



**Lugano, September 2007**

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## **CONFERENCE ANNOUNCEMENT**

### **Global Sports Events and Sports Communication Beijing, 14-16 September 2007**

China Media Observatory is co-organizer of the 2007 Asia Communication and Media Forum which will be hosted at the Asia Media Research Centre in Beijing, China. Please visit our website <http://www.chinamediaobs.org> for the call for paper and more detailed information about the conference.

## THE CHINA MEDIA OBSERVATORY AT THE UNIVERSITY OF LUGANO

Giuseppe Richeri, University of Lugano

In September 2006 the *Faculty of Communication Sciences* at the *University of Lugano* (Switzerland) created the China Media Observatory, answering to three kinds of stimulus.

Since several years the evolution of the Chinese economy and society has been at the centre of debate in the main media: the dynamism of the Chinese economy, the growth rate of its import-export, the deregulation process of the market, the opportunities open to European companies and the social contradictions that all this implies. However, despite this increased attention, the discourse on media appears little studied in depth. From an analysis of news in main European media, with a reference to media in China, there is evidence that a large majority concerns directly or indirectly censorship exerted by the central and local organs of the Communist Party. We want to go beyond, understanding the structure, the functioning and the activity of its media system.

The second stimulus comes directly from the University. Thinking at the prospective strategies of our Faculty and the intellectual and professional education of students, we find it not only interesting but necessary to open the eyes of who is preparing to enter the world of media and communications towards a reality such as the Chinese one.

The third stimulus is of more contingent nature and comes from some media companies, Swiss and of other European countries, with which we are in touch for research and education reasons. These companies have asked us for specific information on the Chinese

media market, the deregulation process and open opportunities in China for who is active in the media market in Europe.

Hence, the initiative arises to create the Observatory on media and communications in China. This Observatory runs on limited resources so far, but they are sufficient to make the initiative take off and define and verify activities, directions, partnerships, etc. The activity of the Observatory, within the scope of the Institute for Media and Journalism of the Faculty, is driven by a coordinator, Giuseppe Richeri, and three research fellows: Chwen Chwen Chen, Cinzia Colapinto and Benedetta Prario. We can highlight five main areas of activities.

### Documentation:

We host a Centre of documentation on media and communications in China which collects and makes available to students and researchers materials such as relevant textbooks published in Europe and North-America, selected articles published on the main international journals, papers, PhD dissertations, researches etc. What is more we collect books, articles, directories, yearbooks, legal textbooks etc. published in China.

### Researches:

Scientific and operative research activities (for public and private principals) concerning the structure, the economy, the contents of media, their relationships with the Chinese society and media of other countries, inflows and outflows of media products, the characteristics of markets, of professions, of the management of the media industry, etc.

*Exchange for teaching and scientific activities:* we favour the presence of Chinese students at our Faculty and our students at Chinese universities for the study in the field of communications and media. We organize exchanges of professors in order to hold seminars and seminars and of researchers for individual and in-cooperation activities.

During the summer semester of the academic year 2006-2007, *Dr. Qing Luo*, from the *Communication University of China* in Beijing has held some seminar courses on the Chinese media system: she introduced the structure and the evolution of media industry, highlighting the changes and the future developments.

*Partnership:*

Collaboration agreements with European universities which have started permanent activity of research on media in China (University of Westminster and Institute for broadcasting economics of the University of Cologne) and with Chinese universities (Communication University of China) which are interested in collaborating and exchanges with our university in the scientific and teaching field. This activity is functional to realize the above mentioned activities.

*Dossiers:*

Periodical production of dossiers on specific aspects of media and communications in China. The first one will appear by the end of the year focusing on television and press industries in China.

Some important steps have been already taken in each of these directions.

Regarding documentation we have already started the systematic collection of publications, articles, yearbooks, documents and activated some systematic sources

of information and materials and useful websites, Chinese and non-Chinese, as well.

Some useful information about the China Media Observatory is available at our website:

<http://www.chinamediaobs.org>

At the moment the website has only the English version, by the end of the year we will also provide the Italian and Chinese pages.

Finally we mention two research projects that are in progress. The first one concerns the relationship between the economic development and the media system in China, the second regards the elaboration of a model of television programs exchange between Europe and China.

The first issue of the CMO newsletter deals with sports rights for television and Internet in China. We host two fixed appointments: news about Chinese media, and a space for future events and conference about China.

The newsletter will be published monthly, we invite academics, researchers, experts and students to send relevant articles to be published in our newsletter.

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## WHO ROBBED THE PREMIER LEAGUE IN CHINA? (Part 1)

Xiaowei Huang, Southern Weekly, Guangdong, China

*This article is a first part of an interview to Dr. Qing Luo of the Communication University of China in Beijing. The author of the interview is Xiaowei Huang, a journalist of Southern Weekly. The interview appeared on Southern Weekly dated March 15, 2007, issue n. 1205. The title of the article in Chinese is "Shei zai zhongguo chuangzuole yingchao?"*

For 12 years, about 30 million Chinese have enjoyed the Premier League without paying to watch it. But from August 2007, if Chinese fans want to continue to view the matches, they have to pay RMB 188 (Euro 18.8) per month, namely almost tenfold the monthly fee of renting cable TV. The reason is that the rights to broadcast the Premier League for three seasons are in the hand of Tiancheng Media company. This is the highest fee of all pay TV fees in China. Under this price, how many football fans are willing to view and pay? Will the Tiancheng Media be able to recover its investments?

In mainland China, except for the World Cup matches, the Premier League is the most preferred by Chinese people. Since 1995 Chinese people have always enjoyed the matches free of charge. In particular, since 2001 the rights to broadcast were in the hands of ESPN Star Sport (ESS), a joint venture established in Asia by Star Sport and ESPN.

In order to broadcast programs in China, ESS had advertising be broadcast with programs through the cooperation of local TV stations. Now, there are already more than 20 local TV stations which have purchased the programs of the Premier League and Champions

League. But at overseas, ESS is itself a pay TV channel. But last year, Tiancheng Media and six international media groups, including ESS (five of them are pay TV companies) took part to the competition for rights to broadcast the Premier League. In the end, Tiancheng Media won and took away from ESS the rights to broadcast in China three subsequent seasons of the Premier League. Afterwards, Tiancheng Media delegated to the "European Soccer Channel" of Guangdong TV and started a trial model of pay TV.

Tiancheng Media Company is a joint venture between Guangdong TV and private investors for 51% and 49% respectively, and its main pay channel is the "European Football Channel". The responsible for the operative management of Tiancheng Media Company, Zheng Sun, in a recent interview, claimed that it would not be easy at all to make Chinese football fans pay RMB 188 (Euro 18.8) every month. "Our greatest enemy is the habit of Chinese to view TV free of charge" he said. "However, paying to view the English League is a necessary trend".

### *From boxing to the Premier League*

In 1996, together with Nangchun Jiang, the current CEO of Fengzhong Media, Sun won the rights to broadcast the boxing competition between Mike Tyson and Evander Holyfield of a year before. Both Sun and Jiang sold the broadcasting rights with ads inserted to local TV stations. In that competition when Tyson was defeated, the two Chinese entrepreneurs jointly earned RMB 1 million (about Euro 120.000). Although it

was not a huge amount, Sun, after checking for the audience rate, discovered that they could have earned more by making pay to view. In that competition, in mainland China there were 60 million Chinese viewing Tyson's defeat, if each one had paid a fee of 5 cents, even if only 30% of people would watch the competition, their income would reach RMB 9 million (about Euro 1.08 million). And in the US, in such a competition, the income from viewing fee would be US\$ 400 million and more. "This is the value of the business of pay TV", said Sun. However, at that time, he did not believe that China would have entered the age of pay TV. He continued to deal with sport programs and sell them with ads inserted to local TV stations.

In November 2001, China fully launched the plan to set up digital cable TV. Within a few years, under the promotion of the central government, the digital pay TV rapidly took off, so until January 2006 the General State Administration of Radio, Film and Television (SARFT) had already approved 112 digital pay TV programs, and at the end of 2006 the users of digital cable TV accounted for 11.8 million people.

Although the number of digital TV users is steadily increasing in China, the problem of shortage of contents still remains. When it started to broadcast in March 2003, Guangzhou Digital TV accounted more than one thousand users in less than one week, but because of the shortage of programs, and that the quality did not meet with the demand of the audience, the users gave back the company the set-top-boxes.

According to a research, a Chinese fan usually spends on average more than 102 minutes per week to view the Premier League.

Most Chinese fans have constantly followed the English League for 3 years. The latest data show that the Chinese fans range from 27 million to 32.5 million people, accounting for 6% of more than 500 million fan of the Premier League in the world.

Sun explained that one reason for he opted for the Premier League was that he did not want to enter in competition with China Central Television (CCTV)<sup>1</sup> that broadcasts the Italian Soccer League.

*(to be continued)*

*Southern Weekly (Nanfang Zhoumou) is a publication of Nanfang Daily Group and is very popular in the southern province of Guangdong. Since 1984, when it was founded, Southern Weekly has become over years the first Chinese weekend newspaper as to circulation (1.3 million copies as highest number). It is one of the most influential newspapers on public opinion and other media, thanks to innovative aspects such as its model of "weekend newspaper", the style of its journalists, as well as its business model as a whole.*

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<sup>1</sup> China Central Television (CCTV) is the Chinese national TV broadcaster. Currently it accounts for 15 analogue channels and 10 digital channels.



## INTERNET IN CHINA

Cinzia Colapinto, China Media Observatory

By the end of 2006, the Internet users<sup>2</sup> in China reached 137 million, and in the first quarter of 2007 they account for 144 million people. China ranks second after the US (205 million) but Internet surfers account only for 10.5% of China's population: considering that 70% of Americans<sup>3</sup> use Internet, there are wide development possibilities in China.

The main issue is the growth rate: from 22.5 million in 2000 to 137 million in 2006, China's Internet users increased by over 100 million. The growth rate in 2006 (23.4%) increased after dropping in 2004 (18.2%) and 2005 (18.1%) as shown in figure 1.

Looking at the types of connections, 104 million people (75.9% of Chinese Internet users) use broadband connections that include xDSL, Cable Modem and leased line. The scale of mobile phone Internet users has also expanded with the total number reached 17 million.

Considering the regional distribution, the Internet penetration in Beijing exceeded 30%, followed by Shanghai (28.7%) and Tianjin (24.9%). This fact confirms the gap between east and central west China: the east China Internet penetration rate is 15.7%, thanks to around 58% of Internet users living there.

Young people are the largest users of Internet: a surfer traditionally is young, male, unmarried, high-educated, his wage is me-

dium-low and he lives in a town on the east coast.

Chinese users are mature ones as we can observe from the most frequently used services and functions: blog (25.3%), VoIP (11.2%), online financing (10.5%) and e-government (7.7%). To the Chinese official sources online betting is not mentioned because it is illegal: gambling has been illegal since 1949, except for that allowed in Hong Kong and Macao.

The total amount of domain names in China increased remarkably: over 1.8 million .CN domain names had been registered. Under the native environment of rapid development of the Internet, China shows greater demand and developed broader application on Internet addresses. Total domain names in China now touched 4,109,020, which is 1.16 million more than some 6 months ago, averaged at 200 thousand net growths per month. The .CN domain name reaches 1,803,393, which are 64.4% greater than one year ago. The .CN today ranks fourth among all ccTLDs and brings China's Internet into the .CN era.

China's current web search market leader is *Baidu.com Inc.* (with a share of 55.2%), which received its license to provide news content at the beginning of this year. *Google* is China's No. 2 search engine, with a market share of 21.7%, the Shanghai research firm iResearch Inc said. Yahoo Inc's China portal is third with 7.2% and Sogou No. 4 with 6.5%. *Google*<sup>4</sup> has just received the licence from China's Ministry of Information and Industry: this may help the company to attract more advertising revenues.

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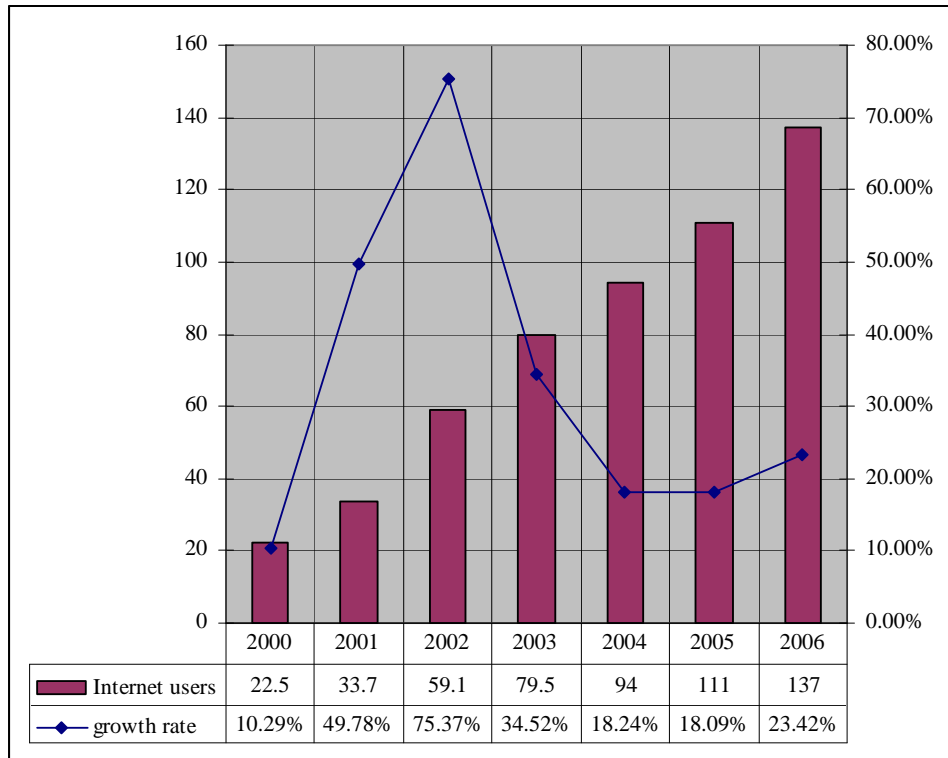
<sup>2</sup> The China Internet Network Information Center (CNNIC) defines the Internet user as Chinese citizen aged 6 and above who averagely use the Internet at least one hour per week.

<sup>3</sup> In Switzerland they account for 67.8% and for 52.9% in Italy (close to the European average, 50.36%). ITU.

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<sup>4</sup> *Google.cn* has been launched in January 2006.

Figure 1: Internet users in China, 2000-2006



The viceminister of the Information Ministry Guohua Xi thinks that "the spread of not good online information is harmful to youth. Therefore we must strongly promote the civilization of the social network, the civilization of Internet for a healthy network and of quality with diversification in contents; encourage the enterprises and the units which are interested in using "green" softwares, as well as actively cooperate together with the relative departments in fighting pornographic activities of the network in order to get an effective purification of the online environment".

In latest years, the appearance of Internet telephone (VOIP), the *peer-to-peer* technology, TV services offered on wide band (IPTV), instant messages, as well as search engines, has called for the need for the government to raise the level of control of Internet as whole. The responsible of telecommunication management at the Information Ministry said: "This year we must

fully develop Internet functions and at the same time constantly improve the context of development of Internet in our country."

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## **CHINESE MEDIA AT GLANCE: NEWS FROM CHINA**

Chwen Chwen Chen, China Media Observatory

### ***Online advertising revenues grew up to 51% in 2006***

According to the data of the 'Internet Guide 2007. Survey on Internet in China' released by the Internet Society of China (ISC), Internet ad revenues in China account for RMB 4.98 billion (Euro 498 million) in 2006, growing by 50.91% with respect to the previous year. However this figure does not include the revenues of search engines. The Report estimates that in 2007 and 2008 the online ad market will grow by 51.8% and 55.6% respectively, accounting for RMB 11.763 billion (Euro 1.12 billion) in 2008. The Report also shows that in 2006 the market of search engines reaches a market dimension valued for RMB 1.571 billion (Euro 157 million), namely 49.52% of the whole market. The segment of Chinese search engines is estimated to reach 48.20% and 40.60% in 2007 and 2008, respectively, for a market value of RMB 3.273 billion (Euro 327 million) in 2008.

The development of search engines, instant messaging and of any service on Internet is largely compromised by the growth of services offered by traditional Internet portals. In 2006 the growth rate of revenues of search engines is exceeding the growth rate of traditional portals by 11.16%, and the estimates show that in 2007 and 2008 this rate will be 27.98% and 25.6%, respectively. Many analysts think that the Internet market in China has already entered into a stage of fast development. Online advertising, as well as many key sectors, have passed the birth stage and are expected to take off. However, the dimension of online

ad market in China is still far away from that of the US market, which accounted for Euro 21.219 billion in 2006. In 2006 the whole output generated by the world online advertising market accounts for Euro 34 billion, and in 2010 it is expected to grow to Euro 76 billion.

(Source: [www.isc.org.cn](http://www.isc.org.cn))

### ***New rules to broadcast TV series on satellite channels***

On the occasion of the "Seminar of cooperation on new trends of the TV fiction market" taken place in January 2007 in Beijing, the director of the TV fiction department of the General State Administration of Radio, Film and Television (SARFT, see the box), Weiping Wang, claimed that the 2007 has been proclaimed as the year of quality of TV fiction. SARFT has requested that starting from February, and for a period of eight months at least, all the satellite channels must broadcast the so-called 'main theme' TV series, that is those serials concerning issues that are considered important for the Chinese history and society. The purpose of the seminar was to create a platform of exchange to favour production units and broadcasting units. According to the president of the Association of Production of Radio and TV Programmes Xiaogang You, in 2006 the Chinese TV fiction market was coping with a situation of excess supply. According to the president, there were too many production units of TV fiction, the quality of products was low, and the quantity bought by broadcasting units was limited.



At the seminar the representatives of production units of TV fiction also raised the problem of high rewards requested by actors. The proposal of the vice-director was "to settle the salaries of foreign actors through an appropriate policy of liberalization of foreign companies which come to China to shoot movies, both for Chinese actors that work for local/national TV fiction production companies".

Referring to the planning measures of TV fiction in the current year, the director Weiping Wang said: "This is a special year for all TV programmes. In order to create better conditions and environment, SARFT requests that starting from February and for eight months at least, all satellite channels must broadcast fiction in prime time (roughly between 7pm and 9 pm). For this reason, SARFT has established a four-tier system of check and control:

1) one month before broadcasting for all TV series, a report must be sent to the provincial office of SARFT,

2) the provincial office of SARFT will send out the report to the provincial office of the Publicity Department,

3) the provincial office of the Publicity Department will send it to the central office of SARFT,

4) in the end SARFT sends out the report to the Arts section of the central Publicity Department. Once overcoming the control, the series can be broadcast".

[www.xinhuanet.com](http://www.xinhuanet.com)

### ***Get deeper into...***

This section is dedicated to an in-depth analysis of the structure of media industry in China by focusing on the regulatory bodies, policies and most important players. In this issue we introduce two regulatory bodies of the Chinese broadcasting industry:

#### ***The General State Administration of Radio, Film and Television (SARFT)***

*SARFT is China's principal regulatory body of audiovisual industry and is under the direct control of State Council, which is at the top of Chinese government bodies. SARFT is responsible for approving the content of radio and TV programmes and films, overseeing film imports and setting the amount of time allotted for foreign TV programmes; controlling access to satellite and cable networks as well as supervising their operations. It also supervises the operation of China Central Television (CCTV), the national TV network and oversees the establishment of cable channels. As of need, it can issue views about the control of other types of media. Recently SARFT has published rules that request the submission to its approval of all online video, so to monopolize the control of IPTV and other forms of transmission of video images on Internet.*

#### ***Publicity Department***

*It is under the direct control of State Council and is responsible of the propaganda system in the country, and ensures that news and information in China are compatible with the guidelines expressed by the Chinese Communist Party.*

## **EVENTS and CONFERENCES ABOUT CHINA**

Cinzia Colapinto, China Media Observatory.

- **China: Evolution or Revolution?** BACS 2007 Annual Conference  
*University of Manchester, UK 6-7 September.*

The British Association for Chinese Studies 2007 Annual Conference will be held in conjunction with the Centre for Chinese Studies at the University of Manchester.

What has China's contribution to world culture been? Does China offer alternative models? Are we witnessing a paradigm shift in the 21st century? Are we still trapped in modes of understanding that belong to the past and hamper our ability to comprehend the China of today? These are some questions the central theme seeks to address, critically evaluating the claims of both traditional and contemporary China to creativity and originality. For more information, visit:

<http://www.ccs.humanities.manchester.ac.uk/BACSConference.htm>

- **Asia MobileTV Congress 2007**  
*Hong Kong, 11-13 September.*

Mobile Network Operators, Content Creators, Broadcasters and Content Aggregators meet to develop new partnerships to leverage on the opportunities that mobile presents as a new distribution channel. The agenda focuses on the strategies used by different operators and broadcasters to uncover the underlying profitable business model that will drive service adoption and enable you to increase your market share.

For more information, visit: <http://www.terrapinn.com/2007/mobiletvhk/>

- **China Forum: Harmony, Innovation and Development**  
*Athens, Ohio, 26-28 October.*

The 13th Annual International Conference, organized by the Association of Chinese Professors of Humanities and Social Sciences, will focus on a general question:

What innovative approaches can be utilized to solve China's existing problems, sustain its development, and achieve the ultimate harmony? Visit:

<http://www.acpss-us.org>

- **The Interplay of Oral and Written Traditions in Chinese Fiction, Drama and Performance Literature**

*Norwegian Academy of Science, Oslo, Norway 5-6 November*

This symposium is hosted by the Nordic Institute of Asian Studies (NIAS) and sponsored by the Norwegian Research Council, Programme of Cultural Studies KULFO. For more information, visit: <http://www.shuoshu.org/>

Visit our website: <http://www.chinamediaobs.org>