

GS Insight

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In a Fast-Changing Economy, Chinese Media Keeps Pace

As business and consumer marketers seek greater access to the dynamic Asian market, effectively communicating through the Chinese media requires an understanding of the country's unique cultural environment. This month, James Huang, partner and executive president of Inhere Communications – a member of Gibbs & Soell's global PR network – examines the impact of a changing Chinese media landscape.



Some 20 years ago, when multinational companies started their strategic entry into China, the real challenge in working with the media came from the regulators that governed a country just beginning to open to the outside world.

In recent years, the Chinese media have gradually evolved from playing the role of the government's mouthpiece into a market-oriented industry, with annual turnover growing at a rate of 25 percent since 1998. Today, the media sector is China's fourth largest industry.

With this growth, Chinese media also has been more critical of multinational corporations involved in brand quality scandals, food and product safety issues, and other misconduct, despite the fact that Chinese consumers have long been convinced that foreign brand names are synonymous with better quality and service.

Among those to come under fire was global food industry giant Nestle. When excessive levels of iodine were found in one of its milk-powder brands, company officials acknowledged the mistake yet mediated directly with the government. The product was not removed from store shelves for another week and, more importantly, not until after more than a dozen of China's mainstream media jointly criticized the company for its poor handling of the situation.

DuPont, Kraft Foods, Campbell's, Procter & Gamble and others have faced similar media pressure due to a variety of incidents, and they are beginning to take measures to win back Chinese customers.

Mixing Politics with the Media

With more than 111 million Internet users in China, according to Internet World Stats, it is no wonder media worldwide has been extremely critical of U.S.-based online giants Yahoo and Google for caving in and agreeing to comply with China's laws by censoring the results of their respective search engines in China. However, it is not entirely surprising if one understands the Chinese culture and a tradition that spans more than 2,000 years.

The main rationale behind the dynamic Chinese economy is that there is a "common cultural/business framework" that makes doing business easier as well as more culturally and psychologically gratifying. Such a framework is deeply rooted in Confucianism and plays a key role in traditional Chinese culture, which moralizes and politicizes every aspect of the Chinese way of life.

In other words, the Chinese concept of relationship or "guanxi" forms the cultural underpinnings of this important framework. Social hierarchy and role communication therefore stand out as the most substantive elements of what Chinese see as "relationship."

Long-term relations, good social references and connections are highly valued by Chinese media. They will look at things not only from the view of right and wrong, but also from the perspective of pragmatism and moral soundness.

When working with the Chinese media, "relationship is the message." Important factors include how you treat them or the closeness of your relationships, your social status and rank, richness of your resources and alliances, and, of course, your political connections. All of these elements serve as important counterweights in the success of your media plan or media-focused PR campaign.

Media Explosion

In the early years of China's reform there were about 180 dailies and 900 periodicals functioning primarily as trumpets of the government's policies. The melody continued until after China's accession into the World Trade Organi-

zation, as Chinese media grew to more than 1,900 dailies and nearly 9,500 periodicals. The World Association of Newspapers estimated circulation among China dailies increased more than 30 percent from 1997-2002, reaching 82 million copies – easily topping the rest of the world. The so-called propaganda machine is now being stunningly commercialized due to the impact of the Internet and globalization.

This media explosion has changed the relationship between government and media. Traditionally, Chinese media were financed by the state. Yet, with this explosive growth, total state funding is neither possible nor does it conform to the government's policy of encouraging financial independence.

In the late 1990s, several major publication groups like *Guangzhou Daily*, *Guangming Daily* and *Shanghai Wen Hui Bao* were listed in the stock exchange or formed much larger press groups, a move encouraged by the government, signaling real reform in the media. In fact, China's media sector started a comprehensive reform in early 2001 whereby the political and commercial functions of the media are separated and resources are re-allocated.

Currently, 39 press groups exist in China, making up more than 50 percent of the market in both printing and circulation. This market force helped recreate the Chinese media industry and reset the rules of the game.

Yet, the transformation is hardly complete. For example, if approved, new legislation proposed by the Chinese government would fine newspapers up to \$12,000 for reporting on emergencies (e.g., natural disasters, health crises and social unrest) without first getting permission from local authorities.

Although it may appear on the surface as another attempt to silence the media, its actual impact will likely be

much less. The proposed law is partially aimed at forcing the local government to be more accountable in emergencies.


Competition and profit are now the two most frequently used words by Chinese media managers. As a result, managing a successful media campaign while following the line on political issues is not easy, but it has brought forth gigantic changes to the media landscape and greatly enriched people's lives.

Western Influence

Today, metropolitan and business publications like *Beijing Youth Daily* and *China Business News* easily run 700,000 – 1 million copies per day, something unheard of 20 years ago. Chinese readers enjoy a much wider choice of daily and weekly publications, in addition to the increasingly popular online media, which has drastically accelerated the reform of China's cultural undertaking as well as competition among print media.

Actually, Chinese media owe a lot to their Western counterparts in terms of professionalism and standard media practice. Good ethics and etiquette – such as being inquisitive, investigative, and competitive for exclusive news – and demanding specifics on scandals, are widely accepted. This helps further sanitize China's media environment, laying the ground rules of professional conduct. Conversely, benign competition among media outlets naturally leads to forming of segmented financial, lifestyle and trade media groups serving the needs of different vertical markets.

“Relationship is the message” continues to ring true in this changing environment. However, one thing is certain: The media “monster” has to be fed and fed properly. In this regard, Chinese and international businesses need to consider how to protect and maintain their corporate reputation.

From the local perspective, it is highly necessary to adopt the best practice approach, which is to undertake and fulfill corporate responsibilities while seeking growth. To do that, marketers need to understand the local culture and business environment and learn to utilize the rich media resources to accomplish their business objectives. 

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