

China search giant Baidu blasted by state media

August 18 2011



A man walks past the logo of Baidu at its headquarter in Beijing, 2010. China's state media has launched stinging attacks on the nation's hugely popular search engine Baidu, in what analysts say may signal government unease about the firm's growing market power.

China's state media has launched stinging attacks on the nation's hugely popular search engine Baidu, in what analysts say may signal government unease about the firm's growing market power.

This is the second time that the privately-held [Baidu](#) has come under strong media criticism, after state television blasted its advertising practices in 2008, forcing it to revamp part of its business.

The state-run China Central Television (CCTV) once again attacked the firm -- which accounts for more than three-quarters of China's web

[search market](#) -- earlier this week in a programme that alleged fraud by Baidu advertisers.

The show, aired on CCTV's business channel, claimed Baidu users were losing money on phony airline tickets allegedly sold by advertisers on the [search engine](#).

Wu Yue, host of the programme, told the audience: "Obviously Baidu is not able to solve the problem through self-discipline. A company's fundamental motive is to chase profits."

"If there is no law or regulation in place to restrict it, it is difficult to improve the situation at the roots," she said.

The People's Daily, mouthpiece of the ruling Communist Party, joined in the criticism with an opinion piece Tuesday that said Baidu could be "abandoned" by Internet users if it only focused on short-term profits.

"It's time for Baidu to shoulder [social responsibility](#)," it said.

A spokesman for the search engine declined to comment.

Bill Bishop, an independent Beijing-based analyst and adviser to Internet start-ups, said there were several theories as to what was behind the criticism, including possible machinations by current or potential competitors.

"Baidu has become an effective monopoly in Internet search," he wrote on his blog DigiCha.

"It is unlikely the government is pleased with Baidu's market power, and the CCTV report may be a sign that Baidu should expect increased scrutiny and regulation."

In 2008, CCTV criticised Baidu for allowing advertisers to pay for space alongside top search results, without labelling it as an ad, prompting the search engine to overhaul its advertising business.

The criticism has sent Nasdaq-listed shares of Baidu down more than eight percent so far this week.

Dick Wei, a Hong Kong-based analyst with JP Morgan, said the issue could have a short-term impact on the company's revenue, but was still bullish about the firm.

"Given differentiated technology and market leadership, we think the long-term prospects for Baidu are still very positive," he said.

(c) 2011 AFP

Citation: China search giant Baidu blasted by state media (2011, August 18) retrieved 11 May 2024 from <https://phys.org/news/2011-08-china-giant-baidu-blasted-state.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
