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Private Television Production Companies in China: New Strength in the Market

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As most people know, all mass media, including television stations, are state-owned in China. However, with the economic reform in the broadcasting system and China entering the World Trade Organization (WTO), the television industry has expanded greatly and the television market has evolved, with an ensuing growth of competition. The players in China's television industry have changed from a monologue of TV stations to stations that hold multiple roles and a growth of production companies and overseas television companies although the TV stations still dominate China's television market. Private television production companies are, however, becoming increasingly active in this market.

Since the economic reform of the 1980s, television organizations have reshaped the system from government 'institution' (*shiye*) to state-owned 'enterprise' (*qiye*), changing their operations from government funded to commercially managed through advertising and program rights. The scale of the television industry has increased ten fold and more since the reform of the 1980s. By 2005 there were 302 TV stations, 1,932 Radio & TV stations (1,272 of them rural) that operate a total of 1,227 channels and broadcast 12,831,800 hours every year across the country, covering 95.81 percent of the entire population of 1.3 billion people, including 12.6 million cable users (SARFT 2006, 47). Over the course of the gradual 'industrialization', 'commercialization' and 'corporatization' reform, state-owned TV stations have evolved from political propaganda 'mouthpieces' to the multi-role of political presence and commercial force. However, the growth of TV stations still cannot keep pace with market demand.

Statistics show that the production hours of TV stations account for just 20 percent of the broadcasting hours in the whole country (SARFT 2007). The production system of the TV stations is unable to satisfy demand in the current situation and television stations have thus begun to look for support outside the system.

Within the context of the 'socialization' and 'marketization' broadcasting policies, both private studios and the practice of outsourcing began to emerge in the market in the wake of the less restrictive policies of the 1990s. Over 1,500 private television production companies have been set up since the first private TV production company was established in China in 1994 (SARFT 2006). Since 1994 their operations have been dictated at different times by banning, acquiescence, and approval by the government. Over more than ten years of development these private companies have become a very important part of the television industry as a whole and are involved in every stage of production.

The development of private television production companies can be divided into three stages (Lu 2005 Preface): 'non-oxygen' stage; 'lack of oxygen' stage and 'feeding with oxygen' stage. Before China's economic reform in 1978 the mass media were regarded as an important tool for ideology propaganda and the media were considered a part of political bureaucracies. This meant that there was no room for private companies, just like a non-oxygen environment for living beings. As the 'mouthpiece', mass media were considered a sensitive field for private investment and were closely controlled by the government. Therefore, it is not surprising that there was no policy or regulation for the management of private companies in this field before 1995. Indeed, it was in 1994 that the first company in the TV production business registered with the Trade Department of the government, bringing the concept of private TV production companies to the attention of Chinese policy makers, even although before then quite a few of these companies had already been operating 'underground'. The first Broadcasting Regulation on this concept was issued in 1995 and totally banned the development of private TV production companies although, in practice, it was never fully executed. With the profound reform of the market economy in China and the boom of the television industry, the number of private companies increased greatly. In particular, the regulations issued by SARFT in 1997 stated that private companies could be granted permission by some government departments. After that some private production companies emerged from their underground status in developed areas such as Beijing, Guangzhou and Zhejiang. By 2000 the number of the private TV production companies had more than doubled: at the Beijing International Television Expo they totalled 317. In 2002 the idea of the 'separation of production and broadcasting' - originating from the 'commission' of BBC program production - was advanced and discussed by many producers and experts. The 'separation of production and broadcasting' reform was to change the multi-function TV station that controlled production, broadcasting and distribution to a single-function TV station that mainly produced the news and controlled the broadcasting platforms.

Private companies would therefore have more space to manage the production and distribution business. Today, more and more private TV production companies devote time and resources in professionalizing program innovation and distribution, the weak points of China's TV stations. In particular, in content innovation some have already branded programs in the market (See table 2).

However, the absence of regulations on media rights restricts the innovation capacity of the private television production companies that have to deal with a high

Table 1 - Important milestones for private TV production companies

Time	***Events***
1994.11	The first 'TV production company' with the 'advertising company' name 'Jia Shi Advertising and Cultural Company', set up in Beijing
1995.9	SARFT Regulation No. 16. Rule No. 5: it is forbidden to establish independent film and TV companies, temporary regulations on the organization of film and TV ownership and management, by former SARFT
1997.9.1	Rule 31 in the Radio and Television Management Regulation: Some production organizations with the approval of the Radio and TV administration departments can produce programs
2002.11	Notice: independent film and TV companies can be certified once they are approved by the relative government department, by SARFT
2003.12	Doc. 105 issued by the State Council Office, Rule No. 10: social invested cultural companies can be treated similarly to state-owned cultural organizations
2004.8	SARFT Regulation No. 34, Rule No. 5: the government encourages social organizations or state-owned companies to do business in the film and TV production sector, but not companies who benefit from overseas investments
2004.11	SARFT Regulation No.44: overseas companies are allowed to invest in co-operation and hold interests in co-invested production companies but the highest shareholding they can own is 49%

degree of copying and emulation in the production market. Most producers look for new sources of inspiration and innovation by resorting to the shortcut of imitating other successful overseas or domestic programs. Some private television production companies have created original and successful programs but within a couple of months they usually have to compete with several similar pro-

Table 2 - Private television production companies

Name	***HQ***	***Year***	***Famous Brand***	***Brief background***
Jia Shi Media Company (Jiashi Chuanbo)	Beijing	1994	Social News Programs	The oldest production company in this field
Tang Dragon International Media Group (Tanglong Guoji)	Beijing	1995	'Entertainment 365'; 'Nike Knowledge Garden' co-production with Nickelon Channel of Viacom	Over 10 programs distributed to different level TV stations; the program platform includes TV dramas, fashion, entertainment, business reports and children's programs
Enlight TV Production Co. Ltd (Guangxian Chuanmei www.netandtv.com	Beijing	1998	'Entertainment Live' was aired in over 20 cities	12 programs broadcast on over 600 TV channels; extension of content production to mobile SP, internet and other new media; merged with an SP listed company, Huayou Ltd., in Nov 2007
Joyful Culture and Entertainment Co. Ltd (Huanle Chuanmei) www.joymedia.cn	Beijing	1998	'Happy together' (Huanle Zongdongyuan); Cultural Report Daily (Meiri Wenhua Bobao)	Major in entertainment TV programs
Yinhan Communication Co. Ltd (Yinhan Chuanbo)	Beijing	2000	BTV 'Life Channel' (2004-2006)	Major in business reporting with Beijing TV station
Stellar Media Co. Ltd (Xingmei Chuanmei)	Beijing	2001	Multi-platforms including magazines and DVD, etc.	The biggest company in this field with a registered capital of RMB 320 million
Egasus & Taihe Entertainment International (Paige Taihe)	Beijing	2002	'Global Film Report' (Huanqiu Baodao); Program design for Neimenggu TV (Mongolia TV), since 2006	Formerly Egasus International from 1993
Bao Li &Hua Yi Media Group (Baoli Huayi)	Beijing	2003	Hainan TV 'Travel Channel' (2005 till now)	Formerly Hua Yi Media from 1996; the main control company state-owned Baoli Group
Guanghua Centenary Media Company (Guanghua Shiji)	Beijing	2003	'Police Life' co-production with the film and TV production center of China's Ministry of Public Security	Parent company Guanhua Group including the equipment and music production
Qixinran Media Organization (Qixinran Chuanbo) www.qixinran.com	Beijing	2006	'Lucky 52' 'Golden Apple' 'Healthy Life' etc in CCTV	Formerly Advertising Company from 1997; parent company Qi Xinran Group including film, drama production and animation

grams.

Otherwise, the main hurdle for the development of private television production companies is government policy in the state-owned system. Compared to American syndication rules, the British broadcasting deregulation and the Korean broadcasting proportion system which support the relatively small-scale independent television companies in diversifying content and stimulate the market, private TV production in China has not received enough attention from government. Private television production companies cannot protect their rights over programs commissioned or co-produced with TV stations and generally cannot question TV stations on matters of policy protection.

In China, most private TV production companies adopt three different kinds of business models: the first is to outsource programs or a part of the production including packaging, advertising, content production and management but the private companies cannot own any copyright to the programs; the second is to co-produce programs, sharing copyright which includes a part of the distribution rights but, generally speaking, TV stations prefer to make a bigger investment and seldom share the copyright with the private companies; the third business model is to independently produce programs and sell them to the TV stations but again, generally speaking, to reduce their costs, most TV stations devote only a few minutes of time to the programs in return so private TV production companies have to find the sponsorship and investment for themselves. For obvious reasons most private television production companies in the market still depend on the limited revenues of the first business model. In the global post-broadcasting era, media formats have begun to multiply and converge with new technology development; media audiences are becoming increasingly fragmented and global media groups are moving ever closer to the domestic market. China's TV industry will also have to transform into a much more flexible system to face these challenges. However, compared to the high-value international media market, China's TV market remains confined to the lower level of low-cost production and imitation. It is expected that the growth of private television production companies will change this situation and will also boost diversity and high quality TV content production in China.

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A Chinese Animation TV Production Industry: An Overview

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With its 1.3 billion people, 300 million of whom are teenagers, China enjoys a huge potential demand for animation content. Rough estimates say that, by the end of 2006, the demand for animation content accounted for 270,000 minutes of cartoon programs each year yet the domestic animation industry was only able to provide around 25,000 minutes (Pan, 2006). However, some market figures show that the situation has changed slightly. The trend of animation TV program production in China has registered a steady growth in the last ten years: in 1997, 5 animation TV programs were produced, in 2004 this number reached 29, and in 2007 it produced 186 series, for 991 minutes, 21,819 minutes and 101,614 minutes respectively (Blue Book 2008). Domestic animation was the fastest growing sector in China's TV industry in 2007, with output growing to 82,300 minutes of new content. What are the main factors driving this growth?

Traditionally, animation in China was considered a cause combining education with recreation. China's first cartoon movie, *Chaos in the Studio*, a silent animation film, was created in 1926. China's first full-length animation films were *Princess Iron Fan* by the Wan Brothers in 1941 and Qian Yunda's *Red Army Bridge* in 1964. The *Monkey King* cartoons of the 1960s, now considered classics of Chinese animation, included *Havoc in Heaven* produced in 1961–64 and *Nezha Conquers the Dragon King* in 1979, which was China's first widescreen animated film. Other popular cartoon films followed, including A Da's *Three Monks* in 1980, *Wanderings of Sanmao* in 1984 and the *Calabash Brothers* in 1987. In the mid-1980s China's animation industry was dominated by the large, well-financed foreign competitors allowed into the market. The first overseas cartoon introduced to China was a Japanese production called *Astro Boy*. Since then a large number of foreign cartoons have inundated the domestic market. Among them, US cartoons such as *Mickey Mouse*, *Donald Duck* and *Tom and Jerry*, have been huge hits, and their characters have become idols of Chinese children.

Recently, the Chinese government has attached great importance to improving its cartoon industry. In 2000 the State Administration of Radio, Film and Television (SARFT) required local TV stations to obtain approval from the administration and set quotas for imported cartoons. The 2004 regulation by SARFT required prime time slots (5-8 p.m.) to be strictly reserved for locally produced content on all domestic channels and not more than 40% of the air time could be allocated to foreign animation content. A further regulation issued in 2006 established that co-produced cartoons needed the approval of SARFT if shown in prime time. SARFT adjusted the schedule for TV stations under its supervision: in a 10-hour time frame, domestic cartoons would be screened for seven hours to every three hours of foreign cartoons. The previous ratio was six to four. In May 2008 SARFT extended prime time by one hour for nationally produced animation content. Overall, under the current regulation, TV stations may only broadcast domestic cartoons approved by SARFT or provincial broadcasting authorities during children's prime time. Broadcasters need to obtain approval from SARFT before airing Sino-foreign co-productions during these hours. TV stations must not buy or re-broadcast unauthorized programs and are expressly forbidden from broadcasting pirated or prohibited foreign animation. All these regulations are widely seen as protection for the domestic industry in a bid to promote struggling homemade cartoons.

Another policy adopted by the government was the creation in 2004 of 15 animation production bases. Preferential policies, favourable tax regimes, awards and venture capital investments were introduced to foster the growth of the industry. By the end of 2007 there were 6 animation training and research bases and 17 authorized animation industrial bases which produced a total of 132 animation series amounting to 80,171 minutes in 2007, 79% of total production. 34 children/youth-dedicated channels and 4 animation channels broadcast about 8,000 minutes every day throughout the country. The CCTV channel dedicated to youth, *CCTV Shaoer* (CCTV Youth), on its own broadcasts 65,000 minutes yearly to an audience of 600 million people (Blue Book on China's Radio, Film and TV 2008). As a result of regulatory and industrial policies, many animation production companies have flourished: today, their estimated number is 1500-2000 companies (state-owned and private).

However, in spite of the government's efforts, the Chinese animation TV industry suffers from a number of problems. One is the inefficiency of the distribution system: most production companies rely on their own networks to distribute their products. Other obstacles to the development of the animation industry are illegal duplication of copyrighted materials, no proper funding system, a talent drain and poor content. Chinese operators recognize that local cartoon content lacks market appeal. "China's animation industry has just started and various problems may arise." Professor Lu Shengzhang at the Animation School of the Communication University of China (CUC) continues: "though the airing time of domestic cartoons has been increased from 5,000 minutes in 2000 to 80,000 minutes in 2007, there haven't been occurrences of such widely popular cartoon series as Mickey Mouse and Donald Duck for instance. Thus, for China's animation industry there is still a long way to go. The key is how to find a way to professional marketization."

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China issues long-awaited 3G licenses

China has the world's biggest population of mobile phone users (more than 600 million) and, according to Li Yizhong, Minister of the Ministry of Industry and Information Technology (MIIT), a RMB 280 billion (€31.12 billion) investment in new networks over the next two years is expected

China's telecommunications supervisor, MIIT, issued the long-awaited third-generation (3G) mobile phone licenses to three mobile operators in a move that is expected to see billions of dollars invested in building new networks: China Mobile was awarded a license for TD-SCDMA, the country's domestically-developed 3G standard; China Telecom and China Unicom received licenses for the US-developed CDMA2000 and Europe's WCDMA respectively.

The 3G high-speed networks are capable of handling faster data downloads, allowing handset users to make video calls and watch TV programs. The MIIT also issued 23 regulations detailing requirements on 3G network operation in aspects such as market competition, consumer rights, user information security, telecommunication charges management and facility building.

Source: www.xinhuanet.com - January 7, 2009.

Online Video Revenues Reach RMB130 Mln (€14,4 mln) in Q3

China's online video market recorded revenues of RMB 130 million (€14.4 million) in the third quarter of 2008, an increase of 32.8% over the previous quarter, according to the China Online Video Market Quarterly Monitoring Report recently published by Analysys International.

Analysys International attributes the rapid growth to the Olympic marketing campaigns launched by many online video operators in China. In addition, a growing number of advertisers are beginning to make use of video advertising as the video manufacturers themselves are placing increasing importance on copyright protection and enhancing their influence.

Analysys International's research noted the following characteristics in the market this quarter:

- A decline in market concentration. UUSee, PPLive and PPStream are the top three market players with market shares of 16.5%, 15.5% and 11.6% respectively (with a CR3 under 50%).
- Online video operators have started focusing on developing copyrighted content. The high cost involved in operating online video sites has left operators facing huge pressures over revenues. They have shifted their focus to copyrighted content in a bid to lure more advertisers and quickly boost their financial returns.
- Business model innovation. A number of online video operators have started diversifying their businesses and experimenting with different business models. For example, 56.com has launched a social networking site and online game platform, signalling a shift to a business model that combines online videos, SNS and online games.

Source: CMM Intelligence - December 2009.

More than 200 million people read news online in China

According to the "2008 report and analysis of Internet in China" published by The Chinese Academy of Social Sciences, in 2008, 206 million Chinese, 68.6% of total netizens, rely on Internet to gather news information, making Internet an important source of public opinion in China.

The report shows that 2008 was a year of steady growth and widespread use of Internet in China. By June 30, 2008, the number of Chinese netizens reached 253 million. While in the early development phase Internet was used mainly for entertainment and networking purposes, 2008 saw a major change as the use of Internet for news information purposes gained ground: the number of netizens using Internet for information purposes grew by 51.64 million people, reaching a total of 206 million in 2008.

The high number of major events in 2008 can be considered an important factor in the growth in the use of Internet for news information purposes. People's Daily, Xinhua and CCTV International - the three major news websites - together with the four big commercial portals of Sina, Sogu, Netease and Tencent, offer more than 20 thousand pieces of updated daily news and information for a daily average of over 2 billion pageviews.

Chinese surfers pay close attention to current events: Internet is becoming the main source of information generated by public opinion. The survey shows that the core of Chinese netizens is the 30-year-old and younger age groups which account for 68.6% of the total number of Internet users. These users are becoming more accustomed to getting news and information and expressing their views through Internet.

The report notes that in 2008, due to the impact of Internet, some local and localized incidents have been enlarged and become the topic of national concern overnight. Some local governments have changed their way of dealing with unexpected incidents, adopting "in time" communication as an important strategy. Governments at all levels are paying unprecedented attention to public opinion. Many towns, cities and departments are also encouraging people to offer advice and suggestions through Internet. Experts point out that the new media network is becoming a new pattern of public opinion and an important element of the ideology and culture to become amplifying centers of information and public opinion.

Source: Renminwang (People's Daily Online) – December 22, 2008

Copyright Infringement Cases in China

The Beijing Haidian People's Court has ruled against several leading Chinese Internet companies in favor of the plaintiffs in several recent IPR cases.

In November 2008 the court heard 15 online piracy cases involving allegations of online copyright violations for nine films and three TV dramas series including Huayi Bros.' films Big Shot's Funeral and A World Without Thieves, plus drama series The Soldier's Sortie, Struggle and The Legendary Fox. The court declined to disclose the identity of the plaintiffs involved in the cases but it found several major Internet operators - including portals Sina and Sohu, plus online video sites 6.cn and ku6.com - guilty of online IPR violations. The companies were ordered to pay the online copyright owners between RMB 8,500 and RMB 24,000 (€944 to €2,666) for economic damages sustained as a result of the violations.

In a related case on December 2008, Beijing Netmovie Company won the RMB15,000 (€1,666) copyright infringement lawsuit it brought against leading mainland portal Sohu, according to a report in China Industrial Economy News. The company filed the lawsuit in May, claiming that Sohu infringed the copyright on Linger and asking for RMB 180,000 (€19,995) in damages. Netmovie said the case was a test case and it intends to demand more damages from Sohu, claiming it has evidence that the portal has infringed the copyright on 37 films and TV series.

Source: CMM Intelligence - December 2008.

China cracks down on confessional talk shows

The State Administration of Radio, Film, and Television (SARFT) has ordered a crackdown on low-brow confessional talk shows as part of a campaign against base entertainment and because such programs often fake their content. China has seen a plethora of these television shows, mainly on regional stations such as "Real Love," "Here Comes the Litigant" and "Say It Like It Is," where people come on to talk about family disputes or appeal for money. The crackdown is also part of a government campaign to take vulgar programs off the air. One show, "Extreme Emotion Face-Off," has already been banned. Other things SARFT has taken offence at have included reality shows featuring sex changes and plastic surgery and talent contests during prime-time as well as "sexually provocative sounds" on television.

Source: www.xinhuanet.com - December 23, 2008 .

China begins internet pornography crackdown

The government has accused leading search engines and web portals of carrying pornographic and vulgar content in the latest crackdown on internet firms in China. While it is common for Beijing to launch internet censorship campaigns, the latest crackdown is the first to target industry heavyweights such as Google and Baidu. The 19 websites cited by the government also included Sina, Sohu, Tencent and NetEase, which are some of China's most popular sites. By contrast, the last crackdown on unhealthy internet content about one year ago targeted only small and little-known websites. The move comes as China's political leadership faces a growing number of challenges to its authority, many of which have been organized via the internet.

Source: China Economic Review - January 6, 2009 .

Sina merges Focus Media outdoor digital media

On December 22, 2008, Sina (the Chinese leading web portal) and Focus Media Group (China's largest Digital Media Group) announced that both sides have reached an agreement: Sina will merge Focus's outdoor digital advertising business.

Under the agreement Sina will issue 47,000,000 ordinary shares for the acquisition of Focus Media's Focus buildings television, the advertising line of business and stores advertising business-related assets. Focus Media will retain its Internet advertising business, cinema advertising as well as traditional outdoor billboard business.

Sina CEO Charles Chao said: "This merger is designed to integrate China's two most powerful new media advertising platforms, so as to provide our customers with more effective integrated marketing services. We believe that this transaction will greatly enhance our media coverage and impact and allow us to become indispensable to the new media platforms of the Chinese advertising market.

Likewise, Focus Media CEO Tan

Zhi said: "In the past few years, we have built up the most influential of China's largest outdoor digital advertising network, for a daily coverage of 150 million urban mainstream consumer crowd. Today, the merger with Sina will reinforce the advantages of each partner so as to better serve our advertisers and improve our new media marketing in the Chinese market."

In the global financial crisis that had a severe impact on Internet companies, this merger involves more than US$1.3 billion (€746,000,000) of total funds. In the domestic Internet industry this is also the biggest merger in China so far and its impact is explosive. If the transaction and the approval conditions formalities completed, the transaction would be completed in the first half 2009.

Although the merger did not involve Focus's largest Internet advertising agency, Allyes, it has made Sina China's largest Internet advertising company.

Following the merger between Sina and Focus digital outdoor advertising, the single-quarter revenues are expected to reach more than US$210 million (€156.763 million); in the domestic Internet industry this would rank second only to the single-quarter revenue of RMB2 billion (€218.234 million) registered by Tencent and overtake Sohu, Netease, Baidu and other competitors. Considering the advertising revenue on a yearly basis, Sina will also exceed RMB4 billion (€439.190 million), becoming one of the highest ranking enterprises.

According to analysts at CCID Consulting – a Chinese consulting firm directly affiliated to the China Center for Information Industry Development – this is a win-win agreement. For Sina, as the country's largest Internet media, the take-over of Focus Media can help to upgrade its Internet and outdoor areas of the digital media's influence, and expand the coverage of users to improve the sales team in the cross-boundary and cross-media platform for the sale of collaboration capabilities.

For Focus Media, which has experienced a decline in advertising revenue caused by the global economic crisis and fierce competition in the advertising business, the sale of part of outdoor digital media is conducive to Focus for the development of Internet advertising channels and the creation of a new competitive edge.

Analysts believe that for both parties the Sina-Focus outdoor digital media merger involves only those fields that are able to reinforce their own advantages, but that it is also conducive to both sides in the broader context of the economic downturn and development of their customers, the reduction of costs and improvement of their ability to counter risks.

Sources: www.sina.com.cn, CCID Consulting (www.ccidconsulting.com), Internet and E-Commerce Consulting Center - December 22, 2008.

CETV, Guangxi Radio & TV Launch Digital Educational Network

China Educational TV (CETV) launched the new Guangxi Digital TV Educational Information Network in partnership with Guangxi Radio and TV Network on December 3. The network will broadcast educational programs produced in Guangxi province via three platforms: a pay-TV channel, a digital TV near-video-on-demand (NVOD) channel and an interactive VOD channel. The NVOD channel will consist of 36 sub-channels providing students with educational programs covering the major subjects for nine school grades, from Elementary School Grade 4 to Senior High School Grade 3. The interactive VOD program will also provide users with access to educational programs on a range of subjects.

Source: CMM Intelligence - December 2008.

Gehua to Launch a Joint Venture to Operate Digital Television Channels

Mainland digital cable TV operator Beijing Gehua CATV Network plans to invest RMB 20 million (€2.2 million) to establish a new company with Shanghai Longyu Investment and Shenzhen Daohong Venture Capital Management that will operate and invest in digital television channels. With a share of 40% in the new company, Gehua will be the largest shareholder.

Once established, the new company will cooperate with channel operators in the areas of channel positioning, program planning and the design of business models for digital channels. The new company will use a market-oriented approach to attract high-quality program production staff for the self-production of core programming content. At the same time it will outsource and enter agreements to obtain high-quality programming from other content suppliers.

Source: China Securities Journal (Zhongguo zhengquanbao), CMM Intelligence - December, 2008.

IPTV need to explore the sound development of the road - 2008, China's IPTV Market Review and Prospect

In 2008, with China Telecom's vigorous promotion, China's Internet Protocol TV (IPTV) subscribers grew rapidly, up 100% year-on-year; this rapid growth also drives the development of the IPTV equipment market. With the promotion of free and bundling marketing, subscribers in Shanghai, Chekiang, Fujian and Guangdong have taken shape. If China Telecom's effort in IPTV drives the whole of the IPTV market's growth, subscribers increased rapidly because of free promotion by Shanghai, Zhejiang, Fujian, Jiangsu and Guangdong Telecoms. By the end of 2008, the number of IPTV subscribers reached 700,000. Studies on user consumption behaviour and habits will be helpful to telecom operators in understanding users' needs and expectations in order to plan their marketing campaigns. In 2008, opportunities related to the Olympics also provided a showcase for IPTV development. Users' recognition of IPTV services has improved constantly. However, telecom operators find it difficult to gain profit from IPTV.

In 2009, the continuous growth in the number of subscribers will entice more content and service providers to enter the IPTV field. With IPTV's particular order program and replay function it is possible to develop typical music, movie, game and public services. Competition between IPTV and DTV (Digital TV) will focus on the difference of product content and functions.

The 2008/2009 global financial crisis will mean that telecom operators' investment in capital and resources in IPTV promotion will be tested. How to guarantee the IPTV market's sustainable development has become the focus of the entire IPTV industry. Telecommunications-broadcasting-Internet convergence will continue in 2009. This convergence will seize favourable development opportunities, achieve stable development and solve the standardization issue. Based on the IPTV's business functions, Chinese companies such as UTStarcom, ZTE and Huawei will develop more application functions for industrial users. IPTV considers industrial application as a breakthrough, accelerating regional layout and thus driving the local public user market's growth. UTStarcom will shift its attention to the video monitor market whereas ZTE will launch the network video system, integrating video monitoring, conference TV living broadcasting, video communications and advertising, and will provide sufficient services for family users, SMEs and industry clients.

Source: CCID Consulting (www.ccid-consulting.com), Communications Industry Research Center, December 31, 2008 – December 31, 2008.

CCTV to Deliver French Channel via the IPTV Platform in Mauritius

CCTV has signed a contract with Mauritius Telecom to launch its French language channel CCTV-F over an IPTV platform in the Republic of Mauritius. The cooperation means a further 20,000 users in Mauritius will be able to watch CCTV-F. The French language channel has been available via a satellite TV signal to around 1.27 million people in Mauritius since 2004, when the London Satellite TV Corporation worked with CCTV to launch the satellite program in the African country. While the official language in Mauritius is English, the most common language is French. CCTV-F is now available in 13 countries around the world, including France, Madagascar and Cameroon.

Source: CMM Intelligence - January 2009.

GAPP Unveils New Reform Plan for Publishing Industry

The General Administration of Press and Publications (GAPP) will implement new plans to drive further reforms in the publishing industry in 2009. Under the current licensing system, book publishers are only allowed to publish books, periodi publishers can only publish periodi cals and website operators can only operate websites. Noting that this is not the general practice overseas, GAPP has started to encourage the creation of commercially competitive, integrated publishing groups through mergers and restructurings. The first objective is to create at least three integrated groups with total assets of more than RMB10 billion (€1.1 billion) and annual sales revenues of more than RMB10 billion (€1.1 billion) within the next two years.

China currently has a number of private publishing groups operating in a grey area of the law because they cannot obtain publishing licenses directly from the government. Most of these private publishing houses cooperate with licensed state-owned or state-controlled organizations to publish magazines, books or periodicals. GAPP will work to standardize and integrate private publishers in the government framework so they can operate legally and make a greater contribution to the development of the print industry. GAPP will also adjust the taxation policies that apply to the print media in 2009: it will provide policy support to newspaper publishers, who are currently pressed by the rising cost of newsprint.

Source: CMM Intelligence - December 2008.

The first Sino-German animation co-production: Laura’s Star in China

Rothkirch Cartoon-Film is co-producing the first Sino-German feature-length animated film with 3D Animatrix of China. The film, called Laura’s Star in China, is the sequel to the popular 2004 release Laura’s Star. The film explores an ancient Chinese legend about a monster called Nian, a part-dragon, part-lion, part-dog creature: the film is based on Chinese culture and mythology and tells a wonderful story about two girls from different cultures who form a special friendship. In fact, friendship between different cultures is the underlying concept: indeed the musical score features a pipa player from China and a cello player from Europe playing together. China has the advantage of being

able to produce animation at around one third or one quarter the cost of companies in Europe or the US; however the co-production will be committed to producing high quality animation.
Source: CMM Intelligence - January 2009.

24/7 Real Media and OgilvyOne enter Joint Venture to launch ITOP in China

At the beginning of January 2009, 24/7 Real Media, Inc., the leading digital marketing company, and OgilvyOne China's ITOP Performance Marketing division, set up the joint venture ITOP 24/7. Based in Beijing, ITOP 24/7 will be a Chinese display and contextual advertising network that will enable advertisers and publishers to effectively and efficiently engage their target audiences in the Chinese digital marketplace. The joint venture will use the award winning Open AdStream® ad management technology, enhanced specifically for the Chinese market. OgilvyOne ITOP's existing ad network covers key categories like IT & Telecommunications, Fashion & Entertainment, and Business & Finance and provides mid to large scale advertisers high quality targeted ad placements and audiences. Using the latest technology, ITOP 24/7 will pioneer the shift from traditional staff based advertising service to internet advertising platforms, creating a more cost-effective and robust advertising channel. OgilvyOne ITOP's current clients in China include IBM, China Unicom, Microsoft, and Daphne. "24/7 Real Media is a pioneer in its category and a proven leader with more than ten years' experience in running ad networks globally. They're an excellent choice for us to partner with; providing our clients with the best breed of ad management technology," commented Chris Reitermann, President of OgilvyOne China, "With the onset of the financial crisis, many more clients require effectiveness and measurement from their marketing campaigns, providing increased opportunity for a company like ITOP 24/7 that focuses on online marketing offers more targeted results and better ROI."
"Our relationship with OgilvyOne extends 24/7 Real Media's reach into China and ITOP 24/7 will give Chinese advertisers an ad network that provides enhanced ROI, transparency and measurability," said David J. Moore, Chairman and Founder of 24/7 Real Media, Inc.
Source: http://www.wpp.com/wpp/ - January 2009.

CCTV has teamed up with Intel to develop High Definition technologies.

CCTV is teaming up with Intel China to set up a research lab to develop High Definition technology. The new research lab will explore image processing and parallel computing technologies and will also provide IT support for CCTV's high definition programs. It is expected that the cooperation will also improve CCTV's IT infrastructure and multi-media processing capability. Yang Xu, General Manager of Intel China said "Intel will bring its best and most advanced technologies to the CCTV lab. We will provide platform and technology support, and also develop new tools to help CCTV with its HD programs. This is what the IT industry is supposed to do." CCTV launched China's first free-to-air, comprehensive, high-definition TV channel - CCTV-HD - on May 1, 2008, to offer "a better Olympics broadcast service and start a new era of TV technology in China." All its channels will switch to HD format, after the TV station moves into its new headquarters.
Source: Yangshi dianshi (www.cctv.com) - December 2008.

EVENTS, CONFERENCES and BOOKS ABOUT CHINA

China Media Observatory, USI, Switzerland.

- China Content Broadcasting Network (CCBN), 16th Annual conference
  Beijing, China, March 21-23.

The China Content Broadcasting Network (CCBN) holds its 16th annual Conference at the China International Exhibition Centre in Beijing from March 21st to March 23th. Since its hugely successful first show in 1993, CCBN has become one of the major exhibitions in Asia: CCBN attracts more than 60,000 professional visitors and 1,000 companies and organizations from over 30 countries around the world.
CCBN has become an annual platform for participants to share knowledge, introduce new products and services, unveil new policies and hold conferences on new developments in the broadcasting sector. According to the Cultural Development Outline in China's 11th Five-Year-Plan, CCBN has gained the status of one of the eight most important exhibitions in the cultural industry to win full state support.
The conference will host the Annual National Awards for Technical Quality in TV & Radio Programming. For further information, please visit:
http://www.ccbn.tv/conferenceinfo/conferenceinfo_home.asp

New & Notable Books

Guoji dianying yu dianshi jiemu maoyi [International Trade in Film and TV programs], Han Junwei, Communication University of China Press (China), 2008.

This book provides an analysis of international trade in films and TV programs and its development since the 1950s. The book consists of three basic parts. First, the author presents an historical overview of international trade in film and TV programs, and China's role in this process. Second, the author examines the relationships between the economic and cultural factors of the international film and TV program market. Finally, he provides an in-depth analysis of this market in America, France, South Korea and China, their respective development strategies, and the exchange between the first three countries and China itself. China has become a leading economic power since opening-up to the world economy. The Chinese government appears to be well aware of the need for economic growth to be accompanied by both political and cultural development because of their mutual interaction, as addressed during the 16th Congress of the Chinese Communist Party. One issue of concern is how to increase the cultural competitiveness of Chinese audiovisual products in the international trade market.

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