



# 2024 CHINA MEDIA INFLATION TRENDS

An R3 Report

# ■ BACKGROUND & METHODOLOGY

R3 2024 China Media Inflation Trends Report covers 2022/2023 actual inflation and 2024 inflation forecasts.

This report mainly focuses on the overall media inflation forecast of digital and OOH in China, which accounts for the highest ratio of media investment in the industry. R3 does not rely on any one single data source; making our inflation forecast one of the most objective and independent available.

In preparing this report, R3 referred to:

- R3 media intelligence data
- Macroeconomic data from governments and international institutions (i.e., World Bank)
- Financial reports (2020 - 2023) of listed media companies
- Nearly 700+ public rate cards from over 200 media platforms

## RATE CARDS



**9**

**OTV**



**15**

**OTT**  
(Smart TV)



**100+**

**Display**



**50+**

**OOH**



**20+**

**TV**



# MEDIA INFLATION FACTORS

R3 evaluates media inflation through the lens of **three key factors**

## 1

### Macroeconomic Environment

**China's economy has gradually stabilized following adjustment of pandemic policies**

- GDP increased **5.2%** in 2023.1-9 as consumer demand eased and offline consumption normalized, growing **3.2%** from 2022
- China's economic growth is expected to accelerate to **4.4%** in 2024 as China economy is expected to be bright prospect for in the next year

## 2

### Trends in Ad Revenue

**Market recovery results in collective recovery of the ad industry**

- 2023 total advertising revenue is expected to increase **8.2%** compared to a decrease of **5.3%** YOY in 2022
- Digital remains resilient with a **15.5%** projected growth rate in 2023
- OOH advertising revenue increased **3.2%**
- TV advertising revenue decreased **10.1%** YOY in 2023

## 3

### Digital Media Landscape

**Digital advertising fully recovers with double digit growth rates**

- Advertising revenue of 4 digital giants (Alibaba, Douyin, Tencent, Baidu) increased **18%** in 2023H1 vs 2022H1
- Advertising revenue of 4 key digital platforms (Kuaishou, Red, Weibo, Bilibili) increased **23%** in 2023H1 vs 2022H1
- Advertising revenue of other digital platforms increased **27%** in 2023H1 vs 2022H1

# CHINA'S MACROECONOMIC ENVIRONMENT

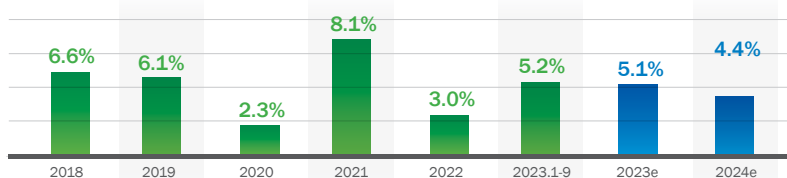
In 2023, China's economy gradually recovered after adjustment of pandemic policies

China's economy has gradually recovered from the impact of pandemic policy, delivering an actual GDP growth rate of 5.2% in Q1-Q3 2023. Annual growth is estimated at 5.1%.

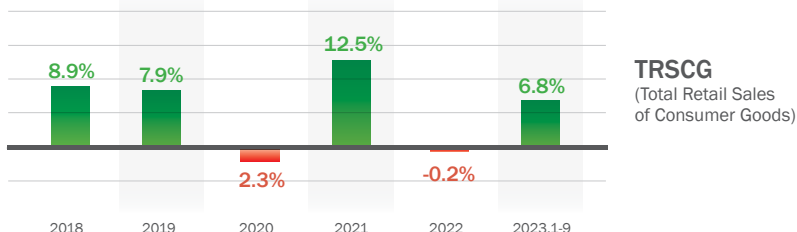
Though internal and external challenges remain, there is an overall positive outlook for China's economy in 2024 with estimated GDP growth rates forecasted at 4.4%.

The growth of China's TRSCG in the first three quarters of 2023 also indicates steady economic recovery.

China's GDP annual growth rate comparison



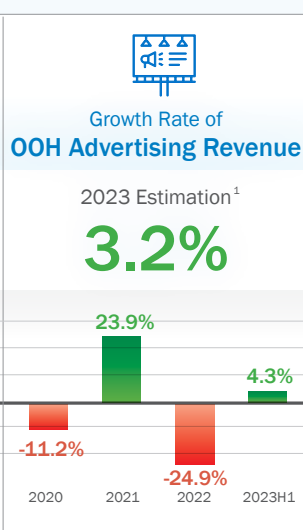
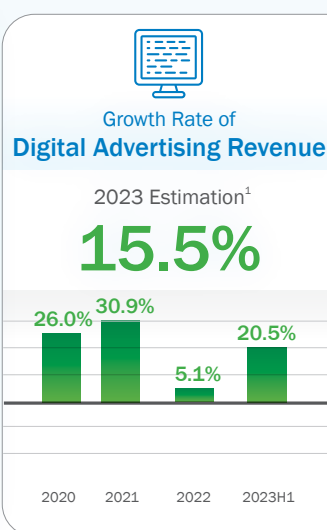
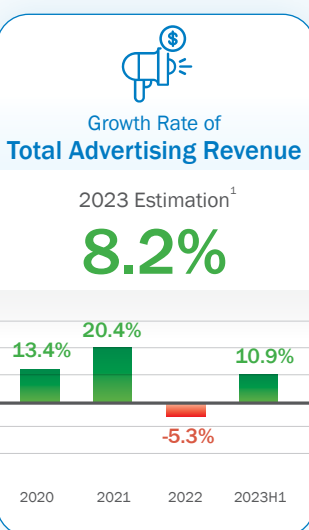
China's TRSCG annual growth rate comparison



Data source: 2018-2023.9 actual GDP growth rate: National Bureau of Statistics; 2023/2024 expected GDP growth rate: The World Bank; 2018-2023.9 actual TRSCG growth rate: National Bureau of Statistics

# MARKET RECOVERY RESULTS IN COLLECTIVE RECOVERY OF THE AD INDUSTRY

Digital drives advertising revenue and TV's downward trend slows



Data Source: 1 R3 estimation; China total advertising revenue: State Administration for Market Regulation; Digital and OOH advertising revenue: Financial Statement; TV advertising revenue: National Radio and Television Administration

# DIGITAL ADVERTISING HAS FULLY RECOVERED

Except Weibo, all digital giants and other key digital platforms achieved a high growth rate

**+18%**

2023H1  
vs.  
2022H1

**409B**

2023H1  
advertising revenue  
of 4 digital giants

**+23%**

2023H1  
vs.  
2022H1

**52B**









2023H1  
advertising revenue of  
4 key digital platforms

**+27%**

2023H1  
vs.  
2022H1

**176B**

2023H1  
advertising revenue of  
other digital platforms

	 抖音集团 Douyin Group	 Alibaba Group 阿里巴巴集团	 Tencent 腾讯 + 易车	 Baidu 百度 + iQIYI		 小红书			Other Digital Platforms
22FY vs 21FY	9%	-7%	-7%	-9%	15%	100%	-22%	12%	20%
2023H1 vs 2022H1	26%	3%	26%	11%	22%	33%	-2%	29%	27%
Reason for Change	* Short video industry dividend and rapid development of e-commerce ecology		* Increase in revenue from WeChat Channel (视频号)		* Late start in commercialization of ad and Short video industry dividend development of e-commerce ecology		* Low revenue base and monopoly in segmented industries		

Ranking by 2023H1 media revenue from left to right (except other digital platforms)

Data Source : Media publishers ad revenue is from company financial statements , Douyin Group & RED are from R3 estimation;  
2. Alibaba Group: 72% of financial statement 3. JD: 50% of financial statements



# MEDIA INFLATION FORECASTS

## 2024 Media Inflation Highlights THREE KEY INSIGHTS

# 1



**Digital investment is highly skewed to display ads.**

Short video and social will also be expected to increase their rate cards in 2024.

# 2



**Opening ads on Apps and OTT remain the highest demand ad inventories.**

Rate card inflation is expected to continue in 2024.

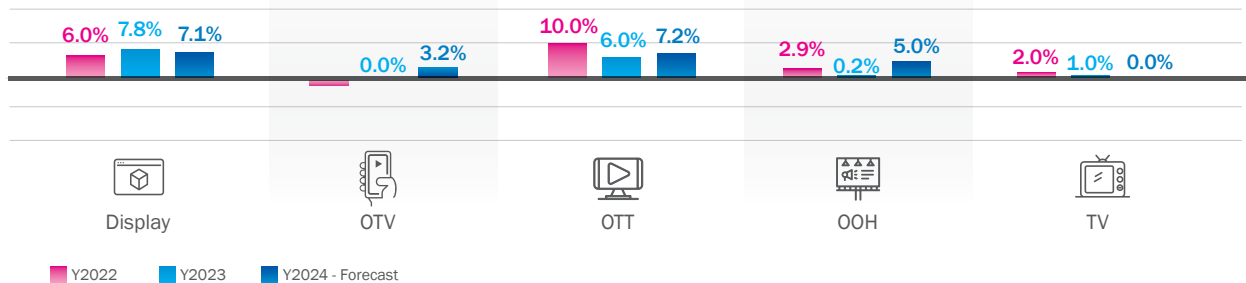
# 3



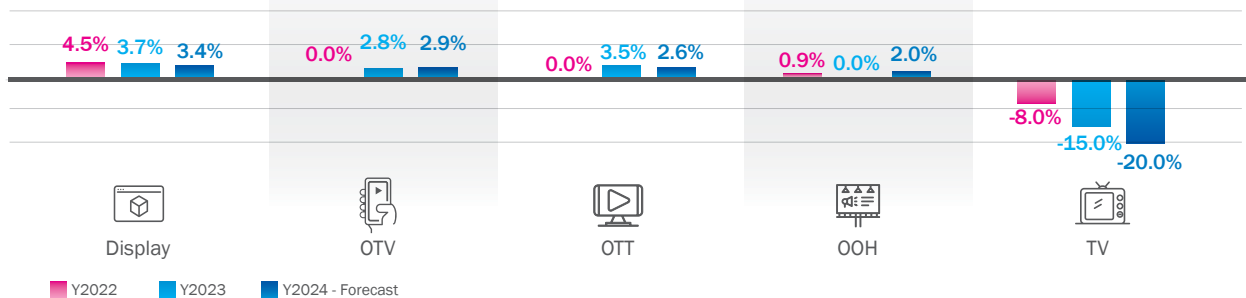
**OOH is expected to increase their rate cards as offline consumption normalizes.**

### Y2024 Inflation Forecast - By Media Type

#### Rate Card Cost Inflation



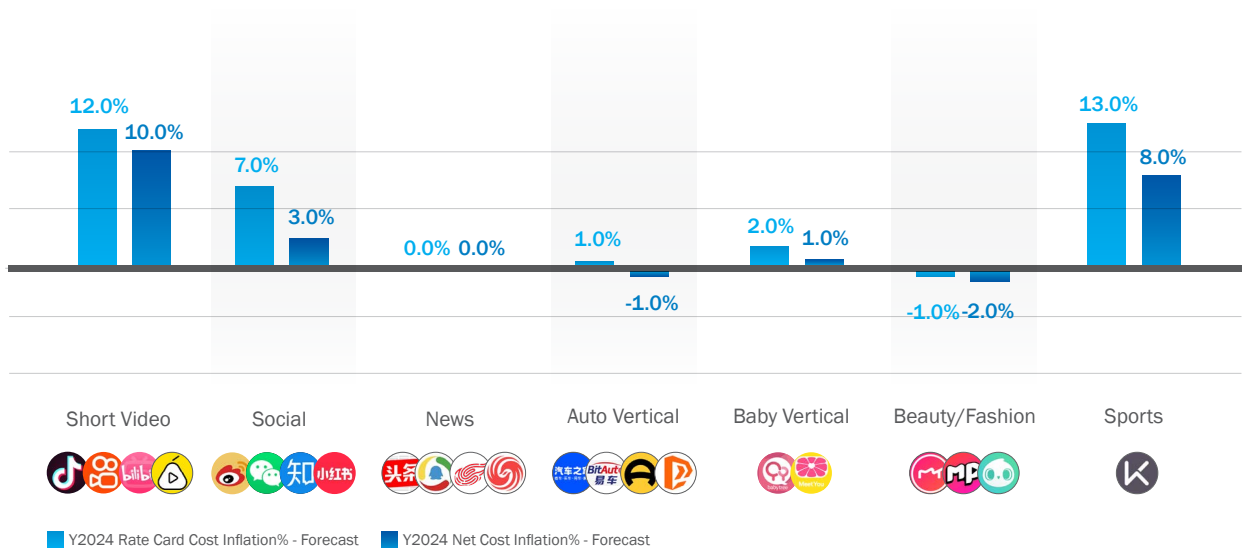
#### Net Cost Inflation



Remark: TV category includes CCTV, PSTV and PTV

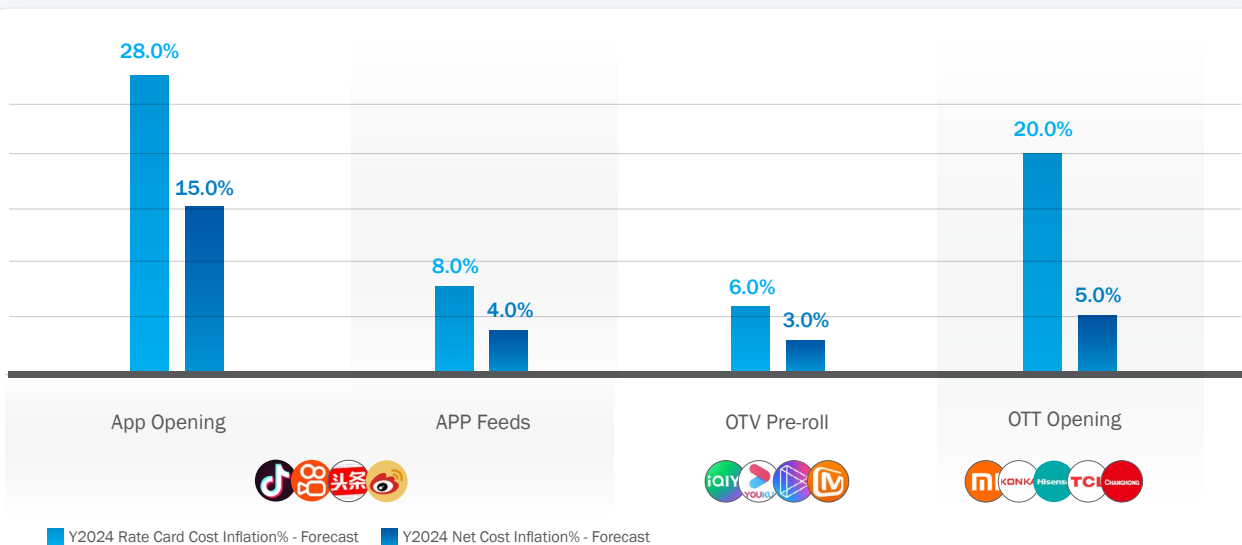
### Y2024 Digital Inflation Forecast - By Types of Mobile Apps

- Short Video, Social and Sports will lead cost inflation driven by Douyin, Kuaishou, Red and Keep.
- Auto vertical and Baby vertical are projected to experience slight inflation at 1% - 2%.
- News Apps will retain a flat price.



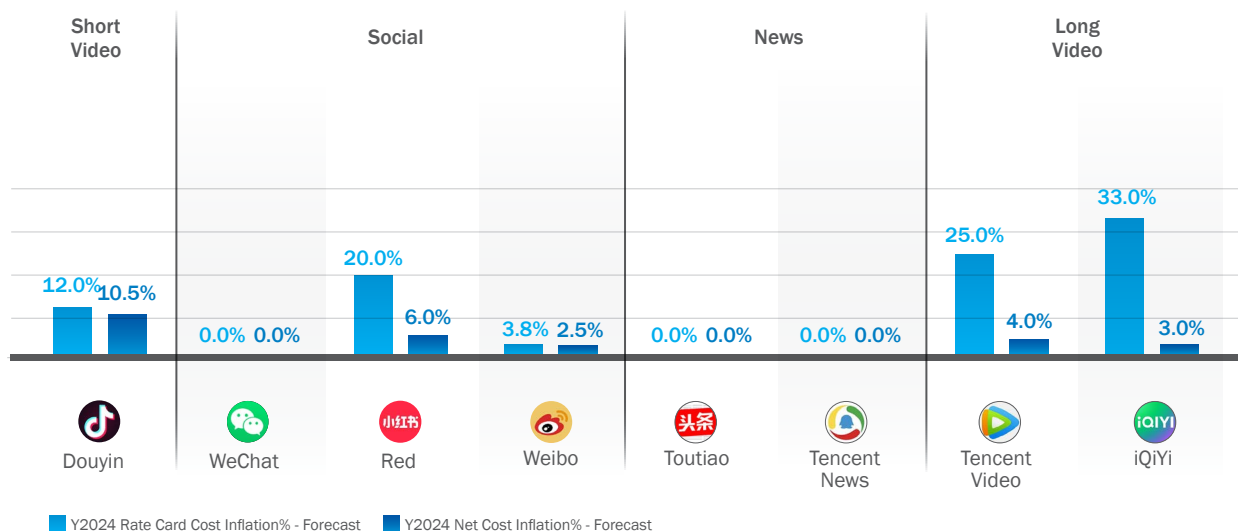
### Y2024 Digital Inflation Forecast - By Ad Format

- Opening ads on hero Apps and OTT are projected to have the highest inflation due to high demand.



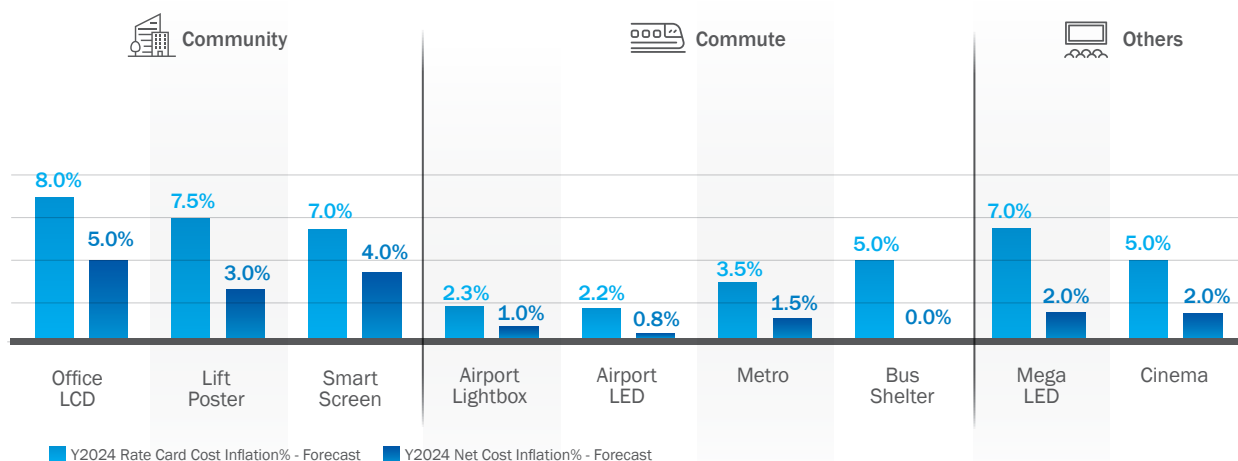
### Y2024 Digital Inflation Forecast - By Key Digital Platforms

- Douyin, Red, Tencent Video and iQIYI are expected to have higher inflation compared to other Apps.



### Y2024 OOH Inflation Forecast - By Media Category

- Community OOH (including Office LCD, Lift Poster and Smart Screen) are forecasted to have higher inflation for its capability to reach urban dwellers and daily high exposure frequency.
- Mega LED and Cinema also are forecasted to have higher inflation as offline consumption resumes.



# WORK WITH R3 TO MAKE MEDIA INVESTMENT TRANSPARENT & EFFICIENT

## 胜三助您厘清并优化媒介投资



### Pre-Campaign

- Media Agency Partner Selection
- Cost Market Norm Set Up
- Rebate Market Norm Set Up
- Ways of Working Enhancement
- 媒介代理商筛选
- 建立媒介花费规划
- 建立媒介返点规划
- 优化工作流程



### During-Campaign

- On-air KPI Verification
- Under Delivery Compensation Tracking
- Correct Use of Rate Card
- 实时KPI验证
- 未达标补偿资源检测
- 广告报价正确性



### Post-Campaign

- Media Cost Fulfilment
- Media KPI Fulfilment
- Media Cost & KPI Benchmark
- Media Financial Audit
- 媒体成本履行验证
- 媒介KPI履行验证
- 媒介成本和KPI基准衡量
- 媒介财务性审计

# ABOUT R3

We are an independent transformation consultancy hired by CMOs to make their marketing more measurable and accountable to business impact.

## OUR REASON FOR BEING

In a word, we are about transformation. R3 was established in 2002 in response to an increasing need from marketers to enhance their return on marketing, media and agency investments, and to improve efficiency and effectiveness.

We want to help CMOs make marketing accountable.

## OUR BACKGROUND

We've worked with more than one hundred companies on global, regional and local assignments to drive efficiency and effectiveness.

We have talent based in the US, Asia Pacific and Europe and partners in LATAM and Africa.

Through global work for Samsung, Coca-Cola, Johnson & Johnson, Visa, Unilever, and others, we have developed robust benchmarks and process targets for more than 70 countries.

## HOW WE DO IT

- We invest in the best talent, bringing in senior leaders from marketing, agency and analytic backgrounds.
- We're independent. Because we're not your marketing team or agencies, we're empowered to be honest and transparent.
- We use external benchmarks. We have proprietary data pools to inform our in-depth analysis.
- Since 2002, we've interviewed more than 2,000 marketers about their agency relations.
- We have co-developed software to measure agency and media performance.
- Each month, we exclusively track over 500 agency new business wins.
- We have insight into global best practice. We work with companies who want to do best-in-class marketing across diverse categories and geographies.
- We authored the book "Global CMO" about marketers leading Digital Transformation around the world.
- We maintain an ongoing database of media costs for key markets.



## DRIVING TRANSFORMATION FOR MARKETERS AND THEIR AGENCIES



### RETURN ON AGENCIES

We help marketers find, pay and keep the best possible agency relationships – covering Creative, Media, PR, Digital, Social, Performance, Event, Promotions and CRM.

We take the lead on improving the Integration process through proprietary software and consulting.



### RETURN ON MEDIA

We offer professional analysis of the media process, planning and buying with proprietary benchmarks and tools to set and measure performance.

We conduct financial audits to validate and benchmark transparency.



### RETURN ON INVESTMENT

Using a bespoke and proprietary methodology, we help benchmark and provide insights into how your marketing strategies perform in your category and across categories.

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