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**Improving Media Decisions in China:
A Targetability and Cost-Benefit Analysis**

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Improving Media Decisions in China: A Targetability and Cost-Benefit Analysis

Abstract

This study examines two central issues underlying effective media decisions in China. We pay particular attention to the issue in reaching China's upscale and status-seeking consumers and the cost/benefits of so doing. In this study, we analyzed syndicated secondary data involving 48,000 respondents in 15 cities in China, and compared the extent to which TV, Newspapers and General and Special Interest Magazines reach particular consumer segments effectively. The study then used a second database containing cost information on media vehicles, and compared their efficiency in reaching segments of upscale/status-seeking consumers in China. As hypothesized by and in consistence with findings in developed economies, we found that magazines have the highest targetability among the three most popular mass media. Among special interest magazines, fashion magazines are significantly more costly to advertise in while they reach the same income segments as travel and business magazines. The implications of these findings on advertising research and practices are discussed.

Improving Media Decisions in China: A Targetability and Cost-Benefit Analysis

Findings from advertising professional surveys (King, Reid, and Morrison 1997), media analysis (D'Amico 1999), and media planner responses (Stewart and McAuliffe 1988) reveal that an advertising medium's ability to efficiently reach a specific target audience is the single most important criterion in media decisions. This is because the media, advertising, and the consumers are interconnected. Depending on how the target audience chooses a medium and how intense it is in evaluating the media content, the audience will process the advertising differently (Sissors and Bumba 1996). Recent market trends such as growing market fragmentation and increasing media proliferation have driven up media budgets and made it more difficult for advertisers to find the optimal spread among media types (Abratt and Cowan 1999). In addition, as global competition escalates, another criterion emerges. Arbitron, a popular source of media audience data, argues that advertisers are demanding more in-depth information on media audiences beyond the ubiquitous socio-demographic profile (D'Amico 1999). In short, the challenge to satisfy advertisers, who in turn need to justify media decisions, continues to mount. There is a need for more comprehensive media study to help improve media decisions.

Our study adopts the term "media targetability" (Stewart and McAuliffe 1988) to refer to the ability of an advertising medium to *efficiently reach* a specific target audience. There are two aspects to the issue: the size and quality of the audience reached as well as the costs incurred in reaching the audience. We would consider both aspects of the issue in this study.

Among conventional media, magazines are commonly regarded as *the* medium with the highest targetability (Shimp 2003). The effectiveness of magazines as a medium is enhanced by the plethora of special interest magazines that reach specific market segments defined in terms of

readers' demographics (e.g., *Men 18+*), and increasingly, psychographics (e.g., *Homebody*) and product usage pattern (*Ford Owners*) (Abratt and Cowan 1999; D'Amico 1999). With well-defined readers, magazines enable firms to deliver customer-focused ad messages effectively and to ensure that media expenses are efficiently deployed. These two benefits of reaching a well-defined target efficiently (or media targetability) are different, yet closely related. This is because measures for comparing the cost effectiveness of different media vehicles (e.g., CPM) are more meaningful when they are calculated within specific segments rather than across an undifferentiated gross market.

By all accounts, China, whose economy has grown faster than any other economies in the world over the past 20 years (World Bank Group 2004), has an extremely vibrant advertising industry. The country's advertising expenditure has grown more than 108 fold in 16 years, exploding from US\$ 134 million in 1987 to \$ 14.5 billion in 2003. The industry is currently employing 871,400 people in 101,800 firms and agencies (Xu 2004). A number of previous studies have examined how consumers perceive advertising copy in China (Aaker and Lee 2001; Hung and Heeler 1999); yet, according to Sin, Ho, and So (2000), no study has investigated media effectiveness in China over the past 20 years. Thus, ensuring that a well-designed ad campaign can be effectively delivered to the targeted segment poses a major challenge to foreign and local firms operating in China.

This study assesses media targetability in China. We pay particular attention to the issues of effective targeting and cost efficiency that are important aspects of a media decision. We focus on examining magazines as compared to other media for a number of reasons. First, as the medium with the highest targetability (Shimp 2003), magazines provide an opportunity for advertisers to target the growing segment of affluent, urban consumers in China, who are the

target market for many multinational corporations (MNCs). Second, there is a general lack of valid and reliable readership data for magazines in China. Thus, companies using magazine advertising have to rely on their own past experiences and on guess work. Finally, with China's proposed regulation to further open up magazine ownership by 2005, magazines are becoming a powerful advertising medium and there is a need for advertisers working in China to become more informed about them.

In attempting to improve media strategy in China, we are fortunate to have access to two major databases, including a survey of 48,000 respondents in 15 major cities in China, and a media cost data set compiled by Zenith. The survey data is used by most agencies working in China as it is generally recognized as the most comprehensive database on media audiences in the country. Our study serves three objectives. First, it assesses targetability across the country's top three advertising media: TV, Newspapers and Magazines. We contrast their ability to reach upscale consumers in China based on the audience's socio-demographic characteristics. Second, we contrast their ability to reach status-seeking consumers based on their purchase motives. These constitute the central issues in media-market matching for many local and global firms. Third, we contrast the cost per thousand (CPM) across the media we examined. The media's cost efficiency and targeting effectiveness are also compared to provide implications for the firm's media strategies in China.

Characteristics of China's Advertising and Media Industries

Advertising Growth in China

Since China embarked on its modernization plan in 1978, decentralization in the public sector as well as forces in the free market system reinvented the country's advertising industry (Tse, Belk, and Zhou 1989), which underwent phenomenal growth over the next 20 years (Zhou

and Belk 1993). According to ACNielsen's survey, the country's advertising costs have grown at the rate of 20% per year, reaching \$14.5 billion in 2003, and China is now Asia's largest advertising market (Xu 2004).

Two major forces fuel the country's growth in advertising. The first comes from China's robust economic development. With GDP growing annually at more than 9% over the past two decades (World Bank Group 2004), there are more than 100 million families in the three major regional economies of Beijing, Shanghai, and Guangzhou (China Statistical Yearbook 2002). These upscale urbanites earned an annual income of more than US\$ 5,000 in 2002 (Tse et al. 2002). Over 90% of the segment possess all the modern household appliances, and ownership of private cars is growing at an annual rate of over 20% (China Statistics Yearbook 2002; Zhou, Zhou and Ouyang 2003). While the percentage of households that can afford modern luxuries is low when compared to developed economies, the absolute size of its upscale urban consumers has turned China into a "king-maker" market (Child and Tse 2001) that foreign and local firms cannot afford to ignore.

The second force shaping China's advertising industry comes from the intense inter-firm competition as the country continues to deregulate its markets. While business risks in China are higher than those in developed economies, many MNCs perceive it as being less risky to enter China than to ignore it in their corporate growth plan, given the country's salience in the global economy (Child and Tse 2001). Amidst intense inter-firm competition, advertising has become an indispensable tool for not only MNCs but also local firms challenging the competitive positions of the former. Indeed, local firms comprise the leading advertisers in China (Rong 2002). P&G's Safeguard (5th place) and Crest (6th place) were the only foreign brands that made the top ten most advertised brands in China in 2002 (Rong 2002). The pressure to advertise has

since spread to include (local) state-owned-enterprises, whose adspend soared by 41% in 2003, well above the average increase of 28% (Jia 2004). Among the major household appliances (i.e., TV, refrigerator, washer, microwave, and air-conditioner), local brands own the top three market share positions in each category. While concurrent marketing strategies such as price differentials, intense distribution and in-store promotion are important factors underlying the rapid and successful growth of local brands (ACNielsen 2003), the role of advertising in promoting these brands cannot be underestimated. Faced by such intense competition, MNCs are consistently looking for ways to deploy their advertising dollar more effectively and efficiently.

Advertising Media in China

In a country where television viewing is considered the most popular leisure time activity (Wei and Pan 1999) and where TV has penetrated almost 100% of urban households (*China Statistical Yearbook* 2002), TV is the medium of choice for reaching the general population. This is reflected in daily reach rates for different media: television reaches 89%, newspapers reaches 72%, and magazines reaches 13% of the population (Zenith Media 2000/2001). The adspend also shows a similar picture: TV attracts \$8.1 billion (70% of total), newspaper attracts \$2.9 billion (26%), magazine attracts \$0.2 billion (2%), and radio and other minor media attract \$0.2 billion (2%) (*Securities Daily* 2002). Outdoor and billboard advertising, although not included in the above figures, are becoming important media in China and attracted \$1.3 billion in adspend in 2001 (Li 2004).

As the country's leading advertising medium, China's TV industry is undergoing overlapping changes of increased regionalization, proliferation, and corporatization. First, regional stations supported and managed by regional and municipal governments are growing rapidly. With strong local contacts within China's complex and interlocking networks (Boisot

and Child 1999), these stations provide detailed local information in their attempt to capture China's fast growing advertising pie. They offer an attractive option for firms to target China's urban consumers because China's current buying power rests mostly in the major cities (Cui and Liu 2001). Second, China's national TV (CCTV) is proliferating fast. To capture more diversified audiences before global and regional competitors step in, CCTV has aggressively expanded into special interest channels in sports, business, and international content. Third and most importantly, CCTV is adapting fast to market forces and has come up with innovative programs to attract advertisers. It launches 15-second time slots to those who cannot afford longer time slots and, since 1993, has auctioned off its prime-time slots annually to willing buyers. In the first years, the annual auction helped turn some firms into instant celebrity brands. The auction is now regarded as a platform for crowning China's latest and future corporate stars (*China Economic Times* 2003).

Newspapers in China have also grown in ways similar to TV stations, although they tend to take on a stronger regional than national flavor. With their competitive advantages in attracting local retail ads, regional newspapers such as Guangzhou Daily have attained strong growth in advertising support, and are dethroning former national leaders such as The People's Daily (Yao 2004). Their voluminous daily issues with as many as 96 pages are in stark contrast to the 4-page issues typical of previous decades when thriftiness was promoted. Similarly, newspaper coverage has expanded to include entertainment, sports, business and job related sections. However, these specialized newspapers are increasingly being displaced by special interest magazines. Compared to TV, China's newspapers are more market-driven. They have been able to quickly increase their printed pages per volume and are more flexible in working with sponsors.

Like TV and newspapers, magazines are changing rapidly in China; yet, unlike TV and newspapers, people self-select magazines. This makes magazines a highly differentiated medium. *Readers*, China's top general magazine, has a circulation of 3.9 million while *Shanghai Style*, the top fashion magazine, had a circulation of 0.9 million in 1999 (Zenith Media 2000/2001). By 2002, China had more general and special interest magazines than Hong Kong. While many of them are hastily put together to chase the growing advertising dollar, some are set up to meet the needs of those who are looking for more information and detailed discussions on current and specialized topics.

To date, foreign ownership of China's media is strictly monitored and can only take the form of a joint venture. This policy encourages local media giants to rise to the top. For example, using 2001 as the base year, *China Central Television* (CCTV), the only national television station in the country, attracted 75% of all TV adspend with its 13 channels (*China Economic Times* 2003). *Guangzhou Daily*, the top local newspaper from the southern economic hub, attracted 5% of all newspaper adspend (Yao and Tian 2002). This is a high percentage within the region, as the Guangzhou area attracts about 8% of all newspaper adspend nationwide (Yao 2004). Among magazines, fashion magazines lead the category and attract 23% of all magazine adspend (Yao and Tian 2002). However, unlike television and newspapers where local media vehicles have been more successful in attracting advertising dollars, it is the joint-venture fashion magazine, *Elle*, that tops the list. It attracts 20% of all adspend in fashion magazines despite its low circulation of 300,000 which is less than half that of the most popular fashion magazine, *Shanghai Style* (=860,000), a local publication (Zenith Media 2000/2001).

Media Decisions in China

Media decisions in China are complicated and confusing to advertisers for several reasons. First, the circulation numbers provided by media operators tend to be unreliable, as it is known that media operators often inflate the numbers to push up the advertising rate. For magazines, the number of printed copies required by the government to calculate value-added tax is more reliable than alternative numbers provided by magazine operators. However, the number of printed copies may not reflect the actual paid circulation because it is not unusual to find media operators distributing a large portion of the printed copies free of charge to the public – in airports, restaurants, and hotel lounges – even though the readers of the free copies may not be the intended target of the magazine.

Whereas circulation numbers may be inaccurate, information on reader profiles is both difficult to obtain and continuously changing. In contrast to US magazines where advertising accounts for almost 50% of revenue (Sumner 2001), Chinese magazines rely on subscription as their main source of income (Lü 2002). The scarcity of audience data in China forces advertisers to base their media selection decisions on circulation numbers (Batra 1997). The lack of essential information to optimize media-market matching limits the development of special interest magazines in China as effective media vehicles. At present, magazines account for just 2% of media adspend (Lü 2002). Yet, as the China market continues to grow, the demand for focused advertising vehicles will increase.

Targeting Upscale Consumer Segments

Global brands are known to purposely promote a foreign image when marketing in transitional economies (Alden, Steemkamp, and Batra 1999). This is to enhance the desirability of these brands among local consumers, who tend to associate foreignness with higher perceived quality and social status given the brands' higher price, relative scarcity, and higher prestige

(Batra et al. 2000; Steenkamp, Batra, and Alden 2003). Chinese consumers are known to have a strong passion for foreign brands that are used as status symbols (Sklair 1994). This effect is especially strong in status symbol products such as cosmetics and apparel that have less explicit intrinsic quality cues (Lu 2002; Sin and Yau 2001; Wei and Pan 1999). One reason underlying the consumer's passion for foreign status products is the lack of local icons in China to capture the consumer's imagination (Ger 1999). As a result, foreignness continues to be an important extrinsic criterion for product evaluation, feeding the needs of status-seeking consumers.

While perceived brand foreignness can create brand value and raise the consumer's purchase intentions, this effect is found to be weaker among ethnocentric consumers in both developed and developing economies (Steenkamp, Batra, and Alden 2003). Balabanis et al. (2001) have suggested that consumers with ethnocentric tendencies are likely to be older, less educated, have less income, feel more nationalistic/patriotic, and less internationalistic. This consumer orientation is echoed in the results of large scale consumer polls (Cui and Liu 2001) and specialized segment studies in China (Schmitt 1997). Watlers and Samiee (2003) and Batra and Tse (2003) have emphasized that upscale urban consumers are the prime targets for most MNCs. Given their objective in reaching consumers that are less ethnocentric and therefore more ready to buy foreign brands, MNC executives would be interested in advertising media that appeal to an audience that is younger, better educated, with a higher income, and an international outlook. Accordingly, we propose that magazines would have higher targetability than TV and newspapers in reaching upscale urbanites in China. In addition, we propose that special interest magazines will have higher targetability than general magazines.

Of the different categories of special interest magazines, we contrast fashion magazines with general magazines and rely on fashion magazines to operationalize the hypothesis-testing.

As noted, fashion magazines have received the highest adspend among all magazines in China (Yao and Tian 2002). Also, as status symbol products such as cosmetics and apparel are often advertised in fashion magazines, the medium constitutes an effective channel for reaching upscale and status-seeking consumers.

H1a: Magazines are more effective than TV and newspapers in reaching consumer segments that are younger, better educated, and with a higher income.

H1b: Fashion magazines are more effective than general magazines in reaching consumer segments that are younger, better educated, and with a higher income.

Reaching Status-Seeking Targets

China's high level of economic growth has not only increased people's purchasing power, it also supports a culture where styles and tastes become salient social indicators that allow affluent urbanites to mark their identities and to distinguish themselves from those with less cultural capital (Hung, Li, and Belk 2004). Previous studies have shown that young, upwardly-mobile women in China are predisposed to a trendy lifestyle (Douek 2001; Hiu et al. 2001; Schmitt 1997) that helps them define their changing roles and social status (Leigh and Gabel 1992). Sin and Yau (2001) elaborated further, suggesting that young female urbanites in China exhibited a "modern" value orientation in that they subscribed to materialistic values and were socially and economically independent. Meanwhile, conspicuous consumption values (Wei and Pan 1999) and an admiration for the lifestyle in developed economies (Batra et al. 2000) have been shown to correlate positively with consumer preference for Western goods.

Because magazines in general and special interest magazines in particular appeal to this segment, the editorials and advertisements therein illustrate the "good life" made possible by imported products and brands that offer a level of comfort and luxurious living beyond the reach of the general public (Hung, Li, and Belk 2003). As a result, trendy consumers who shop for

quality and fashionable items usually read upscale special interest magazines (fashion, travel) and advertisements to acquire information on what is “in” (Hui et al. 2001). Given the psychographic match between magazine audiences and foreign brand targets, we build on the previous hypotheses and propose that:

H2a: Magazines are more effective than TV and newspapers in reaching status-seeking consumers.

H2b: Fashion magazines are more effective than general magazines in reaching status-seeking consumers.

Media's Cost Effectiveness

An additional aspect of our study is to examine the cost efficiency of media in China. Since few previous works have examined the country's media, there is no strong theoretical or empirical base that allows us to postulate meaningful propositions regarding the cost effectiveness of media in China. We therefore could only infer from professional opinions and a commonly known principle: media as message (McLuhan, Quentin, and Agel 2001).

Chinese local firms tend to place a special emphasis on TV advertising (Li 2004). This is because as a channel, TV has an audience reach that dominates over other media. Further, the average consumer tends to infer that if a firm advertises on TV, the firm must be bigger and would therefore be more reliable than those that do not. The projection by such proxies, though seemingly irrational, could be based on the Chinese consumer inferring from the higher costs of advertising on TV over advertising on alternative media. Previous research has shown that media vehicles (e.g., TV specials like the Super Bowl versus magazines like *Family Circle*) are campaign elements that could influence the consumer's perception of campaign costliness (Kirmani and Wright 1989). Further, consumers rely on expensive campaigns to infer high brand quality (Kirmani 1990; 1997). Although this effect is often applied to the advertising of new

products, Chinese consumers may be faced with a similar situation as the Chinese marketplace provides few reliable sources of information and consumer rights are minimal (Ho 2001), and counterfeits common. As discussed, China's CCTV has been auctioning its prime-time slots annually to firms. This further enhances the ability for CCTV to function as a message premium. Accordingly, we propose that TV will have a higher CPM than newspapers and magazines.

Regarding the two print media, newspapers in China have a much longer history than magazines. Thus, a consumer may perceive newspapers as having more integrity than magazines based on its "news-worthiness", thereby driving up the CPM for newspapers over the CPM for magazines. Hence we propose two research questions:

RQ1: Is the mean CPM for TV higher than the mean CPM for newspapers?

RQ2: Is the mean CPM for newspapers higher than the mean CPM for magazines?

As warned by researchers (Stewart and McAuliffe 1988), general CPM is not a reliable criterion for media decisions. It is more meaningful to compare CPM per target audience reached. Our study compares the CPM of different media vehicles with the income of the audience reached by these vehicles. While we do not have any particular postulates, we expect there will be significant outlier magazines whose cost efficiency will be low, given the proliferation of magazines across region and type.

Methods

Study Design

The data was taken from the China National Readership Survey which involved 48,000 subjects aged 15 or above. This survey is conducted annually by China Central Television (CCTV) and focuses on the respondents' media and consumption habits. The data we used was collected between 1999 and 2001 in 15 major cities in China. The subjects were randomly

selected from each city using the Probability Proportional to Sizes (PPS) method. The interviewers completed half the questionnaire during a face-to-face interview, and the remaining half on a self-administered basis. A small token gift was given to the subjects. According to advertising professionals and marketing research firms, the China National Readership Survey is the most comprehensive media behavior survey in China. As expected, the subjects were well exposed to the media under investigation (namely, TV, general magazines, and some special interest magazines).

There are two sets of measures central to the focus of our paper: socio-economic measures and purchase motive measures. The socio-economic measures included age, education, and family income. The purchase motive measure (12 items) was adopted from Taylor Nelson Sofres which examined the media audience's purchase motives. The responses were made on 5-point Likert scales, ranging from strongly disagree to strongly agree. The media consumption data (on a comprehensive list of media vehicles) were assessed categorically using yes/no responses.

To obtain the audience profile in each media type, we first selected representative vehicles in each medium using the data from Zenith Media (2000/2001), the largest media research firm in China. The top three TV channels in China are CCTV-1, CCTV-6, and CCTV-5 which together reach 96% of the population nationwide. We included in our sample of TV viewers subjects who had watched one of these channels the previous day. We then selected the eight newspapers with the highest adult readership in China (>1 million each). As some newspapers are region-based, we pre-selected more newspapers than TV channels for inclusion to cover the major regions across the country. Our sample of newspaper readers are the subjects who had read one of the selected newspapers during the previous day. Regarding magazine

readers, we first selected the top magazine vehicle in terms of adult readership in each of eight categories of magazines. The categories included general and special interests magazines (business, inflight, auto, travel, women's interests, entertainment, and fashion) found in the Zenith Media dataset. We then included in our sample of magazine readers the subjects who had read one of the selected titles during the past twelve months. The newspaper and magazine titles included in this study can be found in Table 1.

In addition, we obtained circulation, audience reach and cost efficiency data for a broader range of media vehicles (Zenith Media 2000/2001). When possible, multiple vehicles were included under each category of magazines. A list of these additional magazine titles can be found in Table 5. Unfortunately, the CPM for inflight magazines was not available.

Analysis and Results

Audience Targetability and Demographic Profile (H1a, H1b)

We assessed the targetability of magazines versus TV and newspapers by first examining the demographic profile of the audience they attract using one-way ANOVA (for age comparison) and chi-square cross-tabulations (for education and family income comparison). We found as hypothesized that magazine readers were younger than TV viewers ($F(1,45116)=3167.09$, $p<.001$, mean=37.03 vs 46.28) and that a higher percentage of magazine readers belong to higher educational ($\chi^2=670.98$, $p<.001$) and income groups ($\chi^2=313.72$, $p<.001$) than TV viewers. Magazine readers were also younger than newspaper readers ($F(1,39024)=1804.52$, $p<.001$, mean=37.03 vs 43.95) and a higher percentage of magazine readers belong to higher educational ($\chi^2=334.68$, $p<.001$) and income groups ($\chi^2=17.06$, $p<.001$) than newspaper readers. These findings confirmed H1a (Table 1). The profile of survey subjects is included in Table 1 for reference.

We ran similar tests comparing the audience of general and fashion magazines (H1b). We found as hypothesized that fashion magazine readers were younger than general magazine readers ($F(1,15270)=317.22, p<.001, \text{mean}=32.20 \text{ vs } 37.03$) and that a higher percentage of fashion magazine readers belong to higher educational ($\chi^2=54.61, p<.001$) and income groups ($\chi^2=34.12, p<.001$) than general magazine readers (Table 2). The results confirmed H1b, indicating that fashion magazines are more effective than general magazines in targeting consumers that are more upscale.

Audience Targetability and Psychographic Profile (H2a, H2b)

We conducted a principal components factor analysis with varimax rotation to identify Chinese consumers' underlying purchase motives. Using eigenvalue (>1) and the Scree test as criteria, we obtained four factors, Utilitarian, Trend-Conscious, Conservatism, and Personal Taste, that accounted for 51.77% of the total variance. The four-factor structure yielded acceptable goodness-of fit statistics in confirmatory factor analysis ($\chi^2=910.097, df=48, GFI=0.981, CFI=0.904, RMSEA=0.048$). We have noted that the non-local positioning of foreign consumer goods in China appeals to the status-seeker's desire to be cosmopolitan, trendy, and sophisticated. Thus, subjects who score high mean values on Trend-Conscious and Personal Taste would be more likely to engage in status-seeking consumption while subjects who score high mean values on Utilitarian and Conservatism would be more likely to refrain from engaging in status-seeking consumption.

We conducted a series of MANOVA using the obtained factor scores as dependent variables and media exposure as the independent variables. Results showed significant differences between the audiences of TV and magazines ($F(4,14157)=80.19, p<.001$), with the latter scoring higher mean values on Trend-Conscious ($p<.001$) and Personal Taste ($p<.001$) and

lower mean values on Utilitarian ($p < .001$) and Conservatism ($p < .001$). We ran similar tests comparing the audiences of newspaper and magazines and the results also showed significant differences ($F(4,12078)=29.43$, $p < .001$), with the latter scoring higher mean values on Trend-Conscious ($p < .001$) and Personal Taste ($p < .01$) and lower mean values on Utilitarian ($p < .001$) and Conservatism ($p < .001$). These findings confirmed H2a (Table 3).

While there were statistically significant differences across all hypothesized paired comparisons, the magnitude of mean value differences was quite small. We speculate that one reason the psychographic profiles are not as highly differentiated in China is because, similar to TV, there are often free copies of the print media available. We have mentioned earlier the free copies of magazines lying in hotel and airport lounges. In addition, work units in China often display newspapers on billboards for workers to read. These practices could render it more difficult for media vehicles in China to develop into tools reaching distinct targets.

We then tested H2b, comparing general and fashion magazines. Results of MANOVA showed significant differences ($F(4,4523)=18.62$, $p < .001$), with the readers of fashion magazines scoring higher mean values on Trend-Conscious ($p < .001$) and Personal Taste ($p < .05$), and lower mean values on Utilitarian ($p < .001$) and Conservatism ($p < .001$) than general magazines. These findings confirmed H2b (Table 4).

Other Observations

In addition to reporting the findings directly related to hypothesis-testing, we also examined the profile of readers that different magazines in China appear to target. As indicated on Table 2, general and special interest magazines attract different consumer segments. Whereas general magazines by definition appeal to a broader audience, they are indeed attracting a younger (age=37.03), higher-income (5% high income), and better-educated consumer segment

(12.4% college) than women's interests magazines and entertainment magazines, whose audience profiles are more consistent with the profile of the general population on these dimensions (age=45.65, 3.1% high income, 7.2% college, see Table 1). Among the remaining special interest magazines, inflight, business, and travel magazines reach the most upscale segment in terms of income (over 10% high income) and education (13.8% (travel) to 19.7% (inflight) college). Meanwhile, although the readers of fashion magazines have attained a level of education (13.3% college) similar to that of inflight, business, and travel magazines, these readers earn a lower income. The difference in income can be attributed to the age of fashion magazine readers, who are younger than the readers of alternative magazines (age=32.2 vs 38.19 to 39.95).

In terms of the audience's psychographic profile, results of ANOVA and Tukey-B tests showed significant differences on the dimensions of Utilitarian and Conservatism ($p < .001$) but no significant differences on Trend-Conscious or Personal Taste ($p > .05$). Of the two statistically significant factors, Utilitarian is more discriminating, creating four magazine groupings while Conservatism created two magazine groupings among the eight categories of magazines. Specifically, inflight and fashion magazines reach the least Utilitarian readership while health-care and business magazines reach the most Utilitarian readership. Thus, although fashion magazine readers earn less, they share similar buying motives with inflight magazine readers, who are among the top income earners. Indeed, fashion and inflight magazine readers also belong to the less conservative group and are the least conservative among magazine readers. Interestingly, business magazine readers are among the most utilitarian and conservative. Meanwhile, general, women's interests, and entertainment magazines that appeal to the

“average” audience demographically receive cross-loading on multiple Utilitarian groups. Thus, these magazines appear to cut across different psychographic segments.

Anthropological research has suggested that similar to window shopping, magazine reading has become a form of aspirational consumption in consumerist societies, where a broader range of consumers read about newly-arrived commodities and designer products and participate in “imagined cosmopolitanism” (Schein 2001). Thus, fashion magazines in China may be attracting “aspirational consumers” in addition to consumers who are reading the magazines for consumer information.

Media’s Cost Effectiveness (RQ1, RQ2)

We assessed the cost efficiency of TV, newspapers, and magazines in terms of their mean CPM scores. Results indicated that contrary to our hypotheses, TV has the lowest mean CPM score (=18) (i.e., the most cost efficient), followed by newspapers (=24) and magazines (=54) (Table 5). These findings suggest that in terms of the number of consumers reached, TV provides the best cost efficiency while magazines provide the least cost efficiency. Thus, the extent of media reach may be more important than the media’s apparent campaign costliness (TV) or “news-worthiness” (newspaper) in determining the cost efficiency of media in China. However, as we have noted, it is more meaningful to compare the cost effectiveness of different media within specific segments than across an undifferentiated audience, a point we shall return to.

While RQ1 and RQ2 relate cost efficiency to different media class, Tables 5 and 6 reveal that there are considerable differences in the vehicle’s CPM within each media class or within each category of magazines. For example, the CPM for general magazines ranges from 18 to 136, while the CPM for entertainment magazines and fashion magazines ranges from 43 to 214 and from 60 to 294, respectively (Table 6). Given these substantial within-class, within-category

differences, we provided an additional investigation, contrasting the cost efficiency of media vehicles and their effective targeting of a selected segment, upscale consumers.

We contrasted each media vehicle's CPM with the media vehicle's target effectiveness in Figure 1. The media vehicle's target effectiveness is measured in terms of the average household income reached. While the figure showed in general a positive relationship between a vehicle's CPM and its target effectiveness, one general magazine (*Window of the South*) and one fashion magazine (*Elle*) appear to be outliers, with general magazines being especially cost-effective and fashion magazines being especially cost-ineffective.

Discussion and Implications

Conclusion

This study investigated the targeting effectiveness and cost efficiency of the major media of TV, newspapers, and magazines in China. Findings of the study confirmed that relative to TV and newspapers, magazines are effective vehicles for reaching upscale (H1a) and status-seeking targets (H2a) that are important to advertisers with an upscale or foreign positioning. Among magazines, targeting effectiveness is especially strong for the fashion magazines that we used as prototypes of special interest magazines (H1b, H2b). The study also revealed that inflight, business, and travel magazines attract upscale consumers while inflight and fashion magazines attract status-seeking consumers. These findings showed that, in spite of the short time since magazines resurfaced in China, they have developed into effective targeting tools. More importantly, the findings suggest that it is as important for advertisers in China as it is for advertisers in developed economies to use multiple indicators to profile media audiences, as demographic or psychographic information alone provides only partial information.

This study also related CPM to the media's ability to target different income groups. As such, it is an important step towards providing better accountability for media in China. Figure 1 revealed a general positive relationship between the media's CPM and the income group they target. Thus, in spite of the premium of TV advertising (RQ1) and the news-worthiness of newspapers (RQ2), these mass market media are reaching lower income consumers on average and have a lower CPM. Special interest magazines on the other hand are reaching higher income consumers and have a higher CPM. The finding suggests that the audience segment reached is a better determinant of a media vehicle's CPM and cost efficiency.

There were a few outliers that are of interest. The magazine, *Window of the South*, has the second highest CPM among general magazines (Table 6). However, as the magazine attracts higher income consumers in the southern economic hub, it provides very good value to advertisers in spite of its higher CPM in the category. Meanwhile, the fashion magazine, *Elle*, appears to be charging a higher price relative to the income group it appeals to. As a magazine with substantial brand equity in the fashion world, advertisers are willing to pay a price premium to associate their products with the image of prestige that *Elle* offers. Thus, while the advertising premium or news-worthiness that we formerly proposed (RQ1, RQ2) do not have significant explanatory power, the impact of qualitative considerations such as the image desired by advertisers (e.g., *Elle*) or geographic reach (e.g., *Window of the South*) are issues that future research could delineate to help improve our understanding of media targetability in China.

The findings are very positive for the media market in China. Despite the lack of readily available consumer profile information and general confusion in the marketplace, media vehicles in China are providing reasonable targetability and cost efficiency. With entry to the WTO and the expected relaxation of foreign magazine ownership laws by 2005, foreign media operators

may find it highly profitable to launch magazines in the country, as MNCs are investing millions of dollars in advertising in China annually. Indeed, many general (e.g., Time) and special interest magazines (e.g., Business Week) are anxiously preparing to launch in China, if they have not yet done so. Media operators in China should go beyond circulation figures and indicate to advertisers their vehicle's specific reach to allow advertisers to capitalize on the growing fragmentation in the China market. In addition, there is a need for syndicated services that provide reliable information on the consumer's media profile, given the growing sophistication of the Chinese market.

Limitations

There are a number in limitations to this study that we wish to acknowledge. First, non-locals cannot conduct surveys in China unless they do so in joint venture with a local partner. Thus, we have relied on secondary data in this investigation and this has limited our ability to design our own questionnaire, to examine the constructs (e.g., dimensions of purchase motives) of interests, or to decide on the scales (e.g., intervallic scale for age) to use in the study. It is also more difficult for us to exert control over the research process or to ensure the quality of the data. Second, despite the breadth of data available, the data lacks details and this shortcoming has limited the type of analysis we could conduct. For example, the media consumption data was collected on a yes/no basis. While this approach simplifies the tasks for the subjects, data that describes in more detail the extent of media consumption habits could indicate more clearly the effects of specific media. Similarly, the magazines were classified under broad categories. Given the substantial difference in CPM within a magazine category, the categorization may be misleading where specific titles are concerned. More detailed categories based on the coding of the content of the vehicles would reduce the bias imposed by broad classification schemes and at

the same time, allow us to investigate the effects of media contents on consumer responses where the current study shows associative relationship only. Finally, whereas the analysis in this study showed significant statistical differences on media audiences' purchase motives, the differences in mean values are small. Thus, the media audience may not hold strong opinions one way or another and that could limit the managerial implications of the research findings.

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