

Opportunities and challenges for U.S. media companies in China



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China: The world's fastest growing economy

- **GDP growth**
 - 9.9% GDP growth in 2005
 - 10.2% GDP growth in Q1 2006 vs. Q1 2005
- **Key indicators**
 - Makes 27% of world's steel
 - Uses 40%-45% of world's cement
 - World's largest phone market: 280M cell phones, 270M fixed lines
- **Size of the economy**
 - In 2005, China was the world's 2nd largest economy in purchasing power -- CIA
 - Many economists believe China will be first in purchasing power by 2040



Doing business in China

- **Three strategies for B2B publishers**
 - 1. licensing
 - 2. joint ventures
 - 3. wholly owned operations
- **Partners are key**
 - to help navigate cultural and political mine fields
- **Many foreign success stories**
 - IDG, Time-Life, CCI, CMP-Global Sources, Hearst, Reed Business, Nikkei BP, Hachette, Vogel, CNET

Media opportunities are everywhere



- *Beijing Villa* magazine published by real estate portal Soufun
- Soufun also publishes market research, databases and a commercial property magazine in Shanghai
- 2005 Soufun revenues: \$20M
- Plans to roll out 50 China city editions of *Villa* in 2007

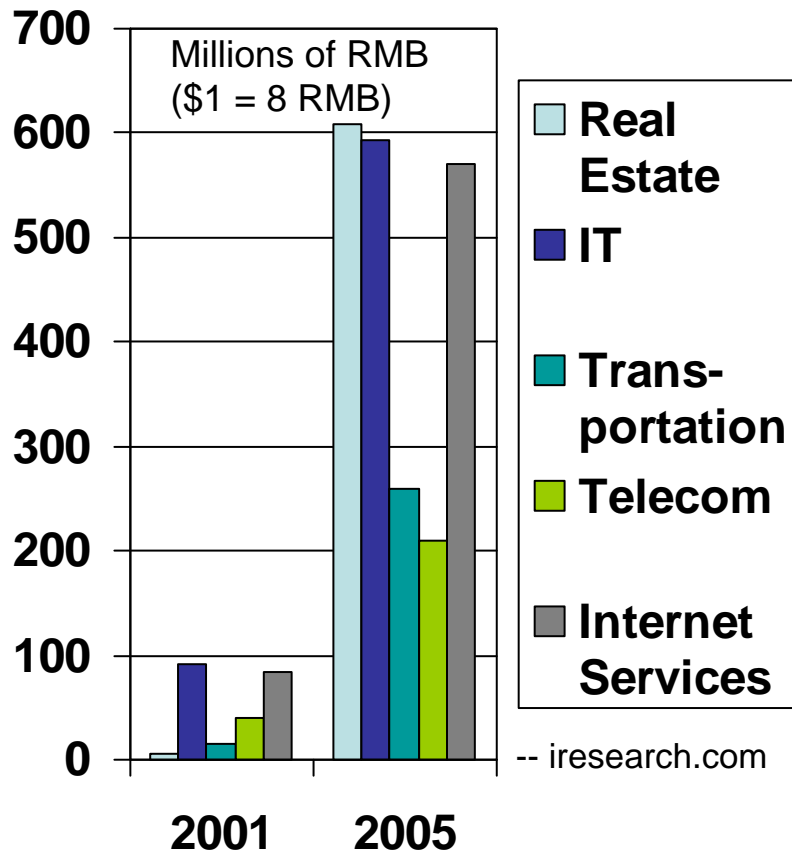
Avoiding common pitfalls



- **Do proper due diligence to find the best partners.** Do you and your partners have the same objectives?
- **Prepare an infrastructure at home** to support your activities in China
- **Invest in training,** both at home and in China
- **Keep up to date** with a changing political and regulatory environment

Online opportunities in China

Online Ad Spending



- **Online ad spending will grow 75% a year to reach \$812 million in 2007 and \$1 billion in 2008.**
-- iresearch.com, Shanghai
- **111 million Internet users in China, 8.5% of the population** -- internetworldstats.com
- **Internet is now the key tool for B2B product research**



Essentials for success

- **Patience**
- **Flexibility**
- **CEO-level corporate commitment**

Thank you

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