

Business Module Differentiation

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INTRODUCTION

SINA, SOHU, and NETEASE have been regarded as the most successful general Web portals in the Chinese market. However, they have quite different strategies in their business modules, which makes them quite different in terms of their revenue constitution. What are the major reasons and what will be the future direction for Chinese Web portals?

COMPARISON OF SINA, SOHU AND NETEASE

Orientation

Although there are some differences in terms of the orientation between these three leading Chinese Web portals, they are fundamentally quite similar.

SINA definitely wants to be an online media that focuses on the content of the news (information) whilst SOHU's new media painstakingly emphasizes the differences with SINA. Although Internet news was first advocated in China by SOHU, in 1998, but the first mover SOHU could not

keep its seat in the following years. While most people are still debating on whether Web portals definitely need to broadcast news, SINA has successfully become the most successful Chinese media on the Web. On the other hand, SOHU persists with their multi-industry strategy, spending more on their SOHU Merchant and alumni association. After the acquisition of Chinaren, 17173, Focus Real Estate, Goodfeel, SOHU has extended its customer base and aimed to be a portal matrix.

Compared with SINA and SOHU, NETEASE has a unique module that attracts valuable user demographics: large proportion of young and educated users with demonstrated spending power. They have got the diversified revenue streams with the ability to cross-sell services to users across businesses

Content

The following figures show the major channels that have been listed on the corresponding Web sites www.sina.com.cn, www.sohu.com, and www.netease.com.cn

Around 70% of the content provided by the three Chinese Web portals is homogenous where the channels have the same orientation, managing module, and contents. The

Figure 1. Orientation of SINA, SOHU and NETEASE

SINA	SOHU	NETEASE
<ul style="list-style-type: none"> SINA is a leading online media and value added service provider (VAS) for China and for Chinese communities worldwide with more than 100 million registered users. SINA generates revenue from five major business lines including SINA.com (online news and content), SINA Mobile (mobile value-added services), SINA Online (community-based services and games), SINA.net (search and enterprise services), and SINA E-Commerce (online shopping and auctions) Fiscal 2005 Net revenues of \$193.6 million <p>Source: www.sina.com.cn</p>	<ul style="list-style-type: none"> SOHU.COM is one of China's top-tier Internet media properties accessed by millions of Chinese for their daily information, communication, and entertainment needs. SOHU's business model consists of brand advertising and sponsored search targeting corporate clients, as well as wireless value added services, e-commerce and online games targeting individual consumers. The first 3G Chinese Interactive Search Engine Service Provider. Fiscal 2005 Net revenues of \$108.3 million <p>Source: www.sohu.com</p>	<ul style="list-style-type: none"> NetEase operates a leading interactive online and wireless community in China and is a major provider of Chinese language content and services through online games, wireless value-added services, and Internet portal businesses. NETEASE generates revenues from fees that charge users of their online games and wireless value-added and other fee-based premium services, as well as from selling online advertisements on the NetEase Web sites. Fiscal 2005 Net revenues of \$210 million <p>Source: www.netease.com</p>

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Figure 2. Contents on SINA front page (Source: www.sina.com.cn)

Forum	F1	Science	Mobile	Finance	Color Message	OnlineGame	Cartoon	Book	Short Messages
Housing	Stock	Education	Video	Travel	Baby sitting	E-Ladies	Automobiles	Shopping Mall	Enterprise
Life	Weather	Alumni	E-Mail	Entertainment	Chat Room	Searching	Recruitment	Astrology	I Games
City	Classification	Gulf	Yellow Pages	Hotels	Culture	CDMA	Auctions	Club	

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Figure 3. SOHU business matrix (Source: SOHU financial report, 2005)

Aggregated content(Channel)	Communication and community tools	Search and Directory Services
News	Alumni Club	News Search
Business and Finance	E-Mail	Music search
Automobiles	Blogs	Picture Search
Real Estate	Picture Gallery	Say Board
Sports	Message Boards	Map Search
Information Technology	Instant Messaging Services	Search Directory
Music		Shopping Search
Women		
Aside from the above three major businesses, SOHU also provides wireless services,E-Commerce and online games to their customers at the same time.		

Figure 4. NETEASE core business constitution (Source:NETEASE financial report, 2004)

Content Channel	Community and Communication	Commerce and other Services
News	E-Mail	Online Mall
Entertainment	POPO(Instant Messaging)	Website Search
Sports	Chat	Yellow Pages
Women's Topics	BBS	Classified Ads
Stocks	Group-Online Clubs	Online Learning
Technology	Alumni Network	Domain Forwarding
Game Reviews	Personal Homepages	Software Downloading
Digital Reviews	E-Cards	Online Magazines
Mobile Handset Reviews	Dating	
Automobiles	Matchmaking	
Real Estate	Photo Album	
Business	Diary	
Travel	Blogging	
Cartoon	Online Radio	
Education	Job Search	
Health		
Life		
Culture		

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