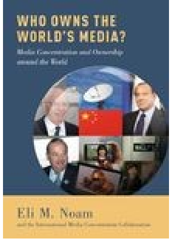

Who Owns the World's Media? Media Concentration and Ownership around the World

Eli M. Noam and The International Media Concentration Collaboration

https://doi.org/10.1093/acprof:oso/9780199987238.001.0001

Published: 2016 **Online ISBN:** 9780190210182 **Print ISBN:** 9780199987238

CHAPTER

24 Media Ownership and Concentration in the People's Republic of China

Min Hang, The China Media Concentration Research Group, Eli Noam, Paul Mutter

https://doi.org/10.1093/acprof:oso/9780199987238.003.0024 Pages 740–771

Published: January 2016

Abstract

This chapter describes media ownership and concentration in China. After examining Chinese media landscape, the bulk of the chapter looks at print media (newspapers, book publishing, magazine publishing), audiovisual media (radio, broadcast television, film), telecommunications media (wireline and wireless telecom), and Internet media (Internet Service Providers, search engines, online news market). Chinese mass media industries have very high concentration indices due to the strong ownership role of the government and its sub-divisions. Provincial governments also own media outlets. Even more concentrated are the platform media industries of wireline and wireless telecom. Here, the main state-owned companies are China Mobile, China Telecom, and China Unicom. Private ownership is more prevalent in new media, examples being Baidu, Sina.com, and Sohu.com.

Keywords: China media market, media industry, mass media, print media, audiovisual media, telecommunications, Internet, China government, Baidu, Sina.com, Sohu.com China media market, media industry, mass media, print media, audiovisual media, telecommunications, Internet, China government, Baidu, Sina.com, Sohu.com

Subject: Economic Sociology, Social Research and Statistics

Introduction

Media ownership and concentration has not been a hotly debated topic in China since 1949, when state control of media became the norm after the People's Republic of China was established. Since the economic reforms of the 1980s—"socialism with Chinese characteristics"—most citizens have accepted the continued role of the Communist Party of China (CPC) in the country's media and government in exchange for greater economic opportunities, especially in the wake of the post-2008 global economic slowdown. However, the emergence and rapid development of new media have rekindled interest in media pluralism, and the wave of market deregulation has allowed some degree of mediacommercialization.[1] Some media critics have begun to argue that high media concentration may hinder the development of professional journalism, and that a more diversified media system would enable people in the country to have a clearer picture of both the world and the country as they really are.

To a certain extent, developments in media ownership and concentration in China have always been shaped by two conflicting forces: a desire for media pluralism, on the one hand, and the desire for "national champions." Though state and party control play a major part in the latter vision, it is also a strongly felt nationalistic desire among Chinese leaders. In Chinese academic circles, for example, contrary to ↳ p. 741 conventional wisdom in the West, low (de facto) levels of concentration in some sectors (especially print media) are not seen as an indication for healthy market competition but as a sign of market fragmentation, a lack of competitiveness of major firms (especially in an international context), inefficient resource allocation, and poor economies of scale. Underlying this is a deep regionalism among Chinese provinces promoted by local governments to create greater economic autonomy from Beijing.

The Chinese government regulates and administers media industries, particularly the audiovisual media and telecommunications sectors, through a number of regulatory bodies. The State Administration of Radio, Film, and Television (SARFT) is responsible for the content side of the audiovisual sector, as well as its related online content. As a ministerial-rank government agency directly under the State Council, it owns and directly controls the big national media outlets: China Central Television (CCTV), China National Radio (CNR), China Radio International (CRI), and the China Film Group (CFG). The Ministry of Industry and Information Technology (MIIT)sets policies for telecommunications and online media and is also responsible for technological standards pertaining to the audiovisual sectors, which SARFT then implements.

The State-owned Assets Supervision and Administration Commission (SASAC) is the nominal owner of the state-owned enterprises (SOEs) responsible for overseeing a wide range of media market activities, including mergers, stock sales, executive appointments, legislation, and legal issues. In the context of media industries, it owns and controls the primary telecommunications providers of China Telecom, China Mobile, and China Unicom.

The General Administration of Press and Publication (GAPP) is the regulator for print media. Unlike SARFT, it does not claim ownership for companies in these industries: major outlets, such as the *People's Daily* and Xinhua News Agency's *Reference News*, were established before the founding of the People's Republic. Due to their importance to the CPC, they remain controlled by its executive today. This practice has continued for newspapers formed since 1949. Magazine and book publishing industries, in contrast, are more "liberal" in terms of ownership. Owners of companies in these two industries include government ministries (in the areas of their responsibility), institutional organizations, commercial entities, and institutional investors.

The Publicity Department (PD) of the Communist Party assumes a special role in China's media ecosystem. In principal, it oversees the content side of Chinese media. The editors-in-chiefs or directors of major media outlets are required to report to the PD weekly for instructions on how and to what extent certain stories can be covered. The PD works closely with government regulators and agencies, including SARFT, GAPP, the State Council's Information Office, and in some cases, the Public Security Bureau.

Print Media

Newspapers

For most of the history of the People's Republic, many cities had a single authorized state-run daily; local markets were virtual monopolies with little competition. After economic reforms were introduced in the 1970s and 1980s, the distribution side was reformed, while the operational and editorial sides have largely adhered to the preexisting model.[2] As the government gradually reduced funds allocated to newspapers in the 1990s, publishers had to commercialize and adopt commercial practices. The rapid development of the Internet in the 2000s further pressured the newspaper industry to transform its operating practices.

p. 742 From 1992 on, many newspapers—though not all—had to be financially independent in accordance with the new market reforms.[3] Operations at the provincial and municipal levels were consolidated to form media groups. Notable examples include the People's Daily Group at the national level and the Guangzhou Daily Group at the municipal level. In the national newspaper market, concentration is declining, with the HHI falling from 2,104 in 1992 to 1,393 in 2007. All companies listed here—and all state-level newspapers—are publicly owned (Table 24.1).

Table 24-1. Daily Newspapers: National (Market Shares by Circulation), 1992–2007

	1992	1996	2000	2004	2007
C4	81.2	72.3	66.0	60.4	60.3
HHI	2,104	1,734	1,595	1,408	1,393
N (>1%)	9	8	9	9	8
Noam Index	391	285	262	207	273

The *People's Daily*—the most influential newspaper in China—is the flagship newspaper of the People's Daily Group. The newspaper was established as an organ of the CPC in 1948, before the rest of the country's party administered media system came into existence. It has since remained a key organization directly under the control of the Communist Party's Central Committee. Its editor-in-chief holds ministerial rank and is appointed by the Organization Department of the Communist Party. In addition to *People's Daily,* the group also publishes *Global Times,* an English-language daily with a relatively liberal political stance. Other activities of the group include a web portal, *People's Daily Online*, and a search engine Jike (launched in 2011), with the aim to compete with privately owned search engines such as Baidu.

Reference News, published by Xinhua News Agency, has the largest daily circulation numbers in China. It was initially available only to party cadres and government organizations but was made available to the general public in the 1980s, rapidly increasing its circulation numbers.[4] The head of the Xinhua News Agency, similar to People's Daily Group, also holds a ministerial rank and is subordinate to the State Council (Cabinet). Before the 1980s, it was the only official news outlet that carried reporting from abroad for its audience.

The declining circulation figures for national newspapers are indicative of the ascent of local newspapers: since 2000, local newspaper markets have become increasingly competitive and adopted market practices. A host of evening newspapers came into being in their respective cities and have attracted ever-larger readership and advertising fees, dwarfing the traditional national dailies in those cities. Print media groups became a natural recourse for consolidating resources and promoting operational efficiency, particularlyfrom the standpoint of local governments owning these various newspapers. Consequently, local governments have taken an active role in the consolidation process, both financially and operationally (Table 24.2).

Table 24-2. Daily Newspapers: National and Provincial (Market Shares by Circulation), 2003–2012[1]

	2003	2005	2008	2012
People's Daily Group (*People's Daily, Global Times*) (Communist Party of China) (public)	4.4	4.8	5.4	11.1
Xinhua News Agency (*Reference News*) (State Council) (public)	4.7	4.1	4.5	6.4
China Youth League (*China Youth Daily*) (public)	1.5	1.0	0.8	1.0*
All-China Federation of Trade Unions (*Worker's Newspaper*) (public)	1.4	0.9	0.7	2.1
Central Military Commission (*People's Liberation Army Daily*) (public)	0.9	0.8	0.7	1.7*
Guangdong Provincial Government (*Guangzhou Daily, Yangcheng Evening News, Southern Daily*) (public)	10.5	14.5	13.7	7.9
Shanghai Municipal Government (*Xinmin Evening News*) (public)	6.5	6.4	6.1	1.9
Beijing Municipal Government (*Beijing Evening News, Beijing Youth*) (public)	5.9	5.7	5.4	3.1
Jiangsu Provincial Government (*Yangtse Evening Post*) (public)	3.0	2.7	2.6	3.2
Zhejiang Provincial Government (*Qianjiang Evening News*) (public)	2.0	2.3	2.7	2.1
Hubei Provincial Government (*Chutian Metro Daily, Wuhan Evening News*)	2.3	2.7	2.9	2.6
Shandong Provincial Government (*Qilu Evening News, Peninsula City News*) (public)	2.7	2.6	2.7	5.7
Tianjin Provincial Government (*Today Evening News*) (public)	1.8	2.0	1.6	2.1
Hebei Provincial Government (*Yanzhao Metro Daily*) (public)	0.8	1.1	1.4	2.1
Others	51.0	47.8	48.3	47.0
Total Daily Circulation (1,000)	82,000	96,600	107,000	128,000
C4	27.6	31.4	30.6	31.2
HHI	263	357	339	312
N (>1%)	12	12	11	14
Noam Index	76.0	103	102	83

Source: World Association of Newspapers, 2012 updates provided by editors, using Chinadaily.com.cn;

* indicates estimate.

1 Market Shares and Index calculations by author based on assumption that publically owned organization are segmented in ownership.

p. 743 The market is extremely fragmented—among the least concentrated in countries investigated ↳

p. 744 ↳

in this project. But if we take all levels of government as a single "public" entity, the HHI would be in effect 10,000. However, operational independence has become increasingly pronounced—compared to nominal ownership—in recent years. This can be attributed not only to provincial autonomy, but also to the economic management approaches adopted by local governments, which shun cross-regional consolidation. Although nominally these print media groups are all owned by the government, they are in fact controlled and operated by distinct government entities, that is, different central, provincial, and local governments. More pluralist reporting is now permitted by the authorities, except when it concerns particularly sensitive topics such as China's foreign policy. A few local print groups have taken a distinctively more "liberal" approach in reporting, largely reflecting the respective local governments' liberal approach in economic management. One can make a strong case that in the southern province of Guangdong, due to its distance from Beijing and history as the starting point for the ongoing economic reforms, the newspaper market there has been particularly independent-minded. In the case of Southern Daily Group—owned by the Guangdong provincial government—in addition to two popular titles/groups

(*Southern Daily* and *Southern Metropolis Daily*), the group also publishes *Southern Weekend*, often described in Western media as "China's most influential liberal newspaper."

Book Publishing

Until recently, most book publishers operated as units of their respective administrative agencies, be they government ministries, institutional organizations such as unions and universities, or local governments. Beginning 2000, a series of mergers and consolidations were undertaken that have increasingly corporatized the market, though ownership ultimately remains with the aforementioned public entities.[5] Market concentration is still low, though it has increased significantly since the 2000s. The competitiveness of major publishing houses has been characterized by the government as "weak and scattered," especially when gauged against international peers.[6] China's largest publishing company in terms of revenue, Jiangsu Phoenix Publishing & Media, for example, posted revenue of US$996 million (RMB6.8 billion) in 2009, equivalent to 11% of the total annual revenue of Pearson plc. (UK), despite the much greater potential market size for Jiangsu Phoenix's publications.

There have been major efforts by governments at various levels, particularly local ones, to consolidate different publishing houses within their administrative regions. As a result, local publishing houses controlled by local governments have amassed substantial market shares. Another characteristic of China's publishing industry is that the profits of publishing firms rely heavily on textbooks and other teaching materials. The top 10 publishing companies in the People's Republic all rely on main and supplementary teaching materials to break even and turn a profit.[7] Other types of books published by these firms account for only a small proportion of their profits (Table 24.3).

Table 24-3. Book Publishing (Market Shares by Revenue), 2003–2012

	2003	2004	2005	2006	2007	2008	2009	2012
China Education Publishing and Media (Ministry of Education) (public)	6.5	4.7	4.7	4.7	3.8	4.5	7.2	6.1
China Publishing Group (public)	4.4	4.6	4.7	4.6	5.1	5.7	5.4	9.6
China Science Publishing and Media (Chinese Academy of Science) (public)	3.7	4.0	3.6	3.9	4.0	4.3	4.5	6.0*
Jiangsu Phoenix Publishing and Media (public)	2.3	2.1	1.3	1.4	2.6	6.8	12.8	9.4
China South Media/Hunan Publishing Investment Holding (public)	1.1	1.2	1.0	1.3	1.5	4.7	8.1	9.1
Beijing Publishing Group (public)	3.7	5.2	4.2	3.2	4.9	7.7	8.0	11.6
Zhejiang Publishing United Group (public)	3.5	4.3	3.9	4.1	5.9	7.4	10.3	15.3*
Shanghai Century Publishing Group (public)	2.1	1.1	0.5	1.5	0.6	1.7	2.4	5.4*
People's Medication Publishing (Ministry of Health) (public)	0.8	1.5	0.8	1.0	1.3	2.2	2.0	3.4*
Peking University Press (public)	0.0	0.8	1.4	1.1	1.0	0.9	1.0	1.4*
Renmin University Press (public)	0.9	1.2	1.1	1.0	1.4	1.1	1.1	1.2*
Tsinghua University Press (public)	1.0	1.2	1.7	1.4	1.6	1.2	1.3	1.4*
FLTRP: Foreign Language Teaching & Research Press (Beijing Foreign Studies University) (public)	1.3	1.6	1.1	1.3	1.3	1.1	1.3	1.1*
Others	68.6	66.6	69.8	68.5	65.1	50.7	35.5	19
Total Revenue (mil RMB)	24,130	26,030	26,940	27,260	29,640	35,110	46,740	72,500
Total Revenue (mil US$)	2,915	3,144	3,289	3,419	3,898	5,144	6,842	11,486
C4	18.3	18.8	17.6	17.2	19.9	27.6	39.2	45.9
HHI	113	114	94	92	126	261	510	762
N (>1%)	8	9	7	9	8	9	9	13
Noam Index	40	38	35	31	44	87	170	214

Source: 2012 updates provided by editors, using Chinadaily.com.cn;

* indicates estimate.

Most publishing houses in China are, in effect, owned by public entities: China Science Publishing and Media Group, one of the three top national publishers, is managed by the Chinese Academy of Science through its National Asset Supervision division. The Chinese Academy of Science is, in turn, under the auspices of the State Council (Cabinet). University publishers are in general controlled by their respective universities, most of which are state-run.

China Education (Publishing and Media Holdings) is the country's largest publication house in terms of
p. 745 volume sold: strictly speaking, it was established in 2011 through the merger ↳

p. 746 ↳

of Higher Education Press and People's Education Press, as well as another smaller, state-owned publishing house and two other publishing companies. Although before 2011, the two educational publishing houses were separate corporate entities, the Ministry of Education ultimately controlled both entities. The Higher Education Press was traditionally the publishing arm of the Chinese Ministry of Education, and People's

Education Press was exclusively authorized by the Ministry of Education to design the curriculum for the government's Nine-Year Compulsory Education plans.

Other large publishing houses include Beijing Publishing House and Shanghai Century Publishing. They are all majority owned by the respective local governments. As a case in point, Jiangsu Phoenix Publishing & Media is 72.1% owned by the Jiangsu provincial government through a state holding company. Other significant shareholders of the company include Hony Capital, with a 5.9% stake, and the National Social Security Fund (NSSF), with a 2.0% stake. Hony Capital, founded in 2003, is a leading China-focused private equity firm controlled by Legend Holdings, a holding company of the Chinese Academy of Sciences. The National Council for the Social Security Fund, an organization subordinate to the State Council (Cabinet), manages the NSSF, established in 2000. It is important to note that although private capital is still entering the sector, private investors only hold minority stakes in the larger publishing groups.

Magazine Publishing

China's periodical industry has undergone a tremendous transformation since the 1970s.[8] Unlike the newspaper industry, which is tightly controlled by the government, magazines have attracted significant private sector investment and a number of independent operators. Compared with book publishing, which has been well established since the early 20th century, magazine publishing only started in the 1950s—only really coming into its own in 1970s—and except for literary and current affairs magazines, much of its content follows the patterns set by Western magazines. The dramatic expansion of the industry is reflectedin advertising growth: total advertisement sales were valued at US$446 million (RMB3.1 billion) in 2008, a 286% increase from the total in 1978. Many foreign titles have entered the market via joint ventures or cooperative publishing in the past three decades. After China joined the World Trade Organization (WTO) in 2001, Chinese magazine publishers faced greater international competition. However, due to language barriers and economic and ideological protectionism, demand for Western media has been channeled into cooperative publishing efforts between Chinese and foreign media groups (Table 24.4).

Table 24-4. Magazine Publishing (Market Shares by Circulation), 2003–2012[1]

	2003	2004	2005	2006	2007	2012
Trends Media Group (National Tourism Association) (public)	8.3	11.1	11.2	15.5	15.3	16.1*
Rayli (China National Light Industry Council)	2.6	3.8	5.0	7.5	7.9	23.6
Elle (Shanghai Century Publishing Group, under license from Hearst, US) (public)	4.3	4.2	4.5	5.2	5.7	10.7
Vogue (China Pictorial, under license from Condé Nast, US) (China International Publishing Group) (public)	0.0	0.0	N/A	1.9	4.1	7.8
DuZhe (Gansu People's Press) (public)	5.6	5.3	5.2	4.6	4.8	2.7
China Science Publishing and Media (Chinese Academy of Sciences) (public)	3.9	4.1	4.0	4.2	4.4	4.6*
Ban Yue Tan (Xinhua News Agency) (public)	5.3	4.9	4.3	3.9	3.5	2.6
Marie Claire (China Sports Publications, under license from Hearst US, prev. Lagardere) (General Administration of Sports) (public)	1.0	1.2	1.3	1.5	2.0	4.5
Caijing (Stock Exchange Executive Council)	1.2	1.4	1.5	1.9	1.8	0.4
Fortune (CCI Asia-Pacific, Hong Kong)	2.2	1.8	2.4	1.6	1.9	0.1
Gu Shi Hui (Shanghai Literature and Arts Publishing) (public)	1.8	1.6	1.7	1.3	1.2	1.8
Zhiyin	1.3	1.4	1.3	1.2	1.2	2.2
Sanlian Life Weekly (China Publishing Group) (public)	1.0	1.2	1.2	1.4	1.3	1.8*
Car Magazine Press	0.6	0.6	0.7	0.9	1.2	1.7*
Shanghai Fashion	1.3	1.1				
World Executive's Digest (Global Sources, Hong Kong)		1.2	1.3			
CinMedia (Cinderella Media Group, Hong Kong)					2.2	2.2*
Others	59.6	55.1	54.4	47.4	41.5	16.8
Total Revenue (mil RMB)	3,800	4,900	5,500	5,900	10,900	34,860
Total Revenue (mil US$)	459	592	672	740	1,433	5,522
C4	23.5	25.5	25.9	32.8	33.7	58.2
HHI	184	240	250	395	422	1,066
N (>1%)	13	14	13	13	15	13
Noam Index	51.0	64.0	69.0	110	109	296

Source: 2012 updates provided by editors.

1 Market Shares and Index calculations by author based on assumption that publically owned organization are segmented in ownership.

If all publishers with public affiliations were defined as a single state-run entity, the HHI would be well over 2,500, though not as close to 10,000, as the newspapers or book publishing markets would be. This is due to the existence of publishing companies managed by non-publicly affiliated industry associations, such as Rayli and Caijing, and privately owned publishers such as Caixin Media, established in 2010 by Hu Shuli, the founder and former editor-in-chief of *Caijing*. The increase in HHI measured since 2003 is mainly due to the ascendance of consumer titles and the network effect created by certain media groups publishing Chinese editions of international titles.

Trends Media Group, the largest magazine publisher in China, is a case in point. Established in 1993, it was controlled by the National Tourism Administration, a government agency under the State Council. It now publishes 17 magazines, over half of which are Chinese editions of foreign titles such as *Cosmopolitan*, *Esquire, Good Housekeeping,* and *Harper's Bazaar*, all printed in Mandarin through licensing cooperation with
p. 747 Hearst (US) and IDG (US). Trends ↳

p. 748 ↳

Media Group also has licensing agreements with National Geographic, Condé Nast, Rodale, and EMAP. *Elle China*, the first international fashion magazine launched in China (in 1988), was published by Shanghai Translation Publishing, which is now a subsidiary of Shanghai Century Publishing, under license, originally from the French publisher Lagardere. In 2011, Hearst purchased *Elle China* from Lagardere. The transaction was part of a global deal that saw Hearst acquiring most of Largardere's foreign titles in 14 countries.[9]

Non-fashion-related magazines, and domestically published magazines in general, typically fall short of attracting big advertising spending compared to the international glossies like *Elle China*. Thus, titles such as *Du Zhe*, *Ban Yue Tan*, and *Gu Shi Hui*, which are more popular among younger or older audiences, are disproportionally reflected in Table 24.4 in terms of readership while their market shares by revenue are actually much lower.

Foreign titles exist within a tightly (though not consistently) enforced regulatory environment. With the exception of Bloomberg's (US) *Businessweek*, which entered China in the 1980s, no other foreign titles are allowed to publish Chinese editions in Mainland China. There are two ways for foreign titles to get around this restriction: (1) registering in Hong Kong or Macao to enter the Mainland market through subscription-only services or (2) seeking local licensing partners, which has been the approach adopted by most fashion and entertainment titles. There is some restriction as to how much of the content can be translated directly from the original foreign version: up to 50% for fashion-related magazines, and up to 60% for technology- and science-related ones. In most cases, the foreign publishers license out use of the title. But they are generally restricted from exerting editorial influence or making capital investments.

Audiovisual Media

Radio

National organizations such as China National Radio (CNR) and China Radio International (CRI) have traditionally dominated the market. During the past two decades, more and more publicly owned stations have sprung up at the provincial, municipal, and county levels. Since 2000, local radio broadcasting markets have become increasingly competitive, and local stations outperform national stations in many of the local markets. Beijing, Shanghai, and Guangzhou are urban markets where local stations ratings are the strongest (Table 24.5).[10]

Table 24-5. Radio Group (Market Shares by Revenue), 1992–2008

	1992	1996	1999	2004	2008
China Radio International (public)	Radio Peking	6.0	9.7	11.9	9.3
Radio Peking	3.5	China Radio International			
China National Radio (public)	13.1	6.5	7.0	5.9	4.6
Southern Media Corporation (Radio Guangdong) (public)	8.0	4.9	5.4	6.3	4.4
Shanghai Media Group (Shanghai Media & Entertainment Group) (public)	6.5	8.8	8.9	5.8	4.6
Radio Shanghai					
Shanghai Oriental Radio					
Radio Tianjin (public)	1.5		2.4		4.0
Radio Jiangsu (public)	2.5	1.8		3.3	3.3
Radio Shandong (public)	2.0		2.6	3.2	2.4
Radio Zhejiang (public)			3.2	4.3	2.2
Radio Liaoning (public)				2.9	2.1
Radio Foshan (public)	3.0	1.4			
Radio Shenzhen (public)	2.5	2.4		5.5	
Radio Guangzhou (public)	4.0	2.4			
Radio Nanjing (public)		2.0			
Radio Heilongjiang (public)			2.6		1.9
Radio Qingdao (public)			2.3		
Radio Henan (public)				3.1	
Others	53.3	63.8	56.0	47.8	61.3
Total Revenue (mil RMB)	199	873	1,252	3,123	7,257
Total Revenue (mil US$)	37	105	151	377	1,063
C4	31.7	26.2	30.9	29.9	22.9
HHI	335	201	284	338	194
N (>1%)	10	9	9	10	10
Noam Index	106	67.0	95.0	107	61.0

Most non-national stations are only active in local and, in some cases, neighboring regions. For instance, Shanghai Oriental Radio is widely consumed in the Yangzi River Delta region that surrounds Shanghai. This low level of concentration is likely to continue as new digital technology makes it possible for radio stations to meet the demand of niche markets, thus channeling audience and advertising revenues into smaller, local stations. This contributed to the increased popularity of local stations, which integrate real-time local traffic information into their programming.

Regarding ownership, national players CNR and CRI are both directly subordinate to the State Administration of Radio, Film, and Television (SARFT). Stations at the local level are subordinate to the respective local administrations of Radio, Film, and Television.

China National Radio (CNR), the traditional national broadcasting station, was founded in 1940 by the CPC. Formerly known as the Yan'an Xinhua Broadcasting Station, the radio station assumed its current name in p. 749 1949, shortly after the founding of the People's Republic. It expanded into six channels in 1984, ↳ and currently broadcasts 10 channels. CRI was also founded one year after CNR in 1941. Its English-language service was first launched in 1947.[11] With its more than 30 overseas bureaus, it currently has the most comprehensive foreign media service in East Asia. Despite intensified competition in the market, CNR and CRI still have the largest overall market shares. Among the top 10 stations with the largest number of listeners in cities across the country, CNR's *Sounds of China, Music Radio,* and *Business Radio* are, respectively, the first, second, and third most popular, collectively accounting for 10% of the total national p. 750 market share. Chinese radio broadcasting firms began to integrate digital audio broadcasting (DAB) ↳ with their traditional broadcasting methods, following SARFT's China Multimedia Mobile Broadcasting (CMMB) standard.[12] Advertising in the radio market began in the 1980s when stations were permitted to transmit advertisements and receive advertising fees. By the 1990s, due to the defunding of state subsidies for media, radio stations had come to rely more heavily on advertising fees. By 2000, national radio advertising revenue reached US$181 million (RMB1.5 billion), increasing to US$364 million (RMB3 billion) in 2004, and surpassing US$1 billion (RMB7 billion) in 2008.[13]

Broadcast Television

Terrestrial broadcasting in China is unique in that it is primarily delivered via cable. Unlike in many Western countries, where private entities played major roles in the introduction of multichannel alternatives to terrestrial platforms, in the People's Republic, the government rolled out a national cable system in the 1990s. As a result, cable is the predominant transmission medium, and often the only delivery option in urban centers. As of 2010, there were 188 million households with cable access, up from 100 million in 2000.[14, 15] Though 30% of all households with a television set still rely on traditional terrestrial TV, advertising revenue is concentrated on cable platforms due to its greater penetration of urban markets over rural markets, where on average only five channels can be accessed. Since the 1990s, cable-delivery TV has provided its viewers with 20 to 40 channels, among them 13 CCTV channels, 15 provincial channels, and 5 local channels.

In China, the public broadcasters took over the newly created cable TV system when it was introduced, merely moving from over-the-air delivery to cable delivery. The pick-up rate of pay-TV channels remains low due to the wide range of content available on the "free" channels for which viewers pay utility fees for access. For these reasons, we take into account only the "free" channels in aggregating the broadcast television market (Table 24.6).

Table 24-6. TV Broadcasting (Market Shares by Revenue), 2001–2012[1]

	2001	2002	2003	2004	2005	2006	2007	2012
CCTV (public)	65.7	64.4	53.4	61.3	62.4	60.7	60.4	59.1
Shanghai Media Group (Shanghai Media & Entertainment Group) (public)	18.8	19.5	21.0	20.3	17.2	19.2	18.3	12.7
Hunan Media Group (public)	3.8	6.7	8.2	11.1	9.8	9.1	10.3	8.1
Jiangsu Media Group (public)	1.2	1.4	1.5	1.7	1.9	1.6	1.4	6.3
Zhejiang Media Group (public)	0.8	1.0	0.8	1.3	0.6	0.3	0.4	0.9
Southern Media Corporation (public)	0.3	0.3	0.4	0.3	0.5	0.4	0.6	1.1
Others	9.4	6.8	14.8	4.1	7.7	8.8	8.6	11.8
Total Revenue (bil RMB)	19.4	21.0	30.0	58.4	78.1	110	161	206
Total Revenue (bil US$)	2.3	2.5	3.6	7.1	9.5	13.8	21.2	33
C4	89.5	92.0	82.6	92.7	91.3	91.6	90.4	86.2
HHI	4,899	4,832	4,796	4,837	4,269	3,964	3,876	3,761
N (> 1%)	4	4	4	5	4	4	4	5
Noam Index	2,450	2,416	2,398	2,163	2,135	1,982	1,938	1,682

Source: 2012 data supplied by editors.

1 Market Shares and Index calculations by author based on assumption that publically owned organization are segmented in ownership.

There were 354 TV stations in China in 2001, broadcasting a total of 1,206 channels. In 2007, the number of stations consolidated to 296, though the total number of channels increased to 2,984.[16] Concentration has been declining since 2000, largely owing to the growth of several provincial stations, such as Shanghai Oriental TV and Hunan TV.

Launched in 1958, CCTV remains the most popular audiovisual outlet in China, and it is expanding its international presence (with the launch of CCTV America in 2012). CCTV's household penetration rate stood at 96% at the end of 2008. One of its most important programs, *The CCTV New Year's Gala*, a Chinese Lunar New Year's special, routinely attracts over 700 million viewers annually. In recent years, though, it has lost market share among younger demographics due to a perceived decline in program quality compared with new programming from provincial broadcasters. Market shares by revenue are shifting from CCTV to local stations, though CCTV's overall dominant position remains unchallenged. Since its founding, CCTV has been considered one of the "big three" media outlets in China, along with *People's Daily* and Xinhua News Agency. It is both owned and regulated by the SARFT, and its chief is subordinate to the minister in charge of the SARFT.

p. 751 Shanghai Media Group (SMG) is the second largest broadcaster in the People's Republic. ↳ Currently a subsidiary of Shanghai Media & Entertainment Group (SMEG), a local conglomerate owned by the Shanghai municipal government, SMG was formed in 2001 through the merger of Shanghai Television Station, Oriental Television Station, the People's Radio Station of Shanghai, and Oriental Radio Shanghai. Although SMEG's nominal owner, Shanghai Municipal Culture, Radio, Film, and Television Administration, ultimately reports to the SARFT, SMEG retains a considerable level of operational autonomy.[17] SMG broadcasts 11 traditional analog channels, as well as 90 paid TV digital cable TV channels, an IPTV service, and 29 radio channels. The group also operates and owns five sports centers and 14 cultural arts centers, which are connected to its sports media and entertainment interests. With its widely diversified media business, SMG has been attracting high advertisement revenue in recent years. SMG has traditionally been geared toward local audience in the Shanghai metropolitan area, but it is now also trying to better cater to national audiences.

Trailing SMG are other provincial media groups, such as Hunan Media Group and Jiangsu Media Group. In the past 10 years, the flagship channels of these stations have become increasingly popular due to their development of new entertainment programming, including reality TV, drama series, and dating shows. For example, Hunan Media Group has focused on its "Happy China" brand, with a wide range of hugely popular entertainment shows and talent contests.

CCTV has traditionally dominated the advertising market.[18] Its annual ad auction is considered a major p. 752 brand promotion ↳ opportunity for foreign and domestic companies alike: in 2011, a total of US$2 billion (RMB12.7 billion) was committed toward CCTV ads, and this increased to US$2.3 (RMB14.3 billion) in 2012.[19] Provincial TV companies, in contrast, are attracting an ever-larger proportion of total advertising revenue in the past five years, thanks to their lower base and popular programming on their flagship channels.

The government has set out to fully transition the television sector from analog to digital by 2015. However, given the predominance of cable delivery in the country, this for the most part means rolling out a digital cable TV system nationwide, except for far-flung rural areas. This will allow most households to overcome the 40-channel limit in the current cable system and make premium content more accessible. Along with the platform conversion, several programming providers, most notably CCTV and SMEG, will offer more paid TV channels. In 2011, the platform conversion rate stood at 47% for the 188 million cable-accessible households, but the pick-up rate of paid TV packages was much lower.[20] This is because programming available on "free" channels is already wide-ranging and the demand for additional specialized content (such as sports) is low.

To most households in Mainland China, channels from the special administrative region of Hong Kong, Taiwan, and other countries are generally only available in places with a substantial number of foreign expatriates (such as luxury hotels), or otherwise received through illegal or exempt-under-special-circumstance satellite dishes. In the province of Guangdong, a few Hong Kong–based channels are accessible to the public. One trend affecting the TV market in recent years is the spread of Internet-based usage of TV programs. The development of webcasting makes it possible for audiences to view TV programs online, which propels the current trend for TV broadcasters to move their content onto their websites. In the meantime, IPTV adoption is not low in international comparison, forecasted to reach 8% in 2015.[21]

Film

The film industry is arguably the most dynamic sector of the national Chinese media market. Before the 1990s, film companies were all state-owned studios, of which Beijing Film Studio and Shanghai Film Studio were the largest. At the turn of the century, these traditional film studios were all transformed and merged into larger film groups, and many privately owned studios entered the market. The current major players are the state-owned China Film Group and Huaxia Film Distribution, and the privately owned Huayi Brothers and Poly Bona Film studios.[22] On the production side, 70% of content making is completed or participated in by private production companies. On the distribution side, 90% of the approximately 300 distributors in operation are privately owned. But the market is still relatively concentrated, with the top 10 enterprises holding over 80% of the combined market share.[23] Publicly owned companies took up over half of the overall share (Table 24.7).

Table 24-7. Film Production/Distribution (Market Shares by Box Office %), 1992–2012

	1992	2002	2003	2004	2005	2008	2010	2012
China Film Group (public)		4.0	12.0	18.0	33.0	45.0	36.2	38.2
Beijing Film Studio	21.0	China Film Group						
Huaxia Film Distribution (public)			20.0	9.0	14.0	12.7	21.1	23.5
Huayi Brothers	4.1	17.6	17.8	23.0	30.8	16.0	8.6	10.2
Poly Bona Film						9.8	4.1	4.5
Shanghai Film Group (Shanghai Media & Entertainment Group) (public)	13.9						2.8	2.0*
Media Asia			21.0	9.0	12.3			3.4
Beijing New Picture Company		59.0	18.0	26.0				8.4*
BFA Youth Film Corporation		8.5						2.1*
Century Hero Film		4.0						1.0*
Ningxia Film Studio (public)						5.3		1.3*
Changchun Film Studio (public)	14.0							3.4*
Emei Film Studio (public)	8.0							1.9*
Others	39.0	6.9	11.2	15.0	9.9	27.2	27.2	27.2*
Total Revenue (mil RMB)	17.0	141	271	520	783	2,110	7,260	
Total Revenue (mil US$)	3.0	17.0	33.0	64.0	96.0	304	1,073	
C4	56.9	89.1	76.8	76.0	90.1	72.8	70.0	76.5
HHI	911	3,895	1,626	1,691	2,385	2,310	1,854	2,248
HHI (public)	1,306	3,879	2,106	2,015	3,309	4,065	3,703	
N (>1%)	5	5	5	5	4	5	5	5
Noam Index	407	1,742	727	756	1,192	1,033	829	1,005

Source: 2012 updates provided by editors;

* indicates estimate.

Despite box-offices revenue surpassing that of Japan in 2012, making China the second largest film market p. 753 in the world after India, the ↳ number of films produced each year in China is still a fraction of that in India or the United States.[24] Thus, performance of a handful of films determines the market shares for each year. In terms of overall concentration level, the industry is highly concentrated due to China Film Group and Huaxia Film Distribution capturing around half of the market share (the other public entities operate at the provincial level). Despite the increasing successes of private filmmakers and the loosening of regulation in recent years, concentration is still high.

China Film Group (CFG) is the largest and most influential film enterprise in China. Its predecessor, China Film Corporation, was established in 1949. Subsequently renamed China Film Studio, by 1999 it had become a conglomerate involved in almost all aspects of the film business. Owned and supervised by the SARFT, it serves as the "gatekeeper" of China's film industry, with roles in film importation and exportation and management of international co-productions, in addition to its primary production and distribution functions.

p. 754 Huaxia Film Distribution was established in 2003, with the aim of breaking the decade-long monopoly foreign film distribution by CFG. It is 20% owned by China Broadcasting Networks, a holding company of

SARFT. Other major shareholders include CFG (itself), Shanghai Film Studio, and Changchun Film Studio, each with a 10% stake.[25] Huayi Brothers Media, founded in 1994, is the country's most rapidly expanding, privately owned entertainment company. Aside from its main film production and distribution business, it has become one of the biggest TV production companies in China. Its main shareholders are its two founders, Wang Zhongjun and Wang Zhonglei, with 26% and 8% ownership stakes, respectively; other major shareholders include Ma Yun (Jack Ma), owner of China's biggest e-commerce group, Alibaba, with a 10% stake, and Tencent Holdings, one of China's top online media groups, with a 5% stake.[26] In 2011, Huayi Brothers announced its plans to build a studio complex on the outskirts of Shanghai, East Asia's largest.

One issue that has garnered increased attention is foreign film importation into China, particularly films from the US Hollywood majors. In the first half of 2012, box-office revenue of foreign films reached US$852 million (RMB5.4 billion), accounting for two-thirds of the total box-office receipts in China up to that point.[27] This was achieved despite the strict rules imposed on foreign film importation, as CFG was, for a long time, the only licensed distributor of foreign films (though the establishment of Huaxia Film Distribution merely created a duopoly). However, films co-produced by Chinese and foreign studios are treated as domestic films and do not count toward import quotas.[28] This has been a major factor propelling industry incumbents in Mainland China and overseas to pursue co-productions and joint ventures with foreign studios in recent years.

This restrictive import model faced growing international pressure, particularly from US film producers who seek greater access to the Chinese market. In 2007, the United States initiated a WTO dispute against China, arguing that the Chinese film industry should no longer be protected as "developing," but had in fact reached the size of many other "developed" markets. The WTO ruled in 2009 that a number of Chinese film import restrictions were inconsistent with WTO obligations, and to comply with WTO regulations China had to lower its import restrictions in 2012. First, the import quota for films under a revenue-sharing model was raised to 34 per annum (up from 20). The 14 extra slots are required to be used for "enhanced" productions, namely IMAX, 3D, and animated films. This move is likely to lead to increased concentration in the market, given the duopoly on foreign film distribution and the fact that domestic studios lack the capacity to produce this many enhanced films. Second, the revenue share that foreign rights owners' are to receive will increase from the original 13–17% to 25%.[29] This measure is also likely to diminish the market power of the two licensed national film importers and create a more competitive market environment for both private Chinese players and foreign stakeholders.

To overcome some of these restrictions, a whole slew of cross-border corporate activities have taken place since 2009. In 2012, News Corporation acquired a 19.9% stake in the Bona Film Group in order to gain a stronger foothold p. 755 ↳ in China. DreamWorks Animation (DWA) SKG (US) announced a plan to establish a studio in Shanghai, alongside three Chinese firms: China Media Capital, a state-backed private equity firm, Shanghai Media Group, and Shanghai Alliance Investment. The new studio, named Oriental DreamWorks, will be 45% owned by DWA and 55% by the Chinese firms, and is slated to open in 2016. Walt Disney (US) has announced its plan to establish a joint venture with Tencent Holdings and the animation arm of China's Ministry of Culture, aiming to revive the market for animated films.

In the other direction, Chinese film companies have started to establish relationships with their foreign counterparts, seeking to increase their distribution channels overseas. In 2011, Bona Film Group and Huayi Brothers each acquired a 20% stake in China Lion Film Distribution (US), which has an exclusive partnership with the US theater chain AMC to introduce Chinese films to the North America market.[30] On the exhibition side, Wanda Group acquired AMC Entertainment Holdings in 2012 in a high-profile US$2.6 billion (RMB16.4 billion) takeover, creating in effect the world's largest cinema chain (Table 24.8).[31]

Table 24-8. Film Exhibition (Market Shares by Box Office %), 2003–2010

	2003	2004	2005	2008	2010[1]
Wanda Cinema Circuit				11.8	16.0
China Film Stellar Chain	9.0	8.0	9.0	12.4	13.8
Shanghai Allied Circuit	15.3	13.0	12.0	11.3	12.3
China Film South Cinema Circuit			6.5	9.7	10.9
Beijing New Video Circuit	9.0	9.0	10.5		9.1
Guangdong North Cinema Circuit		5.0			
Zhejiang Cinema Circuit	6.0				
Others	60.7	65.0	62.0	54.8	37.9
Total Revenue (mil RMB)	950	1,580	2,000	4,300	10,250
Total Revenue (mil US$)	117	195	245	630	1,514
C4	39.3	35.0	38.0	45.2	53.0
HHI	432	339	378	515	799
N (>1%)	4	4	4	4	5
Noam Index	216	170	189	257	357

1 Italian Trade Commission. "Overview of China Film Market." Shanghai: Italian Trade Commission, June 14, 2011. Feb. 28, 2013. <http://www.ice.gov.it/paesi/asia/cina/upload/174/Final%20Report%20%20Market%20Report%20of%20China%20Film%20Market%202011.pdf>.

In 2007 there were 34 cinema chains in China.[32] Compared to the moderately to highly concentrated distribution market, the exhibition market is rather competitive, with HHI staying under 1,000 in the period surveyed.

Telecommunications Media

Wireline Telecom

Deemed a "strategically important" industry, the telecommunications industry has been carefully managed by the government for the past p. 756 20 years. The three largest telecommunications providers are all majority-owned by the state: China Telecom (83%), China Mobile (74%), and China Unicom (58%).

China Telecom came into existence in 1998 with the split of the China Postal Telecommunication Co. into China Post and China Telecom. China Unicom traces its origin to 1994, when the State Council (Cabinet) founded China United Telecommunications with a focus on code division multiple access (CDMA) technology, and China Mobile originated in 1994 when China Postal Telecommunication Co. launched a mobile communication office. In 1999, the Ministry of Information Industry (the MIIT's predecessor) reorganized the sector: the original China Telecom was split into China Telecom, China Mobile, and ChinaSat; its paging services were merged into China Unicom.

In 2001, the sector was reorganized again: China Telecom was divided into northern and southern sections; together with China Netcom, China Mobile, China Unicom, China Railcom, and ChinaSat, a "5 + 1" structure took shape. The reorganized China Telecommunication Co. consisted of the original 21 southern regions of China Telecom, and primarily managed the fixed network services of the region. The reorganized China Netcom consisted of the original 10 northern regions of China Telecom and the original China Netcom's service areas. China Jitong mainly oversaw the fixed network services of the northern region. China Mobile focused on GSM mobile service. China Unicom operated both CDMA and GSM mobile services. China Railcom concentrated on railway communication service, and China Satcom worked on satellite communication. There was little overlap between the firms.

In 2008, the MIIT reorganized the industry again, combining all of the aforementioned entities into just three: China Telecom, China Unicom, and China Mobile (Table 24.9).

Table 24-9. Wireline Telecom (Market Shares by Revenue), 2000–2012[1]

	2000	2004	2008	2009	2010	2011	2012
China Mobile (public)	0.0	0.0	5.1	7.1	7.7	10.7	11.1
China Telecom (public)	82.4	63.3	61.1	60.1	59.5	59.5	58.6
China Unicom (public)			33.8				
China Netcom	17.2	32.6	China Unicom	32.8	32.8	29.8	30.3
China Railcom	0.0	4.2	0.0				
China Jitongcom	0.4	0.0	0.0				
Total Revenue (bil RMB)	201	170	158				165
Total Revenue (bil US$)	24.3	20.5	23.1				26.4
C4	100.0	100.0	100.0	100.0	100.0	100.0	100.0
HHI	7,093	5,078	4,899	4,738	4,675	4,542	4,476
N (>1%)	2	3	3	3	3	3	3
Noam Index	4,095	2,932	2,829	2,735	2,699	2,622	2,584

Source: 2012 updates provided by editors.

1 Market Shares and Index calculations by author based on assumption that publically owned organization are segmented in ownership.

Wireless Telecom

Following the MIIT's 2008 reorganization of the telecommunications industry, China Telecom took over Unicom's CDMA mobile service, as well as China Satcom's satellite service. China Unicom acquired China Netcom and was issued the operating license of 3G CDMA2000 and 3G wideband–code division multiple
p. 757 access (W-CDMA) mobile services. China Railcom ↳ was merged into China Mobile, aiming to help the latter research and develop time division–synchronous code division multiple access (TD-SCDMA) 3G technology, a standard being promoted by the People's Republic as an alternative to W-CDMA. The reorganization resulted in overlapping services among the three large operators, partly to promote competition in the market.[33]

The wireless market in China is almost the most concentrated market among all 30 countries surveyed for this book. Though not as concentrated as the wireline sector, the market structures of the two industries in China are similar: one player dominates (in wireline's case, China Telecom, and in wireless's case, China Mobile) and another player follows—in both cases China Unicom. For the wireless market, though, competition is increasing and market shares are evening out among the major players. China Mobile's share of new mobile subscribers is now down to 49%, the first time that it has fallen below 50%. China Telecom has been making strides in the mobile market since 2008, with revenue of its mobile segment exceeding its fixed broadband revenues by 2011 China Telecom and China Unicom were the two companies to sell the Apple iPhone in China, and as a result, China Mobile's average revenue per user (ARPU) has become less competitive, declining to US$11 (RMB71) in 2012.[34]

The ownership structure of China Telecom was formed in the early 2000s. In 2002, China Telecom went public, with the government retaining majority control (70.9%) through China Telecommunications

Corporation (now fully owned by the SASAC). A 12% stake is split among several provincial governments' investment firms, including Guangdong Rising Assets Management, Zhejiang Financial Development Company (6.94%),[35] and Zhejiang Financial Development Company (2.64%). The remaining 17.15% of shares are free-floaters on the Hong Kong and New York Stock Exchanges.[36] In 2003, when SASAC was established, the assets and ownership of China Telecommunications Corporation, the government holding company, were transferred to the SASAC.

The state, through the SASAC, also majority owns China Mobile, the country's largest mobile operator, through a holding company, China Mobile Communications Corporation (CMCC). Listed on both the New York and Hong Kong Stock Exchanges, China Mobile is 74% owned by CMCC. Institutional and general investors own the remaining 26%.

The ownership structure of China Unicom was established in 2008–9, when China Unicom sold its CDMA business to China Telecom and merged the remainder of the company with China Netcom, a past state-owned operator in the ISP and wireline businesses. As of 2012, it is 57.97% owned by the SASAC.[37] Telefónica, the Spanish operator, was also one of the company's major shareholders, with 9.57% share. But this number decreased to 5% because of the Spanish operator's financial shortfalls in recent years.[38] General investors hold the remaining shares.

All three operators, though ultimately owned by the SASAC, compete fiercely with each other in the wireline, p. 758 wireless, and ISP markets. This is purposefully established by the MIIT in order ↳ to foster competition. Despite state-orchestration, the series of reorganizations has provided telecom users in China with lower fees and broad access—an outcome mirrored those produced by market forces in Western countries (Table 24.10).[39]

Table 24-10. Wireless Telecom (Market Shares by Revenue), 2000–2012[1]

	2000	2004	2008	2012
China Mobile (public)	81.5	71.2	80.1	63.9
China Telecom (public)	0.0	0.0	1.1	14.4
China Unicom (public)	18.3	28.4	18.7	21.5
China Satcom	0.2	0.4	0.0	0.2
Total Revenue (bil RMB)	140	215	349	772.37
Total Revenue (bil US$)	16.9	26.0	51.1	126.49
C4	100.0	100.0	100.0	100.0
HHI	6,973	5,873	6,772	4,752
N (>1%)	2	2	3	3
Noam Index	4,026	4,153	3,910	2,744

Source: 2012 updates provided by editors, GSMA.

1 Market Shares and Index calculations by author based on assumption that publically owned organization are segmented in ownership.

Internet Media

Internet Service Providers (ISP)

There are 10 primary backbone networks in China: CHINANET, CSTNET, CERNET, CHINAGBN, UNINET, CNCNET, CMNET, CIETNET, CGWNET, and CSNET. The access ISPs that compete in this market are the three primary telecom operators: China Telecom (CHINANET), China Mobile (CMNET), and China Unicom (UNINET) (Table 24.11).[40]

Table 24-11. Internet Service Providers (Market Shares by Revenue), 1998–2012[1]

	2004	2008	2012
China Mobile (public)	21.6	21.6	4.0
China Telecom (public)	45.2	53.8	51.4
China Unicom (public)	10.1	24.6	36.5
China Netcom	19.9		
China Railcom (Ministry of Railways) (public)	3.0		4.1
China Satcom (public)	0.3		4.0
Total Revenue (bil RMB)	31.2	72.5	268.1
Total Revenue (bil US$)	3.8	10.6	42.9
C4	96.8	100.0	100.0
HHI	3,016	3,963	4,023
N (>1%)	5	3	5
Noam Index	1,349	2,288	1,799

1 Market Shares and Index calculations by author based on assumption that publically owned organization are segmented in ownership.

The significant increase in HHI between 2004 and 2008 is the result of the merger of China Netcom into China Unicom.

Search Engines

Baidu became China's top search engine in 2006, displacing Yahoo! (US). Despite the hype surrounding Google, the US search company, it was never a dominate player or even came close in terms of actual market share. As the second largest search engine, Google (US) has a much smaller presence; the 32.3% market share it held in 2009 was half that of Baidu's. Aside from censorship issues, language barriers and poor localization are also major factors for Google's weak market position in China. Google's departure from China in 2010 due to declining market share and concerns about censorship did not make a huge impact from a market concentration point of view. The impact was also mitigated by the fact that Google is still accessible in Mainland China through google.hk.com (Table 24.12).

Table 24-12. Internet Search Engines (Market Shares by Search Volume), 2003–2012

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Baidu	11.2	18.7	26.0	55.2	60.4	63.6	63.9	71.0	77.3	78.6
Google (US)	2.1	5.6	14.4	21.7	21.2	27.2	32.3	26.8	19.3	15.6
Yahoo! (US)	43.7	34.4	26.9	7.2	13.8	6.2	1.0			
Sougou (Sohu)	12.5	14.5	10.6	6.5	1.8	1.0	1.1	1.0	1.7	3.1
Soso (Tencent Holdings)								0.6	1.3	1.4
Aiwen (Sina)	16.7	8.9	6.7	2.9	0.3	0.3	0.3			
Others	13.8	17.9	15.4	6.5	2.5	1.7	1.4	0.6	0.4	1.3
Total Revenue (mil RMB)	500	1,250	1,040	1,390	2,900	5,000	6,960	10,900	18,860	22,120
Total Revenue (mil US$)	60.0	151	127	174	381	733	1,019	1,610	2,908	3,508
C4	86.7	85.5	77.9	90.6	97.2	98	98.3	99.4	99.6	98.7
HHI	2,470	1,823	3,326	3,612	4,291	4,824	5,129	5,641	6,273	6,433
N (>1%)	5	5	5	5	4	4	4	3	4	4
Noam Index	1,105	815	1,487	1,615	2,146	2,412	2,565	3,256	3,136	3,216

Source: 2012 updates provided by editors, Chinadaily.com.cn, China Internet Watch.

The overall concentration level, albeit high in absolute terms and still rising, is relatively low compared to
p. 759 other countries'. The Chinese market is one of the few major markets ↳

p. 760 ↳
around the globe where Google does not have a monopoly.

Regarding ownership, there are few public operators. The only publicly owned search engine is Jike, created by the People's Daily Group in 2011. Currently, its market share is still negligible and is therefore not included in Table 24.12.

Online News

China's online news market is dominated by four companies: Sina, Sohu, NetEase (163.com), and Tencent Holdings.[41] Sina was founded in 1998 and listed on NASDAQ in 2000. As a website that mainly caters to the global Chinese Diaspora, sina.com has about 230 million registered users and records three billion page views daily. Sohu, Sina's main competitor, was founded the same year as Sina and is also listed on NASDAQ; NetEase and Tencent were both founded in 1997. NetEase's email service has more than 200 million users.

Tencent originated from its instant messaging service, OICQ, and is the social networking platform with the largest online community, beating out both Weibo and Renren, China's Twitter and Facebook equivalents, respectively (Table 24.13).

Table 24-13. Online News Media (Market Shares by Monthly Unique Visitors), 2004–2009

	2004	2005	2006	2007	2008	2009
Sina.com	39.9	42.5	40.9	38.2	39.0	38.9
Sohu.com	33.2	33.0	31.3	31.4	27.5	32.4
163.com (NetEase)	6.4	4.7	11.6	17.2	15.5	19.1
Tencent.com (Tencent Holdings)	19.0	14.2	12.3	8.5	9.5	7.8
Tom.com	0.8	0.8	0.8	0.9	1.3	0.6
China.com	0.3	0.2	0.4	0.2	0.3	0.1
Ynet.com	0.02	0.01	0.01	0.02	0.01	0.01
21CN	0.04	0.02	0.02	0.03	0.02	0.1
MSN.cn (MSN, Microsoft, US)	0.1	0.1	0.2	0.01	0.2	0.2
Dayoo.com	0.01	0.03	0.02	0.02	0.01	0.02
Total Revenue (mil RMB)	1,220	1,690	2,350	3,120	4,770	6,320
Total Revenue (mil US$)	147	206	295	410	699	925
C4	98.5	94.3	96.0	94.3	91.3	93.2
HHI	3,097	3,113	2,934	2,813	2,608	2,989
N (> 1%)	4	4	4	4	5	4
Noam Index	1,549	1,557	1,467	1,407	1,166	1,495

All four leading companies are privately owned. Sina is owned by Western institutional investors. Together, the "Big Four" account for more than half of the total traffic of online news sites. Publicly owned Internet news sites are in most cases the online portals of the national public media groups, such as renmin.com (The People's Daily Group) and xinhua.net (Xinhua News Agency). Although more and more online news sites are being launched, the market has been rather concentrated in absolute terms and by international
p. 761 comparison, particularly with respect to market shares by advertising revenue. ↳ The fall in HHI in 2008 was largely due to the 2008 Beijing Olympic Games pushing a large stream of revenue to sites with strong sports sections; after 2008, the concentration level immediately rebounded to pre-Olympics levels.

Conclusion

Conglomeration or cross-ownership in the media industry in China is not as widespread as in other country markets. One notable exception to this trend is SMEG: chiefly operating in TV broadcasting, pay-TV, radio, and film—and to a lesser extent in online and print news media—it is regarded as having good brand recognition, consistent program quality, and objective reporting. Most telecommunications operators and local TV and radio broadcasters also exercise some cross-ownership, as do a few print media groups, but unlike SMEG, this mainly reflects how the industries are grouped in the regulatory framework, rather than any underlying commercial drive for cross-ownership.

Despite their market power, there is still a significant gap between these media corporations in Mainland China and their Western counterparts. Even with China's larger potential market size and state intervention, Chinese media groups generally have fewer resources to pursue international ventures and are tightly constrained by government policies from doing so. Except for SMEG, CCTV, China Film Group, and Baidu, most Chinese media producers have yet to reap the benefit of economies of scale. From a regulatory perspective, while regulators in other countries, particularly advanced economies, are vigilant about merger and acquisition attempts, regulators in China generally encourage consolidation in the media and entertainment industries, and actively promote an atmosphere of cultural exuberance, according to Michael Tung, chief investment officer of China Media Capital, a fund set up to help develop media groups.[42]

Foreign ownership, on the whole, is very rare in the Chinese media market. Due to ideological reasons, the government has traditionally been protective of media industries, especially news sources. As for telecommunications, the government is concerned about penetration by more advanced foreign players for both security and economic reasons. Therefore, foreign ownership almost exclusively exists in the form of joint ventures or foreign companies' minority stakes in Chinese companies. As in other economicsectors, the government's industrial policy has set upper limits on how much share foreign entities can own in these domestic operations—especially in the media sector than other sectors. However, the government is extremely concerned over the indirect influence that foreign companies can have on these domestic operations. In magazine publishing, for instance, Chinese companies are not allowed to cede editorial control to their foreign partners.

Outbound foreign ownership, though increasingly encouraged by the government, is still rare. Given the huge and quickly expanding domestic market, the incentive to acquire foreign companies is mainly to establish better brand recognition overseas and obtain niche market shares. The success of Wanda Cinema Chain in acquiring AMC and the difficulties the telecommunications operator Huawei has faced abroad due to other countries' national security reservations over granting the company access to sensitive domestic systems are isolated cases that shed little light on the prospect of foreign ownership by Chinese firms.

Under the CPC, a significant proportion of media enterprises ultimately report to the party or the state, whatever their degree of operational independence. As the market reforms deepen, it is only natural that they will become increasingly market-driven, with government holding majority or minority stakes
p. 762 depending on sector and circumstance, barring any major political upheavals. Companies such as SMEG ↳ and Lenovo will eventually be, or in Lenovo's case, have already become, widely recognized commercial entities subject to very limited state influence, despite the government's majority stake (the Chinese Academy of Science still holds a 36% majority stake in Lenovo).

One issue unique to China is regional market segmentation. In the early stages of the market reforms, regional focus propelled companies' growth at the provincial and municipal levels. But as local markets became saturated, such regionalism inhibited interregional franchising options. Established media companies and brands are constrained by their market reach, and uncompetitive entities continue to survive despite low profit margins and must be subsidized by local governments despite the state's efforts to cut subsidies for media producers. But many local governments have their own agendas, other than those of central government, and these are very often more commercially—rather than ideologically—oriented. This is particularly true in TV broadcasting and newspaper industries. Although stances of these media outlets are highly homogenized on national issues, their editorial style is much more diversified.

In recent years, even the state has recognized the importance of media pluralism and has gradually loosened control on the day-to-day management of many publicly owned media outlets. In order to head off social discontent over wealth disparities and corruption, it has given much more leeway to the publicly owned media organizations and the media system in general to report on these issues. There are virtually no state-owned players online, thanks to its late development and the industries' fragmented structure. In industries such as film and magazine publishing, more and more private enterprises have sprung up and have grown into major players. The government did not seek to curb the growth of companies such as Baidu, Sina, and Huayi Brothers, but instead sought to utilize them, intentionally or unintentionally, as an effective tool to push forward its incremental reform agenda.

Concentration of print media is generally low. There is strong regional segmentation in the newspaper industry. If we only consider national dailies, the HHI has stayed below 1,800 over the past 20 years. Counting both national and local newspapers, the HHI is even lower, around 300. In contrast, book and magazine publishers are more concentrated. Recent consolidations have yet to lead to the formation of companies with significant market power in the book and magazine publishing markets, and concentration is increasing for these two print media sectors, though it remains relatively low. Serious market segmentation also exists in radio and TV broadcasting industries. The former better resembles the newspaper market, with national players losing market shares at the expense of ascending local players. TV broadcasting, in contrast, is heavily concentrated—with HHI hovering around 4,000—due to CCTV's dominance, but as with radio, the growth of provincial stations has reduced CCTV's market share. Among mass media industries, the film industry most resembles a fully competitive market because private firms play a significant role alongside the state-run studios. Despite various advantages enjoyed by the China Film Group, it is by no means a monopolist.

The telecommunications industry remains dominated by the state, though private investors have been allowed to purchase 20–40% of the major firms' total shares. The HHI for wireline, though it has fallen significantly in recent years, still stands around 5,000. Concentration for wireless is even higher, with HHI near 6,700, in large part due to the dominance of China Mobile. The ISP industry is less concentrated, but in fact it is increasing in concentration due to the merger of China Unicom and China Netcom. Internet media is not as heavily regulated as other media sectors, especially from a distribution point of view. The state lets private players operate relatively freely in that regard, though this is not present to the same degree on the content side of things.

Taken together, mass media industries with significant up-front content production costs, such as TV broadcasting and film, have very high concentration indices. In contrast, mass media industries with significant local barriers, including newspapers and radio broadcasting, have extremely low concentration
p. 763 indices, as ↳ do the fragmented book and magazine publishing markets. Platform media industries, including wireline telecom, wireless telecom search engines, and ISPs, are highly concentrated due to their inherent network effect and the state intervention. The online news sector, freed from the geographical barriers within the newspaper market, is more highly concentrated.

China is unique in the level of state control exercised over the market, which maintains a high level of government control but also allows a significant degree of operational freedom in media companies' day-to-day business in telecommunications, film, and TV broadcasting. In addition, China's sheer size (in population and geography) contributes to regionalism in terms of economic management by local governments and how the market is formed in the newspapers, radio, and TV broadcasting markets. Underlying this is the increased impact of commercial and competitive forces—though not necessarily in the form of private ownership.

Bibliography

1. Books and Articles

Barboza, David. “China Yearns to Form Its Own Media Empires.” *The New York Times*, Oct. 5, 2010. Feb. 28, 2013. <http://www.nytimes.com/2009/10/05/business/global/05yuan.html>.
WorldCat

Buddle, Paul. “China’s cable TV market in transition.” BuddeBlog.com, July 6, 2012. Feb. 28, 2013. <http://www.buddeblog.com.au/frompaulsdesk/chinas-cable-tv-market-in-transition/>.
WorldCat

Burkitt, Laurie. “CCTV’s Ad-Sales Auction Draws Record Bids.” *The Wall Street Journal*, Nov. 9, 2011. Feb. 28 2013. <http://online.wsj.com/article/SB10001424052970204190704577025770417699372.html>.
WorldCat

Burkitt, Laurie. “Foreign Films Dominate China Box Office.” *The Wall Street Journal*, July 19, 2012. Feb. 28, 2013. <http://online.wsj.com/article/SB10000872396390444097904577536820360717562.html>.
WorldCat

China Film Press. *China Film Yearbook*. Beijing: China Film Press, 2007.
Google Scholar Google Preview WorldCat COPAC

China Radio International. “History % Milestones: CRI English Service.” cri.cn, 2004. Feb. 28, 2013. <http://english.cri.cn/about/history.htm>.
WorldCat

China Telecom Corporation Limited. “Share Information.” China Telecom Corporation Limited, 2012. June 15, 2012. <http://www.chinatelecom-h.com/eng/ir/shareinfo.html>.
WorldCat

“China to Become Asia’s Top Pay-TV Economy in 2011 with $7.5bn in Revenue.” *VOD Professional*, June 22, 2011. Feb. 28, 2013. <http://www.vodprofessional.com/research/china-to-become-asia%E2%80%99s-top-pay-tv-economy-in-2011-with-$75bn-in-revenue/>.
WorldCat

China Unicom (Hong Kong) Limited. “Company Profile.” China Unicom (Hong Kong) Limited, 2012. July 17, 2012 at <http://www.chinaunicom.com.hk/en/aboutus/about_profile.html>.
WorldCat

“Chinese Studios Huayi Brothers, Bona take Stakes in U.S.-Based China Lion.” *The Hollywood Reporter*. Oct. 31, 2011. July 18, 2012 <www.hollywoodreporter.com/news/chinese-studios-huayi-brothers-bona-255242>.
WorldCat

“Film sector monopoly broken up.” *China Daily*, June 10, 2003. Feb. 28, 2013. <http://www.chinadaily.com.cn/en/doc/2003-06/10/content_244133.htm>.
WorldCat

Hearst Corporation. “Hearst Corporation Completes the Acquisition of the Majority of Hachette China Operations.” Hearst.com, Dec. 6, 2011. Feb. 28, 2013. <http://www.hearst.com/press-room/pr-20111206a.php>.
WorldCat

Hexun. “Huayi Brother Stock Distribution Analysis.” Hexun.com, 2009. July 26, 2012. <http://stockdata.stock.hexun.com/2009_sdgd_300027.shtml>.
WorldCat

Huang, Wanwu. “Market Economy and Transformation of Periodical Industry in China.” *Chinese Journal of Scientific and Technical Periodicals* 4:3, 1993.
Google Scholar WorldCat

Li, Zhanjun. “A Look at the Radio Industry in the New Media Era.” *China Broadcasts* 23:4, 2011.
Google Scholar WorldCat

Li, Ziwei. “Media Transformation in China in the New Media Era.” *Contemporary Manager* 23:6, 2005.
Google Scholar WorldCat

Lv, Jie. “Rise of China’s Local Radio Media.” *China Newspaper Industry* 14:24, 2011.
Google Scholar WorldCat

Ma, Shengrong. “A Discussion on Media Development and Strategy in China.” *International Communications* 7:6, 2011.
Google Scholar WorldCat

Mark, Scott. “Telefonica to Sell Shares Back to China Unicom for $1.4 Billion.” *The New York Times*, June 11, 2012. Feb. 28, 2013. <http://dealbook.nytimes.com/2012/06/11/telefonica-to-sell-stake-in-china-unicom-for-1-4-billion/>.
WorldCat

Mider, Zachary. “China’s Wanda to Buy AMC Cinema Chain for $2.6 Billion.” *Bloomberg*, May 21, 2011. July 18, 2012. <http://www.bloomberg.com/news/2012-05-21/china-s-wanda-group-to-buy-amc-cinema-chain-for-2-6-billion.html>.
WorldCat

p. 764 National Bureau of Statistics of China. *China Statistical Yearbook*. Beijing: National Bureau of Statistics of China: 2007.
Google Scholar Google Preview WorldCat COPAC

“Production - World Cinema Stats (1).” *Screenville*, June 15, 2009. Feb. 28, 2013. <http://screenville.blogspot.com/2009/06/production-world-cinema-stats-1.html>.
WorldCat

“Research and Markets: China’s Film Industry Report, 2011 Confirms China As the Fastest Growing Region In the Global IMAX Business.” *BusinessWire*, Sept. 29, 2011. Feb. 28, 2013. <http://www.businesswire.com/news/home/20110929005867/en/Research-Markets-Chinas-Film-Industry-Report-2011>.
WorldCat

“Rewired.” *The Economist*, May 29, 2008. Feb. 28, 2013. <http://www.economist.com/node/11465595>.
WorldCat

Song, Zifang. “Reconsideration of Commercialization in China’s Newspaper Industry and Its Outcomes.” *Journal of Journalism and Communication* 3:1, 1997.
Google Scholar WorldCat

Su, Lei. “A Study on China’s Teaching Material Publishing.” *Science-Technology & Publication* 6:10, 2011.
Google Scholar WorldCat

Wang, Jane. “China Mobile’s dominance eroded as competitors improve mobile performance.” *Ovum*, Mar. 29, 2012. Feb. 28, 2013. <http://ovum.com/2012/03/29/china-mobiles-dominance-eroded-as-competitors-improve-mobile-performance/>.
WorldCat

Waxman, Sharon. “White House Gets China to Open Market to U.S. Movies.” *Reuters*, Feb. 18, 2012. July 18, 2012. <http://www.reuters.com/article/2012/02/18/idUS420251887620120218>.
WorldCat

Wei, Ting. “Solutions to Marketing Issues in China’s Film Industry.” *Inquiry into Economic Issues* 9:6, 2008.
Google Scholar WorldCat

Xie, Liya. “New Business Model of Shanghai Media Group.” *Ceocio China* 26:5, 2010.
Google Scholar WorldCat

Wei Yushan. “Strategies for China’s Publishing Industry.” *Publishing Research* 8:5, 2010.
Google Scholar WorldCat

Zhang, Dianyuan. “Social Motivation of System Innovation of Chinese Newspaper.” *Science Economy Society* 28:4, 2010.
Google Scholar WorldCat

Zhang, Wenjun. “A New Definition of Wireless Broadcast Television in China.” Yonsei University. BMSB 2012, Seoul, South Korea. June 28, 2012. Feb. 28, 2013. <http://www.ieee-bmsb2012.org/images/program/BMSB2012_Keynote_5_A_New_Definition_of_Wireless_Broadcasting_China_WenjunZhang.pdf>.
WorldCat

Zheng, Baoyu. “Business Model for China’s TV Broadcasting Industry.” *Modern Audio-Video Arts* 13:1, 2009.
Google Scholar WorldCat

2. Reports

China Internet Network Information Center. “*Statistical Report on China’s Internet Use and Current Status.*” Beijing: China Internet Network Information Center, 2006.
Google Scholar Google Preview WorldCat COPAC

General Administration of Press and Publication, “*National Press and Publication Statistics Network.*” Beijing: General Administration of Press and Publication: 2006.
Google Scholar Google Preview WorldCat COPAC

I-Research. “*Annual Report on China’s Online News Media Development.*” Beijing: I-Research, 2009.
Google Scholar Google Preview WorldCat COPAC

I-Research. “*China Online Search Annual Report.*” Beijing: I-Research, 2009.
Google Scholar Google Preview WorldCat COPAC

Italian Trade Commission. “Overview of China Film Market.” Shanghai: Italian Trade Commission, June 14, 2011. Feb. 28, 2013. <http://www.ice.gov.it/paesi/asia/cina/upload/174/Final%20Report%20%20Market%20Report%20of%20China%20Film%20Market%202011.pdf>.
WorldCat

The State Administration of Radio, Film and Television (SARFT). “*China Radio, Film, and TV Development.*” Beijing: SARFT: 2009.
Google Scholar Google Preview WorldCat COPAC

China—Data Summaries

p. 765

BY POPULATION, THE PEOPLE'S Republic of China is the largest single national media market in the world, though it also has one of the lowest per capita revenues for media industries of the countries surveyed. Most Chinese multimedia producers are state-owned, the highest percentage of all countries surveyed: as a single entity, the Chinese government has a 98.6% market share of all media. However, different parts of the government and different levels of government own certain media properties. So the fundamental question is how to view the overall ownership system of these organizations. Is it a single "firm" with multiple divisions, in the same way that Vivendi's Canal+ pay-TV operation, its former SFR mobile phone operator, and its Universal Music Group are controlled by the same enterprise even if managers get substantial autonomy from interference from the top and from each other? Or, are the various state organizations truly independent ofeach other directly or through common control? The two perspectives have different adherents. Those inside China tend to present the latter perspective. But this would make China, by the numbers, the world's most diverse media environment, so this might be pushing an argument a bit too far. The other perspective, that of a unified media system where state companies ultimately answer to the same authority or to those who answer to that authority, creates the other extreme: now, China's media is just about the world's most concentrated, more or less on par with Egypt, also a country without a tradition of democratic pluralism. We need not resolve this question one way or the other, and often present both sets of numbers. The editors, using their judgment without involving the authors, use several measures: "integrated" perspective where the concentrations are calculated with the state as a single owner

p. 766 ("Government of China" in Tables 24.14, 24.15, ↳

p. 767 ↳

p. 768 ↳

p. 769 ↳

p. 770 ↳

p. 771 ↳

and 24.16),[43] and the "segmented" perspective. Both ownership definitions are shown, and the former is used in calculating world averages.

Table 24-14. National Media Industries Concentration in China

	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	**Company Share of the Overall National Media Market (%)**	**Company Power Index in Country**	**Company Share of the Overall National Media Market (%)**	**Company Power Index in Country**	**Company Share of the Overall National Media Market (%)**
Government of China	9,835.2	98.6	9,571.9	96.5	–0.3	–0.3
China Mobile (public)	2,266.6	32.8	2,491.9	40.5	1.2	1.0
China Telecom (public)	1,524.4	24.9	820.1	21.2	–5.8	–0.5
China Unicom (public)	362.6	13.2	527.4	20.5	5.7	0.9
CCTV (public)	223.3	3.6	187.4	3.2	–2.0	–0.06
Jiangsu Phoenix Publishing and Media (public)	0.1	0.2	2.5	0.2	324.6	0.004
Shanghai Media Group (SMG) (public)	24.7	1.2	8.8	0.7	–8.1	–0.07
China Film Group (public)	0.4	0.02	7.5	0.2	253.9	0.02
Xinhua News Agency (public)	0.4	0.08	0.3	0.08	–2.8	–0.001
Trends Media Group (public)	1.2	0.1	6.9	0.4	56.7	0.04
Hunan Media Group (public)	7.3	0.7	3.5	0.4	–6.5	–0.03
People's Daily (public)	0.2	0.03	0.3	0.03	11.1	–0.001
China Science Publishing and Media Group (public)	0.7	0.2	1.0	0.2	5.1	0.004
China National Radio (public)	0.9	0.08	0.4	0.05	–6.4	–0.004
Baidu	9.0	0.2	103.8	1.3	131.7	0.15
Sina.com	6.3	0.2	6.7	0.2	0.7	0.002
Google (US)	1.4	0.1	4.1	0.3	24.3	0.03
Sohu.com	4.4	0.16	4.8	0.2	1.1	0.01
163.com	0.1	0.02	1.6	0.09	249.1	0.01
Huayi Brothers	0.6	0.03	0.5	0.05	–0.9	0.003
Caijing	0.0	0.01	0.0	0.01	–9.8	0.0
Yahoo! (US)	0.2	0.02	0.0	0.0	–12.5	–0.003

Media Concentration Index	2004/5	2011 or Most Recent	% Change Annual Average
Total Revenue: Nat’l Media Industry (mil US$)	58,898	208,702	31.8%
Total Voices (*n*) (Integrated)	57	65	1.8%
Total Voices (*n*) (Segmented)	62	70	1.6%
Net Voices (*n*) (Integrated)	16	17	0.8%
Net Voices (*n*) (Segmented)	55	62	1.6%
Public Ownership (%)	98.6	96.5	–0.3
Foreign Ownership (%)	0.1	0.5	0.05%
C4 Average (Integrated)—Weighted	99.3	99.3	–0.01%
C4 Average (Segmented)—Weighted	93.0	94.5	0.2%
HHI Average (Integrated)—Weighted	9,859	9,700	–0.2%
HHI Average (Segmented)—Weighted	4,877	3,960	–0.02
C1 Average—Weighted (Integrated)	99	98	0.0%
C1 Average—Weighted (Segmented)	61	58	0.0%
Noam Index Average (Integrated)—Weighted	8,902	7,491	–2.0%
Noam Index Average (Segmented)—Weighted	984	1,050	0.01%
Pooled Overall Sector C4 (Integrated)	99.1	98.5	–0.1%
Pooled Overall Sector C4 (Segmented)	83.5	85.4	0.2%
Pooled Overall Sector HHI (Integrated)	9,720	9,311	–0.5%
Pooled Overall Sector HHI (Segmented)	2,046	2,526	2.9%
Pooled Overall Sector Noam Index (Integrated)	2,042	1,539	–3.1%
Pooled Overall Sector Noam Index (Segmented)	99.2	68.7	–3.8%
Market Share of Top 10 Companies: Nat’l Media Industry (%) (Pooled C10)	99.3	99.2	0.0%
National Power Index (Integrated)	9,858	9,702	–0.2%
National Power Index (Segmented)	4,836	4,237	–0.02%

Table 24-15. Top Content Media Companies in China

	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	Company Share of the National Content Media Market (%)	Company Power Index in Country	Company Share of the National Content Media Market (%)	Company Power Index in Country	Company Share of the National Content Media Market (%)
Government of China	8,871	90.4	7,467	79.2	−1.4	−1.4
CCTV (public)	1,530	25.0	1,109	18.8	−3.4	−0.8
Jiangsu Phoenix Publishing and Media (public)	0.6	0.5	15	2.2	278.7	0.2
Shanghai Media Group (public)	169	8.5	51	4.2	−8.7	−0.5
Baidu	62	1.1	614	7.8	112.1	0.8
Sina.com	43.4	1.1	40	1.0	−1.1	−0.01
Google (US)	10	0.44	24	1.6	19.3	0.14
163.com	0.5	0.1	10	0.5	213.5	0.05
Caijing	0.1	0.1	0.0	0.06	−10.2	−0.004

Media Concentration Index	2004/5	2011 or Most Recent	% Change Annual Average
Public Ownership (%)	90.4	79.2	−1.4%
Foreign Ownership (%)	0.4	3.0	0.3%
C4 Average (Integrated)—Weighted	95.4	95.8	0.04%
C4 Average (Segmented)—Weighted	53.5	67.2	1.7%
HHI Average (Integrated)—Weighted	9,032	8,224	−1.1%
HHI Average (Segmented)—Weighted	2,213	2,406	0.01%
C1 Average—Weighted (Integrated)	92	88	−1%
C1 Average—Weighted (Segmented)	31	38	1.0
National Power Index (Integrated)	9,028	8,234	−1.1%
National Power Index (Segmented)	1,974	2,333	0.02%

Table 24-16. Top Platform Media Companies in China

	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	**Company Share of the National Platform Media Market (%)**	**Company Power Index in Country**	**Company Share of the National Platform Media Market (%)**	**Company Power Index in Country**	**Company Share of the National Platform Media Market (%)**
Government of China	10,000	100	10,000	100	0.0	0.0
China Mobile (public)	2,654	98.2	2,999	99.9	1.6	0.2
China Telecom	1,785	29.2	987	25.5	–5.6	–0.5
China Unicom	425	15.4	635	24.6	6.2	1.1

Media Concentration Index	2004/5	2011 or Most Recent	% Change Annual Average
Public Ownership (%)	100	100	0.0%
Foreign Ownership (%)	0.0	0.0	0.0%
C4 Average (Integrated)—Weighted	100	100	0.0%
C4 Average (Segmented)—Weighted	99.8	100	0.03%
HHI Average (Integrated)—Weighted	10,000	10,000	0.0%
HHI Average (Segmented)—Weighted	5,333	4,276	–0.02%
C1 Average—Weighted (Integrated)	100.0	100.0	0.0%
C1 Average—Weighted (Segmented)	66	62	–1%
National Power Index (Integrated)	10,000	10,000	0.0%
National Power Index (Segmented)	5,325	4,624	–0.02%

Reflecting the high level of state ownership, China's Weighted Average HHI ranks first internationally at 9,859 when state ownership is treated as a single enterprise, and 4,877 when state enterprises are treated as individual entities. China's power index is 9,858 when the unified measurement is used (and 4,836 when the non-unified measure treats state enterprises individually), the highest of all the countries surveyed. Telecommunications constitute the largest segments of China's national media industries: by revenue, both wireless and wireline exceed all other countries markets except for the US's, despite their lower prices. Three public telecoms —China Unicom, China Telecom, and China Mobile—are by far the largest media groups in China. The fourth largest company is the state TV organization CCTV.

The structure of the system partially explains why, despite the size of the worldwide Chinese diaspora, the international presence of Chinese media groups is small. Limits on foreign direct investment between China and other countries limit Chinese investment in media abroad and vice versa. Since most media are state owned, and the government controls entry into media and infrastructure industries, foreign firms have almost no presence in the Chinese national media industries. In content media, state ownership is slightly lower, at 79.2%; down from 90.4% in 2005, because private firms are permitted in magazines, film, search engines, and online news (Table 24.15). The massive rise of online media, though, means that private companies like Baidu (7.8% of the content market in 2008) are gaining against state enterprises—though the cumulative state total dwarfs private ownership.

Restrictions toward foreign media ownership in China are partly due to political and economic protectionism. Critics, to be fair, need to acknowledge that the United States, Canada, and other countries also have several foreign ownership restrictions based on similar factors.

Concentration is also high in several of the industries open to private enterprise. In search engines, where Google, Microsoft, and Yahoo have been rebuffed, the domestic company Baidu holds 78.6% of the market. Two of the four companies—Sina.com and Sohu.com—control over 71% of online news media.

Notes

1. Li, Ziwei. "Media Transformation in China in the New Media Era." *Contemporary Manager* 23: 6, 2005. 182–183.
2. Zhang, Dianyuan. "Social Motivation of System Innovation of Chinese Newspaper." *Science Economy Society* 28: 4, 2010. 146–150.
3. Song, Zifang. "Reconsideration of Commercialization in China's Newspaper Industry and Its Outcomes." *Journal of Journalism and Communication* 3: 1, 1997. 49.
4. Ma, Shengrong. "A Discussion on Media Development and Strategy in China." *International Communications* 7: 6, 2011. 27–28.
5. Wei Yushan. "Strategies for China's Publishing Industry." *Publishing Research* 8: 5, 2010. 5–6.
6. General Administration of Press and Publication, "National Press and Publication Statistics Network." Beijing: General Administration of Press and Publication: 2006.
7. Su, Lei. "A Study on China's Teaching Material Publishing." *Science-Technology & Publication* 6: 10, 2011. 25.
8. Huang, Wanwu. "Market Economy and Transformation of Periodical Industry in China." *Chinese Journal of Scientific and Technical Periodicals* 4: 3, 1993. 27–28.
9. Hearst Corporation. "Hearst Corporation Completes the Acquisition of the Majority of Hachette China Operations." Hearst.com, Dec. 6, 2011. Feb 28, 2013. <http://www.hearst.com/press-room/pr-20111206a.php>.
10. Lv, Jie. "Rise of China's Local Radio Media." *China Newspaper Industry* 14: 24, 2011. 70–71.
11. China Radio International. "History % Milestones: CRI English Service." cri.cn, 2004. Feb. 28, 2013. <http://english.cri.cn/about/history.htm>.
12. Li, Zhanjun. "A Look at the Radio Industry in the New Media Era." *China Broadcasts* 23: 4, 2011. 76–77.
13. The State Administration of Radio, Film and Television (SARFT). "China Radio, Film, and TV Development." Beijing: SARFT: 2009.
14. Zhang, Wenjun. "A New Definition of Wireless Broadcast Television in China." Yonsei University. BMSB 2012, Seoul, South Korea. June 28, 2012. Feb. 28, 2013. <http://www.ieee-bmsb2012.org/images/program/BMSB2012_Keynote_5_A_New_Definition_of_Wireless_Broadcasting_China_WenjunZhang.pdf>.
15. Buddle, Paul. "China's cable TV market in transition." BuddeBlog.com, July 6, 2012. Feb. 28, 2013. <http://www.buddeblog.com.au/frompaulsdesk/chinas-cable-tv-market-in-transition/>.
16. National Bureau of Statistics of China. *China Statistical Yearbook*. Beijing: National Bureau of Statistics of China: 2007.
17. Xie, Liya. "New Business Model of Shanghai Media Group." *Ceocio China* 26: 5, 2010. 41–44.
18. Zheng, Baoyu. "Business Model for China's TV Broadcasting Industry." *Modern Audio-Video Arts* 13: 1, 2009. 119.
19. Burkitt, Laurie. "CCTV's Ad-Sales Auction Draws Record Bids." *The Wall Street Journal*, Nov. 9, 2011. Feb. 28, 2013. <http://online.wsj.com/article/SB10001424052970204190704577025770417699372.html>.
20. "China to become Asia's Top Pay-TV Economy in 2011 with $7.5bn in Revenue." *VOD Professional*, June 22, 2011. Feb. 28, 2013. <http://www.vodprofessional.com/research/china-to-become-asia%E2%80%99s-top-pay-tv-economy-in-2011-with-$75bn-in-revenue/>.
21. Zhang, Wenjun. "A New Definition of Wireless Broadcast Television in China." Yonsei University. BMSB 2012, Seoul, South Korea. June 28, 2012. Feb. 28, 2013. <http://www.ieee-bmsb2012.org/images/program/BMSB2012_Keynote_5_A_New_Definition_of_Wireless_Broadcasting_China_WenjunZhang.pdf>.
22. Wei, Ting. "Solutions to Marketing Issues in China's Film Industry." *Inquiry into Economic Issues* 9: 6, 2008. 101–105.
23. "Research and Markets: China's Film Industry Report, 2011 Confirms China As the Fastest Growing Region In the Global IMAX Business." *BusinessWire*, Sept. 29, 2011. Feb. 28, 2013. <http://www.businesswire.com/news/home/20110929005867/en/Research-Markets-Chinas-Film-Industry-Report-2011>.
24. "Production: World Cinema Stats (1)." *Screenville,* June 15, 2009. Feb. 28, 2013. <http://screenville.blogspot.com/2009/06/production-world-cinema-stats-1.html>.
25. "Film sector monopoly broken up." *China Daily*, June 10, 2003. Feb. 28, 2013. <http://www.chinadaily.com.cn/en/doc/2003-2006/10/content_244133.htm>.
26. Hexun. "Huayi Brother Stock Distribution Analysis." Hexun.com, 2009. July 26, 2012. <http://stockdata.stock.hexun.com/2009_sdgd_300027.shtml>.
27. Burkitt, Laurie. "Foreign Films Dominate China Box Office." *The Wall Street Journal*, July 19, 2012. Feb. 28, 2013. <http://online.wsj.com/article/SB10000872396390444097904577536820360717562.html>.

28. Italian Trade Commission. “Overview of China Film Market.” Shanghai: Italian Trade Commission, June 14, 2011. Feb. 28, 2013. <http://www.ice.gov.it/paesi/asia/cina/upload/174/Final%20Report%20%20Market%20Report%20of%20China%20Film%20Market%202011.pdf>.
29. Waxman, Sharon. “White House Gets China to Open Market to U.S. Movies.” *Reuters,* Feb. 18, 2012. July 18, 2012. <http://www.reuters.com/article/2012/02/18/idUS420251887620120218>.
30. “Chinese Studios Huayi Brothers, Bona take Stakes in U.S.-Based China Lion.” *The Hollywood Reporter*. Oct. 31, 2011. July 18, 2012. <www.hollywoodreporter.com/news/chinese-studios-huayi-brothers-bona-255242>.
31. Mider, Zachary. “China’s Wanda to Buy AMC Cinema Chain for $2.6 Billion.” *Bloomberg*, May 21, 2011. July 18, 2012. <http://www.bloomberg.com/news/2012-2005-21/china-s-wanda-group-to-buy-amc-cinema-chain-for-2-6-billion.html>.
32. China Film Press. *China Film Yearbook*. Beijing: China Film Press, 2007.
33. I-Research. “China Online Search Annual Report.” Beijing: I-Research, 2009.
34. Wang, Jane. “China Mobile’s dominance eroded as competitors improve mobile performance.” *Ovum*, Mar. 29, 2012. Feb. 28, 2013. <http://ovum.com/2012/03/29/china-mobiles-dominance-eroded-as-competitors-improve-mobile-performance/>.
35. Guangdong Rising Assets Management Co., Ltd is one of the biggest state-owned enterprises regulated directly by the Assets Supervision and Administration Commission of Guangdong Province. The total asset of Guangdong Rising Assets Management Co., Ltd is US$11.5 billion (RMB73.2 billion).
36. China Telecom Corporation Limited. “Share Information.” China Telecom Corporation Limited, 2012. June 15, 2012. <http://www.chinatelecom-h.com/eng/ir/shareinfo.html>.
37. China Unicom (Hong Kong) Limited. “Company Profile.” China Unicom (Hong Kong) Limited, 2012. July 17, 2012 at <http://www.chinaunicom.com.hk/en/aboutus/about_profile.html>.
38. Mark, Scott. “Telefonica to Sell Shares Back to China Unicom for $1.4 Billion.” *The New York Times*, June 11, 2012. Feb. 28, 2013. <http://dealbook.nytimes.com/2012/06/11/telefonica-to-sell-stake-in-china-unicom-for-1-4-billion/>.
39. “Rewired.” *The Economist*, May 29, 2008. Feb. 28, 2013. <http://www.economist.com/node/11465595>.
40. China Internet Network Information Center. “Statistical Report on China’s Internet Use and Current Status.” Beijing: China Internet Network Information Center, 2006. 2012 updates provided by editors, Chinadail.com.cn, China Internet Watch.
41. I-Research. “Annual Report on China’s Online News Media Development.” Beijing: I-Research, 2009.
42. Barboza, David. “China Yearns to Form Its Own Media Empires.” *The New York Times*, Oct. 5, 2010. Feb. 28, 2013. <http://www.nytimes.com/2009/10/05/business/global/05yuan.html>.
43. In these three tables, the state is presented first as a single owner under the label “integrated.” We also present “segmented” data, which treat each state enterprise as an independent entity.