ManageChina

China's Blooming Web

China has just proudly celebrated its twentieth "e-mail" anniversary. The first mail being sent twenty years ago, Internet has become popular for commercial purposes for about a decade. The past ten years has seen the number of Chinese "netizens" in China increase from 620,000 in 1997 to 210 million by December 2007, with a sharp increase of 73 million in the year of 2007, at an annual growth rate of 53.3%! In that same time the number of websites in China soared from 1,500 to 1.31 million. E-commerce was also part of this "web explosion", going from only three Chinese portal websites in 2000 (sina.com, sohu.com and netease.com) reaching US$500 million market value at that date; to 20 abroad listed ones, sharing a total market value exceeding US$50 billion.

We know that China's development is topical on all fronts, and once again, it will soon take over the U.S's lead, probably by the end of next year, becoming the largest Internet-using country in terms of population. Not to mention that, even while standing at the top position of world's Internet-users, only 15% of the Chinese population will be surfing. Enjoying one of the world's fastest web-development, China has understood the great potential which lied under each of those Internet based opportunities. Evolving into an important industry in China, Internet now bares a large influence on people's daily lives, being furthermore, a symbol of China's future long term and sustainable technologic, economic and social growth.

In these booming years, information and entertainment have been the dominant themes of Internet services in China. The development of e-commerce is still far behind online entertainment. Reports show that the most widely used applications are for news browsing, information searching, instant messaging, video watching and online gaming. Accordingly, advertising and online gaming have been the main business models of China's Internet industry for the last ten years, representing almost 80% of the industry revenues in 2007. Knowing that the Internet shows various profitable options when used for corporate matters and that e-commerce is know a mature industry in the western economy, Chinese e-commerce businesses will without a doubt become another major player in China's

Internet industry profit cake. Being in the same time a new stimuli to the overall Chinese economy.

"Online advertising has been one of the major profit models of China's Internet industry. It has maintained rapid, sustainable growth in the past decade, growing from less than US$20 million in 2000 to US$900 million in 2006 and expected to come close to US$1.5 billion this year." (Charles Chao, President and Chief Executive Officer, Sina.com).

In terms of the frequency and time using the Internet, news browsing, information searching and instant messaging, Chinese "netizens" share the same profile as the ones in developed countries. Focusing on the online advertising industry, it only represented less than 5 percent of China's advertising market in 2007. Knowing the attention that is now vowed to the Chinese Web environment by hundreds of millions, there is still an amazing potential for growth.

Second important domain of success in China's Internet story is it's information provider status. Web based medias and traditional medias have long been integrated and are growing hand in hand. Internet has now become one of the most important news and information outlets in China by using mature technologies and premium forms of daily news communication. Take the astonishing example of one simple number: 4 million. This is the number of views of the Communist Party of China's (CPC) homepage on October 22, when, following the 17th National Congress of the CPC, members of the new Standing Committee of the Political Bureau made their first appearance. Moreover, while Internet's grasp on the corporate world is low, and while e-commerce is still at its primary stage, the Alibaba group (China's largest e-commerce company, build from scratch, now a huge success story) made it clear that there were huge business opportunities to concretize in the Internet to business perspectives.

One of the major challenges that lies ahead of the Chinese Internet environment is providing millions of Chinese companies, especially small- and medium-sized enterprises, with Internet services, IT Internet related solutions, and Internet applications. We could also mention the fast Chinese Web development in rural China, which accounts for 22% of the total Internet users and the development of broadband cell phone surfing (consider a market of 500 million mobile users) to give you an idea of the size and the number of projects that are on standby.