China Media Overview
All Media
Summary:

• Influenced by China’s overall economic, domestic media advertising industry experienced inflection point in 2014 and started to go downward. The increase rate of publish price was lower than that of GDP. In recent years, the total expense of media’s domestic advertisement has kept rising with a yearly 10% growth rate.

• Mass media now is experiencing an aging trend. TV media has highest contact rate. However TV’s quota of using is reduced and its quota of advertisement keeps shrinking. Contrarily, digital Internet media market is steadily rising, in which mobile digital media segment market has ascended significantly. Print media market start to shrink. Broadcast media now is experiencing alternating iteration in terms of using habits.

• Regarding to the brands and advertisers, the proportion of digital marketing and terminal promotion costs has kept rising in corporate marketing, while the budgets of hard-sell ads are cut tremendously. TV still has the most advertising budgets, and the digital media take the second place in advertising budgets. It can be expected that in the future, brands will be promoted in a cross-media way with various media channels combined as an integral portfolio.
Before 2014: The growth of media advertising marketing is higher than GDP growth
After 2014: Inflection point shows, the ads quotation starts to decrease

Historical GDP growth VS advertising price growth

Source: 2014 CTR +iResearch data, nationwide, all industries
The daily time spent on TV is getting less while the total time on digital media is longer than on traditional media, among which PC's share is shrinking while mobile’s is significantly rising. Time on print and radio shows no big change.

### Chinese adult user's daily usage share on different media

<table>
<thead>
<tr>
<th>Media</th>
<th>2015H1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>6h8m</td>
</tr>
<tr>
<td>TV</td>
<td>2h40m</td>
</tr>
<tr>
<td>Digital</td>
<td>3h5m</td>
</tr>
<tr>
<td>Radio</td>
<td>11m</td>
</tr>
<tr>
<td>Newspaper</td>
<td>10m</td>
</tr>
<tr>
<td>Magazine</td>
<td>1m</td>
</tr>
</tbody>
</table>

Source: eMarketer, June 2015
Magazine’s and radio’s reach rate stays low these years while newspaper’s reach is lowering year by year. Internet’s and OOH’s reach keep rising and will be on pace to approach or surpass TV media.
In recent years, domestic ad cost spent on media has been getting higher and higher with annual growth around 10%.

Historical trend and annual growth of ad cost spent on media

Source: Data is estimated in 2014&15
GroupM, 2014 China media industry prediction
The ad scale on Internet is significantly expanding, cost on Internet ads keeps at a over 30% growth rate these years.

Annual growth of ad net cost spent on different media and historical trend on total media

Source: Data is estimated in 2014&15
GroupM, 2014 China media industry prediction
In terms of market share, TV’s ad share is shrinking while Internet ad share keeps rising.

Source: Data is estimated in 2014&15
GroupM, 2014 China media industry prediction
Seen from annual growth, print remains negative these years while Internet keeps at a 30% steady growth.

Source: Data is estimated in 2014&15
GroupM, 2014 China media industry prediction
Time spent on traditional media is decreasing and very close to the time on digitals. No obvious difference among different city tiers, remaining at 55% of mass media and 45% of digital media.

Source: Zenith Optimedia 2014 China Media Scene
Seen from time on each media, media users usually spend longest time on TV, then Internet seconds, meantime users are more and more possessed with mobile.

Source: Zenith Optimedia 2014 China Media Scene
Internet severe lovers are usually users aged from 20 to 34. The elder a person is, the more deeply he is attached to traditional media such as TV and newspaper.

Source: Zenith Optimedia 2014 China Media Scene
When talking about future changes in 2015’s marketing budget allocation, digital marketing and end-sale promotion’s share will increase a lot while hard-sell ads’ budget sees the biggest fall.

### Future changes in 2015’s marketing budget allocation

<table>
<thead>
<tr>
<th>Category</th>
<th>Share increased</th>
<th>Share decreased</th>
<th>Share unchanged</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital marketing (using Weibo/Wechat and other social media to marketing)</td>
<td>75%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>End-sell promotion and event marketing</td>
<td>55%</td>
<td>6%</td>
<td>19%</td>
</tr>
<tr>
<td>Ad expense - soft (implanted, endorse, name, etc)</td>
<td>49%</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td>PR expense</td>
<td>32%</td>
<td>15%</td>
<td>26%</td>
</tr>
<tr>
<td>Ad expense - hard-sell ads</td>
<td>22%</td>
<td>49%</td>
<td>23%</td>
</tr>
<tr>
<td>Promoting and sustaining expense among middle men/agency</td>
<td>20%</td>
<td>15%</td>
<td>22%</td>
</tr>
</tbody>
</table>

Source: CTR 2015 Advertiser & Ads report
In 2014 and 2015, TV is the media that owns the largest marketing expense among all.

Source: CTR 2015 Advertiser & Ads report
In 2015, Internet ranks the most prioritized media when considering increasing marketing budget while TV is the first media when considering decreasing budget.

The prioritized media to increase/decrease marketing budget in 2015

Source: CTR 2015 Advertiser & Ads report
Tier-2 and tier-3 cities will be the key regions to deliver marketing in 2015, which are the prioritized cities when considering budget increase. Tier-1 cities are thought to be the first to cut down budget.

### Regions to increase/decrease marketing budget in 2015

- **Key regions to deliver marketing in 2015**
  - Planned/pre-listed cities (Ningbo, Qingdao, Dalian, Xiamen, etc.) and provincial cities (tier-2 city): 90%
  - Prefecture-level cities: 68%
  - Beijing, Shanghai, Guangzhou, Shenzhen (tier-1 city): 59%
  - County-level city: 20%
  - Rural areas such as town and village: 0%

- **Regions considered to increase budget firstly**
  - Planned/pre-listed cities: 70%
  - Prefecture-level cities: 38%
  - Beijing, Shanghai, Guangzhou, Shenzhen (tier-1 city): 31%
  - County-level city: 11%
  - Rural areas such as town and village: 0%

- **Regions considered to decrease budget firstly**
  - Planned/pre-listed cities: 17%
  - Prefecture-level cities: 28%
  - Beijing, Shanghai, Guangzhou, Shenzhen (tier-1 city): 43%
  - County-level city: 30%
  - Rural areas such as town and village: 18%

Source: CTR 2015 Advertiser & Ads report
When talking about marketing function, TV will focus on brand image building while Internet will focus on sales promotion and interactions.

Companies will hold different marketing purposes and motivations when selecting proper media, thus different advertiser will have different tendency.

<table>
<thead>
<tr>
<th>Media</th>
<th>To increase brand awareness</th>
<th>To increase/enhance brand image</th>
<th>To increase sales promotion</th>
<th>To maintain consumer relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>TV</td>
<td>92%</td>
<td>84%</td>
<td>55%</td>
<td>44%</td>
</tr>
<tr>
<td>Internet - PC</td>
<td>63%</td>
<td>71%</td>
<td>76%</td>
<td>77%</td>
</tr>
<tr>
<td>OOH</td>
<td>67%</td>
<td>61%</td>
<td>37%</td>
<td>53%</td>
</tr>
<tr>
<td>Internet - mobile</td>
<td>27%</td>
<td>29%</td>
<td>52%</td>
<td>64%</td>
</tr>
<tr>
<td>Newspaper</td>
<td>43%</td>
<td>23%</td>
<td>39%</td>
<td>23%</td>
</tr>
<tr>
<td>Magazine</td>
<td>28%</td>
<td>48%</td>
<td>13%</td>
<td>23%</td>
</tr>
<tr>
<td>Radio</td>
<td>31%</td>
<td>14%</td>
<td>31%</td>
<td>28%</td>
</tr>
<tr>
<td>Movie</td>
<td>24%</td>
<td>30%</td>
<td>13%</td>
<td>26%</td>
</tr>
</tbody>
</table>

Source: Millward Brown & media360’s CMO survey on China’s leading company
Integrated marketing has become the basic approach in digital marketing, a combination of 3 or 4 media is the most popular portfolio.

Preferred media numbers in integrated marketing 2015

- 5 or more media, 22%
- 3 media, 31%
- 4 media, 24%
- 1-2 media, 23%

Source: Hylink Digital Marketing Research 2015 digital marketing trend survey on advertisers
2015 China Overview, covering Chinese economy, media and markets, is a set of yearly research report conducted and published by Beyond Summits Ltd, a leading all-media total solution provider focused on cross-border brand building & destination marketing in China. This report aims to summarize domestic industries' status in 2015, introduce Chinese market knowledge to overseas stakeholders, and propose Chinese market insights. The whole set of China Overview includes 20 sub-topics including economy, city, people, the rich, luxury, investment, auto, tourism, immigration and cross-border business, as well as Chinese all media, internet, mobile internet, social media, TV, radio, print, OOH, movie and airport.

This report is the full version of 2014-2015 China Overview All Media Research. More reports can be downloaded from Beyond Summits' official website link: http://www.beyondsummits.com/reports_downloading
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