

Unit of China's Alibaba to launch search engine

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Chinese people surf the internet at a cafe in Shanghai, January 2010. A unit of Chinese e-commerce giant Alibaba Group said it had launched a search engine in an apparent effort to capitalise on Google's shrinking market share in China.

A unit of Chinese e-commerce giant Alibaba Group said Tuesday it had launched a search engine, in an apparent effort to capitalise on Google's shrinking market share in China.

John Spelich, a spokesman for Hong Kong-listed unit Alibaba.com, told AFP in an email that the engine, called Etao, was up and running but was in its final testing stage.

After testing he said Etao would be officially launched by Taobao, which is owned by Alibaba Group and is China's largest online consumer e-commerce site.

Spelich declined to provide further details.

As well as search options for e-commerce, Etao will provide a search engine powered by Microsoft's Bing, a minor player in China's search engine market, which is dominated by Chinese company Baidu and to a lesser extent Google.

"The website is very good news for Microsoft as it may guide clicks to Bing," said Fiona Zhou, a Shanghai-based analyst at consulting firm Pacific Epoch.

"It differentiates itself from comprehensive search engines such as Baidu or Google by focusing on online shoppers.

"If (Etao), which may have a limited number of users initially, is embedded into Taobao.com, the number of users would be quite significant."

Google has seen its market share in China shrink since it announced in January that it would no longer bow to Chinese government pressure to censor its content, and threatened to pull out of the country entirely.

It later effectively shut down its Chinese site google.cn, re-routing mainland users to its uncensored site in Hong Kong.

Google's share of China's online market fell to 24.2 percent in the three months to June, from 30.9 percent in the first quarter, figures from research firm Analysys International indicated.

Meanwhile, Baidu increased its dominance, with its market share rising to 70 percent in the second quarter from 64 percent in the first three months of the year, Analysys said.

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