
Chinese TV Changes Face: The Rise of Independents

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Abstract

The state-owned media system in China has evolved considerably since 1994 when the first independent TV production company was officially registered. Today, there are thousands of independent TV production companies looking for market opportunities in China. Independent production companies have facilitated the circulation of program trade and investment, and in the process have encouraged innovation and professionalization. This article focuses on the evolution of independents and the changing face of the television market. It discusses the ecology of independent television companies in China and how government regulations are impacting on the TV production market. It argues that independent TV is providing a new face for China's TV market, one often suspected of being imitative, propagandistic and lacking colour.

Content Crisis

Since the broadcasting reforms began in the late 1980s, television organizations have gradually reformed their function: from government 'institutions' (*shiyey*) to 'enterprises' (*qiyey*), albeit state-owned enterprises; in the process they have evolved their operation to embrace commercial management through the business of advertising and program rights. In this article I examine the development of China's independent TV sector and make some observations about its importance for overall of the development of China's TV industry. I begin by looking at the historical development and current situation of independent television production; following that I turn to the discourse on some of aspects of the emergence of independent TV production; then I try to analyze the influence of independent TV production on the innovation ecology; finally I argue that 'the new face' of Chinese television illustrated by the independent sector is much more autonomous, fresher and more outward-looking than the restricted model typified by the state-managed TV broadcaster.

Through the 30-year period of the Opening Reform, the scale of China's TV

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industry has increased from among the lowest levels in the world to among the top levels. By 2008, there were 277 TV stations at city, provincial and central level, and 1969 radio and TV stations at local level (in the rural areas, radio and TV stations set up together), operating a total of thousands of television channels and broadcasting 14 million hours annually (SARFT, 2009, 185, 186). These channels covered 96.95 percent of the population and included 164 million cable users (SARFT, 2009, 186).

Over the course of the gradual reform of broadcasting during the past three decades TV stations have evolved from political propaganda ‘mouthpieces’ to become enterprises, which maintain a political function alongside their commercial operations. The new commercial momentum drove fierce competition for advertising revenue (Huang, 2006; Lu, 2002; Xie and Dang, 2005). Competition is seen not only in advertising sales but also in more diversified and interesting content.

Content production by TV stations has not kept pace with the expansion in operational scale. Statistics from 2006 show that the production hours of TV stations only occupy less than 20 percent of broadcasting hours (SARFT, 2009, 31). In other words, content production within the TV studios system has been unable to satisfy demand. Consequently, television stations have sought programs from outside the system.

It is clear from this demand that the style of television content favored by the broadcasters requires a degree of innovation. Propaganda content has turned off the audience, especially the younger generation. A survey¹ showed the highest rating of audience shifting occurs at 7:05 p.m. Most channels transmit the same program, the *CCTV News Broadcast (Xinwen Lianbo)*² at 7:00 p.m.; it appears many viewers like to watch something else after the news headline presentation. Accordingly, the genres of television programs also need to be updated.

The emergence of independent production is attempting to meet these challenges. As with the evolution from public service to a dual track public-independent model, which occurred in the 1980s in most European countries and some other Asian countries, China’s television has become ‘characterized by new patterns, agendas and business models’ (Moran and Malbon, 2006, Preface). The growing impact of independent television companies first became evident during the late

¹ From ‘Report on the Effect of News Propaganda’, by the chief editing department of CCTV in 2002 (internal material).

² *CCTV News Broadcast (Xinwen Lianbo)* is a news report program at 7:00 p.m. every day since 1978. It is the most famous and important program carrying domestic and international news by the central government so that it is commanded all of the provincial and local TV stations have to transmit this program at the same time in order to ensure the best coverage at 100 percent to the whole country.

1990s. However, Chinese independents cannot promote their roles like independents in other countries in an environment in which state-owned media organizations have all the advantages in the market. However, in their current form they have already played an important role in engendering competition and innovation in China's television market.

Independent Television in China

Whereas the 'independent' sector operated 'outside the mainstream' (Branston and Stafford, 2006), alongside the four main networks in the US and the main public service system in the UK, in China independent production companies have aligned themselves with the state-owned system in China. In the context of the broadcasting policies of 'socialization' and 'marketization',³ independent studios and the practice of outsourcing began to emerge from the 1990s.

In China, production organizations can be divided into two categories: one inside the broadcasting system; the other outside the system. The former used to be units of the television stations, such as the Beijing TV drama production department. After the reform of the broadcasting system in the 1980s,⁴ many of these units became separate production companies, although remaining attached to the parent broadcaster in a de facto mode of operation, which I will describe below. Those outside the system can be divided into two types: first, those that are state-owned or partly state-owned by government departments (such as Jindun Television Cultural Centre belonging to the Ministry of Public Security and Zhongbei TV Art Center belonging to Beijing All Media and Cultural Group [BAMC]); second are those that are totally private entities. The former can be considered as quasi-independent and the latter as fully independent. Generally, the fully independent television companies are called *minying dianshi* (private TV). One important caveat here is that even though they are 'outside the system' they do not enjoy the kinds of freedom associated with independent production elsewhere in the world.

From the time when the first independent TV production company appeared 'above the ground' in 1994, thousands of independent television production companies have formed. According SARFT (State Administration of Radio, Film

³ In 1992, it was officially recognized that the broadcasting system should be developed as a service industry in the government policy on elevating the development of the 3rd industries (*Guanyu Jiakuai Disan Chanye Fazhan de Guiding*). In the late 1990s, the government officially allowed private organizations, or state-owned organizations outside the state-owned broadcasting system, to become involved in producing and trading in media content.

⁴ In 1983, the four levels policy (*Siji Ban*) shifted financial responsibility for the TV stations from central government to local provincial, city and county government. The result was a proliferation of television stations.

and Television) statistics in 2009,⁵ over 700 independent companies are located in Guangdong Province. Over 600 companies exist in Beijing, which is the highest density for independent production. Zhejiang Province ranks third with over 400 and Shanghai ranks fourth with more than 300 companies. According to the definition supplied by SARFT, there are five main types of production companies: those engaged in TV drama, film, animation, documentary and advertising. Today, independent production is the main content provider for the Chinese TV market. Independent production accounted for 80 percent of content in TV drama. At China's biggest TV program trading event, the China International Film and TV Programs Exhibition in 2008, 75 percent of exhibitors came from 'non-government enterprises' (CITV, 2008), one way of describing independent production companies in China.

To understand the emergence of independent production, it is necessary to consider changes in the regulatory climate. Since 1994, the regulatory approaches can be divided into three stages: *banning*, *acquiescence* and *approval*. According to Lu (2005, Preface) these are described as the 'non-oxygen' stage, the 'lack of oxygen' stage and the 'feeding with oxygen' stage.

Non-oxygen' stage. Before China's economic reform began in 1978, the mass media were entirely ideological and media organizations were an integral part of the political bureaucracy. There was no space for independent companies, as in an oxygen-deprived environment. As the 'mouthpiece', the mass media were considered too sensitive for private investment and were subject to strict government control.

Lack of oxygen' stage. In 1994, the first independent enterprise to engage in TV production registered with the Industrial and Commercial Registration Department in Beijing. The concept of independent TV production subsequently began to be considered by policy-makers, although many independent production companies already existed 'underground'. The first Broadcasting Regulation to clarify this concept was formulated the following year. However, its approach was to ban the development of independent production companies. In fact, this negative regulation was never properly executed. With the deepening reform of the market economy and a boom in television, the scale of independent companies increased rapidly. Following this, SARFT in 1997 noted that independent companies would be allowed under the new Regulation of Radio and Television Management, albeit with the permission of relevant government departments. Since then, many independent production companies have come up from underground in Beijing, Guangzhou Province and Zhejiang Province.

⁵ Data from author's interview with an officer in SARFT, June 2009.

'Feeding with oxygen' stage. Since registration for TV program production was allowed, the scale of independent production has increased quickly. By 2000, the number of the independent TV production companies had more than doubled at the Beijing International Television Expo in June, a total of 317 such entities registered. In 2003, SARFT's policy pointed out the way forward for the film, radio and television industries; while still insisting that the state-owned organizations constituted the mainstream, other organizations were encouraged to become involved. In 2002, the term 'separation of production and broadcasting' (*Zhi Bo Fen Li*) was discussed by many producers and media experts. The reform of 'separation of production and broadcasting' was about changing the function of TV stations, which had previously controlled all aspects of programs, that is, their production, broadcasting and distribution. The ideal new model would be a branded entity (a network or channel) which produced news and some local current-affairs-related content, and which controlled the broadcasting platform. In this way, independent companies would be freed up to manage the business of production and distribution.

Independent Production Today

Today, SARFT has set up a special department to manage the independent and other non-state-owned media organizations, that is, to monitor, inspect and license them. According to regulations for the management of radio and TV program production which came into effect in 2004 (SARFT, 2005), all radio and TV production enterprises need to apply for a license (*guangbo dianshi jiemu zhibi zuo jingying xukezheng*). The license applies to production and trade in programs and includes TV columns⁶, feature programs, entertainment programs, animation, and TV and radio dramas. Similarly, film production enterprises have to apply for a license (*shezhi dianying xukezheng*) to engage in production.

By the end of 2008, 3343 independent production companies were plying their trade, most servicing the TV industry in some way (SARFT, 2009). There has been a significant restructuring of operations. Compared to production in purely state-owned TV stations, however, there are many content restrictions for independent production companies.⁷ Generally, the TV market in China can be divided into two parts: one is factual programming, including the news, sports and documentary; the other is fictional content, including animation, TV drama and

⁶ TV Column is a Chinese characteristics TV program unit definition. It is called most of TV programs which have fixed length period, fixed broadcasting time and fixed program style with fixed host, no matter what kind of genres (Zhang, 2007).

⁷ Political news and special feature programs are not allowed to be produced by private companies, and private production companies also cannot buy the transmission rights for sports since the rules for the Management and Regulation of the Radio and Television Production came into force on 20 August 2004.

film. With Chinese TV genres, all entertainment programs, even reality shows, talk shows and game shows belong to the factual TV category. In policy and regulatory terms, the fictional program market is totally different and much freer. The government provides most autonomy for independent production in the fictional content market.

To date, independent production companies cannot engage in news and sports. Independent production companies cannot produce any news programs without an official news report authority, and cannot buy any rights for transmitting sport events. They cannot import any programs from overseas without cooperation with TV stations. For this reason, independent production focuses on entertainment programs, animation and TV dramas, especially TV dramas.

Due to demand for content the TV drama market was the first sector opened to independent production. By the end of 2008, there were 1974 channels operating in China and 1764 of these broadcast TV dramas. TV dramas occupied 89.4 percent of the total broadcasting time (SARFT, 2009). According to Li Xingguo of the Communication University of China, the vice-president of the Chinese Television Artists Association (Xue, 2007), independent production occupies nearly 90 percent of the total output of television drama. By 2008, China already became the country producing the most TV drama in the world (Le, 2008). Table 1 lists the top eight TV drama independent production companies and their output.⁸

Table 1 Top eight independent production companies for TV drama

Name	Advantages	Unique branding	Annual yield
Hairun Movie and TV	One of the oldest TV drama companies from 1994	Mainstream themes including police dramas, dramas from revolution period and etc.	600 episodes
Beijing Galloping Horse Film and TV Production	The full business chain, including advertising agency, TV drama production and distribution	Grand production; Director studios including Gao Xixi, the highest-paid director in the TV drama market	Average five serials
Huayi Brother Group	Actor agency including over 70 famous TV and film stars	Grand production in film; famous directors, including	Over 1000 episodes

⁸ Mostly according to the report of Power Ranking of Independent TV Drama and Film Independent Companies, *Journal of TV Guide China*, China Radio & TV Publishing House, Volume 6, 2009. (the English titles of the journal and the press all referenced from the journal.)

		Feng Xiaogang, the most successful commercial film director	
Ciwen Pictures	The best owners: one is the famous scriptwriter; the other is the famous distributor.	Chinese swordsmen theme; metropolitan fashion theme	Nearly a quarter of the total TV drama production
Beijing Xinbaoyuan Movie & TV Investment Co. Ltd	The famous director Zhao Baogang and some famous actors	Romantic topics and fresh style	Total of 700 episodes since foundation
Jinyingma Movie & TV Group	One of the oldest TV drama companies	All topics	Nearly 200 episodes
Beijing Rosat Film & TV Production Co. Ltd	Several famous directors, including female director Li Shaohong, and some famous actors	Female angles and fresh style	Total of 10 serials since foundation
Beijing Zhongbei TV Art Centre Co. Ltd. of China	The famous director You Xiaogang, controlling company by state-owned Beijing Media Group	Loyal family legend series	Over 100 episodes

Aside from TV drama, independent companies have directed their investment and skills into making entertainment programs. Compared with the in-house production model (for example, when a program is produced and distributed by the broadcaster), independent companies have been ready to innovate and look for alternative distribution channels. According to *China Entertainment TV Program Report 2006–2007* (Shanghai TV Festival, 2006), Enlight TV (*Guangxian Chuanmei*) produced 12 entertainment programs which were broadcast on 300 TV stations and 600 channels; Joyful Cultural and Entertainment TV (*Huanle Chuanmei*) produced a total of 1000 hours, broadcast on nearly 300 TV stations and 700 channels. See Table 2 for the top 10 TV program independent companies and their brands.

Table 2 Top ten independent production companies for TV programs

Name	Head-quarters	Year founded	Famous brand	Brief background
Jia Shi Media Company (<i>Jiashi Chuanbo</i>)	Beijing	1994	Social news programs	The oldest independent production company in TV program production
Tang Dragon International Media Group (<i>Tanglong Guoji</i>)	Beijing	1995	<i>Entertainment 365</i> ; <i>Nike Knowledge Garden</i> co-production with Nickelodeon Channel of	Over 10 programs distributed to different level TV stations; the programs platform includes TV dramas, fashion, entertainment, business

			Viacom	report and children programs
Enlight TV Production Co. Ltd (<i>Guangxian Chuanmei</i>)	Beijing	1998	' <i>Entertainment Live Report</i> ' used to be broadcast in over 150 cities	12 programs broadcast on over 600 TV channels; extending content production for mobile SP (Service Provider), internet and other new media; merged with a SP-listed company, Huayou Ltd in Nov. 2007
Joyful Culture and Entertainment Co. Ltd (<i>Huanle Chuanmei</i>)	Beijing	1998	' <i>Happy Together</i> ' (<i>Huanle Zongdongyuan</i>); ' <i>Cultural Report Daily</i> ' (<i>Meiri Wenhua Bobao</i>)	Mostly production on entertainment TV programs
Yinhan Communication Co. Ltd (<i>Yinhan Chuanbo</i>)	Beijing	2000	BTV ' <i>Life Channel</i> ' (2004–6)	Mostly production with Beijing TV station
Stellar Media Co. Ltd (<i>Xingmei Chuanmei</i>)	Beijing	2001	Multi-platforms, including magazines, DVD, etc.	The biggest company in this field, with registered capital of 320 million RMB
Egasus & Taihe Entertainment International (<i>Paige Taihe</i>)	Beijing	2002	' <i>Global Film Report</i> ' (<i>Huanqiu Baodao</i>); Program design for Neimenggu provincial TV (since 2006)	formerly Egasus International from 1993
Baoli & Huayi Media Group (<i>Baoli Huayi</i>)	Beijing	2003	Hainan TV ' <i>Travel Channel</i> ' (2005 till now)	Formerly Hua Yi Media from 1996; the controlling company of the state-owned Baoli Group from 2003
Guanhua Centenary Media Company (<i>Guanhua Shiji</i>)	Beijing	2003	' <i>Police Life</i> ' co-production with the film and TV production center of the Ministry of Public Security of China	Mother company Guanhua Group including the equipment and music production
Qixinran Media Organization (<i>Qixinran Chuanbo</i>)	Beijing	2006	' <i>Lucky 52</i> ' ' <i>Golden Apple</i> ' ' <i>Healthy Life</i> ' etc. on CCTV	formerly Advertising Company from 1997; extending business to produce film, drama and animation and forming <i>Qixinran</i> Group in 2006

On the one hand, independents brand channels by positioning their programs; on the other, they aspire to professionalize channel operations, including packaging,

marketing and advertising. Many independents target satellite TV channels, which have the capacity to cover the whole country but desperately lack good content. In 2000, Yinhan Communication Co. Ltd (*Yinhan Chuanbo*) paid RMB 80 million to acquire the right to operate the Beijing TV 'Life Channel' for 12 months; it subsequently professionalized the channel by adding lifestyle programs (Zhou, 2006). More independents followed this model. Baoli & Huayi Media Group (*Baoli Huayi*) invested in a controlling 50 percent share of Hainan STV and transformed it into the 'Travel Channel' in 2003; Shanghai Camera Media (*Kaimaila Chuanmei*) acquired the operation rights for Neimenggu STV for 15 years at a cost of RMB 60 million per year and turned this into an entertainment channel in 2004; Egasus & Taihe Entertainment International (*Paige Taihe*) acquired the rights for CETV-1 (Central Education TV) for three years for RMB 300 million (Song, 2007).

Roles of Independent Production in China's TV Market

Unlike the situation previously, when TV stations monopolized China's TV industry, there are many players in the television market in China today, including independent television companies, overseas media companies and TV stations. The independent television companies play a multi-functional role. Compared to the international media organizations, they have less investment but more local connections, which is the most important factor in China's market. Most of the owners of independent production companies began their careers in the state-owned media system. They maintain special relationships with the TV stations. Compared to the state-owned TV stations, the independent companies have less power but are more flexible. Most directors or writers left the state-owned system not because of payment or position (they admit that they can enjoy more income from the state-owned system) but because they believe independent companies give them more creative space.

The role of the independent production for TV Stations in China is more like idea providers and content distributors. The majority of independents are middle-sized or small entrepreneurial companies, which depend on TV stations to survive. Most of these business owners have experience of working inside state-owned TV stations so they can develop close business relationships through their previous network, '*Guanxi*'. Generally, they have the advantage of knowing what kind of things TV stations are looking for through their previous '*Guanxi*'. Some make the outsourced part of the programs from TV stations; some produce the programs according to TV stations' design and budget; some try to brand up their own programs and sell them to TV stations.

In China, most independent companies have three kinds of business operations with TV stations in the content production:

- The first is producing outsourced programs or part of the production, including creating an idea, content production or acting as an advertisement agency. Under this model, the independent company cannot possess copyright to the programs. *Lucky 52* (*Xingyun 52*), the longest-running Chinese game show, was produced by Qixinran Media Organization. It was the first TV program to be localized to China from an international format. In 1998, Qixinran Media paid RMB 4 million per year for the original program format *Go Bingo* from the UK format distributor ECM, but after one year they relinquished the license, claiming that it was not suitable for Chinese audiences. Their subsequent move, which is not unusual for Chinese production companies, was to localize the game show for CCTV (Keane et al., 2007). This revised format became the top-rated game show in China and was the leader in using product placement. Despite Qixinran claiming to have re-created this format, 60 percent of the revenue went to the broadcaster CCTV (Interview by Liu, 30 May 2009⁹).
- Another model is co-production of programs with sharing of copyright and some part of the rights for distribution. A few column programs are produced this way. For example, *Police Life* (*Jingcha Rensheng*) was ‘co-produced’ by the Guanhua Centenary Media Company, Gold-Shield Media and Shanghai Oriental TV. Gold-Shield Media, which is the film and TV production unit of the Chinese Ministry of Public Security, provided the content (the human subjects) and interview rights. Guanhua produced the program and distributed it to TV stations. The program, however, was commissioned by Shanghai Oriental TV, which offered a broadcasting platform and advertising time, but not a share of revenue from sale of the program. This investment strategy is reflected in the third model.
- The final model is to produce programs autonomously and then sell them to TV stations, but generally, in order to reduce their outlay, most TV stations give the independent production companies a few minutes of time in the programs that they try to sell to advertisers to pay for the production. The international standard for TV independents is to produce programs and sell the product to the buyer (the TV station, cable network) that offers the best price; however, in order to reduce their cash outlay, most TV stations in China allocate a few minutes of time in the program. The producing company is then tasked with finding the sponsorship for the program. The Enlight TV Production Co. Ltd has produced several well-known entertainment programs, including the first of the entertainment report program about the entertainment

⁹ Interview with Mei Yuan, the CEO and the founder of Qixinran by the author in May 2009 in Beijing.

industry, *Entertainment Live Report* (*Yule Baodao*). Independent production comes with its own uncertainties. Often when a program is successful it is subsequently replaced if TV stations decide to make their own version. This demonstrates the fragility of the concept of copyright in Chinese media industries. *Entertainment Live Report* suffered the fate of replacement. The program suddenly vanished from the Beijing TV market and was replaced by the similar program *Daily Cultural Report*, which was produced by Beijing Television (BTV). In order to minimize the risk of this, independent production companies will engage in cross-media business or diversify over a range of program genres. Enlight Media started with entertainment report programs and has moved into TV dramas. Qixinran Media started in game shows but has moved on to animation and film production.

Current Discussions

Although independent production is still a small segment of the whole industry, criticism is vocal. As the ‘mouthpiece’ of the government, television programs are considered to perform educational and propaganda functions. Many people believe television has become too focused on entertainment. They believe independent production companies should bear responsibility for the vulgarization of television programs.

However, the reality of China’s TV industry is that all the channels belong to state-owned TV stations and all content production is determined by the demand of the TV stations. There are a number of points to be considered. First, most criticism overestimates the impact of independent television companies on content. Compared to US syndication rules, British broadcasting deregulation and the Korean broadcasting proportion system, which supports the relatively small-scale independent television sector in producing diverse content and stimulates the market, independent production in China has not yet received similar attention from the government. Although the government already reduces the threshold for the investment of independent,¹⁰ the rights to programs commissioned or co-produced with TV stations still cannot be protected for independent television companies. Independent companies in China generally cannot argue with TV stations under the current policy framework.

Some people consider independent production simply as equivalent to low-cost production, especially some officials and TV station directors inside the state-

¹⁰ Since 2004, SARFT has made the policy for the registration of independent TV companies less strict. The registered capital should still be 3 million RMB, but unofficially the down amount can be only 20 percent of this sum, and the rest can be transferred into the account over the next two years.

owned TV system (Interviews by Liu, June and Oct 2009¹¹; Xie and Ni, 2007). In their mind, independent production companies cannot produce quality programs in the small production style of workshop and studio, while only the TV stations can afford big productions for high-quality TV programs in the style of Hollywood in China. But one reason for low-cost production in independent production is low profits. In China, the profit proportion of production, distribution and broadcasting is 2:2:6, but in America, it is 6:2:2 (Zhu, 2007). Generally, most independent production companies have to play multiple roles in the market. They are the idea creators, program designers, production investors and distributors. As the US syndication system, TV stations prefer to pay for programs by giving the advertisement time rather than the money. However, in contrast to the American syndication system, the independent production companies have to find the advertisement sponsorship themselves without the assistance of professional agencies. They can sell their programs to TV stations but it is hard to get paid for them quickly. For example, for a TV drama production, only the biggest TV stations would pay 30 percent after production, another 30 percent after broadcasting and the final 30 percent at any time they choose (Interview with Mu by Liu, an independent TV drama writer, October in 2008, Beijing).

Some people complain that the independent production should take responsibility for the similarity of programs and too much cloning in the market, especially some audience and academics outside the industry (Fan, 2005; Tang, 2009; Wang, 2005). In their opinion, independent production companies focus on commercialization and copy each other as much as they can. But the reality is the opposite: independent production companies are increasingly concerned about copyright, on the one hand to strive for their own brand copyright from TV stations, and on the other hand to try to protect themselves from the legal ramifications of copying programs from the overseas. Compared to powerful state-owned TV stations, independent production companies are more cautious; they try to avoid legal complaints from overseas companies and tend to understand copyright better. In the very few examples of licensed TV programs from overseas being shown in China, the independent production companies paid most of the copyright fees. This fact seems to be ignored by their critics.

Independent companies pay more attention to developing their brands. They are more likely to learn from the overseas experience. Qi Cartoon commenced as the animation brand of Qixinran in 2002. The cofounder of Qixinran Media, Yuan Mei said she believes that experiences learnt from overseas programs are valuable, but there is a need to focus on developing a distinctive production brand and

¹¹ Interviews with several TV directors during China Intentional TV and Film Expo in June 2009 in Beijing and Shanghai TV Festival in Oct 2009 in Shanghai by the author.

character style. While they have produced animation content for international companies the company is looking to co-produce animation and to absorb new knowledge and experience (interview by Liu, May 2009¹²).

More importantly, the absence of government regulation of media rights restricts innovation. Most producers look for new sources of inspiration and innovation by the shortcut of imitating other successful programs, both overseas and domestic (Keane, 2007). Independent production is the victim; producers have to confront the high degree of copying and 'emulation' in the production market. Some independent television companies have created some unique successful program brands, but often have to compete with several similar programs within a couple of months. During my interviews with independent business owners, they showed concern about protection of their own original programs' copyrights, especially cartoons and TV dramas.

The Innovation Ecology

An innovation systems model constitutes an important approach to television content production (Cunningham et al., 2005). How and why do content industries become innovative? Innovation and strategic planning are important. In order to analyse the production development of China's TV industry in the global context, I draw on Michael Keane's (2007) innovation ecology concept of China's creative industries. Here I use the first five stages to explain China's TV production levels. In Keane's analysis these are: (1) low-cost production; (2) imitation; (3) co-production and formatting; (4) niche and Asian markets; (5) industrial cluster.

In order to reduce production costs, television stations in China are outsourcing production to independent companies. In the most basic model this provides no copyright and distribution rights for the producer. It is best exemplified by animation outsourcing. This is the low value level which some say adds little to the ecology. In the next level, uncertainty about markets and investment drives imitation. Low-budget producers look for the easy way: producing 'safer' content, often content that is already successful in other markets and countries. Lack of copyright leads to excessive cloning of successful overseas programs. To share risk and cost, while aiming for innovation, co-productions have emerged between independent companies and television stations or other third parties. Overall, however, the majority of China's TV production industry is still at the lower level of the innovation ecology. The important point to note, however, is that as independent companies become more mature, they are realizing the importance of

¹² Interview with Mei Yuan, the CEO and the founder of Qixinran by the author in May 2009 in Beijing.

branding and have begun to target niche markets and overseas Asian markets, for instance, some TV drama serials and entertainment program brands. Meanwhile, independent TV production companies have become pioneers in exploiting cross-media content, especially in the new media.

There are four main factors we have to consider in the innovation ecology of independent television companies in China: government policies, new media, media rights and global market value chain. The main factor in the development of the independent television ecology is government policy. In the global context, commissioning and co-production are common between independent producers and broadcasting organizations; it is a model where the 'independents' are encouraged to keep their rights, as in the UK and South Korea (Lee, 2009). The independent sector is the most important element with respect to content diversity. In China, moreover, state-owned TV stations still determine diversity to a large extent: that is, they opt for safer programming.

As a legacy of the state-owned system, distribution and programs trade is still an unfamiliar concept for the majority of TV stations. TV stations still are the monopoly powers and control all the broadcasting platforms in China's media industry. Therefore independent TV production companies need to transfer their innovation capacity to exploit multi-platforms to avoid risk, especially in the new media. They are becoming the biggest content provider group in the pay-TV, mobile TV, IPTV (Internet Protocol TV) and other new media markets in China. The lack of reward in traditional TV drives them to gradually develop the new media market.

Currently, in the global market, different regions play different roles in this global value chain. Typical examples of production centers include Los Angeles (Hollywood), Hong Kong and Mumbai (Bollywood). In particular, the Netherlands emerged as a centre for the format industry in the 1990s (Keane et al., 2007). Positioning its media content in Asia and the world is still a problem for China. With the internationalization of the film and TV market, China is becoming a more important part of the global market. American reality TV formats and Korean dramas have entered into the life of the Chinese audience and occupy a share of the market. Meanwhile Chinese TV programs have also started 'going out' to be exported (Keane and Liu, forthcoming).

How can China's TV production be developed to target high-value niche markets or other demographics? One answer might be the media cluster effect: the fifth stage of the innovation ecology. Although the 'independent' is linked to alternative production, in fact, all media work is 'dependent' on technology and funding. Most media productions require collaboration between creative and technical teams, and they need an organization to distribute the work (Branston and

Stafford, 2006). In the highest stage of the innovation ecology, the cluster will help the industry improve the level of innovation.

According to general definitions of cultural industries, cluster effects can provide advantages to independent companies. At the same time as companies compete with each other, the media cluster can help them build up networks, save money and share risks. Independent companies can only survive by continuous adaptation, innovation and perhaps by entering into new areas of activity. Today, in Beijing and Shanghai, there already have been some embryonic forms of clustering. In Beijing, over 1000 companies have business within the television industry and around 4000 companies relative to the television production in someway (Lu and Fu, 2006). The area around CCTV is now one of the most well-known bottom-up media communities; over 300,000 people work in collaborations with CCTV, either directly within the organization or indirectly in independent production and ancillary creative industries such as advertising and post-production. With the new CCTV and BTV building moving into Central Business District (CBD), more media organizations will cluster around the new area, which already houses 167 international media organizations (Yi, 2006).

Conclusion: A New Face for Chinese TV?

In this article I have argued that the emergence of the independent companies has changed China's TV market into a more competitive and innovative market in all aspects, even though they are still small part of this market. Independent production represents the pioneers of the whole TV industry in China. Despite the unsupportive government policy and the difficult environment, this group has still survived and grown. Most of the independent companies' owners said they would still choose this way even if they had a second chance in their life. No matter how good conditions and welfare inside the state-owned system, they can feel the free air and express their creativity more effectively outside the bureaucratic system.

Independent production also provides more variety and different ways of presenting programs for the audience while the state-owned production cannot satisfy the demand. The best evidence for this is the popularity of TV drama. Since the first group of licenses for TV drama production were granted in the 1990s, independent production has taken 90 percent of the TV drama market. The quantity of TV drama production today is nearly 35 times what it was 30 years ago (SARFT, 2009).

Although independent production is unlikely to substantially change the state's control over the TV industry in China, it has improved competition and innovation in content production. Furthermore, while China's production still

depends on the lower levels of the ecology for its survival, the rise of independent production maybe driving ‘a new look, a new face’ for China’s TV.

Independent TV production will inevitably become an important force in providing greater diversity and in responding to convergence in China’s TV production market. Meanwhile, in order to prosper in its own fragile ecology it needs more attention from government and the right kinds of synergy with the international market. In this regard there is much to learn from other countries.

Appendix: The important milestones relative to the independent TV production

Time	Events
November 1994	The first TV production company with the advertising company title, ‘Jia Shi Advertising and Cultural Company’, set up in Beijing
September 1995	Regulation No. 16, rule No..5 (by former SARFT): independent film and TV companies are not allowed; temporary regulation intoroduced for the organization of film and TV ownership and management
September 1997	Regulation of Radio and Television Management, Rule 31: some production organizations can produce programs with the approval of the Radio and TV administration departments
November 2002	Notice: independent film and TV companies can be certified once they are approved by the relevant department of the government, by SARFT
December 2003	Doc. 105 of the State Council Office, Rule No. 10: the independent invested cultural companies can be treated equally with the state-owned cultural organizations
August 2004	SARFT Regulation No. 34, Rule No.5: the government encourages the social organizations or the state-owned companies to do business in film and TV production, not including the companies who have the investment from overseas
November 2004	SARFT Regulation No. 44: overseas companies can invest in production companies up to 49 percent
April 2005	State Council Office, Regulation No. 10: non-state-owned capital can invest in state-owned media organizations in the area of advertising, publishing, distribution and radio and TV programs, production of entertainment, technology, sports and music but state-owned capital should retain over 51%

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