO services in China, but outside of Google and prior to 2009 it was hard to achieve.

Google may not have taken over the market in China but it has inadvertently revolutionised what Baidu is doing. Natural search and paid search on Baidu have “gone west” in 2009. This might not be the ideal thing for Baidu to be doing though, as it’s home field advantage may fade out slightly as a result.

Luckily for Baidu, the market here is very restricted. There are not many other markets where if a type of site works, they can pretty much freely copy it. Using the same theory, Baidu seems to be using a very similar PPC set up to Google in its new platform. And just like in many other industries, they try and see what works, and improve on it – using less resource and cost overhead.

Even with a more westernised SEO and PPC approach coming together, search marketing is still vastly different in the Chinese market. Site restrictions are still a major liability. Even when sites seem to be available to users – chances are they are not. Sites like the “great firewall of China” tried to test these out, with some results available <http://www.greatfirewallofchina.org/test/> - though use of the proxy here had to be stopped also. However, <http://www.websitepulse.com/help/testtools.china-test.html> - still work as of today – here’s what happens if a user in Shanghai tries to access Twitter.com.

Tested From:	Shanghai, China
Tested At:	2009-11-28 17:24:39 (GMT -05:00)
URL Tested:	http://www.twitter.com
Resolved As:	203.161.230.171
Status:	couldn't connect to host
Response Time:	0.001 sec
DNS:	0.001 sec
Connect:	0.000 sec
Redirect:	0.000 sec
First Byte:	0.000 sec
Last Byte:	0.000 sec
Size:	0 bytes

Test site above uses China based IP addresses to display what happens when you try to use Twitter in China. Even if the site lists in Google.cn or Baidu.com – your computer will just not be able to connect!





新闻 网页 贴吧 知道 MP3 图片 视频 词典

twitter

百度一下

结果中找

设置 | 高级搜索

把百度设为首页

百度一下，找到相关网页约19,000,000篇，用时0.001秒

[新浪微博 时尚中文版twitter](#)

推广链接

T.Sina.com.cn新浪重磅出击 时尚中文版twitter出炉 随时随地与明星互动,分享明星生活点滴!

[twitter创造你的影响力](#)

www.tongxue.comtwitter精神的中国传承 体验非凡 爱上twitter 爱上同学微博客

[twitter 百度百科](#)

基本概念 Twitter(中文称 推特)是国外的一个网站,它利用无线网络,有线网络,通信技术,进行即时通讯,是微博客的典型应用.它允许用户将自己的最新动态和想法以短信息的形式发送给手机和个性化网站群,而不仅仅是发送给个人。2006年, ...共65次编辑

baike.baidu.com/view/843376.htm 2009-11-28

[twitter-百度词典](#)

twitter【音标】:[ˈtwɪtə]【词典解释】:不及物动词 vi. 1. (鸟等)吱吱叫,唧唧 2. 唧唧喳喳地讲话[(+on/away)] 3. 格格地笑 4. (因激...
dict.baidu.com/s?wd=twitter 2009-11-29

[Twitter-月光博客](#)

Twitter 经常使用Twitter的用户,一定会遇到同步Twitter信息到其他平台的功能,通常都会使用RSS Feed的方法同步。当用户使用Twitter的RSS Feed的时候,会发现这个Feed中...

www.williamlong.info/?tags=Twitter 46K 2009-9-7 - 百度快照

www.williamlong.info 上的更多结果

[Twitter小组](#)

管理员Twitter: 1) <https://twitter.com/kunshou> 2) <https://twitter.com/riku> 3)

来百度推广您的产品

[找twitter, 点此进入!](#)

[最新twitter, 点此进入!](#)

[通用网址直达, twitter](#)

[搜索最新twitter, 点此进入!](#)

[看twitter小说在起点中文网](#)

Baidu results for Twitter may even talk about Twitter, but no sign of the actual site exists in the links.

China 2010 forecast

A big change is coming in search in China. Baidu is taking a big gamble by going Google's way in the set up of PPC and natural search. It may make local companies more familiar with Google and keen on looking elsewhere. OR it may prove beneficial for Baidu. One key intangible Baidu has, is that no matter what it does in China, it will have "home field advantage" with local government on its side.

But Google has a chance. It gets more for its money, has a more profitable margin (33% of the search marketing revenue with only 20% of the traffic), and is much closer in the mobile search battle. Mobile Internet users in the country reached 192 million by the end of September this year, an increase of 62.7 percent year on year.

(Source: Xinhua net - http://news.xinhuanet.com/english/2009-11/26/content_12541782.htm)

And as for SEO, it is back to square one here. Natural search algorithms on Baidu have changed drastically in 2009, and use an algorithm that's a cross between West and East. Unfortunately, it is still prone to manual edits, and so even the most optimised site might struggle if it's not locally based.

As for other "western" search engines, Yahoo has recently launched a version of Yahoo Meme in China, but this had very little fanfare and some critics citing that the language used in Meme is not that of the majority audience. Also MSN tried their hand at a microblogging service called MSN Juku in late 2009, which lasted a mere couple of weeks – until Microsoft admitted that accusations of the platform being a direct rip off of a Canadian service called Plurk were true and thus suspended the service. However, that might be the key differentiator here, Western providers copying code will get frowned upon a lot easier than a Chinese based service.



Key notes & China market summary

- Search marketing is becoming more 'westernised' in China and 2009 was a year of significant developments in the Chinese search market
- SEO until 2009 was about paid placements and cost per click! 'Westernised' SEO practices will start to evolve in 2010
- Market leader Baidu is making significant changes to its PPC product, and much of it appears to replicate Google's AdWords product. This is but one example of how Google goes East while Baidu goes West as we enter the next decade
- China has more mobile search users than any other international market
- Chinese Internet and search engine users are largely young and loyal to their brands of choice
- Statistical market information released in China can be somewhat unreliable and manipulated
- Sites based in China have a HUGE advantage when it comes to competing here. Search isn't the level playing field as it is in other markets
- Social networking is a huge and profitable industry in China

Coming soon: more international search market insight from Reform

We hope you have found this issue of the Reform International Search Review of interest.

If you would like to receive the subsequent international search market paper releases directly by email, or if you have any feedback or questions about what you have read, please let us know at info@reformdigital.com

For more information about Reform please visit www.reformdigital.com or give us a call on +44 (0) 203 178 3086

