

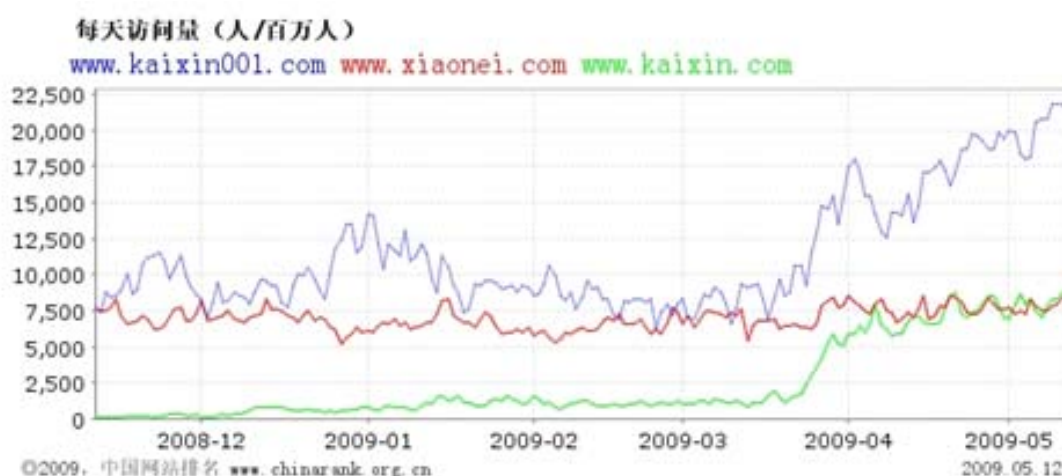
CHINA , THE CLONE WARS

My Chinese is still gruesome, but the one word on everyone's lips right now is [shanzhai](#) (山寨) . Taken literally, it refers to “The Palace of Gangsters in the Mountains” – the thought alone adds fear to any brand owner! It started with mobile phones last year, as the cost of GSM production fell so dramatically, the “Hi-Phone” and cheap copies of Nokia, Samsung and others flooded the market. Now around 20% of share is purported to come from this group – to put that in perspective, with 680m phones currently in the hands of users, that's 136m fake ones. What kind of market share would 136m phones take in your country?

Shanzhai has now become the by-word for anything not real. There's shanzhai clothing of course, a perennial favourite, shanzhai alcohol, shanzhai construction firms, retailers, anything you can name. Bizarrely yesterday in Beijing a storm came, the sky was pitch black at lunchtime, they're now calling it the Shanzhai Eclipse, in deference to the planned July 22nd eclipse in Shanghai. Last year in our agency analysis, we even found [three shanzhai Ogilvy's](#) or 澳美 - the old man will be quivering in his boots.

But the new clone wars is taking place online and its proving fascinating for all. Of course, the tales are already told of Baidu leading against Google, [Youku](#) , [Tudou](#) etc leading against YouTube – but now the battlefield has expanded into social media as well, but with some interesting differences.

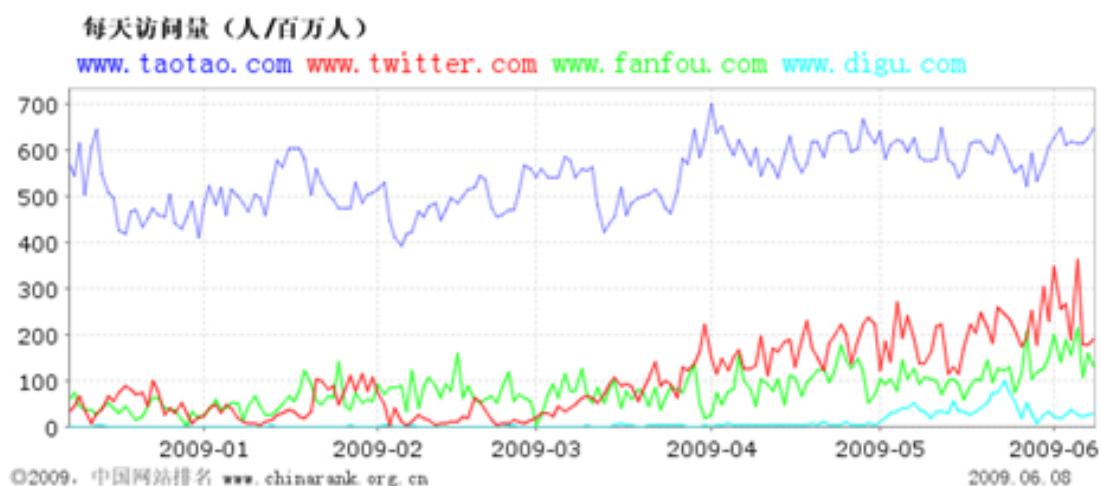
The [Xiaonei](#), [Kaixin001](#) and [Kaixin](#) battle was beautifully covered recently in [most trade press](#), so I won't repeat it. All three are battling for the ‘facebook market’ and going through massive growth (all three are significantly bigger than facebook - As Cheng Binghao , the CEO of Kaixin001 said so well “If Kaixin001 is a fake facebook , then why is it still more popular than Facebook in Chinese?”). What's more interesting is how brands are getting involved and how they are going beyond regular facebook content. Property giant [Vanke](#) has launched an application within the most popular feature, House and Garden. As people come in to grow their own plants etc, they can use Vanke backdrops, and now in Shenyang, [Vanke](#) have invited online members to offline events, meeting “IRL” as it were. Lenovo, Unilever, Lancome and Sony Ericsson have also invested in special apps, while a whole host of marketers from KIA to LG to Pizza Hut to Motorola have invested in basic display advertising.



What's most interesting for these three is not how big or fast they are growing, but what they might become. They have been far smarter than facebook at looking at revenue models from the 'get-go' and with more users online in China now than the entire US population, where will they be in three to five years? Gee, what if they launched an English version? Spanish ?

But hey , that's just facebook – that's so last six months. What about shanzhai twitter? Just seeing those two words together sounds like the best new business idea in China already. Well for a start, twitter doesn't have a Chinese user interface – and while it happily accepts Chinese content, that's going to prove a barrier to mainland growth .

In fact, there's already four active twitter clones in China, each of them with their own qualities and partners. One of them , [Tao Tao](#) is already eating twitter's breakfast and lunch – because it was smart enough to partner with China's 800 pound gorilla of the online world, [QQ](#). By leveraging their massive database, they've built great traction. You can sign in with your QQ account, so the whole interface and approach is much more seamless.



The three other kids on the block , [Fan Fou](#), [Ji Wai De](#) and [Digu](#) , are literally swept up in the wake right now. From a user interface point of view, they are all pretty similar, but Digu has some cool features – bringing in celebrities to boost traffic and raise awareness, as well as linking your posts to a central Digu control panel

Digital pundits such as Rand Han see this as “the killer app” to the next stage of social networking growth – and I have to agree. Who has time to visit facebook , twitter, myspace etc and its shanzhai competitors , when I can go to one central place and update everything at once? Gee, this means that the next time one of my twitter followers goes to get a haircut and tells me, I will have that message in multiple places instead of just one.

The conclusion?

Go invest in the IT server business – we are going to need them.

Greg Paull is Principal of R3 (www.rthree.com) , a consultancy specializing in improving marketing efficiency and effectiveness