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The Contemporary Asia Research Center at the University of Milan, Italy, and the China Media Observatory at the Università della Svizzera Italiana in Lugano, Switzerland, are pleased to announce the workshop "Media in Cina Oggi: testimonianze e orientamenti" (The Media in Today's China: stories and policies). The workshop, in Italian, will take place on 29 April 2009. The detailed program is available at: <http://users.unimi.it/lingue/> and www.chinamediaobs.org

An analysis of the trends and development of the Internet market in China

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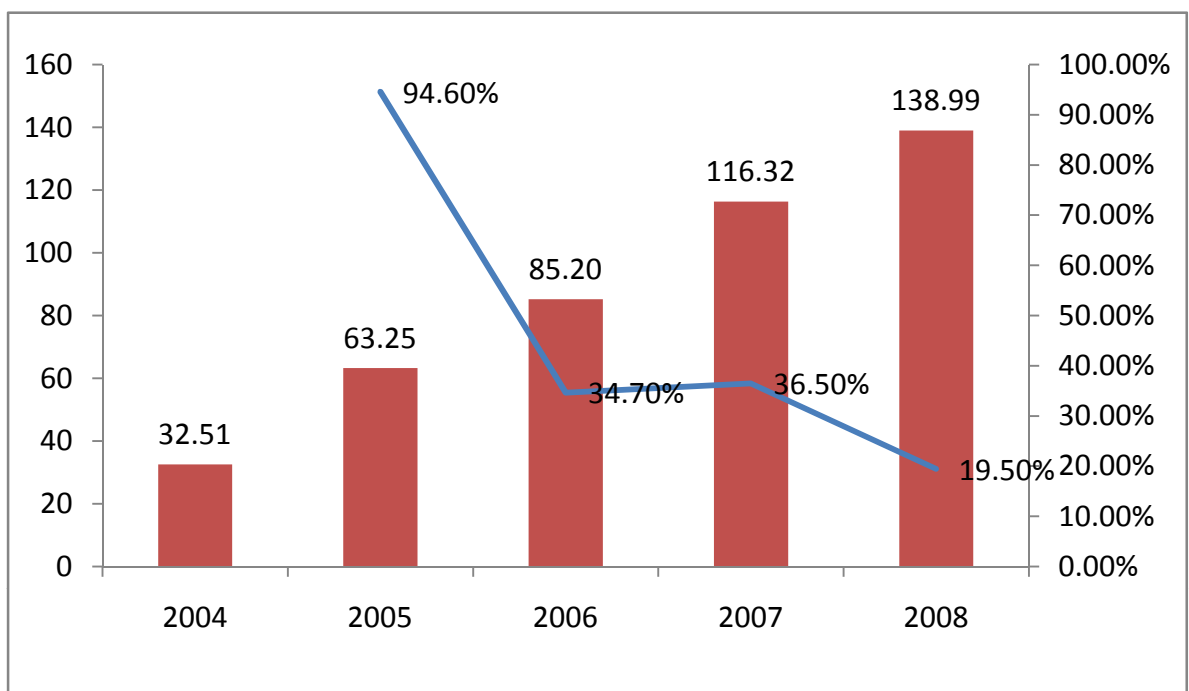
Over the last two years Internet has created a powerful backdrop for the further development of China's growing economy. The e-commerce segment registered some significant events: the Internet services provider Netsun (Wangsheng) was successfully listed and the leading e-commerce firm Alibaba promoted the rapid development of the B2B (business-to-business) market; the Chinese media company TOM (www.tom.com) joined the new eBay; the leading search engine Baidu launched the online shopping platform Youa (<http://youa.baidu.com>), boosting competition on the online trading platform Taobao (<http://www.taobao.com>) and the Chinese Internet service portal Tencent (Tengxun, <http://www.tencent.com/zh-cn/index.shtml>) in the C2C (consumer-to-consumer) market; Taobao entered the B2C (business-to-consumer) market with its own online shopping website, Taobao Mall, attracting the attention of a number

of venture capitalists. In online segments, the listing of two main game firms, Kingsoft (Jinshan) and Shanghai Giant (Juren) has injected life into market development; the successful implementation based on a free business model also further boosted market competition. Even more worthy of note was the telecom restructuring and the issue of 3G licenses which will accelerate integration of Internet with mobile communications to create a potential market. In 2008, the overall value of the market reached RMB138.99 billion (€16.17 billion), an almost 20% year-on-year growth rate.

The basic market characteristics

1. *Internet and traditional industries create integration opportunities.* Internet has gradually evolved from an information media platform to a business management and marketing platform.

Fig. 1 - Chinese Internet market size and growth (2004-2008)



Source: CCID Consulting, January 2009.

An increasing number of traditional industries and enterprises have become fully aware of the power of Internet and have started to increase their investments in Internet and e-commerce.

In 2008, China's B2C e-commerce sector achieved important breakthroughs; both the number and amount of investments rapidly showed value-added trends. Mother and child products, IT digital products, jewelry, building materials, and the breakdown field of a large number of traditional industries started to enter the B2C market and attracted the attention of venture capitalists: B2C e-commerce in China has become an important market segment for furthering market development.

In the process of accelerating integration of Internet and traditional industries, Internet business applications reflect the main characteristics of the industry; that is, a strong trend towards an increasingly professional development.

2. Cross-platform business expands the Internet map. Considering that the number of Chinese Internet users has reached nearly 300 million while Chinese mobile phone users number 640 million, both Internet service providers and mobile value-added service providers are keen to penetrate each other's market segments: this trend has become even more evident since 2007 when the former China Mobile entered the field of instant messaging. The then China Mobile and the former China Unicom were the first telecom operators to enter the field of mobile instant messaging and mobile e-commerce; meanwhile, the former China Netcom and China Telecom launched the PHS (Personal Handphone System), IM (Instant Messaging) products, and the integration of FMC (Fixed Mobile Convergence) communication service products. Since 2008, after the reorganization of telecom operators, China Mobile, China Telecom and China Unicom

have been the only operators of the entire network, thus further accelerating the rate of integration between fixed-line Internet-based business and the mobile communication network as well as mobile Internet business based on 3G networks. In this process the operators are moving away from the role of basic network service providers to that of multi-service operators in order to create more opportunities for development; they will lead a large number of Content Providers and Service Providers with a view to actively exploring the expansion of cross-platform development of Internet to mobile communications, fixed-line telephone and even cable digital TV.

3. Capitalization helps enterprises grow by leaps and bounds. Internet market capitalization was a hot issue of debate in 2007 and 2008. Local game providers such as Kingsoft, Shanghai Giant, Perfect World (Wanmei) and Net Dragon (Wanglong) brought about a new boom of enterprise listings which culminated with the floating of Alibaba. Through mergers and acquisitions other market players, such as the software groups Ninetowns (Jiucheng jituan), Netsun, Focus Media and Shanda (Shengda) have expanded their activities into a cross-business industry. In 2008 the SNS (Social Networking Services) market was the most successfully developed of the Chinese Internet industry with the rapid increase of SNS websites, the launch of SNS services by portals such as Sina and Yahoo, together with a number of vertical SNS websites, in addition to the launch of a SNS by the giant telecom operator China Mobile.

However, despite corporate enthusiasm, the issue of revenue still has to be solved: advertising is currently the main revenue source for SNS sites. Although in 2008 the ad market amounted to RMB4.5 billion (€523 million) showing a rapid growth of 82.2%, overall profitabil-

ity is still relatively poor.

Since 2007 B2C's sectors such as clothing, jewelry, as well as ITB2C platforms, have obtained significant venture capital investments. In 2008, as mentioned previously, Taobao's online shopping website, Taobao Mall, officially started to operate, becoming the flagship store for Samsung, Intel and other major brands. Moreover, despite the ongoing financial crisis, the largest Chinese online shopping website, Jingdong Mall (Jingdong shangcheng) obtained new financing for US\$21 million (€16,800 million).

Although investments in the sector decreased overall compared to the previous two years, we believe that this phenomenon will not affect the capitalization of Chinese Internet companies and their achievement of corporate development objectives.

4. *The maturity of applications enhances the market value.* Business and consumer internet applications have also become increasingly sophisticated. Of the almost 300 million Internet users, broadband accounts for a share of 90.6% while Internet services such as portals, instant messaging, search engines, as well as sophisticated online games account for more than 60%: this shows that the use of Internet by individuals has evolved from simple informa-

tion gathering to more advanced applications such as e-commerce, leading to a rise in electronic payment transactions and the rapid development of virtual transactions, demonstrating the high potential of the Internet consumer market.

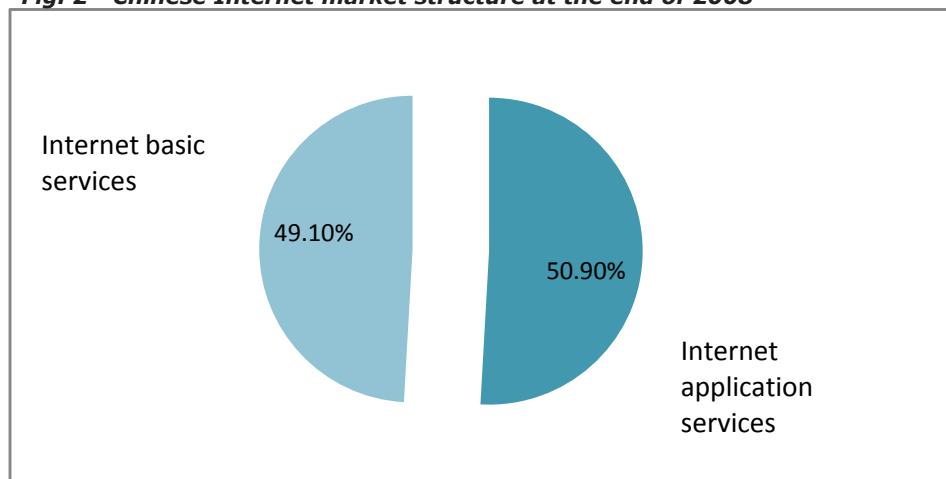
As regards the use of Internet by enterprises, in recent years both large and medium-sized enterprises - and SMEs - have increased their investments, consisting mainly in online ads and search engine marketing while they have built in-house technologies and tools to build and manage the information flow. For a number of industries and enterprises an application such as e-commerce has become an indispensable tool to use to reach and meet the needs of their consumer portfolio.

Overall, both companies and individuals have gradually become dependent on Internet, contributing to enhancing market value reflected in consumption levels and to increasing the size of the market. Thus, with the Internet basic services market gradually becoming more sophisticated, the future growth of the Internet market will mainly be based on the application of the services to create greater value space.

Market Structure Analysis

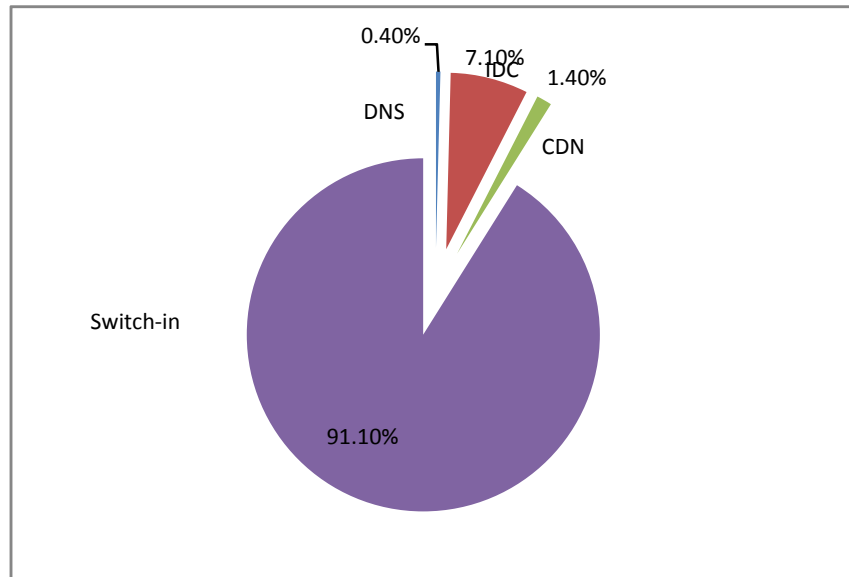
At the end of 2008 the overall market structure consisted of Inter-

Fig. 2 - Chinese Internet market structure at the end of 2008



Source: CCID Consulting, January 2009.

Fig. 3 - The market structure of Internet basic services



Source: CCID Consulting, January 2009.

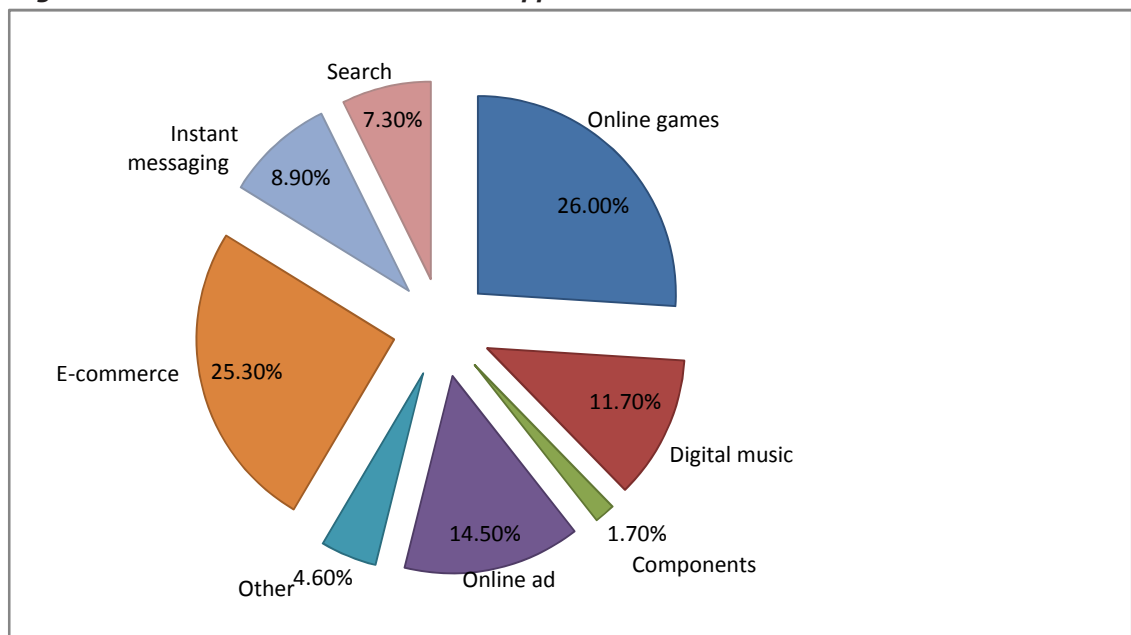
net basic services which amounted to RMB68.3 billion (about €8 billion), and Internet application services (e.g. online games, e-commerce etc.) which amounted to RMB70.69 billion (€8.24 billion), a share of 50.9%, overtaking Internet basic services for the first time. In the coming years the Internet basic services market is expected to become gradually saturated while the Internet application services segment in the overall market share will continue to grow and become the leading force in the

market development (see Fig. 2).

Considering the Internet basic services market structure, access services still predominate at more than 90%; however, this is still lower than the previous year, decreasing by 0.4%. Internet Data Center (IDC) business development is relatively stable while Domain Name Server (DNS) and Content Delivery Network (CDN) services account for a relatively small share (see Fig. 3).

Examining the market structure of Internet application services

Fig. 4 - The market structure of Internet application services



Source: CCID Consulting, January 2009.

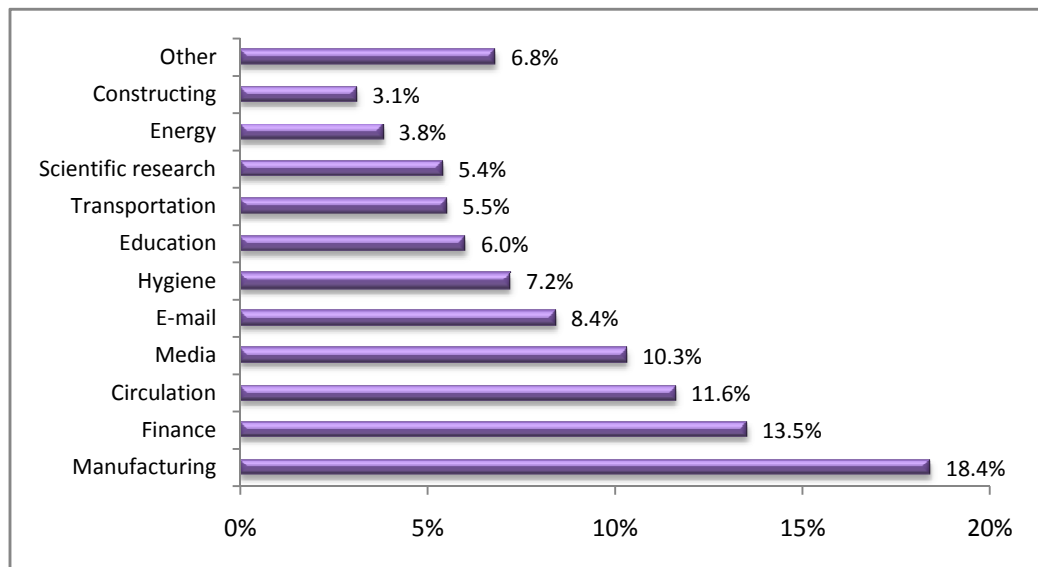
es, online games and e-commerce are currently the leading segments. In 2008 the online games market, under the stimulus of a free business model, showed a steady development. The growth of e-commerce is mainly driven by the rapid development of the B2C platform; the business search engine, supporting small and medium-sized customers, continued to maintain a positive momentum although the growth rate slowed down in the second half of 2008 because of the overall business slump that affected China's small and medium-sized firms. Instead, instant messaging and digital music business are entering a stage of relatively stable growth (see Fig. 4).

Examination of the regional structure of the Internet market in

2008 shows that Internet is more developed in the east, south and north of the country which together account for a market share of over 70%. Central, northeast and southwest China, where the development of Internet is slower, apparently has a good potential for growth.

Internet applications in various sectors mainly regard network marketing, e-commerce and other input. The industry structure in 2008 showed no significant changes compared to 2007: manufacturing, finance, circulation, media and other industries are still the leading segments; however, there was a slight increase in the circulation, finance, telecommunications and education segments (see Fig. 5).

Fig. 5 - The structure of Internet applications by industry



Source: CCID Consulting, January 2009.

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<http://www.ccidconsulting.com/en/default.asp>

Translations of Western Literature and the Book Market in Shanghai

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A wide range of books translated from Western languages - ranging from popular novels to philosophical writings - are available on the shelves of Shanghai bookstores and bookshops, revealing an interesting picture of the city's tastes, interests and concerns. Despite the impressive number of titles, some characteristics of the range can be defined as regards genres, the languages the original books were written in and when they were written. Based on personal observations in situ, an increasingly clear distinction can be seen among the urban book-sellers, a phenomenon that may well be dictated by an increasingly competitive market.

As regards the classics of fictional literature and narrative works in general, a central role in their publication and distribution is played by the translation series, large collections of titles mainly comprising the most famous authors of 19th and 20th century narrative. Some representative examples of these series include those published by Renmin Wenxue (Beijing) and Changjiang Wenyi (Wuhan), the latter being mostly dedicated to rather old popular American novels.

The most popular of the several translation series by publisher Shanghai Yiwen can be found in most local bookstores. Founded in January 1978 - i.e. almost a year before the launch of the reform and opening-up policy, Shanghai Yiwen (lit. "translated texts") is the largest publisher of Chinese translations countrywide. The series, named "Classics in translation," is particularly notable as it consists of a vast, comprehensive selection of prestigious titles from around

the world. A long list of authors includes Dostoevskij (*The Idiot*), Franz Kafka (*The Castle*), Turgenev (*Rudin*), Tolstoj (*Resurrection*), John Steinbeck (*The Grapes of Wrath*), Henry David Thoreau (with his hugely popular *Walden*), Jane Austen (*Emma*), Thomas Mann (*The Magic Mountain*) and Dickens (*Great Expectations*), but also Hemingway, Günter Grass, Hugo, Wilde, Cervantes, Faulkner, Orwell, Marguerite Duras, and many others.

Beside the masterpieces of world literature, the Shanghai reader can enjoy some of the most recent and best-selling popular novels from abroad including thrillers, romance, adventure and horror. Paperback fiction from the US - e.g. the *Twilight* series by Stephenie Meyer (2008, Nanning: Jieli) and Stephen King's bestsellers (e.g. 1998, *The Shining*, Beijing: Dazhong) - has made its way onto the shelves, but has not invaded the stores. More prominence is given to collections of single authors like Milan Kundera (Shanghai Wenyi) and Agatha Christie (Renmin Wenxue).

Most interestingly, a large number of non-fiction titles are available; especially works of political theory and analysis, sociology and philosophy, and popular science. Also in this case the role of the series is central, even although the average number of titles per series is quite small. The "Collection of modern thought in translation," one of the translation series published by Jiangsu Renmin (Nanjing), comprises about twenty titles featuring a few notable thinkers of the twentieth century like Paul Feyerabend (*Farewell to Reason*, 2007). Most of the titles, however, are introduc-

tory texts on fashionable topics and are usually translated from English (e.g. *A Primer to Postmodernity* by J. Natoli, 2007).

A considerable number of the books classified as “Western thought” in bookstores are, in fact, political works of recent publication. Examples include *Models of Capitalism* by D. Coates (Jiangsu renmin, 2001), *The Structure of Social Action* (T. Parsons, Yilin, Nanjing 2003), *The Two Faces of Liberalism* (J. Gray, Jiangsu Renmin, 2005), and *Failed States* by Noam Chomsky (Shanghai Yiwu, Shanghai 2009). Noteworthy philosophical titles range from Alexandre Koyève’s *Introduction to the Reading of Hegel* (Yilin 2005), to the more accessible *Blackwell Guide to Philosophical Logic* (Renmin University, Beijing).

Publishers, however, do not rely on the translations of non-fiction works to appeal only to the academic specialist and the cultivated reader. Almost every bookstore has one or more sections dedicated to American books teaching you everything you need to know about how to invest your money, establish a successful company, become wealthy, be happy and carefree, and relieve stress. Although the biographies of Western millionaire businessmen and the bibles of American gurus do enjoy great popularity, they may be losing ground to their Chinese equivalents. To be sure, the appeal of stories about wisdom and success goes well beyond the search for wealth: the impressive popularity of volumes written by, or about Barack Obama is but the latest example (see e.g. *Change We Can Believe In*, Citic, Beijing 2009. See e.g. Dong Zi 2008).

Despite the dominance of modern and contemporary titles, it is interesting to note the diffusion of a few works of the European an-

cientists, especially of the philosophical classics (e.g. Seneca’s *Selected writings* published by Tianjin Renwen, 2005). Unfortunately, such books are always translated from the English translation. Rare examples of popularity are represented by the works of Plato (e.g. *The Dialogues*, Guoji Guangbo, Beijing 2006) and the *Meditations* of Marcus Aurelius, the latter having become a bestseller available virtually everywhere in a variety of editions (e.g. Zhongyang Bi-anyi, Beijing 2008). Moreover, a growing interest in ancient Rome and Greece can be noted from the translation of several works on the subject and, in particular, on history and mythology (e.g. Gustav Schwab’s *Gods and Heroes of Ancient Greece*, Yilin, Xi’an 2008).

Looking at the translated books from a general perspective it is possible to identify several important characteristics. First of all, English is the first language in terms of titles translated, its dominance in bestsellers and popular fiction being apparent, but this is less obvious in the selection of masterpieces of world literature. Secondly, the translation of works written during the last two centuries is prevalent but there are a few very significant exceptions that are worth mentioning: Dante’s *Comedy*, the *Decameron*, *Gargantua and Pantagruel*, and part of Shakespeare’s theatre. Furthermore, essays, narrative, philosophical and historical genres account for the large majority of the offer, with poetry and theatre works being quite marginal in number (noteworthy exceptions include Tagore’s *Poetic Anthology* in the “Classics in translation” series and, again, Shakespeare).

Finally, it should be noted that the range of translated works varies greatly from bookseller to bookseller. Once dominated by the omnicomprehensive Xinhua book-

stores, the book market now has a wider range of distribution points. The multi-storey bookshops of Xinhua and Shanghai Book City are still alive – a few well-known ones closed down in recent years – representing, with their piles of bestsellers and fiction series, the cathedrals of popular culture and entertainment (Shanghai Gov. 2008).

Traditional megastores have to compete with a number of more specialised and targeted bookstores, like the Sanlian bookshop and the Jifeng Shuyuan, both in the area of Shaanxi road. These middle-sized bookshops select volumes aimed at an educated and demanding urban readership as they enjoy a considerable prestige among readers. It is worth noting that Sanlian Shudian (Joint Publishing), born in 1948 in Hong Kong from the merger of three Shanghai-based leading publishers, is renowned for its decades long commitment to translating specialised literature in the field of the humanities and social sciences.

On the other side of the market, urban readers haggle to buy cheap pirate editions of bestsellers from the owners of the wooden carts that can be found every day in the streets, but only from sunset to late evening (on pirate booksellers, see e.g. Xinhua 2008). But the real alternative to the overcrowded megastores and the small local bookshops is online. Websites selling books and much more, like [Dangdang.com](http://www.dangdang.com) and Joyo (www.amazon.cn), thanks to discounts on every item and a reliable delivery service, seem to be the reason behind the closing down of so many traditional bookshops.

Will growing differentiation and downsizing save Shanghai bookstores? Or will the comprehensive bookstore eventually win,

thanks to economies of scale and the appeal of popular culture?

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Dong Zi (2008), "'Obama' shudian remai" [Huge demand for 'Obama' in bookshops], *Zhongguo Qingnian Bao*, online edition, http://www.cyol.net/zqb/content/2008-11/18/content_243492_1.htm.

Xinhua News Online (2008), "Tai chuangkuang! Daoban shu bandao Xinhua shudian menkou" [Crazy! Pirate book stalls settle in front of Xinhua Bookshop entrance], 12 November, http://news.xinhuanet.com/book/2008-12/11/content_10489259.htm.

Related websites

Dangdang wang: www.dangdang.com

Jiangsu Renmin Publishing Company:

www.book-wind.com

Joint Publishing: www.jointpublishing.com

Joyo Amazon: www.amazon.cn

Shanghai Book City: www.52921234.com/shucheng

Shanghai Yiwen: www.stph.com.cn

Xinhua Bookshop: www.xinhua-bookshop.com

Yilin Publishing Company: www.yilin.com

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SARFT to Provide Funding for Domestic Animation Industry

The State Administration of Radio, Film and Television (SARFT) unveiled plans to fund promising domestic animation projects. The funding will only be available to producers and other local animation industry professionals involved in the production of the animated series commended by SARFT in their quarterly lists of "excellent" home-grown animation between 2005 and 2008. All producers had to lodge applications for funding by February 15.

SARFT will provide RMB1.8 million (€210,000) in funding for the most worthy animated series. Two more series will each receive RMB1 million (€120,000) in funding while another two series will receive RMB0.6 million (€70,000). To be eligible for this category of financial support, the series must be between 572 minutes and 1,100 minutes in length.

SARFT will also provide funding for shorter animated programs. The most worthy production will receive RMB1 million (€120,000) in funding, two more productions will receive RMB0.7 million (€80,000) and two final productions will receive RMB0.35 million (€40,000).

SARFT will also provide grants of up to RMB80,000 (€9,150) for ten talented industry professionals such as artistic directors and producers.

Source: Digital Art Institute (Shuzi yishu xueyuan) - February 19, 2009: <http://www.cgeduask.com/2009/0219/107.html>

Local Animation Production Grows 28% in 2008

Animation production output grew 28% year-on-year in 2008 according to a report published by the State Administration of Radio, Film and Television (SARFT). The local animation industry produced 249 titles with a total combined length of 131,042 minutes in 2008.

Hunan Greatdreams Cartoon Media Ltd topped the domestic animation companies in terms of total output, producing 12,184 minutes of animation in 2008, followed by the Sunchime Cartoon Group (9,910 minutes of animation) and Hangzhou Manqimiao Cartoon Production Ltd (7,242 minutes). CCTV Animation ranked fourth with 6,240 minutes.

The lists of top cities and top animation industry bases by animation output are shown below.

Top 10 Cities by Animation Production	Minutes
1. Changsha	26,483
2. Hangzhou	17,411
3. Guangzhou	11,015
4. Wuxi	8,108
5. Beijing	7,380
6. Shanghai	6,576
7. Nanjing	6,297
8. Changzhou	6,243
9. Xi'an	4,564
10. Chongqing	3,510

Top 10 National Animation Industry Bases by Production Output	Minutes
1. Hangzhou High-Tech Development Center	16,886
2. Hunan Golden Eagle Cartoon Base	16,129
3. Nanfang Animation Production Center	11,015

Top 10 National Animation Industry Bases by Production Output	Minutes
4. Sunchime Cartoon Group	9,910
5. China International Television Corporation	9,412
6. Wuxi Taihu Digital Animation Production Center	8,108
7. Beijing Creative Industry Zone of Culture	6,775
8. Changzhou National Animation Industry Base	6,243
9. Nanjing Software Park	4,009
10. Xiamen Software Park – Film & Animation Industry Base	3,361

Source: SARFT - February 4, 2009: <http://www.sarft.gov.cn/articles/2009/02/04/20090204144951660452.html>

China bans fake medical experts from TV

China has banned actors and “non-accredited personnel” from playing medical experts in television advertisements after online outrage over the practice. The new rules follow a campaign by one Chinese internet user who exposed 12 bogus medical experts selling medicine under various names on television stations in eastern Shandong province. Any further breaches of this ruling will lead to the revocation of the offending companies’ advertising licenses and a temporary suspension of sales of their medicinal products. The State Administration of Radio Film and Television has attempted to clean up China’s advertising industry by imposing advertising bans on companies whose drugs and health products do not meet safety standards.

Source: *China Economic Review* – February 17, 2009.

Simulcasting TV Dramas: new Channels Trend

One of the major trends to emerge in the Chinese TV drama industry is that of several different channels simultaneously

broadcasting the same drama series. The trend began to emerge in 2008 when a growing number of TV channels all purchased the same TV drama series and broadcast them in the same period of time. This trend allows buyers of TV drama series to reduce their acquisition costs but has triggered audience complaints over the lack of variety on Chinese TV.

TV dramas are the most popular program genre in China. The genre as a whole received the highest ratings (32.5%) in 2008 despite the Beijing Olympics, the black-out period imposed after the Sichuan earthquake in May and a decline in production.

Source: *Beijing News (Xinjingbao)* - February 26, 2009: <http://www.thebeijingnews.com/ent/2009/02-26/008@024311.htm>

Xinhua Opens Second Overseas Book Store in San Diego

The government-owned Xinhua Bookstore opened its second overseas store in San Diego on February 28. The store will mainly sell books, audio-visual products and calligraphy materials published and produced by mainland publishing groups. The China National Publications Import & Export (Group) Corporation (CNPIEC) will purchase all of the publications and export them to San Diego for sale in the bookstore. CNPIEC is a pivotal state-owned enterprise with a business operation of 50 years, integrating the import & export of books, special publications, periodicals, electronic publication and audio-video products, with publishing, printing, copyright trading, film & TV production, and online business as its professional business.

The cooperation between the Xinhua Bookstore and CNPIEC is based on their common goal of “helping Chinese culture walk overseas”. The two organizations start-

ed working together when Xinhua opened its first overseas book store in New York on August 1 last year. The New York book store currently stocks more than 30,000 titles of Chinese language books.

Source: CMM Intelligence - March 2009.

Qingdao Publishing Group Announces Company Reforms

The Qingdao Publishing Group announced on 18 March that it has completed its transformation from a government-supported organization to a completely self-financed group.

Meng Ming, Chairman of the Qingdao Publishing Group Board, said the new group plans to increase its cross media publishing. He said the Group is also considering whether to launch an Initial Public Offering (IPO) but did not provide any further details.

The Qingdao Publishing Group has more than 10 subsidiaries with total worth RMB1.5 billion (€166.7 million) and annual sales revenues of RMB1.3 billion (€144.4 million). Main businesses include publishing books, newspapers, magazines, audiovisual products and online publications.

Source: Sina.com - March 20, 2009:
<http://tech.sina.com.cn/chuangye/sh/2009-03-20/09172927272.shtml>

China to Build 600 New Screens in 2009

At least 600 cinema screens will be built in China in 2009 according to Mao Yu, Deputy Director of the State Administration of Radio, Film and TV Film Bureau: "Although more than 30 million people watched films in cinemas over the New Year holidays, there are still 2,860 towns with no cinemas in China. China will increase the effort to build more cinema screens this year because having enough cinema screens is very important

for box office revenues."

China had 1,545 cinemas and 4,097 screens by the end of 2008 according to China Film Group (CFG). Around 118 new cinemas and 570 new screens were built in 2008, representing annual increases of 8.27% and 16.16% respectively. China had 800 digital screens by the end of 2008, including more than 150 screens in rural areas.

The top five cinema chains - China Film Stellar Theatre Chain, Wanda Cinema Line, Shanghai Lianhe, Beijing China Film South New Line and New Film Association - accounted for 54% (RMB2.38 billion/€0.27 billion) of the total annual box office takings in China.

Source: CMM Intelligence - March 2009.

Joy.cn Files Online Copyright Suit against Tudou

Six companies are suing popular video-sharing site [Tudou](#) for infringing their copyright on online material according to a report on the Sina Technology website.

An online video site called [Joy.cn](#) filed seven separate suits against Tudou for hosting copyright material without permission: TV shows and films, including drama series *My Ugly Mother* (*Wo De Chouniang*) and *Tomorrow, I Won't Be a Sheep* (*Mingtian Wo Bushi Gaoyang*), and the film *The Luckiest Man* (*Da Sixi*).

Joy.cn is asking Tudou to stop webcasting the offending programs immediately, pay them RMB700,000 (€ 80,500) in compensation and offer a public apology according to the company spokesperson.

Five other organizations also filed lawsuits against Tudou, including Jiangsu Shengshi Film & Culture Limited, Shanghai Senle Culture Communication Ltd, Shanghai Animation Film Studio, Beijing Golden World Movie

& Television Culture Co. Ltd and Guangdong Zoke Culture Group. All of the sites belong to an Anti-Piracy Alliance comprising more than 80 copyright owners, which earlier announced plans to launch major legal action against Tudou for hosting copyrighted material without permission. The alliance asks Tudou.com to stop infringements and make a written apology.

In response, Tudou has lodged a countersuit against Joy.cn for damaging its reputation and disclosing the content of a confidential agreement between the two parties. Tudou replied that it has fulfilled its legal obligations to protect online copyright by deleting all pirated content posted by members of the general public as soon as they are reported by the copyright owners.

Sources: *Chinatechnews* - February 2009.

Adspend Across Traditional Media grows 15% in 2008: CTR

Advertising spend in China increased 15% year-on-year to reach RMB441.3 billion (€50.7 billion) by the end of 2008 according to the 2008 Advertising Industry report released by CTR Market Research.

Television generated the bulk of ad revenues as usual, accounting for 76% of total adspend. Looking at growth rates of the other sectors, print adspend increased significantly in 2008 after a downturn in 2007, with newspaper adspend increasing 19% year-on-year and magazine adspend increasing 23% year-on-year. Radio adspend grew 7% year-on-year in 2008, a slow down compared to 2008. The adspend generated by outdoor LCD displays increased 4% year-on-year, but it is slowing down (-5.3%) because of low performances of LCD screens in commercial buildings, hospitals and pharmacies.

The cosmetics and personal hygiene sector spent more on ad-

vertising than any other industry sector in 2008, accounting for 16% of the total. However, the financial sector registered the highest growth in advertising spending, with total advertising spending growing by 45% in 2007.

French cosmetics brand L'Oreal increased its advertising spending by 89% year-on-year, the highest rate of growth for any individual brand. Surprisingly, China Mobile was the only official Beijing Olympic sponsor to appear in the list of top 10 brands by adspend listed in the report.

Source: *Sina.com* - March 10, 2009: <http://finance.sina.com.cn/leader-ship/msypl/20090310/16555956511.shtml>.

Online Adspend to grow 37% YoY in 2009

Online adspend is expected to grow 37% year-on-year to reach RMB27.5 billion (€3.15 billion) by the end of 2009 according to a report released by mainland research group Analysys International in February 2009.

The report said three factors would boost the growth of online adspend in 2009. Growing Internet usage in China will drive advertisers to place more online ads, with 299 million people (i.e. a 23% share) already online in China. The interactive nature of online ads will also lure more advertisers in 2009, especially as online ads are cheaper to produce and place than ads in other media, such as TV.

Source: *Jinrong shibao* (www.financialnews.com.cn) - January 13, 2009.

CCTV 6 Launches New VOD Platform

The movie channel of China's national public broadcaster, CCTV-6, launched a video-on-demand (VOD) platform offering Internet VOD streaming services for 400 high definition films. CCTV-6

will also offer popular films available on other online platforms, such as *The Knot (Yunshui Yao)*, *Battle of Wits (Mogong)* and *Dreams May Come (Mengxiang Zhaojin Xianshi)*. The site will also webcast a CCTV-6 talk show called *China Film Report (Zhongguo Di- anying Baodao)*.

Since it unveiled its New Media development plan in 2005, CCTV-6 has launched its official website, a WAP channel and a mass mobile TV service.

Source: CMM Intelligence – March 2009.

Most frequently visited website in China: Baidu

Looking at Internet usage in China, search engine Baidu ranked first with 171 million unique users in 2008 according to ChinaRank-Nielsen search. Baidu Inc., which operates China’s most popular Internet search engine, said its unaudited net profit in the fourth quarter of 2008 soared 31.3% year-on-year to RMB288.7 million (€33.23 million).

Total business revenue for the quarter increased by 58% to RMB902.1 million (€103.8 million).

Baidu expects revenues of US\$114-117 million (€86.7-€89 million) in the first quarter of 2009, which is again below analysts’ estimates. The company faced criticism late last year because state media said it displayed misleading listings in search results. Baidu CEO Robin Li issued a public apology at the time and promised to redesign the search results to better distinguish between paid and unpaid search rankings (see Fig. 6)

Sources: Xinhua and China Economic Review - February 19, 2009.

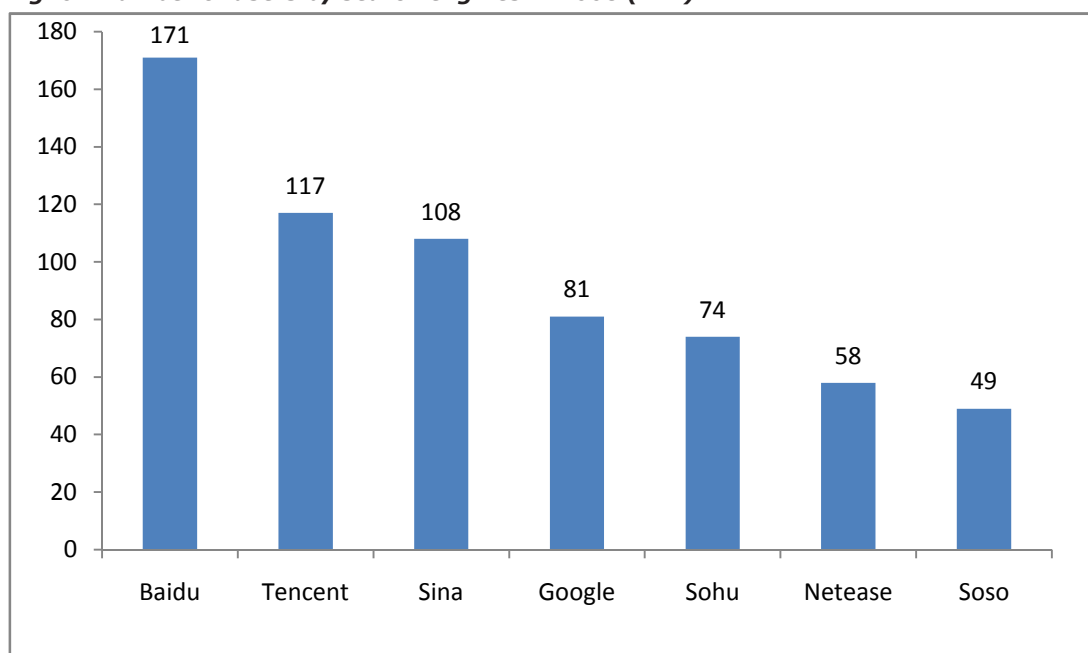
117.6 Mln Chinese Surfers By Mobile Phone

Around 117.6 million Chinese people frequently use their mobile phones to surf the Internet, including 40 million people who use their phones to access the Internet every day.

The major findings of two reports released by the government-run China Internet Network Information Center (CNNIC) on February are:

- Around 70.8% of the people who use mobile phones to netsurf were born after 1980.
- Around 74.6% of mobile

Fig. 6 - Number of users by search engines in 2008 (mln)



Source: ChinaRank-Nielsen

phone Internet users are male, though the number of female surfers has grown in recent years. The report expects the gender balance to be equal within 5 years.

- Instant Messaging is the most popular mobile phone Internet application, accessed by more than 32% of all mobile Internet users.

- Other popular services include music services (around 6 million active users), blogs (around 3 million people) and business services such as mobile phone mailboxes (around 2.4 million people).

- Around 39.6% of all mobile phone users read mobile newspapers online.

- Around 15.7% of all mobile phone users access online video services.

- Movies accounted for 33.1% of the content viewed by mobile phone video users, making movies the most popular form of online video. Entertainment programs accounted for 25.6% of all content viewed and sports programs accounted for 23.6% of the content viewed.

- Mobile TV services are not as popular as other services, as they are only accessed by 15.7% of all mobile phone users, probably because of high service charges.

Source: CNNIC - February 17, 2009: <http://www.cnnic.cn/html/Dir/2009/02/17/5461.htm>.

First Blu-ray Disc production line starts operating in Shanghai

The first double-sided Blu-ray Disc production line in China, built at a total cost of RMB70 million (€ 8.1 million), recently went into operation at the Shanghai Songjiang Industrial Development Zone.

At present, it is also the Blu-ray Disc production line with the highest single line production capacity in the world, using the most advanced technology. It has a

monthly output of 500,000 BD25/BD50 Blu-ray Discs, accounting for over 70% of the global output. Internationally, Blu-ray technology has become a universal high definition technology standard, but it is still in the market development stage.

In Europe and the United States, Blu-ray technology comprises around 10% of the traditional DVD movies market. With Blu-ray technology, a disc with the physical size of a CD can store up to 50 gigabytes of audio and video data, six times the capacity of a DVD. Moreover, it fully supports high definition TV displays and 7.1 surround sound, meeting professional cinema standards.

Source: People's Daily Online - February 2009.

CCTV and China Mobile, together to launch internet TV station

China Central Television (CCTV) teamed up with telecom network operator China Mobile to launch an internet-based TV station in a bid to capitalize on the growing popularity of online video. CCTV has already moved a large chunk of its content online to CCTV.com but the new venture would be a more interactive, comprehensive online video platform according to Zhang Jisong, an official from CCTV's Internet Communication Center.

The move follows a pilot run of the station during the Olympics and has been directed by the Communist Party's central committee according to a statement by the State Administration of Radio, Film and Television, which administers CCTV. The statement added that CCTV management was looking for an effective way of regulating content.

Source: China Economic Review - February 20, 2009.

EVENTS, CONFERENCES and BOOKS ABOUT CHINA

China Media Observatory, USI, Switzerland.

■ **Fifth China International Cartoon & Animation Festival** Hangzhou, China, April 29-May 3.

This year's 5th China International Cartoon & Animation Festival (CICAF) is sponsored by SARFT (State Administration of Radio, Film and Television) and Zhejiang Provincial People's Government, organized by Hangzhou Municipal People's Government, Zhejiang Provincial Administration of Radio and Television and Zhejiang Radio and Television Group.

At the Festival there will take place the China International Cartoon & Animation Industrial Exposition (CICAIE), the biggest trading center of the Cartoon & Animation Industry in China which will assemble professional companies in many fields such as animation, comics, digital amusement (games), digital effect production, music production, post production, technology and equipment, film production, issue, cinemas, television stations, websites, publications, patents and licenses, services, organizers of festival exposition, trade associations as well as financing, etc. The past edition hosted nearly 300 experts and scholars from 37 countries and regions, as well as nearly 300 institutions and enterprises from 17 countries and regions. For further information, please visit: <http://www.cicaf.com/>

■ **Second Tudou Digital Film Festival** Shanghai, China, April 18

Online video site Tudou.com will host the Second Tudou Digital Film Festival in cooperation with the China Film Group (CFG). The digital film festival this year will be a more professional affair: five of the sixteen award winners will be eligible for funding from either the CFG's Young Directors Project or the New Media Production Project.

Tudou will also organize a digital film financing forum for producers, production companies and content buyers. For more information, please visit: www.tudou.com

New & Notable Books

TV Drama in China, Ying Zhu, Michael Keane and Ruoyun Bai, Hong Kong University Press, 2008.

Chinese TV drama started to develop and form as an industry after the implementation of the opening-up policy. The essays concern TV drama in China and examine the production, distribution and consumption of TV drama. The book begins with 'A mouthful of Vegetable Pancake?', the first Chinese television drama and takes us on a journey in order to better understand the future of Chinese television drama and the pan-Asian markets.

The book provides an international and cross-cultural perspective looking at Taiwanese and South Korean TV drama in China, and trans-border production between Hong Kong and the mainland.

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