

DIGITAL CHINA AT A GLANCE



- ✦ 70 per cent of micro-bloggers in China use Weibo as their primary source of news, and 60 per cent believe that the news is trustworthy. *Chinese Academy of Social Sciences*
- ✦ About 40 per cent of China's internet users use micro-blogs, compared with just 10 per cent of American internet users. *China Internet Network Information Center (CNNIC), Pew Internet & American Life Project*
- ✦ There were 195m unique micro-blogging users in China at the end of June 2011. *CNNIC*
- ✦ Sina, Tencent and Baidu have nearly 98 per cent share of the Weibo market, with Sina accounting for almost 87 per cent on a "browsing time" basis. *RedTech Advisors, Mirae Asset*
- ✦ Sina Weibo announced in August that registered accounts had surpassed 200m. It continues to add approximately 20m new accounts each month and more than 50m micro-blogs are posted each day. Tencent reported 233m Weibo users at the end of the second quarter, a quarterly increase of nearly 60 per cent. *Sina and Tencent Q2 2011 Financial Reports*
- ✦ About one-third of Weibo users access sites via mobile phones. *CNNIC*
- ✦ China had more than 940m mobile phone users at the end of August 2011. *Source: Ministry of Industry and Information Technology*
- ✦ There were 485m internet users in China at the end of June 2011, up 6.1 per cent from the end of 2010. (*CNNIC*)
- ✦ China's internet penetration is 36 per cent, compared to a world average of 30 per cent and a North American average of 78 per cent. *Internet World Stats*
- ✦ There are at least 12 Weibo services in China.
- ✦ As of July of this year, 4,920 government departments and 3,949 government officials had opened micro-blog accounts. *Shanghai Jiao Tong University*
- ✦ The most followed Sina Weibo user in China is actress Yao Chen, with 11.9m followers, compared to 10m Twitter followers of US President Barack Obama. *www.independent.co.uk*

information and enabling discussion about unrest and ethnic riots in Xinjiang, an autonomous region in the country's far northwest. But Weibo couldn't be stopped. Sina Corporation stepped into the void left by Fanfou and today Sina Weibo is the best known of China's micro-blogging sites, having captured much of the fast-growing urban audience as well as the coveted www.weibo.com domain. Tencent Weibo is its nearest rival, though Sina Weibo has an enormous lead, as measured by browsing time (see box).

As Weibo's popularity has grown, the government has also embraced micro-blogging. "When micro-blogging was just emerging, many government departments and officials disapproved of it and avoided it," says Xie Yungeng, Deputy Director of Shanghai Jiao Tong University's Institute of Arts and Humanities. "But that has changed. More officials have a positive attitude toward it now, hoping more interaction with the public will ease any tension."

There may also be tacit acknowledgement by officials that the Weibo tide cannot be turned. Today, if members of the public observe an event, news of it will travel like wildfire, whatever the official line. This was starkly illustrated in July when a high-speed train accident in Wenzhou, Zhejiang province, killed 40 people. The authorities took hours to acknowledge



Chinese property tycoon Ren Zhiqiang used Weibo to help with an image makeover. Once considered "a public enemy" for making unsympathetic comments about people who cannot afford housing amid China's property boom, he now uses his Sina Weibo account to explain his views and answer his critics, as well as to project a softer side of his character.

the crash, but people across China heard the news and followed developments from people on the stricken trains who were posting Weibo updates in real time with uncensored versions of what was happening.

Reputation risks and rewards

Other incidents have underlined Weibo's power over personal and corporate reputation. When 20-year old Guo Meimei claimed on her Sina Weibo account last summer to be general manager of the "Red Cross Chamber of Commerce" and bragged about her wealth, flaunting photos of herself posing with her Hermès bag and a 2.4m-yuan (\$375,000) Maserati, millions of Chinese "netizens" took this as evidence that money given to the Red Cross Society of China was being siphoned off by corrupt employees. According to the China Charity and Donation Information Center, donations to Chinese charities fell 90 per cent in June compared with the prior month. Incalculable damage was done to the reputation of the Red Cross Society of China, even though it denied any association with Guo Meimei or even that an organization called "Red Cross Chamber of Commerce" existed.

Weibo has demonstrated its ability to both erode reputations and bring about social change on a number of fronts:

Environmental activism In August 2011, more than 12,000 people gathered in the city of Dalian in northeast China to protest the allegedly unsafe operation of a chemical plant that produced paraxylene, a toxic chemical used to make polyester and plastics. The scale of the protest, which was organized via Weibo messages, caught authorities off guard. By the end of the day, Dalian's mayor promised that the factory would be relocated.

Customer activism In March 2011, a Weibo-inspired boycott of ham produced by the Henan Shuanghui Group went viral following allegations that it supplied its restaurants with pork from pigs fed a toxic lean meat powder to boost muscle mass. Separately, in July 2011 consumers boycotted Ajisen, a Japanese-style fast food restaurant, following Weibo-transmitted accusations that it made its soup broth using concentrate and cheap flavoring powders.

Labor activism Weibo has become a place for disgruntled employees to vent their anger and draw public sympathy when they feel they have been treated unfairly. In May, Ku6, a video website owned by Shanda Group, announced its plans to cut jobs by 20 per cent. Hao Zhizhong, a former Ku6 vice-president who lost his job, wrote on both his Sina and Tencent Weibo blogs,

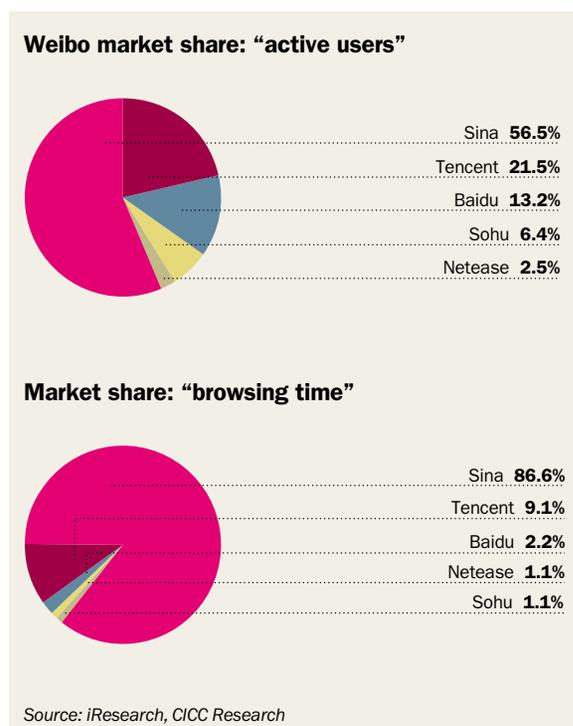


calling Ku6's parent company "stupid, mean, and cold-blooded." He drew support from other laid-off employees who joined in an escalating Weibo fight with Ku6.

Banker bashing (and retaliation) Last January, Li Guoqing, the CEO of DangDang, an online book retailer, used Weibo to publicly lambast investment bank Morgan Stanley for undervaluing his company's shares at its initial public offering in late 2010. DangDang's shares were listed on the New York Stock Exchange at an initial price of \$16 but quickly were trading at double that. Li's messages were full of obscenities and included the remark, "I regret not giving the job to Goldman Sachs." Two Sina Weibo accounts claiming to be held by Morgan Stanley employees fired back at Li, though the bank later denied any association. Morgan Stanley did, however, issue an official statement calling Li's behavior "childish."

Human rights Well-known human rights activist and sociologist Yu Jianrong has used Weibo to expose the plight of poor children and track down victims of kidnapping. Yu called on Chinese "netizens" to wield their cameras to bring child begging to the public's attention by uploading pictures to his blog. In one high-profile case, Yu was successful in reuniting a seven-year-old boy with his parents.

CHINA'S 2010 MICRO-BLOGGING MARKET



Building brands

Though negative stories have attracted the most attention, Weibo sites offer enormous brand-building potential for companies. Sina Weibo now offers "corporate verification" and homepage customization, giving companies more control over how their image is portrayed. Verified enterprises have access to new metrics, including age, gender, and location of followers. Weibo is fast becoming an essential part of any communications strategy. But whether it is a product, an event launch, or reputation building, it is important for communicators to understand the Chinese way of using social media. Some examples of companies and individuals who have used Weibo for reputation building include:

GE Healthcare Communications Manager Larry Kou said his company felt a need to put a human face on its B2B brand. In a recent campaign, he used Weibo as a platform to raise people's awareness of women's healthcare issues and said his team has plans to use the social medium to promote a broader GE topic: "Healthymagination." That is an online effort to get patients, medical researchers, and healthcare innovators to collaborate in order to accelerate innovation (for example, in breast cancer treatments).

Unilever promoted its new Pond's Age Miracle moisturizer in China via Weibo, recruiting bloggers to try the product and share their findings. The risky strategy had a huge upside: if the bloggers liked the product, word of mouth could lead to major success. The product was a hit, leading to the adoption of social media strategies by other Unilever offices and brands in Asia.

Visa China opened an account on Sina Weibo in June to broaden engagement with key Chinese stakeholders. The corporate Weibo account complements its corporate blog, which has more in-depth content.

Huayuan Group, a Beijing property group, used Weibo to rebuild its reputation after CEO Ren Zhiqiang was widely criticized for unsympathetic remarks about people struggling to afford soaring real estate prices in China. Ren used his Sina Weibo to temper his outspoken comments on China's property market and to advocate better management of public affairs. More generally, he shares his outlook on life and the occasional poem. The criticism hasn't disappeared but it has faded.

A checklist

One golden rule for micro-blogging in China is never to engage in an online argument, especially with influential bloggers. Anita Qi, New Media Business Development & Marketing Director at Caixin Media, says, "Company executives should never argue openly with consumers or opinion leaders on Weibo." Those conversations should

be taken offline – they can end up with a favorable outcome in cases where genuinely concerned bloggers take down or reverse negative comments when offered reasonable explanations. Also, Qi counsels, “Companies and organizations should employ a dedicated individual or team to monitor Weibo or other social media, and respond quickly and effectively at times of urgency.”

Here are some more pointers for Weibo:

- ✦ Have a clear Weibo strategy before opening an account. In order to avoid your Weibo account turning into something unintended, such as a customer complaint outlet, one must ask the following questions: What do we need from Weibo? How can our Weibo strategy fit into our organization’s overall communications program? Who is our audience? What image do we want to build for our organization?
- ✦ Content and interaction is the key. Weibo is an interactive medium and success is built on people forwarding or commenting on posts – the greater the value of the content the more impact the post will produce. Do not waste its potential on press releases; rather, consider things that will engage, such as reward programs.
- ✦ Put a human face on your ID. Some companies have successfully used corporate executives’ names to

open an account together with his or her profile photo. These include Kai-Fu Lee, former President of Google China and current CEO of Innovation Works.

As the Review went to press, the Central Committee of the Communist Party of China announced preliminary plans to regulate and rein in social media, potentially by requiring micro-bloggers to register accounts with their real names so that those spreading “harmful information” could be found and punished. Weibo service operators also report that Party officials have been pressing them to be stronger and swifter in censoring posts. While it is not yet clear how far officials will go, the move is part of a trend that is expected to continue as the Party grapples with managing this evolving medium. ☺

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WEIBO: CHINA’S UNDER-FIVE-YEAR-OLD IS GROWING FAST

