

# AV

MAGAZINE

Audio's role in the AV mix: our survey reveals all 13

Imago ScanSource: Ian Vickerage talks business 21

China's AV market share: further growth predicted 25

GRAMMY Awards: Intel's futuristic tech tribute 41

Inside the Internet of Things: how will it impact AV? 55

Guiding the way: LED moves into the mainstream 63

## Innovation takes centre stage

PAGE 36



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INSIDE: NEWS ■ INTERVIEWS ■ TRAINING ■ CASE STUDIES ■ MARKETS ■ TECHNOLOGY ■ PRODUCTS ■ EXHIBITIONS

# The greatest AV market on earth

“When people work with one mind, they can even remove Mount Taishan,” says the Chinese proverb. But successful AV in China demands patience and a local partner, says *Adrian Pennington*.

World stock markets were rattled earlier in the year by fears of an overheated Chinese economy, but with a 6.9 per cent growth rate and a population of 1.3 billion the market remains hugely important for pretty much any company with international ambition. Arguably, the more salient affect is the devaluation of the yuan. “Budgets that were drafted in RMB (renminbi) are now under pressure, so projects that are allowed to move ahead are squeezing everything they can out of overseas manufacturers,” says Cameron O’Neill, director – APAC, Riedel Communications.

Of the over 1,000 exhibitors at ISE last month, more than one in ten (12.4 per cent) were from China, a quarter being new to the show. InfoComm expects China’s AV market share to grow to 14 per cent of the global AV marketplace this year when it’s also forecast to comprise more than a third (37 per cent) of the entire Asia-Pacific market.

Yet the local AV market is still dominated by products (79 per cent), according to InfoComm, with just 19 per cent from the service segment. The typical break-out between product/services market share across other regions of the world are a 2:1 ratio respectively.

“Chinese contractors are learning fast and getting more and more efficient and professional, capitalising on what is easy and cheap to produce locally, for example with LED walls,”



**Allen & Heath’s GLD-112 digital mixer is installed in the new Wanhe Grand Theatre located inside the Wanhe Shopping Mall in Xi’an. The brief was to provide audiences with an immersive experience with multimedia digital FX, and an aesthetically discreet audio system with a small footprint. The GLD system is accompanied by an EAW KFL line array, Powersoft M series amplifiers and High End Systems Shapeshifter. Since it opened, the Wanhe Grand Theatre has hosted a variety of events including the Shanxi Qingqu Community conference and a production of Cinderella**



notes Antoine Métais, head of sales and marketing, Airstar China. This said, Métais often sees foreign-based outfits handling the artistic part of shows.

“Many commercial and artistic AV projects need a deep cultural understanding of the subject to be able to participate in the tender,” he says.

Local AV is “improving all the time,” agrees Roger Willems, chairman, Penn Elcom, the flightcase and loudspeaker component manufacturer which has a facility in China. “Chinese consumers like global brands but they

are also very patriotic and love their country.”

Indeed the major contributing factor to China’s economic muscle is a burgeoning service industry, fuelled by the rising incomes of a burgeoning middle class.

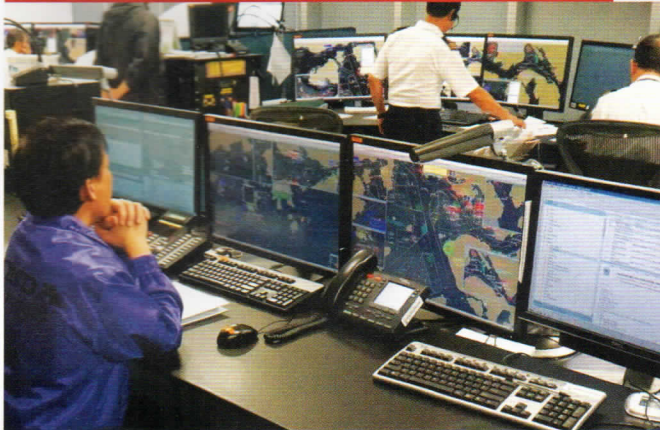
“Leisure and entertainment are massive areas of growth as people continue to migrate from the countryside into urban areas,” assesses Stuart Hetherington, ceo, Holovis. “Combined with a fast growing middle class with disposable income and leisure time means both the in-home and out

of home entertainment markets are exploding.”

Family Entertainment Centres (FECs) have witnessed huge growth, reports Hetherington, and due to the amount of gaming technology that people already have in their homes, the quality expectations for an out-of-home experience have also risen.

In one form or another, Christie’s digital cinema footprint in China is rapidly expanding. Over the next five years Dailan Wanda group will deploy 100 Dolby Cinema installations which use Christie’s 6P RGB laser with Christie/ »

HONG KONG VESSEL TRACKING CENTER



Hong Kong Harbour plays an important role in China's international trading activities. Each year around 200,000 ships carrying 300 million tonnes of cargo use the port making it the fourth largest in the world. SAAB Technologies, Intronic and IHSE joined forces to build Hong Kong's Vessel Tracking Center - among the most advanced in the

world. The requirement was to detect maritime activity on radar images, register and follow vessel movements within a flexible infrastructure. SAAB was tasked with harmonising all information facilities between shore and ships in the harbour from a central control station. To achieve this, the Tracking Center and the Kwai

Chung Marine Traffic Control Station on the opposite side of the harbour were equipped with IHSE's KVM for the extension and switching of keyboard, video and mouse signals over long distances. Other equipment included a Draco ultra DisplayPort KVM extender, capable of transferring 4K at 60fps over a single fibre cable.

Dolby co-developed HDR. Wanda Cinema Line, the leading exhibitor by box office revenue in China, has therefore become the first cinema chain to launch the premium cinema platform in China. "There is activity all over the country, notably in the tier 1 cities - Shanghai, Beijing, Guangzhou and Shenzhen, the latter hosting dozens of tech start-ups "which gives the city the feel of early Silicon Valley circa 2000," notes Hetherington.

Megacities

If you already find it hard to get a grip on China's scale, then the idea of megacities blows the imagination. Underway is a project to merge nine cities that

lie around the Pearl River Delta. The scheme will create a 41,500 sq km urban area twice the size of Wales and cover a large part of China's manufacturing heartland. Around 150 major infrastructure projects will mesh transport, energy, water and telecomms networks at a staggering £190 billion. An express rail line will also connect the hub with nearby Hong Kong. Chinese planners are now plotting Jing-jin-ji, a titanic megacity uniting the high-tech industries of Beijing with sea transport links at Tianjin and the surrounding province of Hebei. The 212,379 sq km area currently has a population of 130 million people but this could rise to over 200 million.

All these projects mean rapid expansion of basic infrastructure from hospitals and schools to mass transit. While the narrative is one of rapid technological progress, there are dissenters. "There's a lot of catch-up going on," says O'Neill. "There is demand but they are working from a much lower base. So the opportunist would simply copy something that already has proven results but has never been seen before in China and save a packet on R&D." Local provinces are competing with each other to develop their economy in both public and private sectors "pushing them to build up stunning shows to attract tourists and create interest using high tech solutions," suggests Métais.

Theme park explosion

There are already 300 theme parks in China but global operators have prioritised the country to capitalise on the booming domestic market. Disney is building the \$5.5 billion Shanghai Disney Resort set to open in June. Due in 2018 nearby is the Dream Center, a \$2.7 billion entertainment complex backed by DreamWorks Animation, while construction has begun on a \$3 billion Universal Parks & Resort near Beijing for 2019. US operator Six Flags Entertainment is building a \$4.6 billion venture in Haiyan, south of Shanghai for 2019, the first of multiple planned resorts in the country and Hasbro is opening its first Transformers themed live entertainment attraction, choosing China over the US. Opening in 2017 and developed by DMG Live, the custom-built theatre seating 4,500 will host a live show combining shape-shifting robots, aerial stunts and large-scale special effects according to a statement.

INDUSTRY VIEWS



**"Chinese contractors are learning fast and getting more and more efficient."**  
**Antoine Métais**  
 Head of sales and marketing, Airstar China



**"Budgets that were drafted in RMB (renminbi) are now under pressure."**  
**Cameron O'Neill**  
 Director -APAC, Riedel Communications



**"Chinese consumers like global brands but they are also very patriotic and love their country."**  
**Roger Willems**  
 Chairman, Penn Elcom

"China is the only place that has a giant catchment of 50 million people living in a three-hour drive or trainway," noted Jeffrey Godsick, president of Twentieth Century Fox Consumer Products. Vienna-based Attraktion! is increasing its presence with 4D and 5D installations such as at LEWA Wonderland in Xian. It was also behind the waterproof 5D attraction Cinesplash5D at Ningbo Hangzhouwan Dream Hot-spring Water World. Other major projects attracting AV is Beijing's host of the Winter Olympics 2022. Willems says Penn Elcom

produced 300 flight cases for the Olympics 2008 just to carry one product for that event: "With 1.3 billion people, the event calendar is massive."

**Unique business challenge**

Nonetheless, there is a business culture in China that simply has to be learned if any success is to come your way. Additionally, there are challenges importing technology into the country, especially around CCC Certification. Chinese authorities have the right to open all shipments which often worries manufacturers who are trying to protect IP, as products can be interrogated and (they fear), potentially copied.

"People often assume that there are significant challenges within the Chinese supply chain, and while this used to be the case, it has actually improved in recent years," says Hetherington. "There are professional, high quality suppliers, some of which are very keen to strike partnerships with western firms."

"Decide early on that you are in China for the long term, do not be confrontational and learn how to navigate and deal with things," advises Willems. "Have the tenacity to re-ask a question until you are sure you've understood



**Chinese singer/songwriter, Hins Cheung's tour at Guangzhou Gymnasium used a monitor mixing system comprising Allen & Heath's new dLive and ME personal monitor mixing systems. Hong Kong production company, A Team Plus managed the audio for the tour**

totally. I have seen catastrophes based on a few words being misunderstood."

Métais' advice is to develop a 'guanxi' (network): "It might seem obvious but spending time with partners and clients in non-formal situations is a key to pushing business."

O'Neill warns overseas manufacturers to beware that the Chinese will play their cards close to their chest "until

you can prove that you are serious and trustworthy. They know that their engineers have a lot to learn about AV/broadcast technology," he adds. "So they would prefer that you take on that risk of the system failing (by offering an SLA). This basically comes from the concept of 'Face' where no-one wants to be the guy that suggests a new or novel idea and then have it fail."

If not mandatory, it is critical to grasp Mandarin, usually by hiring local language technicians who also speak your company's native tongue with a high fluency.

"You want to be acting at arm's length in China," says O'Neill. "There's still a heavy state influence there and an outsider can easily get lost in regulation. You're better off trying to piggy-back off someone who is already in the country and meeting some end clients directly, finding out which partners they use. Typically, a company will only purchase from a small number of partners, and they resist purchasing from anywhere else. Additionally, you may need more than one partner."

The imperative of finding a local representative is stressed repeatedly to ensure that the Chinese team you work

with are well briefed on how to represent your company.

"Finding the right partner can be difficult," says Hetherington. "There are many who might not be all they seem so companies need to exercise significant caution before any contracts are exchanged. Starting with a trusted local representative is great to begin with. They can then help with introductions to the companies you want to talk to."

While China is often seen as a huge prize from afar, you may find many more interesting targets in the Asian region. Says O'Neill: "China is big, and they have money, but you also need to approach the market seriously, with investment and local team members, which means that you are increasing your costs." ■



**Adrian Pennington is a former AV writer now specialising in media technology, writing regularly for Broadcast and The Hollywood Reporter. He is the**

**co-author of Exploring 3D: The new grammar of stereoscopic filmmaking.**

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