

# The Impact of the Olympics on China's Emerging Television Market:

How such politically charged topics as human rights and pollution will affect media coverage.

By Josephine Witte

**F**orecasting the future of China's television market places an immediate spotlight on the 2008 Beijing Olympics. With more than 16,000 media personnel representing 200 broadcast organizations, Olympic coverage will bring bright camera lights to a land typically shielded by The Great Wall. The anticipated coverage of this worldwide event not only has ramifications for the athletes in Beijing but also for the host country and access to its media market.

Politically charged topics that range from human rights and climate change to free speech are being woven into the broader discussion regarding the Summer Games. Turmoil surrounding Tibet reflects the impact of global media and the access it affords.

Arjun Appadurai, a social-cultural scholar and Distinguished Professor at the New School, posits media's ability

to transform society because it can transmit information, carry cultural messages or even impose ideological beliefs. To harness this power while maintaining its social constraints, China's government has adhered to strict control of the media. However, the country has taken steps to welcome international coverage of the Olympics and spruce up its own image in time for the Games. The Communist Party is attempting to clean up the air quality surrounding Beijing while lifting selective bans on journalists. The tension between these political issues and the high-stake economic ramifications potentially make the Olympics a critical turning point for China's emerging television market.

Nielsen Media Research predicts that China, currently the world's fifth largest advertising market, has the potential to move up to second place. In

2003, advertisers spent \$14.5 billion in total media sales. In 2006, that number jumped to \$50 billion – 81% of which was geared to television.

CTR Market Research, a firm focusing on China, further speculates that ad spending will increase 18-20% within the country as a result of Olympic-related advertiser demands.



*China Central Television's new Television Cultural Center, designed by Rem Koolhaas.*

Worldwide viewership of the Games is expected to top 4 billion, and the events could provide a gateway to China's rural citizenship and growing middle class. The present population is 1.3 billion -- a huge and potentially lucrative audience. Small wonder that companies are eager to develop a business relationship and ensure access to the market.

As Western interest in China intensifies, research on the country is in demand, particularly tailored to the media market. *Variety Asia Online*, *The Hollywood Reporter Asia* and *AdAge Asia* are among the industry trade publications that have recently launched editions. All are spending liberally to field reporters and send representatives to the Pacific Rim. Global corporations are devoting more time and energy to scrutinize the economics of Asia. Venture capital firms are looking to invest in the market and American-based production companies are staking their claim in China.

Over time China's oscillating policy decisions have sent mixed signals to

outsiders. Wary of disrupting political ideals, the Party has by and large maintained control of the media. On occasion, the Party has relaxed regulations because of enormous pressure and financial incentives. As this market continues to emerge, I foresee it will be under the influence of three turbulent forces.

(1) The force from within China in the form of regulations from the primary governing authority, the State Administration of Radio, Film and Television (SARFT).

(2) The force from the West exerted by business interests of Hollywood and multinational enterprises searching for profits.

(3) The force from technological change driven by new media outlets and developing platforms for content in a digital world.

The confluence of these forces and the impact of the Olympics Games will likely move the media market into uncharted territory.

Since its inception as the Ministry of Radio, Film & TV, SARFT has issued erratic mandates that have made it imperative for U.S. entertainment conglomerates to get up-to-speed on the Asian market and develop relationships with key personnel. Historically, the borders were closed and restrictions limited any transnational flow of content or media ownership. The television marketplace within the country was a home-grown, tightly managed operation. More emphasis was placed on the media's role as a communicator as opposed to a revenue generator.

An early attempt at change followed Deng Xiaoping's Open Door Policy in 1978, when China began to allow foreign investment in selective markets.

Media accessibility, to some degree, was recognized as fundamental to China's effort to join the global economy. Government control was slightly relaxed to allow for co-productions with outside companies and the field was somewhat depoliticized. Budget deficits in the 1980s also drove the television industry toward commercialization. While the majority of channels remained free of advertising, those that became commercial were able to move toward financial autonomy. However, state control was still omnipresent. The Party co-opted any legitimate authority from local station executives, closely monitored news coverage and disseminated entertainment that adhered to the Communist rhetoric. Carefully orchestrated by SARFT, the aim during this period was to nurture a handful of state-media properties that could grow in breadth and depth.

**R**eflecting this expansion phase was the domino effect of more television sets in homes across the country. Increasing the number of viewers upped the ante for better programming and required a bigger production pipeline. In turn, this spurred the growth of the industry. In 1987, China Central Television (CCTV) made an investment in technology and production space, constructing a large building with 20 studios. This was a concerted effort to cultivate a wide variety of television that was developed in China, distributed domestically and aligned with Party policies. Well-received by the Chinese people, the number of shows grew and audiences were hungry for more viewing options. Such national broadcast outlets as CCTV's current count of 16 channels, were expanding their programming options. At the same time, locally

produced shows from regional stations were popular and stimulated the Chinese public to further consumption.

**B**y the late 1990s, each province had developed its own channel, but funding was minimal and profits were nonexistent. CCTV was the primary distribution source. However, provincial broadcasters under CCTV's umbrella kept cropping up and there was an escalation of satellite providers through the 1990s. As a result, entertainment-related content flourished at this time. Although the government was hesitant to relinquish control, the financial gains were alluring.

In February 2003, the head of CCTV officially announced that all channels except for news sources would be commercial. A year later, an aggressive push toward a capital-based market structure was issued in the "Proposal for Promoting the Development of Radio, Film and Television Industries." At this point, the West welcomed China's reforms. Media centers emerged in larger cities that were easily accessible to foreigners. Viacom had a joint venture in place to produce cartoons, CNN International and a handful of European channels were transmitted via satellite and the Chinese audience was welcoming American entertainment.

**B**y 2007, AGB Nielsen Media Research estimated television penetration at 99% of the 34.9 million urban population and 98% of the 70.2 million rural residents.

In time for the Olympics, China made a significant investment in its own media services industry. An impressive building to house CCTV's operations is presently under construction. Its vast space and unique facility structure, designed by famed architect Rem

Koolhaas, are evidence of China's commitment to growing the country's television market. Bold claims have been made that CCTV will be able to become a larger, more efficient and more profitable broadcasting and production unit. Although press releases, public statements and physical construction illustrate confidence, such acts might veil the government's primary concern regarding foreign influence. It appears that SARFT is prioritizing national industry development to maintain control on business and content.

Recent mandates have discouraged the import of content and restricted financial ventures. Leaders would rather promote domestic production and aim toward the Party's mantra of a harmonious culture. Charged with providing "noble and rich programming for the masses," SARFT has reversed

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earlier steps it took to open up access.

To maintain control and censor anything that might disrupt the political sphere or cultural order, the government keeps a tight rein on Western-based corporations' access. China has consistently blocked a deal permitting distribution of The Disney Channel. Only as recently as February 2008 has Disney been able to launch a Video-On-Demand service and provide select programs on Hong Kong's NOW IPTV platform. Within the same month,

however, SARFT upheld a ban on foreign cartoons and prohibited them from airing in primetime. Familiar American TV characters emblazoned on consumer goods with the label "made in China" ironically may not be recognizable there.

**B**eside bans on foreign broadcasts, SARFT is cracking down on indigenous content. Provincial TV stations now face sanctions if criminal activities, guns or extramarital affairs are shown in primetime dramas. Media analysts also foresee satellite stations facing restrictions if their programming does not comply with the ethically inspiring requirements. The phenomenal hit of summer 2005 was *Super Girls*, a copy of the popular *European/American Idol* format. Not only were millions of Chinese watching the show but they were also voting via text messages, reflecting what some cultural theorists argue to be democratic undertones. The show established a broad reach, reminding executives of the medium's power and reinvigorating SARFT's desire to manage the airwaves. The show's next cycle was curtailed in terms of celebrity appeal and strongly encouraged to highlight positive cultural elements, and so-called reality programming continues to be under extensive scrutiny.

Another incident indicative of China's reluctance to allow foreign imports was Rupert Murdoch's sale of Phoenix Satellite TV in 2006. He reduced his level of ownership in the joint venture by 20%, expressing his frustrations in dealing with the narrow regulations and stiff controls in Chinese television. While the theoretical shift had been toward westernization, SARFT is hesitant to fall prey to Mickey

Mouse and capitalism.

In China, any access to the broadcast supply chain is at the whim of the Party. The country's leaders have the desire to occupy the media market but are apprehensive about policy changes that might dilute their nationalistic identity. That locus is also being threatened by broadband technologies and digital speed. Thus, the lucrative media market in its capitalist form presents a dilemma, the appeal of money at the cost of control.

**A**s it prepares to host the XXIX Olympiad, China is facing a new era in the media. The Great Wall is being chiseled away with SARFT concessions and extended news coverage from abroad. Perhaps the good will of the Games has forced its hand, but China's government has conceded, albeit with time-sensitive limits, to journalistic freedoms. For example, news bureaus will be able to send their correspondents into the field without the previously required plethora of documents and permission slips. While the Party's Information Services Department will aim to facilitate the process, the Foreign Correspondents' Club has its doubts and continues to speak up for imprisoned journalists and censored reporters.

Another sensitive topic under scrutiny is China's entangled position on human rights. Various activist groups are using the spotlight on Beijing to bring religious persecution, human torture and violations of free speech to the forefront of discussion. Producer Steven Spielberg's resignation as artistic consultant for the ceremonies has drawn considerable industry press. He declined this role to protest China's relationship

with Sudan relating to the Darfur genocide. Tibet's independence is an issue presently being debated. The turmoil in Lhasa and the escalating tensions are heightening media awareness. As the violence erupted and Tibetan protests surged, the Chinese government cracked down on internet access and news leaks beyond the country's borders.

Being placed on the world stage before the August Opening Ceremonies has brought a critical focus to the environment in China. Addressing its own pollution problems, factories are closing down temporarily to alleviate the smog around Beijing. Car emission regulations are being enforced. Additionally, the government is looking for innovative ways to clean up the air for the athletes, even going as far as hiring meteorological experts for the Beijing Weather Modification Office. Their role is to instigate rain in hope of purging the pollutants and changing the weather pattern so that two weeks in August will be atypical of the summer rainy season.

**T**his mega-media event is also drawing attention to global television economics. The financial incentives are significant not only for China as the host country and the Olympic corporate sponsors, but also for NBC, the American network airing the competitions on numerous platforms. Upon paying 3.5 billion U.S. dollars for the broadcast rights to five Olympic Games though 2008, NBC was able to leverage in its favor the scheduling of several popular sports. With the time difference, gymnastics and swimming will take place in Beijing's morning hours so that they can air live in

prime time and garner high ratings from American audiences. The 3,600 hours of competition will be the most ever broadcast from a single Olympiad. But a live broadcast is still the revenue generator and source for guaranteed viewership in the increasingly competitive media world.

**P**redicting the potential of China's television marketplace post-Olympics is a challenge.

The Chinese audience will be accessible during the two-week span of the Games but they may not be reachable if SARFT reinstates previous limitations. Transnational media corporations are getting frustrated with the revolving door access. Hollywood is already starting to look to other untapped countries. Negotiations and deals made thus far indicate that India's media industry is eager to open up. If China's advertising industry is to prosper, piracy within the country must be curtailed.

In 2007, CBS shot a cycle of its reality stalwart *Survivor* on location and *Access Hollywood*, a syndicated television property, has licensed its format to mainland China. Borrowing these templates, China could restructure its media market to compete in the global arena. However, the possibility of Western-conglomerate success might be limited because of China's idiosyncratic regulations, fragmented landscape and complex environment. Due to the inevitable tension between aspirations for development and safeguards of censorship, this conflict seems destined to continue.

After the Olympic flame is extinguished and the new CCTV building is complete, SARFT will undoubtedly reassess issues of media

and politics. Collaborating with foreign companies in preparation for the Games and joining forces to broadcast the events might prove that China is willing to change. But has this opportunity secured a future business relationship? It will be fascinating to see if the Great Wall continues to define the country's television market.

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