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Mr Digital China

Fritz Demopoulos proves that you don't need to be a local to do well in China's online media sphere

By Jeremy Goldkorn and Maya Alexandri

There's no better way to elicit sympathy from fellow foreigners than to tell them that you're trying to make a profit from online media in China. On hearing this, their faces fall; they look disturbed; and then they'll venture, "But we really want you to succeed!"

Fritz Demopoulos is one foreigner who doesn't need their sympathy. In a field characterised by dominant local players, cutthroat competition and prominent failures, Demopoulos stands out as a winner – and as a well-rounded, down-to-earth nice guy.

Currently the CEO of Qunar.com, China's largest travel search engine and second-largest travel site, Demopoulos first came to China in 1997 as a business development manager for News Corp. Fresh from an MBA and internet experience in the States, Demopoulos set to work building strategic relationships to advance News Corp.'s online partnership with the *People's Daily*.

"Business development is really a great platform because it gives you a licence to talk to anyone about anything," says Demopoulos, who estimates that he met upwards of 2,000 people during his two years on the job. Among the people he met were his future business partners, two ethnically Chinese like-minded individuals who, like Demopoulos, had an appetite for risk and a taste for online media.

Together, they quit their jobs to develop and launch a sports portal called Shawei ("Brave Shark") in 1999. In deciding to invest in a sports portal, the partners considered the existing market: "Our thinking was: there are a lot of big opportunities. Can we try to carve out a piece for ourselves?" Portals were profitable, but most of them were "horizontal," offering information on a broad array of topics. Demopoulos and his partners wondered if there was an opportunity to go "vertical," to specialise in one topic area. They settled on sports because "we thought sports might be one of the categories that could be big enough and attract enough customers to be a stand-alone business."

A man, a plan

Their strategic planning was key to the operation. Says Demopoulos, "I always advise entrepreneurs: Don't just quit your job and think about what to do. What we always try to do is to seed and nurture [beforehand]." That said, Demopoulos acknowledges that preparing to launch an online start-up in China requires a delicate cost-benefit assessment: "If you overanalyze it, you'll probably never do it because it is too risky."

Although Demopoulos and his partners had taken their own advice and laid the groundwork for Shawei before quitting their jobs, the experience still proved a challenge. "Most entrepreneurs say, 'Had I known what I was

getting myself into, I never would have done it. And it's true. We didn't know anything about sports. We just went in blindly, trying to hire people, trying to navigate." And of course, Demopoulos and his partners weren't the only people in China to see an opportunity for a vertical sports portal: "Looking back, sports are not very regulated, so it was extremely competitive. We were lucky to be first."

Demopoulos and his partners were lucky indeed: In 2000, just before the dot com bubble burst, Tom.com bought Shawei, which now serves as Tom's sports channel. Rather than take a break after this phenomenal success, though, Demopoulos went right back into the fray, accepting a job in business development with Net-Ease. After three years, Demopoulos was ready to run his own business

again, and he spent the next year as a media consultant.

In this capacity, Demopoulos acquired an incredible breadth of experience in media in China. His clients included a Chinese production company that produced television dramas, an American internet company and a Chinese sports magazine that was considering licensing a foreign brand. Although Demopoulos insists that he's not creative, he's remained steadfast in his commitment to the media business: "I've always loved media products and the media industry, so my focus has always been to do media-related, whether it's online or offline."

On January 1, 2005, Demopoulos and his two partners from Shawei teamed up again to start Qunar.com. This time, in deciding what kind of business to start, they first analyzed Google's

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Kowa Dental New Films

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► revenue sources and learned that, although a very small percentage of its revenue derived from travel searches, almost 20 percent of its revenue related to travel information. Moreover, Chinese tourists are already spending more overseas than Japanese do. Meanwhile, the Chinese travel information market is fragmented. Demopoulos and his partners decided that a travel search engine would be the best way to exploit the revenue-generating opportunity in the online travel market.

Two and half years after launch, Qunar.com is a market leader. It’s the top travel media site in China, the second-largest travel site on the market, and it’s developing strategic relationship with companies like Sina, Qihoo and Sohu.

Cooperation’s the key

Demopoulos is quick to give his partners credit. “If it wasn’t for them,” he said, “there’s no way I could have done this business. They’re fundamental in making this business a success.”

Qunar.com’s success is all the more impressive because of its international

partnership. Demopoulos admitted that “the cultural differences are massive.” He doesn’t conduct business in Mandarin himself, and all but one of his vice-presidents speak English fluently.

Nonetheless, Demopoulos laughed when asked if working with Chinese partners posed special difficulties. “There are certain things you do,” he allowed. “You make sure that everyone’s economic interest is the same.” He added, “You make sure that there’s a healthy level of respect. You make sure that roles and responsibilities are somewhat clearly defined. But that’s what you do in any sort of partnership.”

He makes it sound so easy that one wonders whether the magic touch isn’t Demopoulos himself, whose attitude of modesty, curiosity and enthusiasm would be infectious enough to bridge any language or culture barrier.

Discussing his dealings with his partners and colleagues, Demopoulos says, “I think it’s very important to realise that we don’t know much about anything. Therefore, you’re open to

anything, and you question everything. It also means you give a huge amount of respect to people because maybe they have the right way.”

His attitude is plainly the secret to doing business in China without becoming jaded. A decade after he arrived, Demopoulos still gushes, “China’s exciting because you can be the first person to go and do something. I thoroughly enjoy that, being in an uncertain environment, starting things. There’s such a wide array of things happening. It’s great, it’s fun.” ■



Qunar founder Fritz Demopoulos