



AT A GLANCE

Capital Beijing
 Population 1,336,718,015
 Median age 35.5
 GDP USD 5.878 trillion
 Consumer prices 2011 3.2%
 Official language Mandarin
 Other languages
 Yue (Cantonese),
 Wu (Shanghainese),
 Minbei (Fuzhou),
 Minnan (Hokkien)
 Literacy rate 92.2%
 Currency RMB

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

» Hachette Filipacchi Medias China Division

» IDG China

» MPC (Beijing)

» Rayli Magazine House

» Rayli Magazine House Beijing

» Reader's Digest (Shanghai) Advertising

» Rizzoli Beijing

» SEEC Media Group

» SEEC Publishing Group

» Trends Media Group

SUPPLIERS

» BPA Worldwide China

» Guangzhou Yong Tong A&V Manufactory

» Lagardère Services ASPAC (China)

DIGITAL DATA

Internet penetration	36.3%	Mobile penetration	76%
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Source: World Internet Stats

Source: CIA

TAX ON PUBLISHING

0%

Source: CPA

COMMENTARY

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

There is a consensus among magazine publishers in China: "2011 was a good year and 2012 will be another good year".

The opposite would have been a major surprise.

Despite all the economic challenges in Europe and the United States, the Chinese economy is projected to grow by 9.4% in 2011 and 8.7% in 2012. As we have seen in the past, these projections are often on the conservative side and the actual numbers usually come in slightly higher.

All macro-economic indicators show a trend towards more economic growth creating more advertising expenditures and more readers. Hence, more wealth in China in 2012.

A crosshead here, please

Instead of relying on exports and investment, the Chinese government's long term strategy is to make private consumption of products and services the main component of gross domestic product, as is the case in the most advanced economies of the world. Private consumption currently represents only 40% of China's GDP, compared with 70% in the US and 63% in the UK. It will take years for China to reach these levels, but an increase in consumption will inevitably trigger growth in advertising spending.

Furthermore, magazines are mostly pur-

chased in big cities and the urbanisation of China still has a long way to expand. According to the Ministry of Agriculture, 40 million Chinese people are expected to leave the rural world to move to a large city in the next five years. If only a small percentage of this population buys a few magazines, this will be good news for magazine publishers.

In 2010, China became the third largest market in the world in advertising spending, after the US and Japan and before Germany. According to ZenithOptimedia, total advertising expenditures in China would have reached US\$29.6 billion in 2011 (a 13.4% increase on 2010) and should grow by 16.2% in 2012 to a total of \$34.4 billion. This compares with an estimated \$46.4 billion in Japan and \$160 billion in the US.

The magazine industry receives a minuscule amount of this investment: \$522 million is expected in 2012, representing a share of the advertising spending of only 1.8%. However, this figure does not include the \$248 million of magazine advertising spending originating in Hong Kong (where several international companies and agencies are based), an unknown portion of which goes to mainland China.

ZenithOptimedia predicts an increase of only 5.5% in magazine advertising spending in 2012 compared with 2011. This compares to a

4.5% increase over the previous year. Not bad, but not great.

This may be the reality for the Chinese magazine industry overall. However, not every magazine is equal and there are significant differences in performance between large and small publishers and between domestic and international publishers. The latter ones admit to having experienced increases of 30% or more in 2011 (similar to the previous years) and are confident the same growth in advertising revenue will come in 2012.

A crosshead here, please

Most of the large – and even small – international magazine brands are already in China, however 2011 saw the appearance of *AD*, *Bloomberg* and the relaunch of *Madame Figaro* (for the fourth time in its 12 years in China). Digital publishing across online and tablets increased considerably in 2011, despite a competitive environment, where beauty advertising spending in magazines was surprisingly stagnant.

An interesting phenomenon to come in 2012 is the frequency increase to weekly or fortnightly. Hence, *Elle* China, to be operated under the Hearst umbrella, will become a fortnightly magazine after 24 years of monthly frequency, which is another encouraging sign about the health of the magazine industry in China.

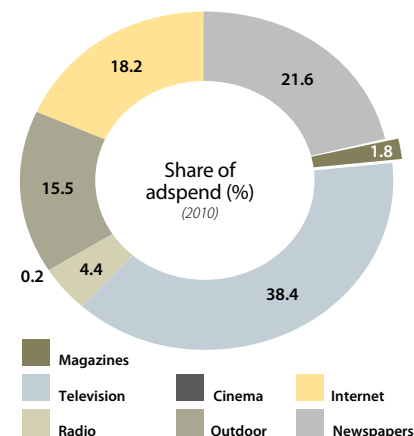
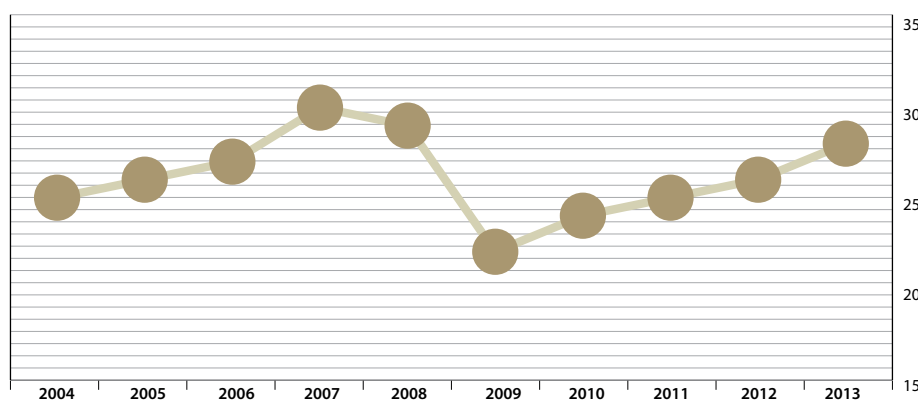
ADSPEND DATA

Source: ZenithOptimedia

ADVERTISING EXPENDITURE BY MEDIUM (USD MILLION)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Newspapers	3,408	3,782	4,617	4,759	5,061	5,472	5,635	5,748	5,834	5,921
Magazines	300	367	356	391	458	449	476	497	522	538
Television	4,306	5,248	5,968	6,277	7,407	7,920	10,041	11,447	13,107	14,655
Radio	486	574	845	928	1,009	1,062	1,140	1,288	1,443	1,580
Cinema	21	23	25	29	35	39	43	51	58	66
Outdoor	1,827	1,860	2,124	2,893	2,653	2,839	4,042	4,506	4,935	5,428
Internet	346	601	1,041	1,805	2,511	3,063	4,745	6,168	8,142	10,666
Total	10,695	12,455	14,976	17,081	19,136	20,844	26,122	29,705	34,040	38,854

MAGAZINE ADSPEND GROWTH 2004-2013 (USD MILLION)



CONSUMER MAGAZINES

HEADLINE FIGURES: CONSUMER

CONSUMER MAGAZINE DATA BY CATEGORY

	Titles	Variation	Total printed copies of each issue millions	Variation	Average printed copies of each issue thousands	Printed copies millions	Variation	% of total titles
Consumer magazines	495	+2.06%	17.66	-10.22%	35.7	405.65	-10.33%	5.01
Philosophy and social science titles	2,466	+0.41%	64.59	+7.3%	26.2	1.2 billion	+9.12%	24.95
Natural science / technology titles	4,936	+0.2%	30.2	-3.53	6.1	470.68	+1.82%	49.94
Culture and education titles	1,207	+0.25%	27.25	-1.78%	22.6	610.27	+5.7%	12.21
Literature and art titles	631	-	12.69	-9.36%	20.1	269.65	-9.71%	6.38
Youth magazines	98	-	9.76	-5.56%	99.6	236.83	-1.84%	0.99
Comic and picture magazines	51	-	1.34	+1.19%	26.2	26.62	+7.16%	0.52
Total	9,884	+0.33%	163.49	-0.66%	-	3.22 billion	+1.99%	-

Source: China Periodicals Association CPA, Chinese Magazine Industry Data 2010

CIRCULATION TREND GROWTH (45 MAJOR TITLES) %

	2009 vs 2008	2010 vs 2009	2011 vs 2010	2011 vs 2008
Total 45 titles	26.2	15.8	7.0	56.4

Source: Kaiyuan Newsstands Survey, June 2011

MARKET SHARE BY CATEGORY (45 MAJOR TITLES) %

	2008	2009	2010	2011
Upscale female (8 titles)	42.3	36.1	33.0	31.2
Other female (8 titles)	21.7	19.0	19.7	20.0
Female weekly (6 titles)	9.0	22.1	22.9	24.8
Auto (7 titles)	13.0	10.0	8.8	8.0
Men's (9 titles)	6.4	5.8	9.7	10.6
Home decoration (7 titles)	7.7	6.9	5.9	5.3
Total (45 titles)	100	100	100	100

Source: Kaiyuan Newsstands Survey, June 2011

TOP PUBLISHING COMPANIES

1	China Light Industry/Rayli/Gruner + Jahr
2	IDG-Trends Group Hearst
3	IDG
4	Hachette Filipacchi Medias
5	SEEC Media Group
6	Trends Group
7	Condé Nast
8	Modern Media
9	Nanfeng Daily News
10	Shanghai Media and Entertainment Group

Source: FIPP World Magazine Trends 2010/2011

CONSUMER MAGAZINE PUBLISHING REVENUE

ADVERTISING REVENUE (USD MILLION)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2011-2015*
Digital advertising	1	2	4	5	7	11	15	20	26	33	36.4
Consumer magazine print advertising	348	384	473	465	470	486	510	540	574	609	5.3
Total consumer magazine advertising	349	386	477	470	477	497	525	560	600	642	6.1

CIRCULATION REVENUE (USD MILLION)

Consumer magazine digital circulation	-	-	-	-	-	1	3	10	34	90	
Consumer magazine print circulation	2,021	2,293	2,431	2,542	2,699	2,868	3,042	3,229	3,417	3,590	5.9
Total consumer magazine circulation	2,021	2,293	2,431	2,542	2,699	2,869	3,045	3,239	3,451	3,680	6.4

TOTAL	2,370	2,679	2,908	3,012	3,176	3,366	3,570	3,799	4,051	4,322	6.4
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Source: PwC. * Compound Annual Growth Rate

B2B MAGAZINES

B2B MAGAZINE PUBLISHING REVENUE

ADVERTISING REVENUE (USD MILLION)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2011-2015*
Digital advertising	0	1	1	2	3	4	6	8	10	14	36.1
B2B magazine print advertising	72	79	96	92	93	96	102	108	116	124	5.9
Total B2B magazine advertising	72	80	97	94	96	100	108	116	126	138	7.5

CIRCULATION REVENUE (USD MILLION)

Digital circulation	0	0	0	0	0	1	5	15	31	55	
Print circulation	190	213	223	230	243	258	275	294	313	331	6.4
Total B2B magazine circulation	190	213	223	230	243	259	280	309	344	386	9.7

TOTAL	262	293	320	324	339	359	388	425	470	524	9.1
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Source: PwC. * Compound Annual Growth Rate