

Finding a good story for Google in China will be difficult

By [Andreas Poulos](#)

25 Oct 2010

Finding a good story for Google in China is going to be tough - Screen Digest's figures from earlier this year show Google accounted for 33% share of the Chinese search market, behind Baidu.



My comments follow on the back of Baidu's results. These show it continues to dominate the search engine landscape in China. Baidu also reported its advertiser numbers have increased by almost 26% on 2009 levels, reaching 272 000 - a clear sign of the deep chasm in the paid search arena between it and its nearest rival, Google.

Most users find Baidu better

Since June, Google has curtailed its searchable Web index to comply with China's censorship laws. According to Poulos, as it now provides fewer results, it cannot post as many advertisements as it had previously. Furthermore, research earlier this year from leading media-focused research, publishing and consulting company, Screen Digest, indicates almost two thirds of search users are happy to use Baidu or smaller Chinese search engines.

According to Cyrine Amor, advertising analyst at Screen Digest, Google is losing market share with the problems it encountered lately with the government. Moreover, Google is also about to end its contracts with seven adwords resellers in China. No reason has been provided for this but Amor says this will likely see Google's share slashed by up to 10-12%.

Screen Digest's figures from earlier this year show Google accounted for 33% share of the Chinese search market, behind Baidu.

A healthy lead

In paid search, Baidu has been enjoying a healthy lead. In early 2010, Screen Digest estimated total online advertising revenues in China would reach almost 1.5 billion in 2010, with Baidu accounting for the lion's share (US\$945 million [about R6473.25 billion]), then Google with US\$472 million (about R3233.2 billion).

By having over 60% share of the search market in China, has Baidu reached the tipping point much as Google had in western Europe, where its growth from 60%-90% share was incredibly rapid, with its competitors largely incapable of closing the gap? Perhaps it has, says Poulos. What is certain, according to Poulos, is that Google needs a new game plan

if it is to achieve the momentum required to catch a clear home grown market leader.

China - Search Engine Share of Paid Search Revenues (exchange rate: R6.85/US\$1)			
	2008	2009	2010
Baidu (\$m)	468	651	945
Google (\$m)	207	326	472
Others (\$m)	63	40	59
Total (\$m)	738	1,017	1,475
	yoy change (%)	38%	45%

Note: constant exchange rate (average 2009: US\$1=6.83RMB)

ABOUT THE AUTHOR

Andreas Poulos is chief operating officer at Greenlight. He has been involved in search marketing for 11 years, working for some of the biggest and most prestigious blue chip companies in the world. Andreas is responsible for an international team of Search consultants, developers, programmers, and copywriters. In his role, he provides guidance to a multitude of well-known brands, including Santander, Monarch, Vodafone UK, Thomas Cook, New Look as well as a number of government bodies.

For more, visit: <https://www.bizcommunity.com>