

## Why MSN Lost to QQ in China Market? – Different Privacy Protection Design

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### Abstract

*International software providers have entered China market in recent years. One typical example is MSN. As an indigenous IT products, QQ provides almost the same functions as MSN and competes with MSN for years. Market survey indicates that QQ dominates the local instance message market. Why QQ could win the battle with MSN in China market? In this paper, we investigate the detailed designs of MSN vs. QQ, focusing in particular on their privacy protection. We find that, in general, users' privacy concern level is low in China. Users show inclination to be connected with strangers in virtual community. They may trade off certain level of privacy protection to gain the chance of visiting by strangers. Moreover, in the position of control could mitigate users' privacy concern. Indigenous IT products, such as QQ, understand and leverage users' behavior. By lowering privacy protection and providing various control tools, QQ successfully caters to the need of young generation in China, which is main Internet users in China. Such results shed light on how to survive in China market for international IT product providers.*

### 1. Introduction

Online Instant messaging (IM) system began to take off with ICQ (1996), followed by AOL (1997). According to the figure from Nielsen/Netratings (2006), the first three IM systems and their market share are AOL (53 million, 51.4%), MSN (27 million, 26.2%), and Yahoo! (22 million, 21.4%).

In China market, IM began with QQ in 1999. The initiator of QQ was inspired by ICQ. At the beginning stage, QQ is simply a Chinese version of ICQ. Later on, QQ investigates local users' behavior and designs many features tailed to local users' habits. With more than 273 million total user accounts, QQ dominates China IM market(Tencent, 2007).

International IM system providers use various strategies to compete with QQ in China IM market. For instance, MSN tried to expand its influence under the image of white collar's first choice of IM. It has clean and elegant interface. With its international background, MSN becomes the default IM for staff in international companies.

However, according to the market reports by Analysys, an IT product market survey provider in China, MSN kept losing its market share in China since 2004.

Such phenomena solicit answers to the following research questions: Why QQ win the battle with MSN in China IM market? What are the key reasons for its success? Is there any general lesson which could be leant by international IT providers, who are entering China market now?

In this paper, we plan to answer these research questions based on observations of the competition between MSN and QQ. We first compared the functional design of these two IM systems, aiming to find their different concerns about users' behavior. Next, we interviewed 17 MSN and QQ users. By focusing on users' experiences and attitude toward different functional design of these two IM systems, we summarized the main reasons why users prefer one system than another.

We find that different privacy protection design makes huge difference of users experiences with IM systems. Different designs of privacy protection even confine user segmentations, and thus predetermine who will be the winners of the competition.

The organization of this paper is as follows: in part 2, we compare the different functional design of MSN and QQ. Part 3 specifies the interview results. Part 4 elaborates our findings and discussions. The contributions and implications are proposed in part 5.

## **2. Comparison of Different Functional Designs of MSN and QQ**

Although the basic functional design--sending instant text message--is same, MSN and QQ's detailed designs are different, especially for their privacy protection. In the following paragraphs, we compare their main differences.

### **First contact**

If strangers want to contact you by MSN, they need to know your email account in advance. Moreover, most Internet users have more than one email accounts. Strangers must know the one you use as your ID in MSN, which means that, to some extent, the friends on your contact list of MSN already have certain contact with you, and thus are not strangers.

In contrast, QQ provides strong searching function. Using searching function, users could find strangers by QQ number, nickname, online status, and location. Literarily, QQ enables its users find any other users.

### **Friend authentication**

In MSN, if other users add your ID into their contact list, then you will get an authentication request. Only after you permit to add the stranger into your contact list, could the stranger sends message to you.

QQ provides different choices for users. Users could choose to either active the authentication request or not. In old versions of QQ, the default setting is accepting message from strangers without authentication.

### **Conversation history**

Old versions of MSN do not save conversation records. New versions of MSN (6.0 and after) saves conversation history only after users active the function. After the conversation windows are closed, all the conversation records disappear. Users could only find the conversation history in different folder.

On the contrary, all the conversation records in QQ will be saved automatically. Furthermore, QQ provides various tools to manage the conversation records. By right-clicking friend's name, users could easily check, search, export conversation records. Users could even upload and download conversation records to server, which guarantees that users could access the conversation records on any PC they log in.

### **Group chat**

MSN users set up groups chat temporarily. One user initiates a group talk and adds his/her friends in. Once the conversation window is closed, the group is dismissed. However, group members must be friends with each others before they attend group conversation.

In contrast, QQ users could establish a group permanently. Users initiate the group talk by applying a group number. Any user could attend the group using the QQ group number. Users in same group could be strangers. Group members could see each other's ID and chat freely.

### General information accessibility

In MSN, only friends on your contact list could access your general information, and all friends see same general information.

In QQ, the general information of certain ID is accessible to all users. After strangers see your ID using searching function, they could check you general information and browse your QQ space by one click. Moreover, you could set different general information for different friends in your contact list. For instance, in different QQ groups, you can use different nick name, icon and background information.

### Online notification

In MSN, when you login, all your friends on your contact list will get a notice about your online status. Even if you could set your status to offline later, your friends already got your online notice.

QQ provides invisible login status. Users could login without any notice to their friends. Users may check the status of ID on their contact list and read the conversation records in the QQ group invisibly.

### Advertising

MSN doesn't link with advertisement. However, there are many advertisements in QQ. Once you login QQ, in most cases, an advertising webpage will jump out instantly without any notice. Also, pop-out windows will appear now and then. They could be news or advertisements.

### Block function

MSN provides Block function. You may block certain ID on your contact list. He or she will always get the information that you are offline. However, he or she could still check your general information.

QQ provides blacklist function. After you drag certain ID into blacklist, your ID will disappear in his or her contact list. Moreover, he or she could never contact you and check your general information until you release him or her from the blacklist.

We summarize the different design of MSN and QQ in Table 1.

	MSN	QQ
Finding friends	Only after knowing other ID's email address, which must be the email address registered for MSN account, could users add other ID to their contact lists.	QQ provides powerful searching engine, which could help users find any other users by name, register number, or location.
Checking general information	Only after other ID accepts you as their friends, could you check their general information.	QQ permits users to check others' general information freely.
Initiate conversation	Only after receiver adds sender in his/her contact list, could sender initiates a conversation.	User could add any targeted ID in contact list and send message to targeted ID without his/her permission.
Conversation records	Default setting of MSN is not to keep conversation records.	QQ saves conversation records automatically.

	No tools are developed to help users save the conversation records to server.	QQ provides many embedded tools to help users check, manage, upload, and download conversation records.
Login status	When users login MSN, all the friends in the contact list will be noticed.	QQ provides “invisible” login function. Users could check status and activities of their friends without notice.
Advertising	MSN has strict control of advertising.	After user login QQ, commercial advertising will pop out now and then.
Block function	After you block someone’s ID, your ID will still show on his/her contact list. You always show offline status on his/her list/	After you block someone’s ID, your ID will disappear on his/her contact list. He/she could never contact you.

**Table 1: Different design of MSN and QQ**

After comparing the different designs of MSN and QQ, we can clearly see that MSN and QQ have different privacy protection policy. In general, QQ intentionally adopts lower privacy protection policy, aiming to establish a low barrier IM system where strangers could easily contact each others.

### 3. Interviews with MSN and QQ Users

Why would QQ set low privacy protections? How would users evaluate these designs? What are their reactions to QQ’s low privacy protection policy?

In order to answer these questions, we interviewed 17 users of these two systems, focusing in particular on the privacy protection differences and users experiences. We report these interview results in Table 2 below.

Being accessible by millions of users	Two users commented: “I don’t want to set my account unavailable to strangers. Maybe someone wants to find me while I don’t know his/her QQ number. If I set unavailable to strangers, they cannot contact me anymore. Three users commented: “I don’t mind set my account available to strangers. If some strangers contact me and I don’t like them, I could easily drag them into the Blacklist and they couldn’t access me any more.”
Available status makes certain ID more popular than others	Some users specified: “If I want to chat with strangers, usually, I will choose those who set their accounts available to everyone. If some ID requires authentication, I will switch to others. There are tons of people who are willing to chat on QQ anyway.”
Conversation records	One user mentioned: “I like QQ because QQ provides convenient way for me to check the conversation records. Sometime, after I chatted with my friends, especially those close friends, I may read the conversation records again. Many precious memories have been kept in my conversation records.”
Conversation record	Around half users commented: “I don’t think keeping the conversation records in QQ will intrude others’ privacy. Everyone knows that QQ will save the conversation records automatically. Furthermore, all the things in the records have been told to me once by my friend. It does matter that I may read them twice.”
Invisible login	Almost all users have used this function. Some explained: “Sometime I am too busy to chat with my friends. However, login QQ and seeing my friends’ icons make me feel that I am accompanied.” One user said: “After I broke up with a close friend, I login QQ using invisible status. I don’t want

	to be seen by her, while I don't want to add her into blacklist.”
Pop-out advertising	Some users commented: “In most cases, I close the pop-out windows immediately. They bother me. Some advertising even has replay icon. What are they thinking? I will never click that.”
Blacklist	One user specified: “If someone pissed me off, I will drag them to the black list as a penalty. When I feel better, I could drag them out. Such things give me the feeling that I am in the position of control, which is good.”

**Table 2: Interview reflections from users of MSN and QQ**

The interview data reveals that, in China, users' privacy concern level is comparatively low. Most users do not object to being contacted by strangers. They deemed low privacy protection as a trade off to be connected with others. When users contact others, they prefer to chat with those ID whose privacy protection is low, which shows their willingness to be connected.

Furthermore, in the position of control is very important for users to lower their privacy concern level. Only under the condition that they could control the whole situation, will users be accessible and open their personal information to strangers.

Moreover, since it is a common knowledge that QQ keeps record of the conversation automatically, users are aware that others will keep the conversation records. Therefore, they don't deem such behavior as a serious privacy intrusion.

#### 4. Discussion

Our findings have important implications for not only researchers but also IT product managers, who plan to promote their IT product in China. One key reason for the success of QQ is that its software developer understand, investigate and leverage local users' behavior.

Firstly, QQ deliberately lowers its protection for users' privacy to meet local users' willingness to communicate with strangers. Such design successfully helps QQ to win its loyal customers--users who born after 1975. These users account for 53.5% of the total Internet users of China (China Internet Network Information Center, 2005).

Most of these users are their only child in their family due to China's Birth Control Plan. They grow up lonely and are more eager to be connected with others compared with their former generations. They are of open-minded and keen to show their unique characteristics to others, while the conservative traditional culture still dominates the mainstream social network. For instance, in conventional social formality, it is inappropriate to say hello to a "total" strangers without the introduction of a common friend. Therefore, it is not surprise that QQ becomes a main communication tool for the young generation of China to find new friends and establish their social network.

Secondly, QQ give users plentiful control power, which caters to users' willingness to dominate their virtual community. QQ permits users to give different treatments to strangers sending their first message. Users could choose to deny access, permit access and set them to stranger folder, permit access and set them to good friend folder, permit to be added as good friend on the strangers' contact list. QQ space also provides users many control tools, which enables users set different treatment to different visitors, such as denying browse, permitting browse only, permitting browse and leaving message.

These designs enable uses to control their virtual community as their wills. The young generation of China are the core of the family since their childhood. In most families, especially families in cities, six adults (parents and gradpartents) raise one child. Media

criticizes that the young generation used to dominate in their territories and don't know how to take care of others. Local practitioners tailored their product to meet the demand of the young generation. For instance, China Telecom, the largest telecom company in China, uses the slogan: "My territory, my rules" to attract young users. QQ and QQ space maximize the control power they could provide to users. By enabling users master their virtual community effectively, QQ wins its loyal customers.

Thirdly, in the position of control not only caters to users' need but also mitigates users' privacy concern. In the position of control is a prerequisite condition for lowering privacy protection level. A few interviewees emphasized that they don't mind to provide their general information to strangers only because they know they could easily deny any unpleasant access and make their information inaccessible to any strangers if they want. Once users feel that all the situations are under their control, they feel safe to stay in the community and divert their attentions from privacy protection.

Fourthly, in general, privacy concern level in China is comparatively low, especially in virtual community. QQ provides its users convenient way to save and manage conversation records. QQ also enable its users to check others' status and activities without notice. Such functions should be deemed as intrusive behaviors while most users use these functions frequently. Moreover, since QQ users all know these functions, such behaviors are not considered as serious privacy intrusion.

## 5. Conclusion

MSN and QQ have intense competition in China IM market for years. Due to different functional designs, MSN lost around two thirds of its market share. In this paper, we compare the different design of MSN and QQ, aiming to find the key factors which drive users' adoption preference.

The results show that different privacy protection level is one of the main factors which influence users' experiences, and thus change users' preference. Surprisingly, although it is general accepted that China has conservative eastern culture, users in China show their strong inclinations to be connected with millions strangers. Obviously, it is acceptable for users to trade off certain level of privacy protection for winning the chance to be randomly visited by strangers.

By successfully leveraging such user behavior and psychology, QQ intentionally simplifies the first connection between strangers by lowering privacy protection level, while MSN sticks to its international mode and refuses to lower the threshold of the first connection. As a result, QQ becomes the first choice for those users who intend to extend their social network and meet strangers. Considering that the lonely "single child" generation, who are eager to find friends, dominates Internet users in China, it is not surprise QQ becomes and maintains its leader position in the IM market in China.

Another key finding is that Chinese users compromise their privacy protection under the condition that they are in the position of control. Such designs make users feel confident that they can totally control their virtual space and develop the virtual space as their wills. Since the privacy intrusion could be stopped by further move of users, it is much easier for users to lower privacy protection in the first place.

Our findings are not only helpful for researchers who are keen to investigate the factors which will affect IT adoption process, but also shed light on how to understand users behavior and grab the market share for practitioners in China. International IT producers should adapt their product to local users' behavior. Precisely grasping users' psychological need could be the key to success.

Some criticisms comment that MSN enters China market under the image of white collar's communication tool. MSN sets high level of privacy protection and becomes a good communication tool in working area. However, MSN forgets that teenagers, college students are early adopters for new IT products and become the initial user base of IT product. The young generation show different requirements for IT product compared with the old generations.

More importantly, in China, the young generation's preference could decide which IT product will be the leaders in its product category. Differing from America and European countries, PC becomes popular and enters into most Chinese families after 2000, which means the old generations born before 1970 are not skilled users of PC. In many families, once the children enter high school, they usually become the teachers for their parents in computing area since parents are quite unfamiliar with advanced or new IT products and technologies. Therefore, young generation choose their favorite IT product and old generations usually follow the trend.

Winning the early adopter—young generation is key to win the whole market. Local IT product providers realize this rule and adjust their product design. However, culture norms are changing day by day with the openness of China. Companies must keep changing and adapt local users', especially young generation's need, to survive their ventures in China.

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