

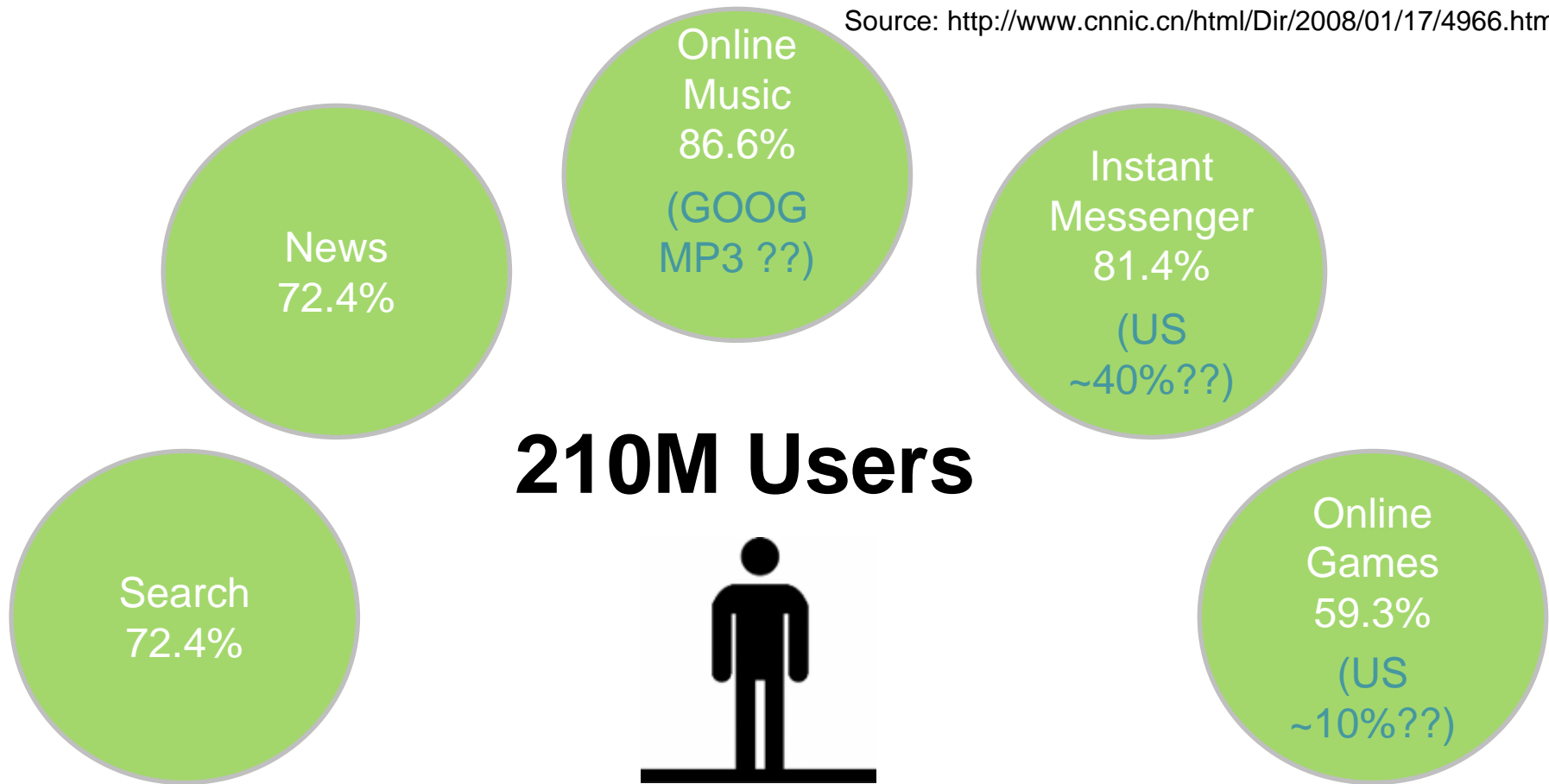


Search Inside China

Fortune Cookies on China



Source: <http://www.flickr.com/photos/news46/2199460575/in/pool-fortunecookie>



China Online Behaviors

Chinese users are relatively more turned on, tuned in versus their western counterparts. Given fewer media choices, much of China's public internet companies value are based on entertainment and communication.

Source: cnnic; alexa; iresearch;

Q-Zone
1 Blog
Site PVs
(iResearch)

1 China
Portal
By PVs
(Alexa)

QQ Instant
Messenger
254M
(Peak 28M
Live)

TenCent \$10B

SOSO
Search
(Wait and
see)



QQ
Games
Casual
(Peak 3.2M
Live)

From IM to Portal to Search?

Built on the strength of its dominant QQ instant messenger community, TenCent has quietly become one of China's leading internet success stories. 2007 witnessed TenCent become a leading player in brand advertising, online entertainment, and e-commerce. Could search be it's next product?



Search Engine
STRATEGIES
CONFERENCE & EXPO

FREE to Play Model

Players – 76M+ '07
(GOOG MP3 ??)

MMOG 1.6B in '07
(US 40%??)

Baidu 2007 # 6 Search
"PopKart Racing"

Shanda



Online Games 59.3%
(US 10%??)

Would You Like to Play?

Unlike downloading MP3s or movies, casual and MMORPG games can attract up to 1M concurrent customers. Think online applications, in this case games, renting for \$0.25/hr and you can see why China's internet café's have become the arcades of new generation.



Mobiles
Autos
Cosmetics
Babies

1.2M Posts
- Laptops
(Jul-Sep '07)

Regular
Blog User
49.4M
(US
40%??)

Baidu BBS
Search
12M Daily

70M+ Creators



Regular
BBS User
74.6M

China's Content Creators

Have a question? Someone is ready and willing to answer you in China. None other than leading Search player Baidu claims the largest and most active BBS community (and packages it for sale to advertisers) via nearly 12M daily searches on it's BBS search product alone.



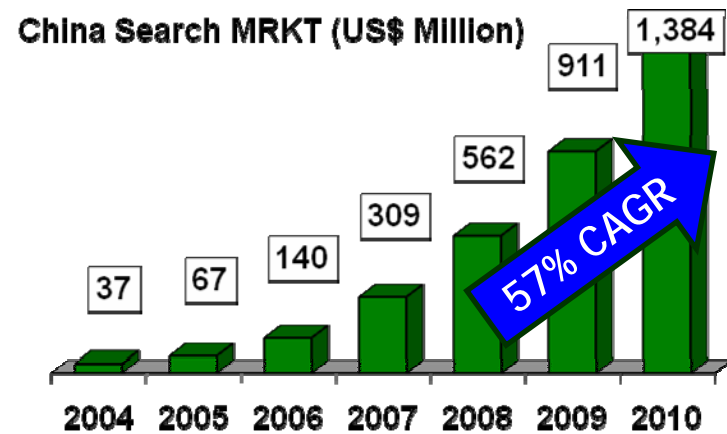
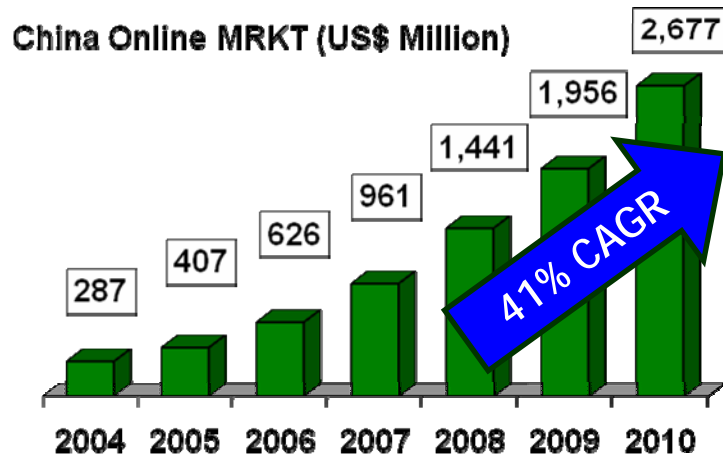
Fortune Cookie's on China



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Market Size

Online Advertising / Search both growing rapidly in China



- '07 – \$961 expected for all online (6.7% total ad spend)
- '07 – \$309M expected for search (32% of online)
- '10 – \$1,380M expected for search (52% of online)

China Search – Key Growth Drivers

56% CAGR from '07 – '11

- Rising internet population in China
- Significant growth in web pages and websites
- Higher search usage (due to growth in pages, websites)
- Larger number of SMEs adopting search due to higher ROI
- Low Penetration (2.5%) among SMEs



Fortune Cookie's on China

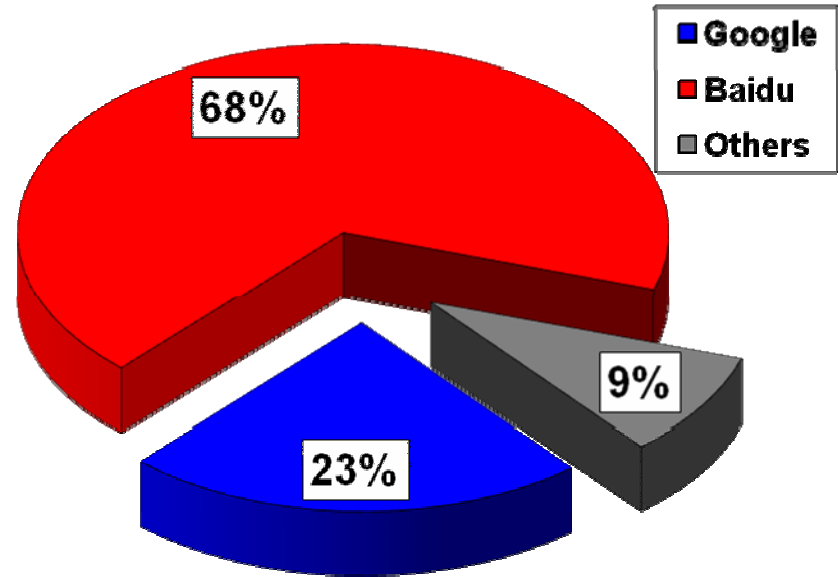


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Baidu Market Share + Growth

Baidu share

- 68% search traffic
- 23% Google



Revenue Growth

- US\$ 234M '07
- US\$ 1B_(e)+ '10

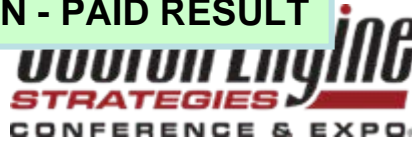
Still Low SME Penetration

- 124,000 Advertisers / 2.5%

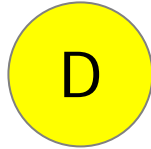
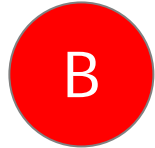
Ads Before Naturally Ranked

PAID RESULT

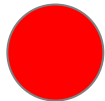
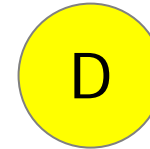
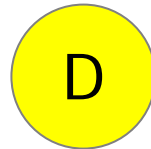
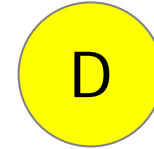
NON - PAID RESULT



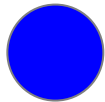
Ad Platform Differences



CPC price
Budget / Daily / Total
of Clicks
Content Network
Campaign Report
Geo-Target
Keyword Insertion



Baidu



Google



Different

Baidu Search Implications

Paid Search

- Higher click-thru rates (*assumed; Baidu provides no CTR%*)*
- Faster CPC price increases (*Jan-May 70% in select industries*)*
- Relatively few optimization variables

Natural Search

- Keyword selection methodology
- Traffic estimation tools in China unreliable



Darwin Marketing

Paid Search Optimization

- Paid Keyword Research
- Paid Search AD Copywriting
- Campaign Management
- Tracking and Optimization

Natural Search Engine Optimization (SEO)

- Natural Keyword Research
- Natural Search Engine Copywriting
- Internal and External Link Building
- Clean, Search Friendly (and User Friendly) Coding
- Tracking and Optimization

Select Search Clients

Publishing / Speaking



*"Baidu + China's
Search Market"*

商业评论

"eCRM for the Market"



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BACARDI
ESTD 1862

