

Shanghai Media & Entertainment Group, China's second-largest media group by revenue and one of the most dynamic in the country, launched its English TV channel on 1 January 2008. SMG is a diversified business, including a home shopping platform and sports clubs. SMG president **Ruigang Li** is keen to exploit all new media platforms and use his early mover advantage

In China most of the media – TV stations, radio, newspapers – belong to the government so basically SMG is also state-owned. It was set up in 2001 when all the separate TV and radio stations in Shanghai merged into SMG, that means we own and operate all the broadcasting media in Shanghai. Right now we have 13 TV channels, 2 satellite TV channels - for example Dragon TV which covers the whole of China. In Shanghai city people can access channels via the cable platform here. We have 11 radio stations with news, traffic, entertainment. This is our core business – SMG developed from the broadcasting media – radio and TV – in Shanghai.

In the past five years, we have expanded into print media. For example we launched, own and operate a financial daily newspaper - the first of its kind in China. We also have some entertainment, fashion and children's magazines. Our TV channel China Business News is a dedicated financial channel so we used this brand to set up a cross-media platform – CBN TV channel, CBN radio, CBN web site, CBN magazine and newspaper.

In the past few years we have also gone into 'new media'. We have commercially launched IPTV, mobile TV, broadband TV, and those channels have nationwide coverage. We are the first company in China to get a licence from the central government for IPTV and mobile TV. In this area we are working with China Telecom, China Mobile, China Netcom, China Unicom. Sometimes we are faced with very fierce competition from the cable side. Although I think this 'new media' is still at a very early stage, we can feel the future potential and we've got the early mover advantage. So this is quite a diversified business but our focus is on the media and entertainment area.

Is SMG the largest company of this sort in China?

No, China Central Television, the national TV platform, is number one. I reckon we are number 2. We ►

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always try to do something in a commercial way and to learn from international experience. CCTV is very powerful in the area of news reporting, but in the new areas we are quite aggressive.

If you compare CCTV channels to your local Shanghai channels, who gets the largest audiences?

Definitely SMG. Currently in Shanghai city at prime time, our market share is around 70%. And in radio, it's even higher – over 90%. It's a cultural thing – as you go from North to South in China, the rating of CCTV gets lower. Our strategy is to tailor our programmes to the local audience taste. Also the loyalty to the brand is strong.

There are stories that government officials in China watch Phoenix rather than CCTV to find out what's going on in the country. How different is your news to the CCTV news?

Regarding news, CCTV is number one, they control almost all the news resources and so are quite strong in the local news. And for the big political events, like the Congress meeting, the only way we can cover it is to work with CCTV. But we have our own correspondents in some provinces, and the other thing we are doing

▼ Shanghai is readying itself for the 2010 World Expo and SMG has already launched its English TV channel in anticipation

right now, we have a strategic partnership with Xinhua News Agency.

What about covering international news - is there pressure from Beijing for you not to cover something like Burma?

In China we have a kind of routine, we have to follow CCTV in terms of international news reporting.

Do you think that will ever change?

I cannot see this happening.

China is saying it is going to go digital in time for the Olympics, is that really going to happen?

Right now, in Shanghai SMG have launched more than 30 digital TV channels, of those 14 channels can cover the whole country - we send those digital signals to the satellite and cable operators put them in their local platforms. I think CCTV will launch a terrestrial HD channel before the Olympics. We are also preparing for HD channels.

Is this new International Channel Shanghai a springboard to take SMG outside China?

No, at this stage our focus is only on Shanghai city. SMG is still quite young and I just want to use this platform to train my team. Shanghai city has become more and more international. In 2010

Shanghai will host the World Expo. I think we should take on the responsibility to help promote the city's international image and also to create an international cultural and media environment in Shanghai. International Channel Shanghai will be a valuable platform for future development.

What about working with other broadcasters from around the world?

SMG holds a lot of value in its international partnerships. It has working relationships with different content providers all over the world – in that respect we are definitely the number one in China. We have a lot of co-productions and events.

What do you see as your greatest challenges?

In China it is difficult to see far ahead because everything changes so fast, including the regulatory policies. The drive for this is coming from the government, they are so influential for us. I always talk to the government. We understand in this country, you have certain regulations but still Chinese media has its characteristics of how to promote a market, how to build up a brand, how to promote this industry. We invest a lot of effort in this area. Secondly, very important is the internet, broadband, wireless. In China there is huge potential. For example, China Mobile right now have a newspaper called MMS – I also subscribe to this. China Mobile told me the subscriber figure is 30m – can you imagine a paper newspaper reaching this circulation? One day, when 3G services in China become mainstream and when wireless goes broadband, TV signals will be on these platforms. Then we will be faced with an even bigger challenge. That's why we are moving to the new media area so early. In China there are lots of new applications, new ideas, new inspirations, it's a very exciting time.

Ruigang Li, thank you very much. ■



Sun Wei, Head of SMG's International Channel Shanghai, joined **Shanghai Media Group's** strategy development department in 2001. Today he is responsible for the international operations of the group

What was the impetus for launching in English?

Shanghai is one of the biggest cities in China with more than 160,000 international residents. We have the World Expo 2010 coming up, the Olympic Games in Beijing, football games in Shanghai - a lot of visitors use Shanghai as a portal to entering China. So the information service for them is very important.

How does ICS differ from CCTV 9?

CCTV 9 is a platform to promote the whole of China, it is focused on political issues, the broader, bigger issues. Shanghai's International Channel, we call it the English channel, focuses more on the city life, fashion, lifestyle, finance, it also offers a news service at lunchtime and evening news at 10 o'clock, it is comprehensive but lighter. We also cover a lot of stories about the international communities in Shanghai. We provide them with information which is really useful to them - how to get a job in Shanghai, information regarding the education of their children, how to tackle problems. If they have complaints, they can come to us for help. Also, we organise quite a lot of events for the international community to establish direct contact with the Chinese community and Chinese culture.

Is your programming more commercially viable than that of CCTV?

Yes and no. We are trying to provide high quality close to the audience's need. Ours is also a different business model. Basically ICS right now is an advertising-supported channel - we get sponsorship from different international brands and cooperate with media companies from

abroad. The government does not give us any subsidies, all our revenues come from the market. In terms of output, we have a block of 7.5 hours, and some of the programmes will repeat once or twice in the day. We broadcast 19 hours per day, right now it is not a 24 hour channel. 45% of output is produced by ourselves, the rest is acquired domestically and internationally.

How many people work at ICS?

Right now we have 164 employees. The journalists are all bilingual, and we have more than 10 international staff. Some of them work as presenters, reporters or copy editors and language consultants.

The channel is in Japanese as well?

Only a very small portion of our channel. We have a 2 hour Japanese programme every week. The Japanese are the biggest international community in Shanghai - about 30-40% of the international residents.

Is it likely that ICS becomes an international channel that's available globally?

Right now it is still a local cable channel but some of the in-house produced programmes are on our satellite channel which covers North America, some of the European countries, Japan, Australia, Hong Kong and some of the countries in South East Asia. Most of the users are the overseas Chinese. For the international community, if they would like to watch, they can access ICS via the internet and broadband TV.

Is broadband TV something that you see as potentially very large?

It is quite large already and it is growing rapidly. Right now SMG



“Our business model is different - all our revenues come from the market”



has four new media platforms: digital cable which goes outside Shanghai to nearly 50 major cities in China; IPTV platforms which cover Shanghai and about 20 other big cities; broadband TV with more than 1m registered users - they pay for some of the content which is quite unusual in this country. We also have a mobile phone TV service - ICS has at the moment only a very small English teaching programme on it.

What are the most interesting media developments in China at the moment?

Platforms have diversified and the audience needs are very much segmented so right now the broadcasters and the platform and technology operators are trying for convergence to provide the media service to the audience on dedicated platforms. Secondly, all the traditional media sectors, including TV, are trying to integrate the new platforms. The third point is, on the content side, right now the government is actually encouraging journalists to report with a critical attitude towards some of the political things, to be helpful to the government in a more active way.

Sun Wei, thank you. ■
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