

## The internet

**Not losing Facebook in China**

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**Social-networking and video-sharing sites are booming**

[XIAONEI.COM](#) does not just look like Facebook, the booming social-networking website. As well as borrowing its design, it has also lifted its strategy and transplanted it to China. It is not alone. All the big “Web 2.0” sites—those that let people share information, collaborate and link up with friends—have many Chinese knockoffs. YouTube, the video-sharing site that is now part of Google, has over 200 copycats in China, about 10% of them backed by venture capital, says Isaac Mao, an internet investor and a Chinese blogging pioneer.

And no wonder, since most Web 2.0 sites do not have official Chinese versions. So enterprising start-ups simply copy the ideas and graphics, and localise them to suit Chinese tastes. The Chinese market is now so saturated that it is much harder to raise money than it was a year ago, says Gary Wang, the boss of [Tudou](#)—a site known as the “Chinese YouTube”. This is a good thing, he says, because it means investors are being much more discriminating.

The surge of interest has created some problems, however. There is not enough bandwidth or data-centre capacity to keep up with demand, says Kaiser Kuo, director for digital strategy at Ogilvy China, an advertising agency. This makes some websites painfully slow to use. Another problem is that traffic does not flow smoothly between the networks of China Telecom and China Netcom, the two fixed-line telecoms operators. Many firms deal with this by setting up “mirrors” of their sites.

Cultural compatibility is much less of a problem, given the extent to which Chinese society is built on personal connections, or *guanxi*. Online social-networking is a logical extension of such relationships, says Allison Luong of Pearl Research, an internet consultancy.

Some Chinese start-ups, such as [Anothr.com](#) and [douban.net](#), are now seeking customers outside China with English-language websites. Others hope to do deals with foreign Web 2.0 firms. One of Mr Mao's investments is in [Wealink](#), a Chinese site inspired by LinkedIn that has around 1.2m users. It has attracted the attention of the original LinkedIn, and the two firms have discussed a tie-up. “Who knows?” says a smiling Mr Mao. “Maybe in the future we'll see Wealink buy LinkedIn.”