

Question I will solve:

Given the fact that this happened, what course of action should Baidu take? Prepare slides for Baidu's executive team.

Slide 1: Context

- China's great firewall — since the adoption of the internet in mainstream China, Xi Jinping has made it a priority to keep information that can cause public dissidence and harm the party's power contained. The main way this was done was through the great firewall. This firewall makes it difficult for Chinese citizens to access the outside internet, leading them to use search engines like Baidu.
- Side effect of this: it allowed companies like Baidu to grow in China without foreign competition. If it weren't for this, Baidu would not be as big as it is now.
- Google in China — up until Google's exit from the Chinese market in 2008, they were a large competitor to Baidu.
 - Google left in large part due to the PRC's commitment on censorship of search results, which went against their motto of "Don't be evil".
 - When Google left the Chinese market, they controlled ~30% of market share making up 1% of their users globally.
- The commonplace nature of censorship and search result manipulation has likely made it acceptable for Baidu to alter search results further through paid advertisements. The Chinese people likely accept that they

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Slide 4: context cont'd

- Related Issue - Nongfu Spring
 - Nongfu Spring is China's largest bottled water company
 - The founder is the richest man in China, with net worth ~800 bill Yuan
 - In 2019, Nationalist activists started a smear campaign against the company for claims of anti-nationalism
 - Company revenue fell 30% because of this
 - Shows how Chinese citizens deeply care about nationalism

• Issue at hand - Wei Zexi:

- 72 year old that passed away in April 2016.
- I had late stage synovial Sarcoma
- All doctors told him he had but months to live
- David, through a promoted link, told him he could be treated with 80-90% efficacy through advanced American technology
 - turned out to be fraudulent
 - According to Chinese Law regarding advertising, "Advertisements shall not contain... Statements of cure rates or efficacy rates" This means the advertisement was illegal.
- Now a large public outcry about this issue
- Government has also launched an investigation into the issue

3: context cont'd

Slide 2: Issues

- Case of Ant Financials
 - Large Chinese company, owner of Ali Baba and Alipay
 - Jack Ma is the founder
 - Due to a speech made by Jack Ma in 2016, Chinese gov't blocked IPO
 - This is b/c he embarrassed Chinese gov't
 - This shows that Chinese gov't is willing to harm companies through regulation if they embarrass the gov't