

CHINA



AT A GLANCE

Capital **Beijing**
Population 1,349,585,838 (July 2013 est.)
Median age 36.3 years
GDP US\$8.26 trillion (2012 est.)
Consumer prices 2012 2.6% (2012 est.)
Currency **Renminbi yuan (RMB)**
Official language Chinese, Mandarin
Other languages Yu (Cantonese), Wu (Shanghainese),
Minbei (Fuzhou), Minnan (Hokkien-Taiwanese), Xiang, Gan,
Hakka dialects
Literacy rate 92.2%

Source: CIA World Factbook (June 2013)

DIGITAL DATA

Internet penetration 538,000,000 (June 2012)
% of population 40
Facebook penetration 633,300 (December 2012)
% of population 0.05

Source: World Internet Stats

Mobile penetration 986,253,000 (2011)
% of population 73

Source: CIA World Factbook (June 2013)

PRINT TAX

Sales VAT

Magazine, Newspaper, Book purchases 0%*

Source: CPA *8.65% on advertising revenue

FIPP MEMBERS

NATIONAL ASSOCIATION

» China Periodicals Association (CPA)

PUBLISHERS

» Bauer (Sichuan) Culture Service
» Beijing Jigong Vogel Media Advertising

» Children's Fun Publishing
» Condé Nast China
» Gruner + Jahr (Beijing) Advertising
» Hearst Fujingaho
» Hearst Magazines China
» IDG China

» Mondadori SEEC (Beijing) Advertising
» MPC (Beijing)
» Rayli Magazine House
» Reader's Digest (Shanghai) Advertising
» Rizzoli Beijing
» SEEC Media Group

» Trends Media Group
» Trends Omni Media

SUPPLIERS

» BPA Worldwide

SPECIAL REPORT FROM:

DIDIER GUÉRIN, PRESIDENT & CEO, MEDIA CONVERGENCE ASIA-PACIFIC

The beginning of 2013 did not start too well for magazine publishers in China.

The second largest economy in the world sent clear signals that its economic growth was slowing. Following a GDP reduced growth of 7.7% in 2012, the economic weakness of the US and European economies were starting to affect the volume Chinese exports. Then, a falloff in domestic demand along with some inflation worries forced the authorities to announce that the 2013 economic target growth of 7.5% was uncertain. Yet, most Western economies would be delighted to experience half of this growth, but for China, a figure of 7.5% meant the slowest expansion in 23 years.

After 30 years of phenomenal growth – mostly by double digits every year – it was time for China to rebalance its economy and to make necessary reforms for the growth to be more sustainable and especially more balanced between the rural and urban populations. In the meantime, various projections of a 4% growth started to circulate in the Western

media. Even, by mid-year CNN ran a news analysis: "Will China's economy crash?"

Obviously, this situation was not good for magazine publishers and magazine advertisers who started to review – even reduce – their media spending. Advertising schedules were shortened and the "fabulous story" of the gigantic growth of the China magazine industry started to fade.

Also, before the traditional Chinese New Year, which occurred early in 2013 (at the beginning of February), the government launched a campaign to crack down on extravagant spending. The lunar New Year is traditionally the time when family and friends exchange gifts – similar to the Western Christmas shopping - and this could not have come at a worse time. Not only the delicacy of shark fins experienced a drop in sales, but also luxury items and fashion brands were affected by the campaign.

This situation occurred at the time when the two leading global services agencies were preparing their annual worldwide forecasts. Therefore, it was to be expected that ZenithOptimedia and

GroupM would come with a rare lowering of their projections in China magazine advertising spending. In August, GroupM, a member of the WPP group of agencies, published its magazine spending growth estimate of +7.2% for 2013, eroding to +6.4% for 2014, corresponding to a net advertising spend of, respectively, US\$1.62 billion and US\$1.66 billion. One month later, ZenithOptimedia, a division of the Publicis Group, came with an even lower projection of +4.0% for 2013 and +3.8% in 2014.

However, both groups were bullish in their internet advertising expenditures projections. GroupM's predicted an increase of 23.8% for 2013 and 28.6% for 2014, corresponding to a total value of, respectively, US\$16.7 billion and \$22.4 billion. ZenithOptimedia was even more aggressive in its forecast: +35.7% in 2013 and +30.1% in 2014.

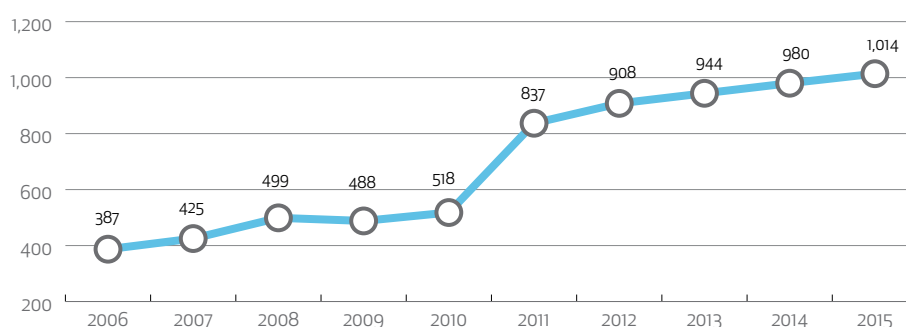
Surprisingly, in the country which has the largest online population in the world, advertisers still consider magazines as an effective media in the country. Yet, the magazine industry continues to have a

ADSPEND ZENITHOPTIMEDIA

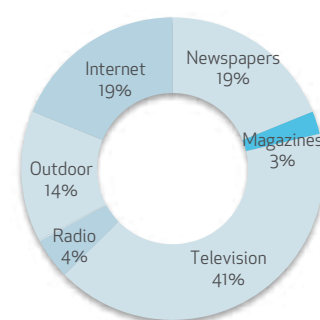
ADVERTISING EXPENDITURE BY MEDIUM (USD MILLION)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
MAGAZINES	387	425	499	488	518	837	908	944	980	1,014
NEWSPAPERS	5,024	5,178	5,507	5,954	6,131	7,545	7,015	6,622	6,404	6,192
TELEVISION	6,493	6,829	8,060	8,617	10,926	14,431	15,384	16,077	16,730	17,358
RADIO	919	1,010	1,098	1,155	1,240	1,462	1,619	1,755	1,899	2,047
CINEMA	27	32	38	43	47	55	70	85	99	114
OUTDOOR	2,311	3,147	2,887	3,089	4,398	4,442	5,204	5,985	6,793	7,594
INTERNET	1,133	1,964	2,732	3,333	5,162	4,769	7,001	9,500	12,359	15,869
TOTAL	16,294	18,586	20,821	22,679	28,422	33,540	37,202	40,968	45,265	50,190

MAGAZINE ADSPEND GROWTH (USD MILLION)



ADSPEND SHARE (2012)



Source: ZenithOptimedia Advertising Expenditure Forecasts September 2013

MAGAZINE PUBLISHING REVENUE CONSUMER

ADVERTISING REVENUE (USD MILLION)

	2008	2009	2010	2011	2012	2013	2014	2015
Consumer magazine print advertising	474	486	544	741	850	941	1,029	1,098
Consumer magazine digital advertising	-	-	5	16	45	71	103	132
Total consumer magazine advertising	474	486	549	757	895	1,012	1,132	1,230

CIRCULATION REVENUE (USD MILLION)

	2008	2009	2010	2011	2012	2013	2014	2015
Consumer magazine print circulation	2,810	3,442	3,066	3,313	3,439	3,622	3,807	3,988
Consumer magazine digital circulation	-	-	2	12	26	45	71	110
Total consumer magazine circulation	2,810	3,442	3,068	3,325	3,465	3,667	3,877	4,098
TOTAL	3,284	3,928	3,617	4,082	4,360	4,679	5,009	5,328

Source: PwC Global Entertainment and Media Outlook: 2013-2017, www.pwc.com/outlook

small share of the adspend with 2.3%, but it is interesting to note that this figure has not eroded and has remained the same since the pre-Global Financial Crisis year of 2008. Furthermore, magazine advertising spending has been growing steadily year-on-year for the last 20 years. No other developed markets in Europe or America can claim the same performance.

Finally, the last few months of 2013 showed an improvement in the Chinese economy with a 7.8% increase in annual terms for the third quarter. The most interesting appeared to be that the growth was fuelled by a 13.3% growth in consumer

spending, indicating that consumers were opening their pockets again.

Separately, foreign magazine publishers will have to deal with a new authority in Beijing. In March 2013, the Chinese Government announced the creation of a new Super Ministry for broadcast and press with the merger of the General Administration of Press and Publication (GAPP) with the State Administration of Radio, Film, and Television (SARFT). The new body will be responsible for regulating and overseeing print media, radio, film and television, as well as the internet. As GAPP in the past, the new Ministry remains under the leadership of the

Communist Party's Propaganda Department.

The merger should not have any impact on the investment of foreign companies in China – however some new faces will appear and new personal introductions will have to be made – but the change is more of a domestic nature. The Chinese government appears to want to see the creation of larger local media groups through mergers and acquisitions among broadcasters and publishers.

The Chinese magazine industry remains an attractive area of growth, and more and more Chinese wealthy investors are looking for quality content and established brands to enter the market.

CONSUMER

▾ HIGHLIGHTS

	2008	2009	2010	2011	2012	2013
Number of copies sold or distributed in a year	-	-	-	-	3,54billion	

Source: CPA

NUMBER OF PUBLISHERS

	2008	2009	2010	2011	2012	2013
Total	-	-	-	-	47	

Source: CPA

NUMBER OF TITLES

	2008	2009	2010	2011	2012	2013
Total	-	-	-	-	9,884	

Source: CPA

TOP MAGAZINES: BY REVENUE

1	Elle	6	Harper's Bazaar
2	Cosmopolitan	7	Marie Claire
3	Modern Weekly	8	Ray-Li Her Style
4	Vogue	9	Self
5	Ray-Li Fashion	10	Gateway

ZenithOptimedia Market & Media Fact 2012/CTR Advertising Monitoring 2011

TOP ADVERTISERS

1	LVMH	6	Switzerland Richemont Group
2	L'Oréal	7	Chanel
3	Procter & Gamble	8	BMW
4	Estée Lauder	9	Volkswagen
5	Swatch Group	10	Daimler

ZenithOptimedia Market & Media Fact 2012/CTR Advertising Monitoring 2011

TOP ADVERTISER CATEGORIES

1	Toiletries	6	Leisure
2	Automobiles	7	Computer & office products
3	Personal items	8	Household
4	Clothing	9	Post & communications
5	Business & services	10	Real estate & construction

ZenithOptimedia Market & Media Fact 2012/CTR Advertising Monitoring 2011

▾ TOP TITLES CONSUMER

	PUBLISHER	FREQUENCY	CIRCULATION	AVERAGE READERSHIP
--	-----------	-----------	-------------	--------------------

AUTOMOTIVE/MOTOR RACING/MOTORCYCLE

Auto Magazine	-	-	598,000	-
Car and Driver	-	-	488,000	-
Autonews	-	-	450,000	-
Motor Trend	Motor Trend	Monthly	450,000	-
Auto Fan	Auto Fan Company	Fortnightly	325,000	-
Auto Time	-	-	260,000	-
Auto Sports	-	-	138,000	-
Auto Beta	Auto Beta	Fortnightly	-	-
Auto Motor und Sport	Auto Motor und Sport	Monthly	-	-
Car	Trends Media Group	Monthly	-	-
Car Market Guide	Zhuozhong Publishing House	Fortnightly	-	-
Car Owners	Zhuozhong Publishing House	Fortnightly	-	-
China Auto Pictorial	China Auto Pictorial	Monthly	-	-
Orient Auto	Orient Auto	Monthly	-	-
TOP4X4	Zhuozhong Publishing House	Monthly	-	-

BUSINESS/FINANCIAL

Bloomberg Business Week	-	-	380,000	-
Cai Jing Magazine	-	-	320,000	-
Securities Market Weekly (Blue)	-	-	320,000	-
Securities Market Weekly (Orange)	-	-	320,000	-
Chief Executive China	-	-	252,000	-
Manager	-	-	228,000	-
Business Knowledge	-	-	197,000	-
CEO & CIO In Information Times	-	-	183,000	-
Fortune (China)	-	-	182,000	-
China Entrepreneur	-	-	180,400	-
Forbes (China)	-	-	158,000	-
Global Entrepreneur	-	-	151,000	-
Harvard Business Review	-	-	135,000	-
Global Business & Finance	-	-	125,000	-

TOP TITLES CONSUMER

	PUBLISHER	FREQUENCY	CIRCULATION	AVERAGE READERSHIP
FAMILY/PARENTING				
AMF (1st half of month)	-	-	1,800,000	-
AMF (2nd half of month)	-	-	1,800,000	-
Family (1st half of month)	-	-	1,800,000	-
Family (2nd half of month)	-	-	1,800,000	-
Marriage Family (1st half of month)	-	-	1,041,000	-
Marriage Family (2nd half of month)	-	-	767,000	-
Modern Family (1st half of month)	-	-	420,000	-
Modern Family (2nd half of month)	-	-	420,000	-
Mombaby	Mombaby All Media Company	Monthly	-	-
Mumbaby	Mumbaby publishing house	Monthly	-	-
Parenting Science	Fumubidu Publishing House	Monthly	-	-
Parents	G+J China	Monthly	-	-
GENERAL INTEREST				
Bosom Friend	-	-	6,800,000	-
Readers	-	-	4,500,000	-
South Wind Windows	-	-	650,000	-
Beijing Youth Weekly	-	-	500,000	-
New Weekly	-	-	490,000	-
Globe	-	-	450,000	-
Overseas Digest	-	-	345,000	-
World Vision	-	-	180,000	-
HEALTH CARE				
The Family Doctor (1st half of month)	-	-	1,208,000	-
The Family Doctor (2nd half of month)	-	-	1,208,000	-
Trends Health	-	-	991,000	-
Woman's Day	-	-	987,000	-
Health & Beauty	-	-	180,000	-
HOME INTEREST				
AD	Condé Nast China	-	-	-
Better Homes & Gardens	SEEC Media Group	-	-	-
Elle Deco	Hearst China	-	-	-
Home Decoration	Tianjin Science and Technology Publishing	-	-	-
Home For You	Jilin People's Publishing House	-	-	-
Rayli Home	Rayli Publishing House	-	-	-
Trends Home	Trends Media Group	-	-	-
TV GUIDES				
World Screen			650,000	-
Shanghai TV Weekly			300,000	-
Beijing TV Weekly			50,000	315,000
Popular Cinema			30,000	100,000
WOMEN'S MONTHLIES				
Trends Cosmopolitan	-	-	1,486,000	-
City Beauty	-	-	1,356,450	-
Self	-	-	1,210,000	-
Rayli Fashion&Beauty	Rayli Publishing House	Monthly	1,180,000	1,485,000
Rayli Style	Rayli Publishing House	Monthly	977,000	-
Elle	Hearst China	Monthly	925,000	-
Rayli Fashion	Rayli Publishing House	Monthly	880,000	-
Psychologies	-	-	860,000	-
Harper's Bazaar	Trends Media Group	Monthly	856,000	-
Woman Friend (Cute)	-	-	836,000	-

CHINA

TOP TITLES CONSUMER

	PUBLISHER	FREQUENCY	CIRCULATION	AVERAGE READERSHIP
Woman Friend (Love)	-	-	802,000	-
Marie Claire	Hearst China	Monthly	800,000	-
L'Officiel	-	-	682,000	-
Hers	-	-	680,400	-
Vogue	Condé Nast China	Monthly	640,000	-
Shanghai Style	-	-	500,000	-
Woman Friend (Style)	-	-	316,800	-
Cosmopolitan	Trends Media Group	Monthly	-	-
Vivi	Xinwei Publishing House	Monthly	-	-

MEN'S MONTHLIES/WEEKLIES

Esquire	Trends Media Group	Monthly	896,000	-
FHM	Trends Media Group	Monthly	780,000	-
Men's Health	Trends Media Group	Monthly	665,000	-
Mens Uno	-	-	438,000	-
GQ	Condé Nast China	Monthly	-	-
Harper's Bazaar for Men	Trends Media Group	Monthly	-	-
Leon	Rayli Publishing House	Monthly	-	-
Elle Men	Hearst China	Monthly	-	-
The Outlook Magazine	Modern Media	Monthly	-	-

SPORTS

Modern Sports	-	-	450,000	-
Football Weekly	-	Weekly	386,000	-
Sports Leisure	-	-	300,000	-
Hoop NBA	-	-	250,000	-
Football World	-	-	200,000	-
New Sports	-	-	150,000	182,000

TRAVEL

Chinese National Geography	-	-	208,000	-
National Geographic Traveler	-	-	200,000	-
World Traveller	-	-	148,000	-

Source: CCMC, ZenithOptimedia Advertising Expenditure Forecasts (September 2013).

B2B

ADVERTISING REVENUE (USD MILLION)

	2008	2009	2010	2011	2012	2013	2014	2015
Consumer magazine print advertising	474	486	544	741	850	941	1,029	1,098
Consumer magazine digital advertising	-	-	5	16	45	71	103	132
Total consumer magazine advertising	474	486	549	757	895	1,012	1,132	1,230

CIRCULATION REVENUE (USD MILLION)

Consumer magazine print circulation	2,810	3,442	3,066	3,313	3,439	3,622	3,807	3,988
Consumer magazine digital circulation	-	-	2	12	26	45	71	110
Total consumer magazine circulation	2,810	3,442	3,068	3,325	3,465	3,667	3,877	4,098
TOTAL	3,284	3,928	3,617	4,082	4,360	4,679	5,009	5,328

Source: PwC Global Entertainment and Media Outlook: 2013-2017, www.pwc.com/outlook