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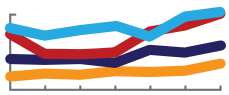

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A New Lease Of Life

How quickly things can change in Thailand. The first tests for 24 new digital terrestrial channels are underway ahead of commercial launch in June, a move that puts Thai TV years ahead of Southeast Asian neighbors such as Indonesia, Malaysia and the Philippines. Regulatory indecision preceded the arrival of Thailand's latest media and telecoms regulator the NBTC, set up just over two years ago, snarling up long-term media investment, from international companies in particular. Digital terrestrial television (DTT) – a disruptive technology poised to shake up Thailand's US$1.4 billion TV ad spend – is changing all that.

Thailand has risen to the top of the agenda in Southeast Asia

Later this decade, similar opportunities will emerge in other big TV markets, especially Indonesia. Right now however, Thailand is top of the agenda in Southeast Asia for media majors such as 21st Century Fox and Turner, as well as private equity investors, along with numerous program-makers and rights-holders. By opening up the broadcast spectrum to more channels, DTT creates demand for content to fill them – an urgency that has been heightened by the short space of time the NBTC has set between auctions for DTT licences, held in December, and channel launch six months later. Auction winners might benefit with external help, especially smaller players keen to chip away at the dominance of Thailand's broadcast duopoly of BEC World (which runs Channel 3) and Bangkok Broadcasting (which operates Channel 7).

Further down the line, DTT costs and competition could still prove overwhelming for many auction winners, especially those without content libraries or production experience, triggering likely consolidation in the medium term. Widespread coverage for DTT channels will also heap more pressure on Thailand's beleaguered pay-TV sector, already challenged by free satellite broadcasts, which are beaming hundreds of channels into millions of Thai homes.

From a standing start just a few years ago, Thai TV is firing on all cylinders today. And nobody wants to be left behind. MBA

Mike Savage
Editor, Media Business Asia

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SPORTS

MP & Silva Mulls Strategy Shift

A rumored exit from its channels business

Sports agency MP & Silva appears to be on the verge of selling its stake in the Asian arm of BeIn to the network's owner Qatari Sports Investments, an affiliate of Al Jazeera Media Networks.

The move would allow MP & Silva, which had helped secure distribution for localized BeIn channels in Hong Kong, Indonesia, the Philippines and Thailand, to focus on its syndication and licensing business in Asia, including deals with BeIn.

Under new CEO Peter Hutton, the company is moving away from its arbitrage-based volume deals in favor of closer partnerships with select rights-holders.

In January, the agency penned a six-year deal with Taiwan's Chinese Professional Baseball League for example, covering domestic and global media rights as well as production for all games.

ONLINE

BuzzFeed Plots Asia Rollout

Local social networks key to growth

Socially-driven news and entertainment site BuzzFeed is prioritizing India and Japan for its Asian expansion, as international VP Scott Lamb weighs up opportunities in the region.

BuzzFeed's plans, which may change as Lamb scouts Asia for opportunities, hinge on identifying how people in different Asian markets use social networks to share content, a key source of BuzzFeed traffic.

After opening its first international site in the UK in March 2013, BuzzFeed has rolled out more localized offerings in Europe and Latin America, reaching Asia-Pacific earlier this year with an Australian site going live in January.

The first step for BuzzFeed in any new country is aligning the content model with local tastes, Lamb explains. Monetization comes later, either through local ad sales or as a part of regional or global campaigns.

PAY-TV

BBC Gets A Foothold In Vietnam

Carriage for Knowledge can start to open doors

The BBC is well positioned to start realizing expansion plans for Vietnam after the country's second-largest pay-TV operator, HTVC, agreed to place factual channel BBC Knowledge on its basic tier, delivering access to 700,000 homes in Ho Chi Minh City.

Featuring global hit, *Top Gear*, Knowledge often serves as the tip of the spear for the BBC in new markets, while helping unlock ad sales at the same time. Distribution with HTVC will help lift regional ad revenue but the channel will need to be on air in 3-5 million households in Vietnam before it can start tapping local ad sales.

A distribution deal for Knowledge in Hanoi, Vietnam's other major urban center, is next on the cards, laying the foundation for a presence that will make it easier for the BBC to bring other channels, such as Lifestyle and CBeebies, to Vietnam in the future.


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MARKETING

Pernod Ricard Rethinks Digital Benefits

Terminology was too loose, CMO Martin Riley says

Wine and spirits multinational Pernod Ricard is rolling out a new approach to digital marketing this year, having spent 2013 defining how digital buzzwords can shape the business goals of a stable of upmarket alcohol brands.

"People use terms, and everybody thinks they know what people are talking about, but often it's not quite as precise as you would want it to be," says CMO Martin Riley. "So we're defining that for ourselves, so we understand it," he adds.

"We're also working on how classic media works with digital media, so people understand the relationship and how to optimize that."

Riley runs a 25-strong centralized marketing team from the global headquarters in Paris, charged with defining key battlegrounds and setting out working practices for marketing teams around the world.

CULTURE BOX

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Street Life: Hong Kong

INDIA

The End Of The Channel Aggregators

Distribution deal-making needs to adapt

Recently announced regulations limiting the power of India's channel aggregators will accelerate changes in TV economics, by creating more competition for carriage on cable and satellite networks, while making it easier for new entrants to land a deal.

As a result, large domestic broadcasters are likely to move distribution negotiations back in-house, leaving international players to decide whether to do the same, or work with an independent distributor instead. India and Japan are the last markets in the world where global majors such as Discovery and Turner rely on intermediaries for channel distribution. India accounts for 20% of Asia-Pacific revenues for both groups.

Due to be phased in during the second half of 2014, the new rules form part of a government drive to upgrade millions of Indian households to digital TV.

SOUTHEAST ASIA

CNN Indonesia Reflects Turner's Goals

More kids and news deals should follow

International media major Turner continues its localization push into Southeast Asia, licensing its iconic CNN news brand to Trans Media in Indonesia.

The deal resembles an existing tie-up with Network18 in India, promising stable income for Turner while avoiding local controls on news media. CNN could also be licensed elsewhere, possibly including Thailand, where the rollout of digital terrestrial television, including licenses for news channels, is fueling demand for fresh content and investment.

At the same time, Turner's portfolio of kids properties can be leveraged for more partnerships in Indonesia.

The CNN deal also makes sense for Trans, one of Indonesia's biggest media conglomerates. Partnerships like these help grow its pay-TV platform TelkomVision, which Trans took over last year.

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MOBILE

Man U Fortifies Mobile Ties To Fans

A new role for the club's telco partners

Storied English football team Manchester United is fostering more direct connections with its fans via mobile, as the club changes the way it works with telcos. Historically, telcos used to distribute branded content, supplied by the club, as a value-add for their own subscribers.

Direct access improves Manchester United's ability to target ads from its sponsors within a telecom provider's subscriber base, said head of media David Sternberg, speaking at an event in Hong Kong. In Asia, the club has linked up with telecom partners across South Asia, as well as Thailand and Malaysia in Southeast Asia.

The club also wants to engage fans as co-producers of content, with social media outreach providing access in markets where telecom deals remain elusive. Chinese platforms such as Weibo, Weixin and Renren are a top priority.

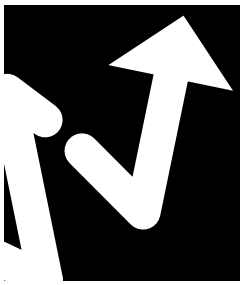
PAY-TV

Room To Grow In The Philippines

Pay-TV offers untapped ad value, buyer says

Pay-TV channels in the Philippines can boost ad revenues by doing a better job of proving their value, a major media buyer told industry representatives at a conference in Manila.

CEO of agency network Omnicom Media Group Philippines, Nic Gabunada, said that some budgets could double as he reported top-line findings from tests on the most effective way to reach ABC1 women between 25 and 44 years' old, a prized demo among advertisers.



The study showed pay-TV's optimal share of TV ad spend could be as much as 15%, compared with around 7% today.

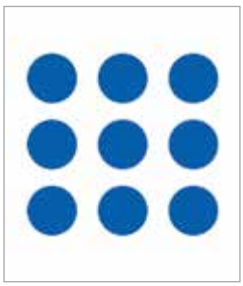
"There's a gap," Gabunada pointed out. "There's something that says to people in cable, look into it, and find a way to prove that they're worth the 15%. That's a real-life opportunity."

AUSTRALIA

A Sporting Chance For Nine

A lull in rights deals offers a window for growth

Australian free-to-air major, Nine Entertainment, has a window to consolidate its gains in 2014 after earning a bigger share of the ad market last year.



A strong performance in sports and news, along with taking direct control of two regional affiliates, has helped Nine close the gap on its archrival, Seven.

Nine must also fend off competition from increasingly powerful pay-TV and online players. However, with no major sports rights deals up for renewal until 2017, the company can focus on sustaining its momentum, after listing at the end of last year.

"The challenge for Nine's management is to demonstrate consistency for advertisers, and prove 2012-2013 was not a flash in the pan," says Sebastian Rennie, chief investment officer for media agency MEC in Australia.

» *For more on these stories, visit* MEDIA BUSINESS ASIA .com

JAPAN

A New Owner For Hulu Japan

Latest step in Nippon TV's diversification drive

Greater push around mobile viewing expected

Diversification plans for the country's leading broadcaster, Nippon TV, are continuing apace with the planned acquisition of paid online video site Hulu Japan, announced at the end of February, and due to complete in Q2.

Nippon TV, part of Japan's largest media conglomerate Yomiuri Group, has been slowly reducing its reliance on terrestrial TV advertising for some time now, with forays into movies and home shopping now seen as core business.

More recently however, the broadcaster declared it wanted to speed up this transition, both inside Japan and internationally, through M&A, JVs and new launches. It's a path already pursued by some major players in Korea, including CJ and SBS.

A particular focus for Nippon TV is extending distribution through paid and digital channels. Hulu Japan adds a subscription-based VOD service to its online armory, which already includes a pay-as-you-go video offering.

4.8%

Smartphone/tablet owners in Japan have used mobile SVOD (July 2013)

Source: Nikkei Insight

Japan's paid video market has seen plenty of growth in the last year or so, with new services from large telcos, offered at a cheaper price point to Hulu, stirring up market interest.

All this comes off a low base however, with no company yet to ruffle the feathers of the status quo, as Netflix seems to have done in the US for example.

Nippon will only likely announce a business plan for Hulu after the operational transfer is complete, but a push around mobile viewing is likely, seen as the key to unlock subscriber revenue in a market where penetration for traditional pay-TV sits at just 30%.

AUSTRALIA

Battle Begins In Paid Video

Heavyweights entering the arena in 2014

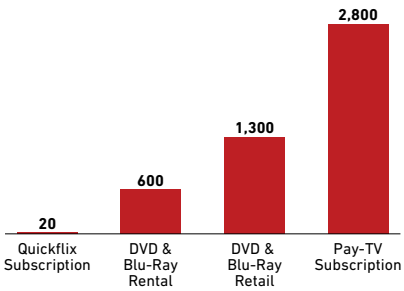
Urban access to broadband energizing sector

Australia's subscription-based online video sector could start to feel over-crowded this year. Pay-TV giant Foxtel played its hand in February with the launch of Presto, a paid movie offering, set to be followed by services from the country's two biggest free-to-air players, Nine and Seven. At the same time Virgin, which sold its UK pay-TV business to Liberty Global last year, is reportedly ramping up an offering of its own too.

All this to head off US giant Netflix, which hasn't launched in Australia, or announced plans to, but may already have somewhere between 50,000 and 200,000 subscribers in the country, using virtual private networks (VPNs) to bypass territorial blocks on the service.

Market Opportunity

Annual revenue (A$ million)



Source: Quickflix

For Stephen Langsford, founder and executive chairman of ten-year-old incumbent Quickflix, this activity represents encouraging signs of digital media consumption, with broadband becoming prevalent in major cities, expanding the pie. Quickflix, an HBO-backed DVD rental and video streaming business with a similar business model to Netflix, has always run at a loss. After a major restructure, it is in better shape than ever and up for the challenge, Langford argues.

A still sizable DVD retail and rental market, plus ~US$2.5 billion spent on pay-TV subscriptions each year, offers a large space where online video can grow, he contends. "We are the most pervasive streaming service," he says. "Bring it on."

SINGTEL BETS ON FUTU

SINGTEL WANTS TO RESHAPE ITS FUTURE, CREATING A NEW DIVISION – DIGITAL LIFE, LED BY ALLEN LEW – TO DEVELOP A SUITE OF NEXT-GENERATION SERVICES FOR A WORLD OF UBIQUITOUS COMMUNICATION, WHERE COMPETITION FOR CONSUMER ATTENTION WILL BE FIERCER THAN EVER.

IT'S A BOLD, FORWARD-LOOKING PLAN THAT WILL SEE SINGTEL TAKE ON FORMIDABLE RIVALS, BUT THE TELCO HAS SOME ACES TO PLAY.

MIKE SAVAGE REPORTS

Telcos were once the first port of call for mobile services. The arrival of smartphones, however, is turning this once cosy space into a competitive free-for-all, contested by tech giants such as Google and Facebook as well as fast-growing mobile messaging services such as WeChat and WhatsApp, with a multitude of hungry startups in-between.

The upheaval could see telcos retreat to their original line of work, building and maintaining communications networks, while collecting money from people who want to use them. However, that's not a future that appeals to SingTel, one of Asia's largest telecoms companies with a subscriber base nudging the half-billion mark via associates and directly owned companies in Australia, India and Southeast Asia. "These over-the-top digital players are bypassing us and getting a relationship with our customers," notes long-serving SingTel executive Allen Lew, now heading Digital Life, a new division created by the telco as a way to fight back. "We want to reclaim that connection, and stay relevant," Lew adds. "In the past, when people didn't have smartphones, they were using our services 88% of the time, to call, to SMS. We want to reclaim that 88% – that engagement in the minds of our customers."

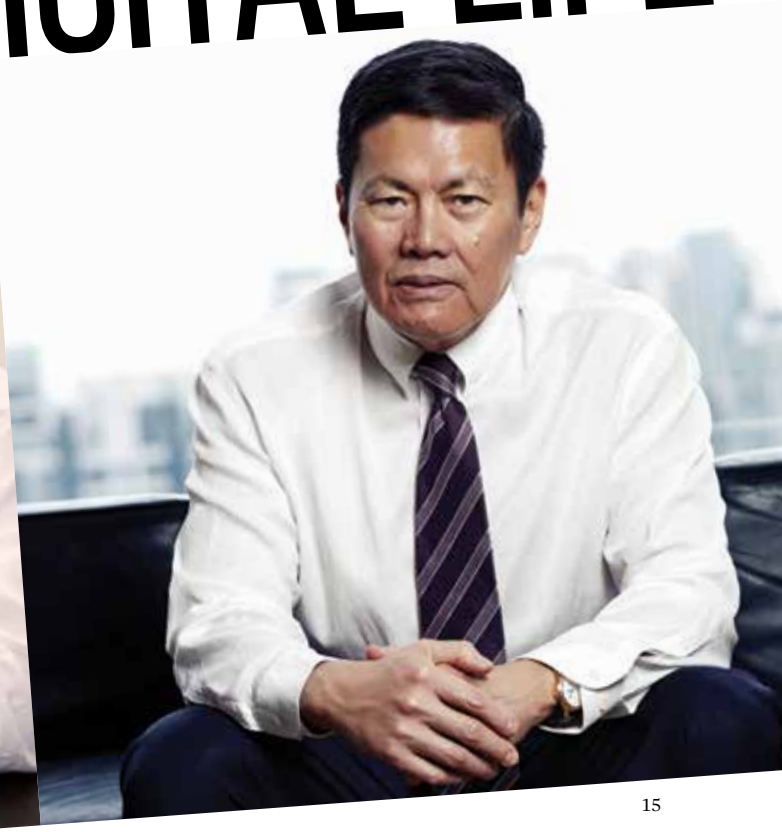
SingTel set up Digital Life in 2012 at arm's length from the rest of the group so the unit can concentrate on medium and longer-term goals, with a S$2 billion (US$1.6 billion) war chest to help it achieve its ends. The unit, which also includes SingTel's IPTV platform Mio TV, has been busy, launching seed programs and innovation labs while buying a raft of digital companies at home and abroad. As smartphone penetration rises, Lew is directing the group's efforts towards areas vulnerable to medium-term disruption – from media consumption to online retail to social interaction.

At the same time, he is keen to steer clear of direct competition with global titans such as Google and Facebook. SingTel's edge will come from understanding consumers in South and Southeast Asia, rather than the whole world, while focusing on three segments: mobile advertising, mobile video and location-specific information. The group's ad business, via the purchase of a mobile ad technology platform Amobee in 2012, can scale worldwide, though global ventures will remain the exception rather than the rule. Lew argues that access to almost 500 million subs, including payment mechanisms as well as a record of online and offline habits, provides the critical mass to make things happen.

Digital Life has been notably active in markets where SingTel has direct control, via wholly owned Optus in Australia as well as at home in Singapore. These markets however only account for ~13.5 million subs between them, a tiny segment of the overall base Lew wants to leverage. Elsewhere, SingTel has minority shareholdings, via associates in India (Bharti Airtel), Indonesia (Telkomsel), the Philippines (Globe) and Thailand (AIS). Bharti Airtel alone, with 199 million subs in India and 77 million in Africa at end-2013, accounts for more than half the base. These companies operate in larger, less affluent markets, and face a very different set of opportunities and challenges to Singapore and Australia. For Digital Life to achieve its goal, Lew needs to keep these partners on board. Consequently, he spends a lot of time on the road, in what he describes as a long socialization process. "Associates chart the course together with us," Lew says. "Where we add the most value is helping them make sure their basic product doesn't get commoditized. What we do is value-add – with video, in some cases with news, music. In developing markets it's about who's got the lowest price, so we try to create something else, a value-added product."

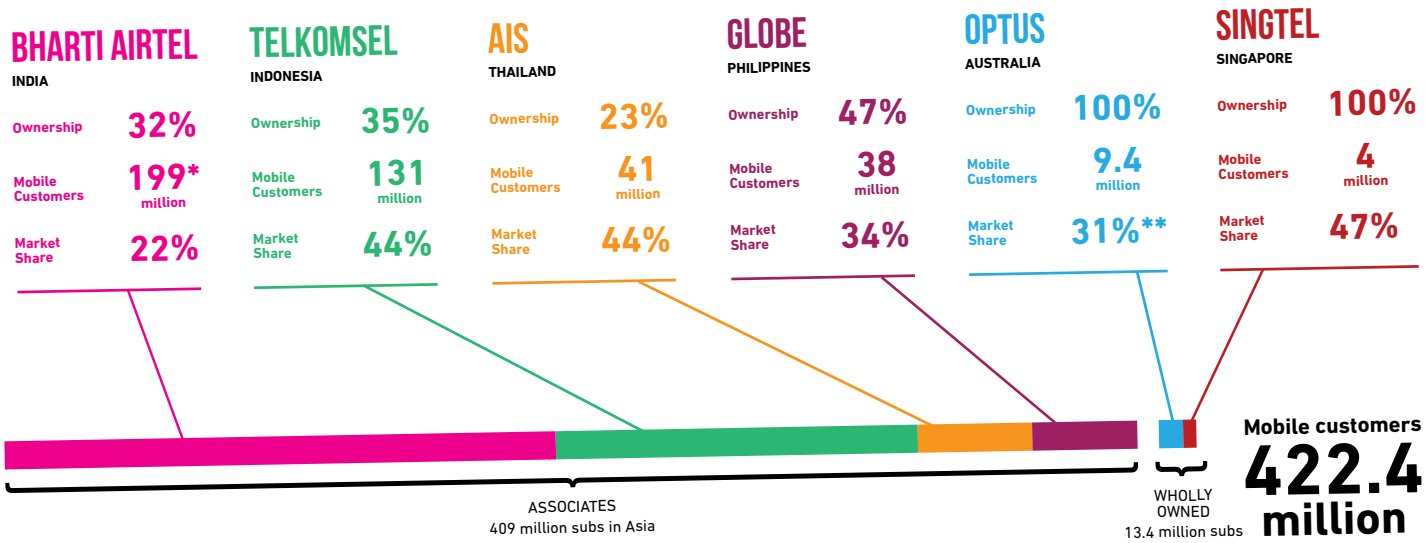
Mobile video should take off quickly in growth markets, Lew says, as an easy-to-understand concept that can meet latent demand for people in countries where entertainment options, especially outside major cities, are thin on the ground. SingTel has already introduced a pay-per-view video offering, tailored for feature phones, in India and Indonesia (the Philippines and Thailand are next), targeting rural subscribers who are unfamiliar with the

URE WITH DIGITAL LIFE



Photos David Teng

ASIAN SCALE... THE BULK OF SINGTEL'S CUSTOMER BASE IS SERVED BY ASSOCIATES IN GROWTH MARKETS (DEC 2013)



Source: SingTel ** Bharti Airtel also has an additional 77 million mobile customers in Africa* *** Estimated by Optus, based on published data*

mechanics of data plans. Developed by Vuclip, a US startup that SingTel's venture capital fund Innov8 has invested in, the service is designed to help SingTel's partners nudge subscribers up from 2G networks to 3G, selling short clips with data costs covered. This is set to be followed by a subscription-based video service specifically designed for growth markets, incorporating personalized recommendation and social extras, that SingTel's associates can bundle into their subscriber plans.

Of SingTel's current subscriber base, about 12% or 60 million have a smartphone today, a figure set to rise to about 200 million by 2017. Most mobile phone owners in SingTel's largest markets will still use feature phones and simpler handsets for the foreseeable future, despite falling hardware prices and economic growth, but that 200-million mark is when the smartphone base starts to become meaningful, Lew suggests.

While Digital Life will develop feature phone-based opportunities from time to time, the priority is preparing for a future where smartphones are the main consumption hub for media. These powerful and portable computers are not only a disruptive technology, but where Digital Life can contribute the most to local partners, he explains.

If all goes to plan, this will lead to a virtuous circle of even stronger consumer relationships, generating data that SingTel can use to keep its services ahead of the pack. The telco already has a fairly comprehensive view of its customer base. The holy grail however, is not data but consumer trust, Lew stresses. SingTel is stepping forward carefully, in a possible minefield that could determine the winners and losers in the future.

Hiring the right people – designers as well as data analysts – while instilling the right culture is critical. Digital Life has an annual investment budget roughly one third the size of SingTel's group capEx, but operates to a distinctly different set of dynamics when compared to a telco's traditional high-margin, capital-intensive business. Entry costs are lower, while margins are tighter, rewarding experimentation as well as the discipline to abandon or reinvent unpromising projects.

The group's resources enable multiple trials at the same time, but Lew wants to cultivate a spirit of learning on the go, the lifeblood of tech rivals, to capitalize on this advantage. Ultimately, success will boil down to who can best mine customer data, extract the best insights, and use those in the best possible way, he says. "Technology is not a differentiator," Lew points out. "The differentiator is people who understand the market." MBA

TAKE OUT - *SingTel's Digital Life Unit, charged with protecting the telco's subscriber ties in a mobile broadband world, has sizable resources at its disposal, but will need the right people and a new culture to succeed.*

THE NEX NATIVE AD

DESPITE INITIAL CONCERNS, BLUEBLOOD PUBLISHERS IN THE US HAVE STARTED MOVING AD UNITS INTO WHAT WERE ONCE EDITORIAL-ONLY AREAS ONLINE. IT'S A TREND THAT'S SET TO TAKE OFF IN ASIA TOO

Publisher experiments with native advertising – attempts to create ad units that feel part of the online reading experience – have drawn plenty of fire for supposedly blurring the lines between advertising and editorial. Content distributors that began life online, including social networks such as Facebook and Twitter as well as banner-free news brands ranging from Quartz to BuzzFeed, have found it easier to integrate native ads into their sites. Traditional publishers however, inheriting a print model based on clear barriers between advertising and editorial, are finding the proximity of native ads to news content more problematic.

Nonetheless, these challenges haven't stopped native advertising entering the mainstream in the US, the world's largest digital market. Yields from banner ads have fallen far short of expectations, prompting storied news brands, initially wary of the challenges native advertising posed, to start commercializing these new formats to shore up digital ad revenue. These trends are likely to become more prominent in Asia too, as news consumption shifts online. Many publishers in the US however, caught in the eye of the storm, are still moving forward tentatively, careful to protect a brand integrity that has served them well so far.

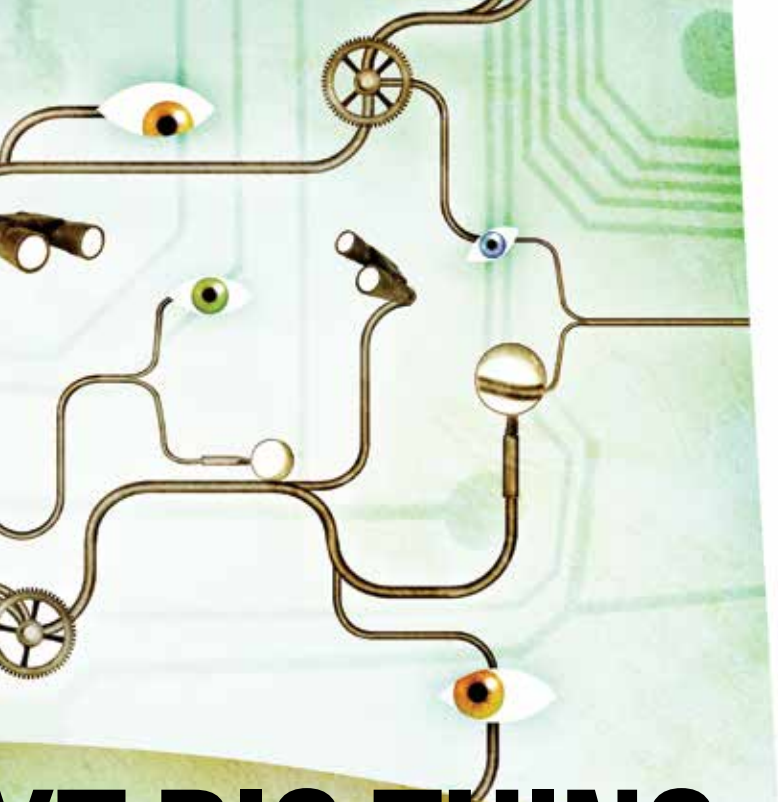
"We have a lot of different quality controls," noted **Sebastian Tomich**, advertising VP at venerable US daily ***The New York Times***, speaking on a recent webinar about the newspaper's native advertising offer, unveiled earlier this year. "When we did our first presentation about this platform," he added, "someone immediately raised their hand and said: 'Will the advertising unit of *The New York Times* turn away a campaign if you feel the content isn't high quality enough?' It's very challenging for any publishing company to turn down business," Tomich continued. "But we have said that we will, and it's happened already."

Overt promotions are perhaps better suited to banner placements, where readers are conditioned to expect sales pitches, rather than native ad slots, which should complement rather than interrupt the reading experience, Tomich noted. Content marketing on the other hand, an attempt to carve out consumer attention with brand-sponsored editorial, could work well in native ad positions. "We have a responsibility to the quality of *The New York Times* to make sure promoted content lives up to that," Tomich said. "And for a *Times* reader to engage with it and share it, it has to live up to the value and quality as well."

BRAND DISCLOSURE

Compared with some other practitioners, *The New York Times* has adopted relatively strict rules for labeling sponsored stories. This rigor however, sometimes mocked by sites with a looser approach, is not necessarily a negative for brands. "It is a non-negotiable for us," said **Ricky Baizas**, a social media specialist at **Nestlé USA**'s Digital Center of Excellence, also taking part in the webinar, which was co-organized by Sopa (Society of Publishers in Asia) and *Media Business Asia*. "What we value most is our consumers' trust," Baizas added. "Full disclosure is very important. Our job and our responsibility, together with the publisher and our media agencies, is to come up with cohesive content. But it has to be very clear for any reasonable consumer that this is a paid ad."

Native advertising isn't something brands should tinker with, counseled Baizas, who previously worked



XT BIG THING
VERTISING

for the food and drink giant in a regional digital role in APAC. Half-hearted efforts, in terms of time and money, are unlikely to deliver favorable results, discouraging advertisers from spending more. If done well however, native advertising can boost ROI. "You need something to compare it to, so that you have a benchmark, whether it is a previous campaign that you want to improve or how an ad network buy performed in the past," Baizas added. "You have to be very clear if you want to have cost efficiency or something else. Establish what you want to achieve first, then have benchmarks set, and do your best to monitor those results afterwards."

Momentum in Asia will only take off once publishers start pushing native options here, noted **Yean Cheong**, APAC leader of MAP, a group of specialist digital practices within agency network **IPG Mediabrands**. Some brands are still pondering the right mix of TV and online video, Cheong added, while others that may be interested in native advertising don't have enough budget to run tests to get started. Nonetheless, the popularity of social media platforms, with native ad units baked in, could propel adoption.

WHY THE NEW YORK TIMES WENT NATIVE

"Native advertising as a whole has a lot of controversy around it, but as a business it made a lot of sense. More than ever, the marketers we work with have the ability with social media to become story-tellers. Existing digital ad formats, that have progressively become more standardized in banner form, weren't delivering those capabilities. **At a high level, native advertising is a publisher's platform to offer similar benefits to what social media can do for brands.**

The need for new formats speaks to a lot of things. *The New York Times* still has a substantial banner business, it's something we value greatly, but going beyond the banner and working more in content is something brands need to do to reach an audience in ways we haven't seen before.

Mobile is incredibly important. On any given news day, a big event could cause a surge in traffic in which mobile devices account for more traffic than desktop traffic. Mobile banner advertising has addressed direct response, but not how to do larger brand awareness. Content is a great format in mobile, because people can share it and scale it across various social platforms.

For the most part, every publisher in the US now has some form of native advertising platform, so it's table stakes for us to introduce a platform like this. It was more about how do we do it differently, and how do we offer the same cachet – that *Times* journalists have in the industry – with native."

Sebastian Tomich, advertising VP, The New York Times

"Some advertisers in Asia have dabbled in branded content, and I think it will be a welcome move to look at native formats," Cheong said. "But firstly, we need to convince them this form of advertising has a role in their overall marketing needs. One of the biggest challenges advertisers in Asia will face is, who is writing that content? If publishers come forward with creative talent and writers, that in itself would help some of our advertisers overcome the barriers very quickly."

The full webinar can be viewed online at www.sopasia.com

TAKE OUT - *Native ad formats, an alternative to banner advertising, pose challenges to traditional news publishers, but are set to become more popular on the back of rising digital spend and competition.*

时尚影
THE BUSIN

DIGITAL OPENS DOORS, BUT MEDIA COMPANIES NEED TO KNOW WHERE THEIR STRENGTHS LIE, SAYS JEFF CHANG, LEADING A BUSINESS TRANSFORMATION FOR ONE OF CHINA'S BIGGEST MAGAZINE PUBLISHERS

Jeff Chang, the man orchestrating a business transformation for Chinese magazine publisher Trends Media, wants to hurry, even though the group's portfolio – including local versions of international mastheads such as *Cosmopolitan*, *Esquire*, *Good Housekeeping* and *Men's Health* – seems to be doing rather well.

There is little pressure for Chang's initiatives to deliver short-term financial returns, especially as competition within China's lifestyle magazine sector, made up of a handful of major players, is relatively stable. A more pressing concern is shoring up relationships and signing up partners, to give Trends an edge in a new digital ecosystem where content, commerce and community overlap. "For me, the most important thing is not the revenue," Chang explains. "It is the exclusivity."

Chang has been busy recruiting fashion bloggers, for instance, providing them with distribution and a share of revenues on a new publishing platform Trends has developed, to foster closer business ties. "If they work with me, it means they cannot work with others," he adds. "I want to pre-empt. That's why I rushed to do a lot of things which help me get a foot on the ground. The idea is not to make money, it is to pre-empt resources. Then I can figure out how to do it."

Trends began life as a single magazine in 1993, launched by a business-minded journalist Liu Jiang with backing from China's Ministry of Tourism as well as US publishers Hearst and IDG. Liu remains group president to this day. Chang, Trends' VP of strategy and business development, was brought on board as part of a major group restructure in 2010, with a mandate to start preparing the group for inevitable changes in the publishing landscape.

One early priority was extending the reach of Trends' titles, each operated as separate business units, beyond print into other media. Part of this has been about fostering a richer online presence – including iTrends, a social network for opinion leaders incorporating Trends content, as well as Newsstand, an aggregation platform for in-house apps. However, Chang has pushed into other media too, with seven branded TV shows – each aligned with a particular magazine – carried on near-national satellite TV stations, as well as a lifestyle-oriented radio slot, which draws on multiple titles for its content, airing in Beijing and Shanghai.

Chang wants more. The bigger the audience, the

影响力

NESS OF INFLUENCE

greater the cultural sway Trends has in fashion and lifestyle circles, improving the odds for new ventures in the future. "One of the objectives for my role is to diversify our revenue sources," Chang explains. "Number two is to extend our influence."

Some of the groundwork is starting to pay off, with Trends forging strategic partnerships with heavyweights such as Samsung and Pepsi over the past 18 months, in the areas of paid online content and ecommerce respectively. The overall journey remains a long haul, however. While Trends' traditional lifestyle content business still has value in an interconnected world – as a digital meeting place for consumers, brands and industry movers and shakers – media can also serve as a cornerstone for new service-based businesses, ranging from education to investment, and ecommerce to marketing services. "The goal is to transform Trends Media Group into Trends Group," Chang says. "Media should be one of the pillars, rather than the whole pillar."

Advertising continues to deliver the lion's share of revenue today, but Chang has been busy sizing up alternatives. In 2011, he set up an investment team with an annual RMB100 million (US$16 million) fund, in order to keep tabs on emerging new business models and technologies. These also help Trends tap hard-to-get resources. One portfolio company, for example, now makes the company's apps. The team has taken minority stakes in seven companies to date, from US fashion blogging site Monogram to Chinese online florist Roseonly, with more in the pipeline.

Good, relevant deals are hard to find, however. "We have a dedicated fund, but we have never used it all," Chang says. "We have probably allocated too much for the moment, but it seems to be okay." Difficulties in finding investment opportunities prompted Chang to make the team part of a larger innovation hub for fashion start-ups last September, in collaboration with media agency network GroupM and US research center, MIT Media Lab. The new initiative, which fast-tracks promising concepts into pilots that may merit further investment, helps raise

Trends' profile in the start-up sector. A new website incubated by Chang, Fashion Insider, also doubles up as a promotional platform for startups, extending the net further. Theories about digital transformation are easier to articulate than put into practice, however. "Everybody understands what can be done," Chang says. "The fundamental difference is how. I don't think we need to innovate anything – we just need to do it better."

One case in point is China's highly competitive ecommerce space, of particular interest to women's glossies that are often regarded as alternative catalogs for the latest clothing lines. Magazine sites will struggle to attract enough shoppers to compete with pure-play ecommerce sites, although deeper consumer understanding could make online retail more attractive in the future. However, there may be another curational role that magazines can play, building on existing editorial skills. In conjunction with suppliers and retailers, magazine brands could potentially nudge readers down the path to purchase, offline as well as online. Nonetheless, that's the tricky bit, Chang notes. "We have invested in a company in Silicon Valley doing the content-to-commerce business," he says. "We learned quite a lot. It's not when you have content, then you will naturally drive to commerce. It depends on the engagement, on understanding, on relevance in terms of location. We need more detail to execute, and we don't have that detail yet."

In the midst of all this digital activity, Trends still managed to launch another magazine at the end of 2013 – *Harper's Bazaar Art*. Given the dynamism in China's art market, the launch was an imperative, Chang explains. Trends will continue to build its print portfolio, as new segments emerge. "Wherever it makes sense, we won't stop doing new magazines," he explains. "We want to be everywhere in the lifestyle genre."

That said, Trends is unlikely to launch another new print publication in 2014, as momentum behind many new business areas, which had taken a while to pick up, is entering an important stage of development. It's a question of priority. More, for example, can be done in education, a promising sphere to extend Trends' reach and influence. This follows the launch of a new fashion and luxury management course last year, in conjunction with Beijing's Tsinghua University, French business school HEC Paris and French fashion and design nonprofit IFM. Existing national outreach to bloggers meanwhile, in areas such as food as well as fashion, will deepen to a city level. Chang is also eyeing a second blogging platform, this time one where writers can self-publish rather than going through Trends.

Some initiatives may not live up to their promise. What's important is being able to respond to those that do. "We are still at a very early stage in terms of the new world," Chang says. "I am not going to worry about the money for now. I am worried about the capability. If you have that, the money will come, but if you are chasing all the different money, you will lose your focus, and forget to prioritize your resources or do the right thing."

That, Chang argues, is short-term thinking that will undermine long-term business prospects. "It's still too early," he stresses. "We are in the business of scarce resources – celebrities, designers, bloggers – all scarce resources. So the most important thing for me now is to pre-empt." MBA

TAKE OUT - *Trends Media Group, one of China's biggest publishers of lifestyle magazines, is remodeling itself as a stable of vertical hubs that can bring advertisers, industry players and readers together in a digital world.*

DECISION TIME
For Vietnam Local Studios

PRODUCTION HOUSES ARE ADOPTING DIFFERENT INVESTMENT STRATEGIES TO MEET RISING DEMAND FOR HOME-GROWN SHOWS

Demand for home-grown TV content is soaring in Vietnam, and local program-makers are scrambling to keep up. Le Thi Phuong Thuy CEO of Ho Chi Minh City-based studio Tri Viet Media (TVM), sizes up the challenge. "[The industry] needs about 40,000 hours of content, but in the production houses we just supply 10,000 hours per year," she muses. Despite demand, local production houses ply their trade in a market where rising competition and a shallow talent pool weigh on margins.

TVM's foothold in the market is HTV3, a popular digital channel targeting pre-teens that is owned by broadcast major, Ho Chi Minh City TV. Le is expanding TVM's production facilities with new sets and programs to feed demand for distinctive content as competition between free, pay and online channels heats up. "We want to enlarge our audience group to 4-25 years," Le explains. "In the next three years, we will develop more teenage and youth content."

Despite a shaky economy, high TV penetration in Vietnam (~86%) makes it an attractive platform for mass-market advertisers. Pay-TV is a predominantly upscale proposition but it is unlikely to pressure free TV substantively until the next decade.

A FINE BALANCE

Increasingly, state-run provincial broadcasters – traditionally reliant on national station VTV for content – are looking for more distinctive fare. Asian imports were popular until the government ordered that local shows comprise at least 30% of prime-time. Home-grown productions can be riskier than proven foreign shows, but studio heads believe they can balance costs and return. TVM, for example, buys 70% of its programming from abroad, while producing 350 hours. Le aims for parity by 2016.

Le had hoped TVM would break even in 2011, but capital expenses such as studio expansion have pushed that date back to 2014. Meanwhile, selling in-house capabilities such as dubbing and subtitling to third parties maintains revenues.

In contrast to TVM's more niche approach, 18-year-old studio BHD has anchored its mass strategy around higher volumes, but lower margins. Sustained output helps lock in skilled staff, a key resource, argues CEO Ngo Thi Bich Hanh. Even though new hires spend as long as a year in an informal apprenticeship program, Ngo fears that a dip in work may entice some to seek employment elsewhere. "We need enough jobs for the whole year to maintain production quality," she explains.

MARKET SHARE FIRST

Employing 300 full-time staff in Hanoi and Ho Chi Minh City and 50 part-time employees, BHD produces 1,000 hours of entertainment and ~250 hours of drama each year, the majority for VTV. Ngo won market share with cheaper productions and imported formats, dodging costly investments in talent and advanced facilities. Localized reality formats such as *Vietnam Idol, Amazing Race* and *MasterChef* are BHD's calling card, but genre overcrowding is denting their appeal.

Ngo has begun diversifying, investing in pay-TV channel FBNC (Financial Business News Channel). Airing four hours of original daily content for ~2 million Vietnamese households, FBNC is also funded by Malaysia media major, Astro. Nonetheless, formats remain core. "We need a long time to invest in good quality shows and scripts," Ngo says. "But when we buy international formats, that period is shorter." MBA

TAKE OUT - *Shifts in the competitive landscape are opening up long-term opportunities for Vietnam's local production houses, but costs and competition stand in the way of success.*

Full video documentary on MEDIA BUSINESS ASIA .com

Mondelez Mobilizes

DIGITAL EVANGELIST BONIN BOUGH IS OVERHAULING THE FMCG COMPANY'S ENTIRE MEDIA PLAN

As with most FMCG advertisers, snacks company Mondelez International – home to billion-dollar brands such as Cadbury Dairy Milk chocolate, Oreo biscuits, Stride gum and Tang powdered drinks – still spends most of its media budget on TV. The Mondelez executive running global media and consumer engagement however, Bonin Bough, had little experience of marketing via traditional channels before taking up his current role just over two years ago, previously managing social and digital worldwide for food and drinks major PepsiCo. In fact, up to that point, Bough had only ever worked in digital roles since graduating from college back in 1999. It was an unconventional move, driven by a desire to bring in a fresh perspective, Bough says. "Before I was hired, my boss said: 'We believe that all media is digital. We want a digital guy to help chart the future of media'," he recalls.

The sentiment typifies Mondelez, a relatively young company spun out of Kraft Foods in late 2012 that is directly exposed to worldwide shifts in consumer connectivity and buying power. Unlike its former parent, which now focuses on the grocery business with a heavy emphasis on North America, Mondelez is geared towards fast-changing growth markets, which represent around 40% of company revenues. At the same time, the rise of the mobile phone as the primary screen for communications and digital consumption across much of the world is especially pertinent for the snacks category, where purchases are often triggered by impulses close to the point of sale. It's Bough's job, and main challenge, to steer Mondelez's marketing through this transition, encouraging marketers to try out new approaches internally while kickstarting

innovation programs in markets where mobile is making a big impact on people and businesses.

That, Bough concedes, is just about everywhere. The rapid pace of economic, social and technological change in Asia however – where many of the world's mobile devices are being made – merit close attention. "Even the smartphone market is being transformed from a price standpoint, data plan standpoint, capability standpoint," Bough says, brandishing his own phone in a café in Shanghai. "This is a purchasing device. When I can see you buying something with this device, and I can target that data, that's really exciting. Things are going to happen a lot faster here."

BUDGET GOALS SET THE PACE

Mobile, a gateway for ubiquitous digital communication and consumption, provides the wind in Bough's sails. A commitment to spend at least 10% of Mondelez's media budget is common sense, he argues, as phones and tablets take up more consumer time and attention. That goal serves as an important marker, because it helps set the pace, but only addresses one aspect of mobile's marketing potential, Bough points out. The real wins are in leveraging proximity to other key touchpoints, from the shelf in the convenience store to the TV in the living room. Studies show that advertisers can double the effectiveness of TV spots by tapping into the general conversation generated by a particular program, invariably with a social campaign delivered through a mobile device. "Let's say most FMCGs spend on average 90% of their investment on TV," Bough says. "If you can get 90% of your investment to work twice as hard, that's a massive unlock. For us, that's where the opportunity is – how they work together. No more thinking about media in isolation."

Striking the right balance is tricky however, especially when a small spend can exert such a large influence on other media. That becomes especially difficult in growth markets, where key information sources used to judge marketing success, such as retail data, are thin on the ground and often highly fragmented. At the same time, mobile itself, a blanket term for a tangled mess of different technologies rather than a single channel, is particularly difficult to deal with – partly the reason why shifting budgets from other communication channels remains difficult. Some believe mobile marketing will come into its own once ad formats are standardized, making them more portable, in the same way agreed standards for TVCs provided much needed traction in the early days of TV, or banner ads did the same for online. Bough, however, is skeptical that day will ever arrive for mobile. "The bottom line is that it is not going to get easier," he warns. "It is difficult. But the winners are going to be those that realize, with a little bit more hard work, they can actually get a lot greater impact."

The rewards are richer capabilities and opportunities that marketers never had before, from targeting to data collection (which makes driving traffic to Mondelez properties online even more important in data-poor markets in South and Southeast Asia). Continued media proliferation is pushing marketing's cherished goal of all-encompassing 360 degree communications further out of reach, Bough points out. Brands, and their agencies, have to get smarter, as budgets can't hope to keep up. "We jokingly talk about 36-degree communication," he says. "How do you look very analytically at a consumer journey, and understand what are the key touchpoints that are most likely going to drive to your business objective?"

This shift triggered a global consolidation into two lead media agencies, Carat and MediaVest, charged with rolling out this new approach worldwide. Carat is the main agency for much of Asia-Pacific. "Almost all the markets have been trained," Bough notes. "We have a global backbone with over 80% of our spend with our two core agencies that are using this philosophy for every single brand, in every single place. The real driver and the engine behind this is the connections map. It's communications planning."

"The bottom line is, this is not going to get easier"

Also high on Bough's agenda is exploring ways to work with local innovators and entrepreneurs, seeking to infuse Mondelez with levels of ambition and daring more often exhibited by scrappy start-ups than large corporates. Soaring valuations for relatively young internet companies are a market endorsement for bold companies willing to break outmoded business models, posits Bough, keen for Mondelez to join in. He is cheered by attempts to shake up Mondelez's corporate culture in the US, where an initial wave of marketers were seconded to selected start-ups for a week – even though to a person they came back wanting to work at the smaller companies full-time. After a week or so however, that energy turned inward, as hoped, where there are more resources and some big consumer-facing brands to play with. "We

now have a class of marketers who are going to move through that organization with that experience driving how they think," Bough says. "We will accomplish that in some markets over and over again. The key is unlocking cultural trends."

The US project was wide-ranging, also including an element to incubate start-ups internally, but Bough has started exporting the program to other markets, adapting it to suit the maturity of the local internet landscape, as well as Mondelez's on-ground sales. Brazil was next, followed late last year by a partnership with the Asia-Pacific branch of ad agency network, Ogilvy and Mather. Mondelez imported its Latin American digital incubator, Fly Garage, to become the cornerstone partner for Ogilvy's K1nd initiative, a recently hatched technology and design-oriented brand development unit. The partnership is being piloted in Australia and Southeast Asia.

China, with its own lively and quite distinct mobile ecosystem, could be next for a localized collaborative push. It's a critical battleground that also doubles up as a classroom for the future of global marketing. "This market not only has ambition but also a level of innovation and pace of change that we are not seeing any other place in the world," Bough says. "Let's be brutally honest," he adds. "It also has a totally different ecosystem of media partners on the digital and mobile front, which are taking lessons from the US and leapfrogging them. There is a lot to learn here. I firmly believe in a China-Out strategy. I see this continuing to be the marketing powerhouse for the future."

As part of Mondelez's digital transformation, Bough has already struck global deals with the likes of Google, Facebook and Twitter, vast networks for digital distribution, but these power-players have little sway inside the world's largest internet market, where local giants such as Alibaba, Baidu and Tencent rule the roost. These companies, already amongst the largest in China, have international aspirations too. Tencent's popular mobile messaging app Weixin, marketed as WeChat outside China, is spending big, signing up football icon Lionel Messi to help promote the brand across growth markets in Asia, Latin America and the Middle East. It won't be long before Mondelez starts inking global deals with companies from China too, Bough speculates. That said, plugging into the fresh thinking coming out of China, driven by a competitive intensity unseen in the US, is just as important. "This market is going to dictate different philosophies for us to think globally," Bough contends. "There are sometimes not clear market leaders like [image-sharing site] Pinterest, for example. There are four in China, all driving different types of innovation. Pinterest does not have that competition. It's forcing us to think differently."

That doesn't mean Bough is neglecting other key markets in Asia. India for example has seen some of Mondelez's most effective mobile marketing pushes, he points out, including work on the localized version of *Who Wants To Be A Millionaire*, still a top-rating show, as well as a Twitter tie-up around the Indian Premier League (IPL), the country's biggest annual cricket tournament.

India may lag China in terms of internet and smartphone penetration, but that's no reason to hold back. Mobile is still a mass and personalized medium, with a reach that exceeds TV. "Text is a huge platform, and underutilized," Bough remarks. "At the end of the day, there is a very similar strategic approach or imperative around mobile, but with a different creative delivery."

WHY MOBILE MAKES SENSE FOR MONDELEZ

"Mobile growth is extremely important. It is the first screen many people in growth markets will have, before they have anything else. You're crazy not to learn how to win on this device."

"It's how you get the media messaging to the point of buying. This device is at the point of buying – that's why it makes a lot of sense for us, that's why it's such a massive strategy."

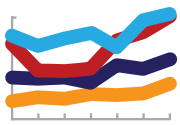
"For the first time in my life, I can target you at zero moment of purchase in-store, uninhibited without any other partner. All I have to do is have your address. If I tell you outside of a convenience store I see 10% lift; if tell you inside, I see 22% lift. Those are massive numbers."

"The primary use of this device is social networking. All of a sudden this becomes an enabler that makes our media work much more effective. From my point of view, this is not a risk. It's playing the numbers."

TAKE OUT - *The way consumers use the mobile phone has prompted Mondelez, one of the world's biggest FMCG companies, to rethink its whole approach to marketing.*

Healthy, But Underlying Concerns

REGIONAL - Net advertising to grow 7% in 2014
REGIONAL - Demand improves in mature markets
CHINA - TV steady at mid-to-high single-digit growth
INDIA - Hopeful signs after stagflation in 2013
INDONESIA - Local spend up, while MNCs hold back
PHILIPPINES - Still robust in a post-elections year
THAILAND - Pick-up pending a political resolution
VIETNAM - Stable growth, but unrealized potential



The road ahead for media owners will not be entirely smooth this year, but there are points of acceleration and momentum. "The macro landscape remains bumpy and local consumption is not great," says Vivek Couto, director of Media Partners Asia (MPA). "Elections and the Fifa World Cup will help buoy demand but macro softness is limiting growth prospects. That said, we expect more momentum in most emerging markets from Q2 onwards, especially in the second half of the year when underlying market demand will reveal itself in the absence of any major events. That will be crunch time.

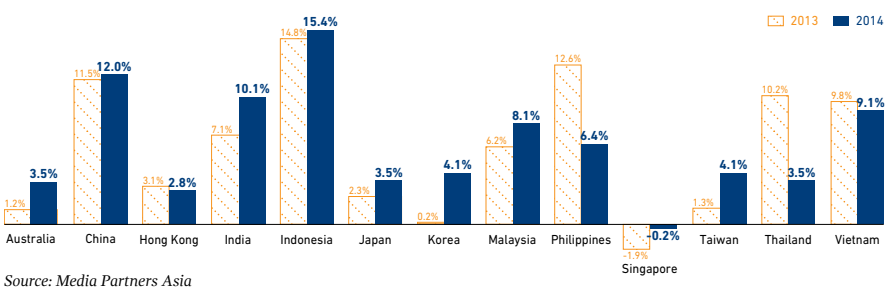
"One concern is that spends from multinational advertisers have yet to accelerate in 2014," Couto adds. "There were some budget cuts in Southeast Asia and India in the second half of 2013, and we have yet to see a significant reacceleration in Q1 2014, although a few big advertisers have started to increase budgets in a couple of Southeast Asia markets. In addition, demand is looking a lot better in mature-cycle markets such as Australia and Japan, while Korea – in the doldrums for 2012 and 2013 – is likely to rebound in 2014."

According to MPA, net advertising revenue (measured after discounts) rose 5.7% in 2013, and is forecast to climb a further 7% this year. Indonesia leads in terms of growth, although MPA has downgraded its forecast for 2014 from +19.5% to +15.4%. Indonesia is followed by China (+11.6%) and India (+10.1%), which is expected to pick up momentum in 2H 2014. Mature markets Australia and Japan will also grow reasonably well from a high base, both increasing ad spend by 3.5%. Korea's ad market is expected to see a 4.1% lift in 2014, after a marginally below flat performance last year.

While the global economic outlook has improved, developed rather than emerging markets appear to have benefited the most. Morgan Stanley's economics team expects global real GDP to improve gradually to 3.4% growth in 2014 from 3.0% last year, led by an improving outlook for developed economies, while "emerging market economies are likely to struggle with their transitions to new growth models."

Real economic growth in Asia ex-Japan came in at 6.1% in 2013, according to Morgan Stanley. That pace is expected to moderate to 6% in 2014, before reaccelerating to 6.4% in 2015.

Net Advertising Growth



Source: Media Partners Asia

Real GDP Growth

	2013	2014	
Australia	2.5%	2.8%	↑
China	7.7%	7.4%	↓
Hong Kong	2.9%	3.3%	↑
India	4.7%	5.4%	↑
Indonesia	5.8%	5.7%	↓
Japan	0.6%	1.0%	↑
Korea	2.8%	3.5%	↑
Malaysia	4.7%	5.1%	↑
Philippines	7.2%	6.5%	↓
Singapore	4.1%	3.8%	↓
Taiwan	2.1%	3.4%	↑
Thailand	2.9%	3.2%	↑
Vietnam	5.3%	5.4%	↑

Source: Consensus economist estimates

In China, domestic demand will continue to face the heat, due to weaker productivity and high levels of debt. As a result, economic growth is expected to slow from 7.7% in 2013 to 7.4% this year. Expectations for China's ad market have been largely lifted by forecasts of 30%-plus growth for digital media (set to pass 25% market share this year), as well as an 11% lift for out-of-home (set for a 21% share). TV should trend along mid-to-high single-digit increases, while print will stay flat or experience marginal growth at best.

In India, the economy experienced a prolonged period of stagflation for much of 2013. However, some economic indicators have improved in recent months, including declines in the current account deficit and moderation in the fiscal deficit, while the rupee has strengthened. Clarity on the political landscape has also improved with renewed hopes that a BJP-led coalition

may come to power in 2H 2014, displacing a desultory Congress. This has boosted secondary capital markets as well as foreign investment flows, with Goldman Sachs recently upgrading its India market outlook.

The consensus among media buyers is that India's ad market will expand at a low double-digit rate (10-12%) in 2014, with stronger growth expected in 2015. In TV, the key challenge will be increasing yields as volumes drop to implement a government-prescribed ad cap. Frequent channel blackouts, as operators execute government plans to roll out digital cable, have led to ad hoc reporting of TV ratings.

Print will benefit from political as well as government advertising, continuing to make up more than 40% of India's ad spend. Radio will expand with new licenses and the launch of new stations, strengthening radio's reach in rural markets. This will attract advertisers in the FMCG, consumer durables and auto categories.

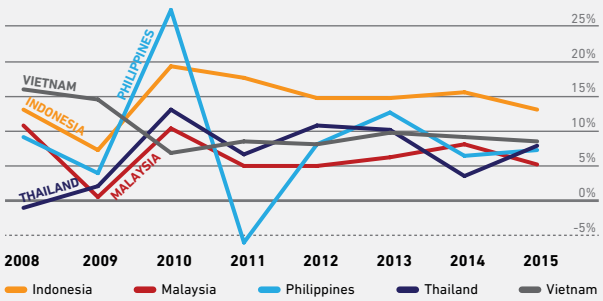
SOUTHEAST ASIA: GROWTH, BUT MOUNTING PRESSURE

Southeast Asia's key ad markets continue to grow rapidly from a low base, but are experiencing mounting pressures.

In **Indonesia**, economic and advertising activity moderated in 2H 2013. The economy will remain resilient in 2014 while facing headwinds, although the 2014 Fifa World Cup tournament and national elections will help boost advertising growth. The big pressures this year are coming from rising interest rates, fuel price increases and softer commodity prices. The economy should grow by 5.7% in real terms during 2014, and by 6.0% in 2015, according to consensus economist estimates.

Multinational advertisers in Indonesia started to control and in some cases cut ad budgets during 2H 2013. This trend is expected to continue to some degree in 2014, although some MNCs are holding back until after elections in May-June. Local advertisers meanwhile are stepping up aggressively, with regional brands in categories such as FMCG starting to go national with their campaigns.

Indonesia Stays In the Lead
Net Advertising Growth



Source: Media Partners Asia

Among MNCs, Unilever will maintain its spend levels this year. In March, the company implemented its first price increase in the personal care segment, and is likely to maintain advertising and promotion spends at 13% of total sales in 2014. Most of this budget has been going towards TV, which has close to 70% of the Indonesia ad pie, but spend has also been rising on digital, which is on course for a 4.5% share of Indonesia's ad market by end-2014, on the back of 30-40% annual growth rates.

The ad market in the **Philippines** grew 12.6% in 2013, boosted by the economy and elections but somewhat offset by natural disasters. Ad demand normally plummets in post-election years, but local buyers suggest demand remains relatively robust, with forecasts calling for 6.4% growth this year. The key issue is with TV, which has ~70% of ad budgets. The sector faces the onset of digital terrestrial TV, which threatens to fragment audiences, as well as consolidation, with a heavily bleeding third player (TV5, owned by PLDT) looking to stem losses.

Political risks in **Thailand** have increased and economic growth has largely halted. MPA's base case is that the political impasse will be resolved in 2014, most likely near mid-year. Net ad spend growth will soften from 10.2% in 2013 to 3.5% in 2014. Longer-term, Thailand's ad market has significant depth and potential, supported by a stable economy and expanding inventory, particularly with this year's launch of 24 digital terrestrial TV channels. Digital advertising is also expected to strengthen, following a similar trend to Indonesia.

The economic outlook in **Vietnam** has stabilized but growth will remain below potential, with problems facing the banking sector, state-owned enterprises and the real estate market. That said, Vietnam's ad market should still grow by 9.1% in 2014, versus 9.8% last year. Going forward, advertisers are expected to increase focus on the rural market, where two-thirds of the population lives.

Malaysia's economy will also fare better this year. Exclusive Fifa World Cup coverage is expected to boost ad revenues for leading pay-TV operator, Astro. So far, both free TV and newspapers have enjoyed healthy growth through Q1, but magazines and radio have found the environment more challenging. MBA

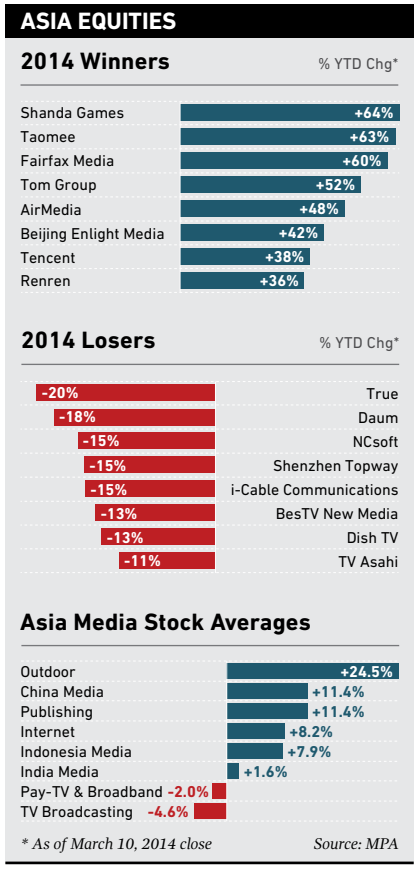
A Bumpy Road

Investors re-evaluate exposure to TV

Emerging Asia ex-Japan equity fund investors have been selling down at almost the fastest rate since the global financial crisis in Q4 2008. It's a tricky time for emerging markets, subject to the whims of multinational advertisers as well as international investors.

According to analysts from Nomura, more than US$30 billion has flowed out of dedicated Asia ex-Japan regional and country funds over the past 12 months, representing 1.5% of index market capitalization.

At the same time, demand for Japanese equity funds has risen among global investors, who have bought more than US$55 billion worth since mid-November 2012. That said, sentiment turned in 2H 2013, from bullish to neutral. Japanese media equities appreciated significantly in Q4 2012 and through much of 2013, but shed some of these gains in a pricey market during Q1 2014.



Nonetheless, only two of the Asia media indices tracked by industry analysts Media Partners Asia (MPA) are in negative territory for the year to March 10 close: TV Broadcasting; and Pay-TV & Broadband. The slight dip in MPA's TV Broadcasting index reflects partial sell-offs following year-end 2012 highs in Japanese free TV networks – TV Asahi (-11%), Tokyo Broadcasting (-8%) and Fuji Media (-5%). In Pay-TV & Broadband meanwhile, investors continue to sell down India's Dish TV, Hong Kong's i-Cable and China's Shenzhen Topway, due to deteriorating fundamentals.

A BRIGHTER FAIRFAX

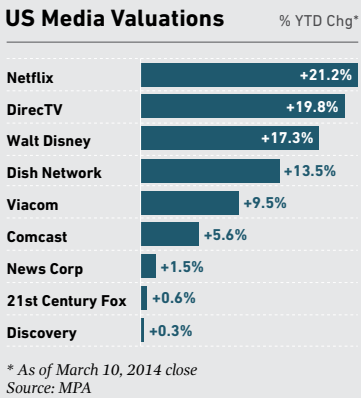
Big equity gainers this year include Australian publishing company Fairfax Media, benefiting from significant cost savings. Fairfax's print business remains in inexorable decline however, while its fast-growing digital revenues contribute only 16% of turnover. That said, investors appreciate the cost cuts, as well as the company's strong real estate portal Domain, in addition to mounting speculation on an incoming merger with leading media company, Seven.

China's Renren, the operator of a Facebook-like social networking site, was also a big-time winner as of March 10. However, Renren stock has since slipped significantly after another disappointing financial result, amidst weakness across the company's advertising and gaming segments. MBA

DISNEY'S INNOVATION DRIVE KEEPS INVESTORS HAPPY

Disney remains an investor favorite, continuing to innovate in pay-TV and broadband distribution. For example, a milestone carriage deal with US DTH giant Dish, which also has wireless broadband aspirations, provides long-term carriage for Disney's existing services along with new channels, more affiliate fees, expanded on-demand and authenticated rights, plus streaming rights with a focus on dynamic ad insertion and mobile advertising.

The most interesting component is a plan to stream limited Disney content as part of a to-be-launched online offering for Dish's broadband-only customers, as that may nudge cord-cutters and possible cord-nevers back to a traditional pay-TV offering.



Global Leaders

Companies ranked by market cap (US$ billion)

	Company	Sector	Market Cap
1	**Google**	Internet	298.6
2	**Walt Disney**	Media & Entertainment	156.8
3	**Facebook**	Internet	154.0
4	**Tencent**	Internet	147.3
5	**Comcast**	Broadband Cable/Pay-TV	107.8
6	**Time Warner**	Media & Entertainment	77.0
7	**21st Century Fox**	Media & Entertainment	76.2
8	**Baidu**	Internet	62.7
9	**Yahoo!**	Internet	51.3
10	**Viacom**	Media & Entertainment	49.4
11	**DirecTV**	Pay-TV	47.8
12	**Yahoo! Japan**	Internet	38.3
13	**NHN**	Internet	37.0
14	**Discovery Communications**	Broadcasting	36.2
15	**Dish Network**	Pay-TV	27.5
16	**Netflix**	Online Video	25.9
17	**BSkyB**	Pay-TV	25.1
18	**NetEase**	Internet	9.1
19	**JCDecaux**	Outdoor Media	8.9
20	**News Corp**	Publishing	6.7
21	**BesTV New Media**	Pay-TV	5.7
22	**StarHub**	Telecom & Media	5.6
23	**Astro Malaysia**	Pay-TV	5.4
24	**Singapore Press Holdings (SPH)**	Publishing	5.3
25	**Youku Tudou**	Online Video	5.3
26	**Liberty Global**	Media & Entertainment	5.2
27	**Zee Entertainment Enterprises**	Broadcasting	5.0
28	**Fuji Media**	Broadcasting	4.9
29	**Nippon TV Network**	Broadcasting	4.8
30	**Surya Citra Media (SCM)**	Broadcasting	4.5
31	**Sina**	Internet	4.3
32	**Beijing Enlight Media**	Program Production	4.2
33	**NCsoft**	Online Games	4.0
34	**Media Nusantara Citra (MNC)**	Broadcasting	3.7
35	**True**	Telecom & Media	3.6
36	**BEC World**	Broadcasting	3.4
37	**EMTEK**	Broadcasting	3.4
38	**Global Mediacom**	Media & Entertainment	3.3
39	**Sohu**	Internet	2.9
40	**Seven Group Holdings**	Broadcasting	2.9
41	**Sun TV Network**	Broadcasting	2.8
42	**Television Broadcasts (TVB)**	Broadcasting	2.7
43	**Huayi Brothers Media**	Program Production	2.5
44	**Tokyo Broadcasting System (TBS)**	Broadcasting	2.3
45	**Fairfax Media**	Publishing	2.3
46	**Nine Entertainment**	Broadcasting	2.3
47	**Hunan TV & Broadcast**	Broadcasting	2.1
48	**TV Asahi**	Broadcasting	2.1
49	**Sky Television**	Pay-TV	2.0
50	**Sky Perfect**	Pay-TV	1.9
51	**Shanda Games**	Online Games	1.9
52	**Phoenix Satellite TV**	Broadcasting	1.8
53	**Renren**	Internet	1.7
54	**MNC Sky Vision**	Pay-TV	1.7
55	**Changyou**	Online Games	1.6
56	**Asian Pay Television Trust (APTT)**	Pay-TV	1.5
57	**CJ E&M**	Broadcasting	1.4
58	**Beijing Gehua**	Broadband Cable/Pay-TV	1.4
59	**CJ HelloVision**	Broadband Cable/Pay-TV	1.2
60	**Tom Group**	Diversified Media	1.1
61	**Perfect World**	Online Games	1.1
62	**KT SkyLife**	Pay-TV	1.1
63	**DB Corp**	Publishing	1.0
64	**Dish TV**	Pay-TV	1.0
65	**Daum**	Internet	0.8
66	**Media Prima**	Media & Entertainment	0.8
67	**MCOT**	Broadcasting	0.7
68	**GMA Network**	Broadcasting	0.7
69	**Hathway Cable & Datakom**	Broadband Cable/Pay-TV	0.6
70	**SBS Media Holdings**	Broadcasting	0.6
71	**ABS-CBN**	Broadcasting	0.6
72	**Shenzhen Topway**	Broadband Cable/Pay-TV	0.5
73	**Visi Media Asia (Viva)**	Broadcasting	0.5
74	**Star Publications**	Publishing	0.5
75	**Ten Network**	Broadcasting	0.5
76	**Clear Media**	Outdoor Media	0.5
77	**Jagran Prakashan**	Publishing	0.5
78	**TV Tokyo**	Broadcasting	0.5
79	**Hyundai Communications**	Broadband Cable/Pay-TV	0.4
80	**APN News & Media**	Diversified Media	0.4
81	**SCMP Group**	Publishing	0.4
82	**SBS Contents Hub**	Movie Distribution/Operations	0.4
83	**DEN Networks**	Broadband Cable/Pay-TV	0.4
84	**HT Media**	Publishing	0.4
85	**Entertainment Network India Ltd**	Radio & Outdoor Media	0.3
86	**GMM Grammy**	Program Production	0.3
87	**Taomee**	Internet	0.3
88	**Next Media**	Publishing	0.3
89	**Oriental Press Group**	Publishing	0.3
90	**i-Cable Communications**	Broadband Cable/Pay-TV	0.2
91	**Hindustan Media Ventures**	Publishing	0.2
92	**AirMedia**	Outdoor Media	0.2
93	**Phoenix New Media**	Online Video	0.2
94	**TV18 Broadcast**	Broadcasting	0.1
95	**Beijing Media**	Publishing	0.1
96	**VisionChina Media**	Outdoor Media	0.1
97	**TV Today Network**	Broadcasting	0.1
98	**NDTV**	Broadcasting	0.1
99	**Network18**	Broadcasting	0.1
100	**Zee News**	Broadcasting	0.1

BEN HUGHES
Financial Times

I don't think the engagement experience on a mobile device is quite as good as it might be - but it's getting better. The possibilities with mobile are probably endless, but you've got to get that platform right.

I do not believe that print is dead, to any extent. If we focus on our key accounts, even the print function is something we can grow as well.

We see bigger bookings come in towards the end of the week, as the advertising agencies try to get better prices. It's a perfectly normal way to behave in this particular market.

We restructured because we're expecting to grow. There's no point changing things at great expense, if you do not believe you're going to get some returns.

I thought video was going to explode about two or three years ago. It's starting to grow now, but there's more work to be done.

The first quarter looks good. But it's a very, very short-term market. I have a funny feeling that short-term is the new normal.

Is there low hanging fruit for mobile and video? Yes - not worth a huge amount of revenue at the moment, but this will grow quite rapidly in the future.

We should grow our digital revenues pretty significantly, and print will be at least flat. If we come out of 2014 having achieved that, we've done a fantastic job.

Compared to last year, we're probably slightly behind the curve in Q2 and Q3, but we are okay as far as Q4 is concerned. We take it day-by-day, and week-by-week.

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