

Commentary by China Periodicals Association (CPA) and Zeno Management Consultants

The Chinese Magazine industry continues to see strong growth, with around 9,500 titles now on the market, compared to around 9,000 in 2004 and just 1,000 before the end of the seventies.

Of these 9,500 titles, B2B (business news and technological trends), with 4,800 titles, accounts for the 50.9% majority, with Academic Research Magazines (3,500 titles), accounting for 36% and consumer magazines (1,200 titles, including special-interest) just 13.1%. Interestingly, new titles like *School Kids Times*, *Student World* and *Pupil Guide*, are big sellers and were listed in the Top 12 circulation magazines in 2005.

Consumer Magazines

Chinese consumer magazines started to take off in the mid-1980s, represented by a group of magazines that covered emotional real-life stories, family affairs and social issues. *Stories* (founded in 1963), *Half-Month Forum* (1980), *Reader* (1981), *Family* (1982), *Bosom Friend* (1985) and a few others became popular in the 1980s and have remained the highest circulating consumer magazines.

When leading international magazines like *Elle* and *Business Week* arrived in the late 1980s and early 1990s, the Chinese magazine business entered a new era in which advertising became an important source of revenue. By 2004, around 50 foreign magazines had been launched in China, all of them in partnership with a Chinese publisher and these dominate the advertising market.

Total Chinese advertisement sales revenue was around Rmb141.6 billion (\$17.91 billion) in 2005,

with sales revenue in the Chinese Media (TV, newspapers, broadcasting and magazines), accounting for 47.6% of the total at Rmb67.7 billion, up 17.3% compared to 2004. Magazine adspend increased by 22.1% in 2005 to Rmb2.49 billion.

In 2004, the gross ad revenue of *Cosmopolitan*, *Elle*, *Ray-li* (which syndicates content from the Japanese publisher Shufunotomo) and *Esquire* was Rmb1.2 billion, some 25% of the total magazine ad market in China (when measured at ratecard). All these foreign-brand magazines compete in the high-end lifestyle segment and competition here is getting fiercer as new entrants like *Marie Claire* and *Vogue* arrive in China.

Foreign titles like *Woman's Day* and *Good Housekeeping* that target the average woman, however, have strived to adapt to the Chinese market.

Business-to-business magazines B2B publishing is still a concept unfamiliar to most Chinese publishers. Here we define B2B titles as those publications providing business news and technological trends of certain industries and do not include publications of general business/financial news and scientific research. There are, however, many institutions under different government ministries that produce thousands of publications in newspaper and magazine formats, which serve the industries for which the institutions are responsible.

At the moment the B2B sector is relatively small, but is expected to grow rapidly in the coming years as China cements its position as one of the world's

most important manufacturing centres.

International Data Group (IDG) a US-based publisher of IT magazines that entered China in the early 1980s has contributed much to the development of China's B2B publishing business. Together with different government-funded institutions with which it has formed joint ventures, IDG has built up a large network in China for B2B publishing, exhibitions and database marketing. Its flagship publication alone – China Computer World – generated ad revenue of about US\$60 million in 2004. IT remains dominant within the B2B sector.

As far as sales are concerned, the Chinese are increasing their expenditure on magazines. In 2005 the average urban dweller spent an average of Rmb48.67 on magazines, compared to an average of Rmb15.30 in rural areas.

The average literate person possesses 7.4 magazines copies a year, with the highest readership going to literate 18-19 year-olds, who possess an average of 10.6 magazines each.

Generally speaking 68.2% of urban residents read magazines, while the proportion is 47.9% in rural areas. Urban residents have an average annual possession of 11.3 copies/person and rural residents, 5.3% copies/person.

One problem faced by Chinese magazine publishers is the lack of third-party circulation auditing. At present, the circulation numbers of only a few dozen small-circulation magazines – mostly B2B titles – are independently audited, either by

the BPA or ABC, so advertisers lack objective data.

The situation is being improved with the establishment of Sino Publications Audit

Centre (SPAC), which is supervised by GAPP and is supposed to provide a circulation auditing service to all Chinese newspapers and magazines.

SPAC personnel were trained at the UK's ABC in early 2005 and SPAC is expected to adopt the ABC's rules and bylaws.

Number of titles

	2005
Consumer	1,200
Business-to-business	4,800
Academic research	3,500
Total	9,500

Source: CPA

National population and GDP

	(Million)
National population	1,313.9
Women (15+)	509
Men (15+)	530.9
Adult population (15+)	1,039.9
Gross Domestic Product (US\$)	2.225 trillion

Source: CIA

Average magazine cover prices

	price (RMB)
Consumer	13
Business-to-business	12

Source: Zeno Management

Advertising expenditure data

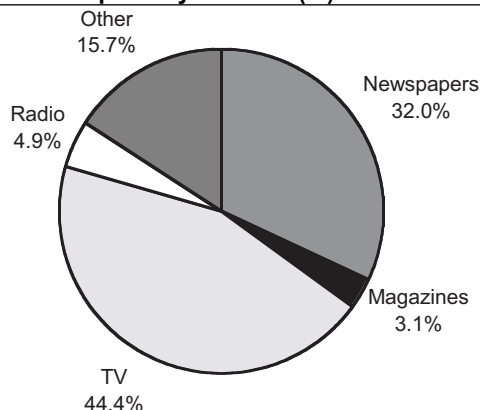
(RMB million, current prices)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Magazines	382	561	527	713	892	1,134	1,186	1,521	2,438	2,037	2,487
Newspapers	6,468	7,769	9,683	10,435	11,233	14,647	15,770	18,848	24,301	23,072	25,605
TV	6,498	9,079	11,441	13,564	15,615	16,891	17,937	23,103	25,504	29,154	35,529
Radio	738	873	1,058	1,330	1,252	1,574	1,886	2,190	2,557	3,293	3,886
Other	2,529	2,704	4,074	4,729	5,432	5,246	5,613	5,087	8,585	12,369	12,590
Total	16,615	20,986	26,783	30,771	34,424	39,492	42,392	50,749	63,385	69,926	80,097

Source: ZenithOptimedia

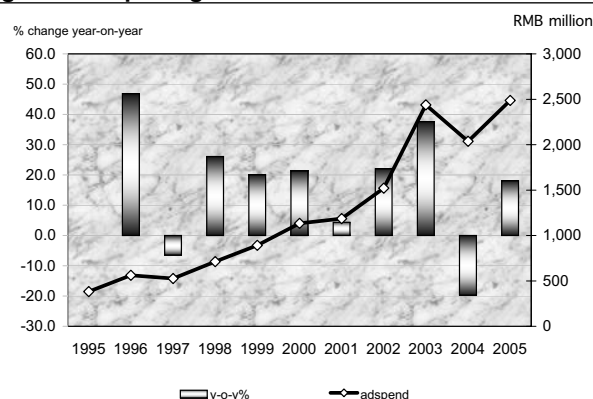
Excludes agency commission, excludes production costs, includes classified advertising, before discounts

Share of adspend by medium (%) 2005



Source: ZenithOptimedia

Magazine adspend growth 1995-2005



Source: ZenithOptimedia

Major business magazine publishers (2003)

Publisher	Adspend US\$ (000)
China Computer World Publishing Service Co. (with IDG Involvement)	70,000
CCID Group	50,000
Gobal Sources	6,000
ISTIC/Dongxiao Information Co. (with IDG involvement)	4,000
Vogel Media	3,000
Reed Business Information	-
CMP Media	-
Ringier Trade Publishing	-

Source: Zeno Management

Magazine reach (%)

	Daily	Weekly	Monthly
Adults	7.0	14.1	42.7
MHS	6.6	13.1	39.8

MHS: Main Household Shopper

CMMS Spring 2005 (30 cities)

Major Magazine titles

	Publisher	Frequency	Circulation (000)	Page cost (4 colour) (Kc)	Audited	Cover price (RMB)
Women's magazines						
Family (Jiating)	Family Periodical Publishing Group	Every 10 days	3,017	155,000	No	3.80
Ray-li Fashion & Beauty (Ruili Fushi Meirong)	China Light Industry Publishing Co.	Monthly	675	-	No	20.00
Shanghai Style (Shanghai Fushi)	Shanghai Century Publishing Group	Monthly	603	80,000	No	5.60
Ray-li Her Style (Ruili Yiren Fengshang)	China Light Industry Publishing Co.	Monthly	598	-	No	20.00
Trends Cosmopolitan (Shishang Yiren)	Trends Magazines	Bimonthly	596	200,000	No	20.00
Elle – World Fashion (Shijie Shizhuang zhi Yuan)	Shanghai Century Publishing Group	Monthly	449	122,010	No	20.00
Trends Bazaar (Shishang Basha)	Trends Magazines	Monthly	395	160,000	No	20.00
Modern Bride (Xin Niang)	Modern Bride Press	Monthly	330	80,000	No	25.00
Good Housekeeping (Hao Guanija)	Trends Magazines	Monthly	318	10,843	No	20.00
Better Life (Hao Rizi)	Bosom Friend Publishing Group	Bimonthly	311	18,000	No	5.00
Betty's Kitchen (Beitai Chufang)	China Association of Food Industry	Monthly	168	46,000	Yes	6.50
Seventeen (Qingchun Yi Zu)	Women's Friend Press	Monthly	79	50,000	Yes	12.00
iLook (Shijie Dushi)	China Friendship Publishing Co.	Monthly	49	80,000	Yes	20.00
Health						
The Beginning of Human (Ren zhi Chu)	Ren zhi Chu Press	Bimonthly	870	80,000	No	4.00
Woman's Day (Jiankang zhi You)	China Sports Publishing Co.	Monthly	560	-	No	12.00
Trends Women's Health (Shishang Jiankang Nushi Ban)	Trends Magazines	Monthly	403	120,000	No	20.00
Popular Medicine (Dazhong Yixue)	Shanghai Century Publishing Group	Monthly	300	36,000	No	4.80
Health for Mother & Baby (Mu Zi Jiankang)	Sino-Japan Friendship Hospital	Monthly	218	38,000	No	12.00
Health for Aging People (Zhong Lao Nian Baojian)	Sino-Japan Friendship Hospital	Monthly	180	10,000	No	5.20
General						
Reader (Duzhe)	Gansu People's Press	Bimonthly	5,100	185,000	No	3.00
Fortnight Talk (Banyuetan)	-	-	3,200	-	-	-
Bosom Friend (Zhiyin)	Bosom Friend Publishing Group	Bimonthly	2,850	160,000	No	3.50
Stories (Gushi Hui)	Shanghai Arts Publishing Group	Bimonthly	2,600	80,000	No	2.50
Special Focus (Tebie Guanzhu)	Hubei Daily News Group	Monthly	1,380	80,000	No	5.00
Chinese National Geography (Zhongguo Guojia Dili)	Chinese Academy of Sciences	Monthly	636	86,000	No	16.00
Trends Travel (Shishang Luyou)	Trends Magazines	Monthly	386	11,000	No	20.00
Chinese Cultural Geography (Huaxia Renwen Dili)	Trends Magazines	Monthly	325	9,550	No	20.00
King of Stories	Shanghai Century Publishing Group	Monthly	300	15,000	No	2.50
Ideas (Yi Lin)	Changchun Literary Association	Monthly	303	20,000	No	3.00
My Job (Da Gong)	Bosom Friend Publishing Group	Bimonthly	282	22,000	No	3.50
City Weekend	China Encyclopedia Press	Fortnightly	82	45,000	Yes	5.00
Consumer special interest						
Contemporary Pupils (Dangdaixiaoxuesheng)	-	-	1,200	-	-	-
School Kids Times (Xiaoxueshengshidai)	-	-	1,150	-	-	-
Student World (Zhongxueshengliandi)	-	-	1,104	-	-	-
Pupil Guide (Xiaoxueshengdaodu)	-	-	1,100	-	-	-
Search (Quishi)	-	-	1,080	-	-	-
At the Beginning of Life (Renzhichu)	-	-	1,050	-	-	-
Trends Home Deco (Shishang Jiaju)	Trends Magazines	Monthly	363	145,000	No	20.00
Computer Fans (Diannao Aihao Zhe)	Computer Fans Press	Bimonthly	352	40,000	No	5.00
Net Fan (Wangyou Shijie)	China Electronics Association	Bimonthly	350	15,000	No	7.80
Ray-li Deco (Ruili Jiaju Sheji)	China Light Industry Publishing Co.	Monthly	305	-	No	20.00
Autostyle (Zuo Jia)	Trends Magazines	Monthly	290	74,800	No	20.00
Auto Fans (Qiche zhi You)	Auto Fans Press	Bimonthly	288	65,000	Yes	9.00
Watches – Trends Time (Shishang Shijian)	Trends Magazines	Monthly	258	75,000	No	25.00
Autocar (Jiaocheng Qingbao)	Shanghai Oriental Auto Mag. Press	Monthly	251	60,000	No	15.00
TV Game (Youxiji Shiyong Jishu)	Lanzhou Science Association	Bimonthly	240	35,000	Yes	10.00
Auto News (Qiche Daobao)	Shenzhen SEZ News Group	Monthly	222	75,000	No	15.00
Auto, Motor & Sports (Qiche Bolan)	Sichuan Sci & Tech Comm. Center	Monthly	165	78,000	Yes	15.00
PC Professional (Geren Diannao)	Nankai University	Monthly	105	38,000	Yes	10.00
Finance/business/news						
Business Circle (Shang Jie)	Business Circle Press	Monthly	510	5,500	No	20.00
Southern People's Weekly (Nanfang Renwu Zhoukan)	Nanfang Daily News Group	Every 10 days	297	60,000	No	6.00
Oriental Outlook (Liaowang Dongfang Zhoukan)	Oriental Outlook Media Co.	Weekly	280	40,000	No	6.00
Sanlian Life Week (Sanlian Shenghuo Zhoukan)	Sanlian Publishing Co.	Weekly	260	56,000	No	8.00
New Weekly (Xin Zhoukan)	Guangdong Publishing Group	Fortnightly	250	63,000	No	15.00
Xinmin Weekly (Xinmin Zhoukan)	Shanghai Wenhui-Xinmin News Group	Weekly	220	48,000	No	5.00
Brilliance (Guangcai)	China Association of Private Business	Monthly	218	10,000	No	5.50
Global Entrepreneurs (Huanqiu Qiyejia)	China Literary Association	Monthly	218	80,000	No	20.00
South Window (Nan Feng Chuang)	Guangzhou Daily News Group	Bimonthly	200	45,000	No	6.50
Business Week China (Shangye Zhoukan)	Business Week China	Monthly	111	111,220	Yes	10.00
Harvard Business Review (Shangye Pinglun)	Chinese Academy of Social Sciences	Monthly	78	111,000	Yes	70.00
China International Business	International Business News Press	Monthly	43	52,000	Yes	25.00
Men's						
Trends Esquire (Shishang Xiansheng)	Trends Magazines	Monthly	395	120,000	No	20.00
Trends Men's Health (Shishang Jiankang Nanshi Ban)	Trends Magazines	Monthly	343	105,000	No	20.00
FHM – Men's Fashion (Nanren Zhuang)	Trends Magazines	Monthly	280	800,000	No	20.00
Business-to-business/trade						
Finance & Accounting (Caiwu yu Kuaiji)	China Finance Press	Monthly	290	55,000	No	6.50
Internet Week (Hulianwang Zhoukan)	Science Press	Weekly	150	49,000	No	6.50
CEO & IO (IT Jingli Shijie)	Computerworld Publishing & Servicing Co.	Bimonthly	120	75,000	Yes	10.00
Auto & Parts (Qiche yu Peijian)	Shanghai Oriental Auto Magazine Press	Weekly	95	8,800	No	5.00
China Finance (Zhongguo Caizheng)	China Finance Press	Monthly	90	20,000	No	6.00
SP (Jisuanji Chanpin yu Liutong)	Tianjin Computer Institute	Monthly	90	40,000	No	-
China Digital TV (Zhongguo Shuzi Dianshi)	Computerworld Publishing & Servicing Co.	Monthly	80	38,800	No	10.00
iCafe (Tianxia Wangba)	Tianjin Computer Institute	Monthly	68	20,000	No	10.00
CFO World (Shouxu Caiwu Guan)	Computerworld Publishing & Servicing Co.	Monthly	50	60,000	No	20.00
China Roads (Zhongguo Gonglu)	Chinese Society of Road Construction	Bimonthly	42	7,600	No	8.00
EEPW (Dianzi Chanpin Shijie)	ISTIC	Bimonthly	40	27,000	Yes	8.00
Telecom World (Tongxun Shijie)	ISTIC	Monthly	32	16,000	Yes	10.00
EDA (Dianzi Sheji Yingyong)	ISTIC	Monthly	30	18,000	Yes	8.00

Source: Zeno Management, from publishers statement, August 2005

Notes: The list of top magazines is not complete, because some publishers refused to disclose circulation figures or were not contacted. Some magazines whose circulation figures are not within the top ten but are independently audited are listed. Some important B2B media (e.g. China Computer World) are not included because they are officially classified as newspapers in China. Magazines that are published outside mainland China but target mainland Chinese audience (e.g. Fortune China) are not included.

Top ten magazine advertising categories (2004)

Category	Magazine expenditure RMB (000)
Skin care	658,959
Passenger vehicles	411,477
Boutiques & fashion	293,164
Cosmetics (for women)	234,170
Watches	220,458
Mobile phone & accessories	179,459
Communications	170,601
Retail & service – miscellaneous	134,357
Property	122,794
Industrial/office – miscellaneous	97,875

Source: Nielsen Media Research

Top ten magazine products (2004)

Category	Magazine expenditure RMB (000)
Ports International Fashion	17,190
Avon Jingcan Lipstick	16,027
HP (China) Co	14,610
Omega Watch	14,522
BMW 5 Series Car	13,974
Hyundai Sonata Car	12,507
Dongfeng Peugeot 307 Car	11,169
Volkswagen Polo Car	10,461
Maxfactor Sk-li White Faci	10,202
Vichy Normaderm Yzthbs Cre	10,079

Source: Nielsen Media Research

Total number of business-to-business magazine publishers: 2,500

Total annual circulation of Chinese magazines is 2,758,940,000