



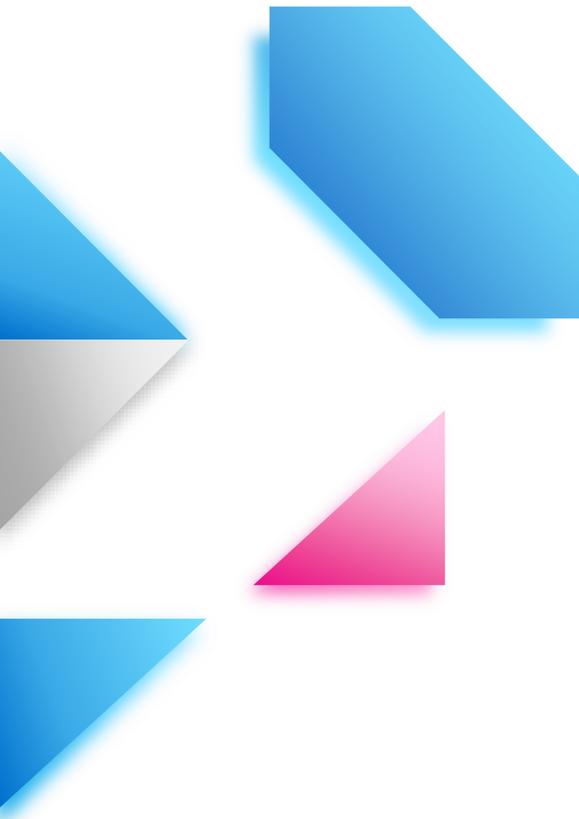
# 2024 China Media Inflation Trends Report prepared by R3

November 2023



[www.rthree.com](http://www.rthree.com)

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# 1

## Background & Methodology

## 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 account for the highest ratio of media investment in the industry. R3 does not rely on any one single data source; making it one of the most objective and independent inflation forecasts available.

In compiling this report, R3 referred to

- R3 media intelligent data;
- Macroeconomic data from reports issued by government departments and international institutions such as the World Bank, etc;
- Financial reports of listed media companies from 2020 to 2023;
- Nearly 700+ public rate cards from over 200 media platforms in 2021, 2022 and 2023.

### Media Publishers





# 2

## Media Inflation Factors

# Factors That Impact Media Inflation

R3 evaluates media inflation through the perspective of three key factors



## Macro Economic Environment

*China's Economy Gradually Recovered In 2023*

- GDP grew just **5.2%** in 2023.1-9 as the backlog of consumer demand was released and offline consumption was repaired, increasing from **3.2%** growth in 2022.
- China's growth is expected to accelerate to **4.4%** in 2024 as China economy is expected to be bright prospect for in the next year.



## Trends in Ad Revenue

*Market Recovery Brings Collective Recovery Of Advertising Industry Compared To The Low Base In 2022*

- 2023 total advertising revenue is expected to increase by **8.2%**. A notable growth compared to **5.3%** YOY drop in 2022.
- Digital remains resilient with a **15.5%** projected growth rate in 2023 and OOH advertising revenue increased **3.2%** While TV advertising revenue decreased **10.1%** YOY in 2023.



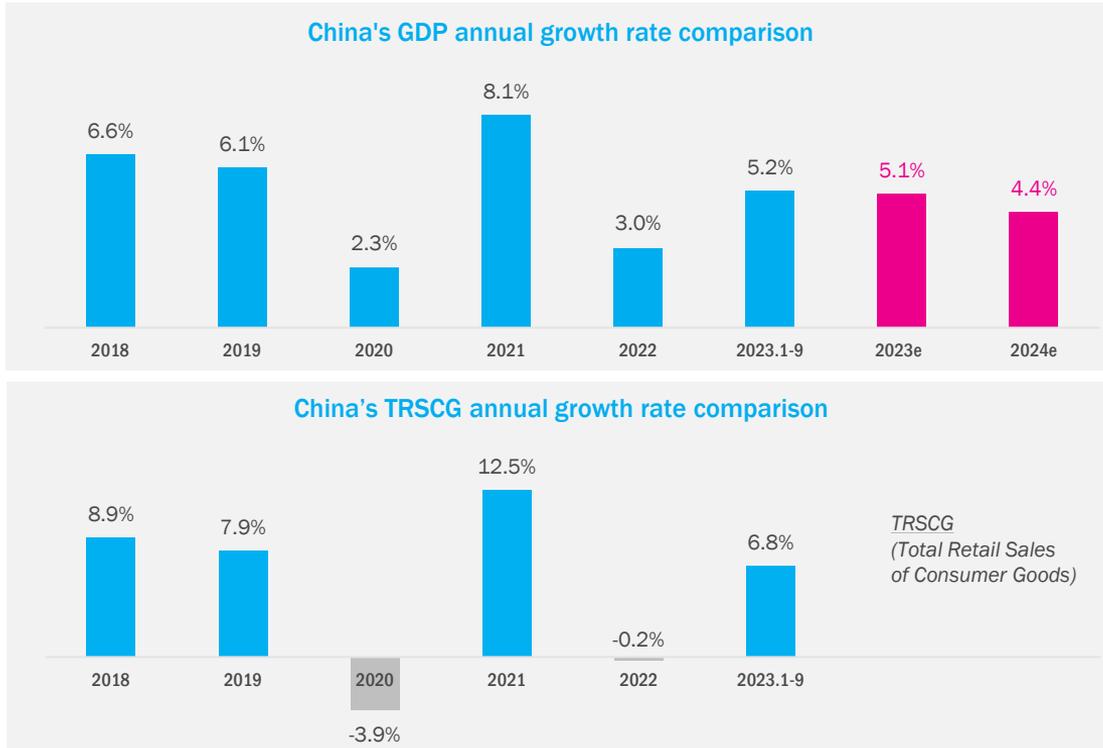
## Digital Media Landscape

*Digital Advertising Has moderately recovered with a high growth rate*

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

# China's Macroeconomic Environment

In 2023, China's economy gradually recovered



- In 2023, after the adjustment of China's epidemic policy, the backlog of consumer demand was released and offline consumption was repaired. The economy gradually recovered with a actual GDP growth rate of 5.2% in 2023Q1-Q3 and an estimated 5.1% for the whole year.
- Bright prospect for the China economy in 2024 although internal and external challenges will still remain and China's estimated GDP growth rate is 4.4%.
- The growth of China's TRSCG in the first three quarters of 2023 also indicates a steady recovery of the economy.

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 Brings Collective Recovery of Advertising Industry

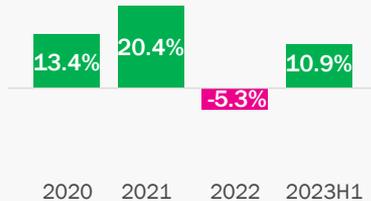
Digital is the key driver of advertising revenue and TV's downward trend has also slowed down



## Growth Rate of total Advertising Revenue

2023 Estimation<sup>1</sup>

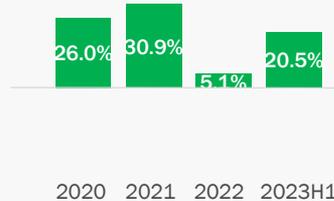
**8.2%**



## Growth Rate of Digital Advertising Revenue

2023 Estimation<sup>1</sup>

**15.5%**



## Growth Rate of OOH Advertising Revenue

2023 Estimation<sup>1</sup>

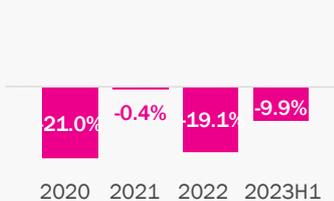
**3.2%**



## Growth Rate of TV Advertising Revenue

2023 Estimation<sup>1</sup>

**-10.1%**



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 Moderately Recovered

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



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

\* Low revenue base and monopoly in its own field

Except other digital platforms, from left to right, ranking by media revenue during 2023H1

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



# 3

## 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 card in 2024.

2



**Opening ads on Apps and OTT remain the highest demand ad inventories.** The rate card inflation is expected to continue in 2024.

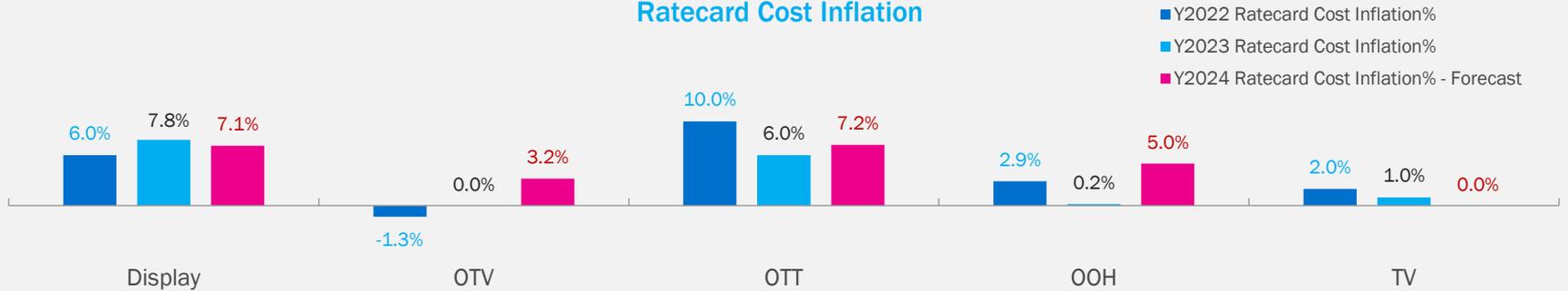
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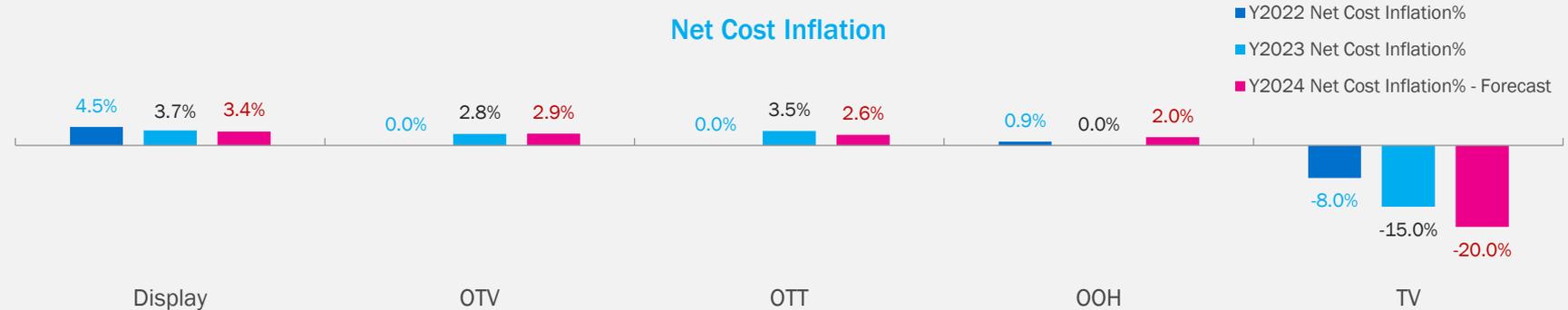
**OOH is expected to increase their rate card because the offline consumption is repaired.**

# Y2024 Inflation Forecast by Media Type

## Ratecard Cost Inflation



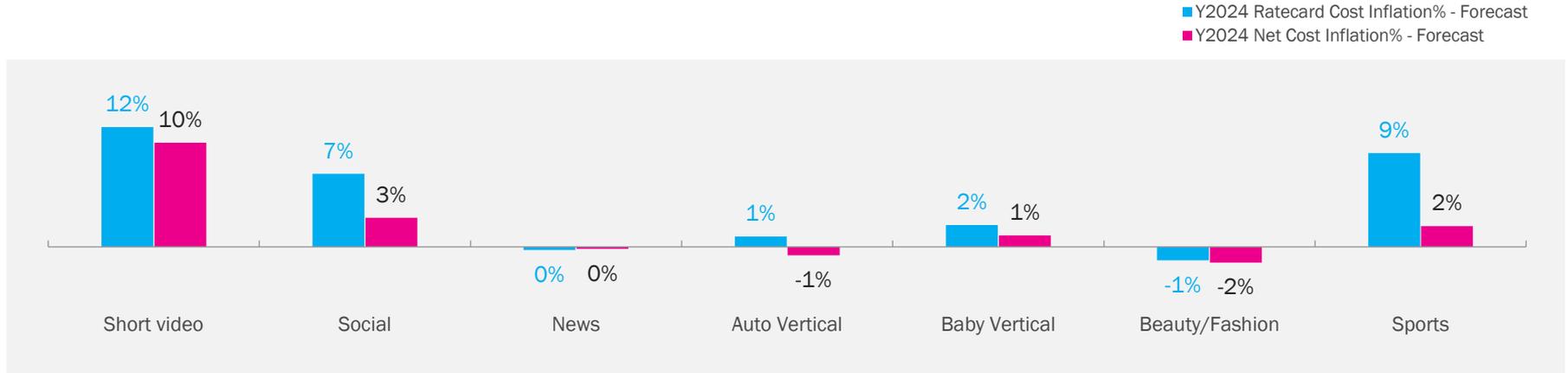
## Net Cost Inflation



Remark: TV category includes CCTV, PSTV and PTV

# Y2024 Digital Inflation Forecast – By Types of Mobile Apps

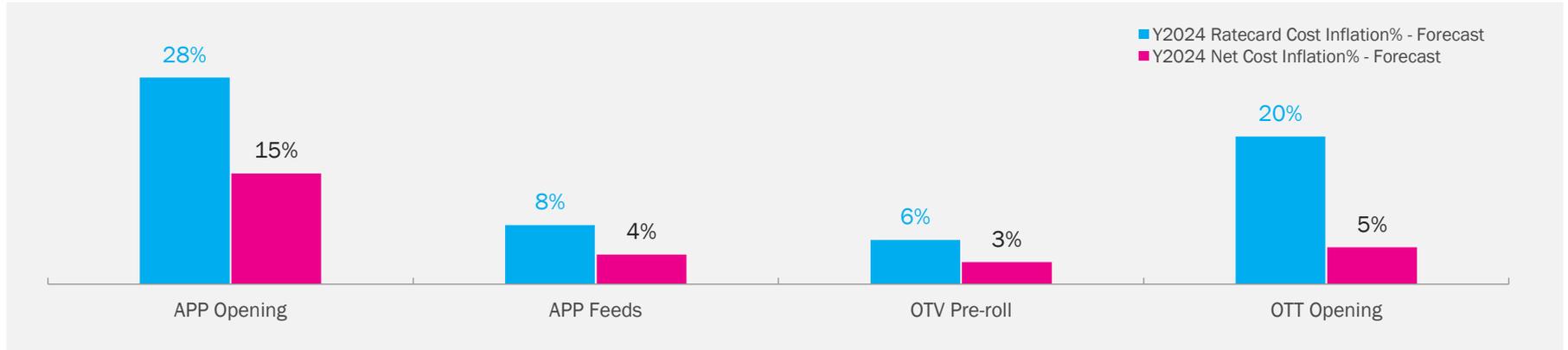
- Short Video, Social and Sports will lead cost inflation driven by Douyin, Bilibili, Red and Keep.
- Auto vertical and Baby vertical are projected to have a slight inflation at 1% - 2%.
- News Apps will retain a flat price.



**Short video:** Douyin, Kuaishou, Bilibili etc.  
**Social:** Weibo, WeChat, Red, Zhihu etc.  
**News:** Toutiao, Tencent News, Netease, iFeng etc.  
**Auto Vertical:** Autohome, Bitauto, DCD, Pcauto etc.  
**Baby Vertical:** Babytree, Meet you, etc.  
**Beauty/Fashion:** 美图秀秀, 美拍, FaceU, etc.  
**Sports:** Keep, etc.

# 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.



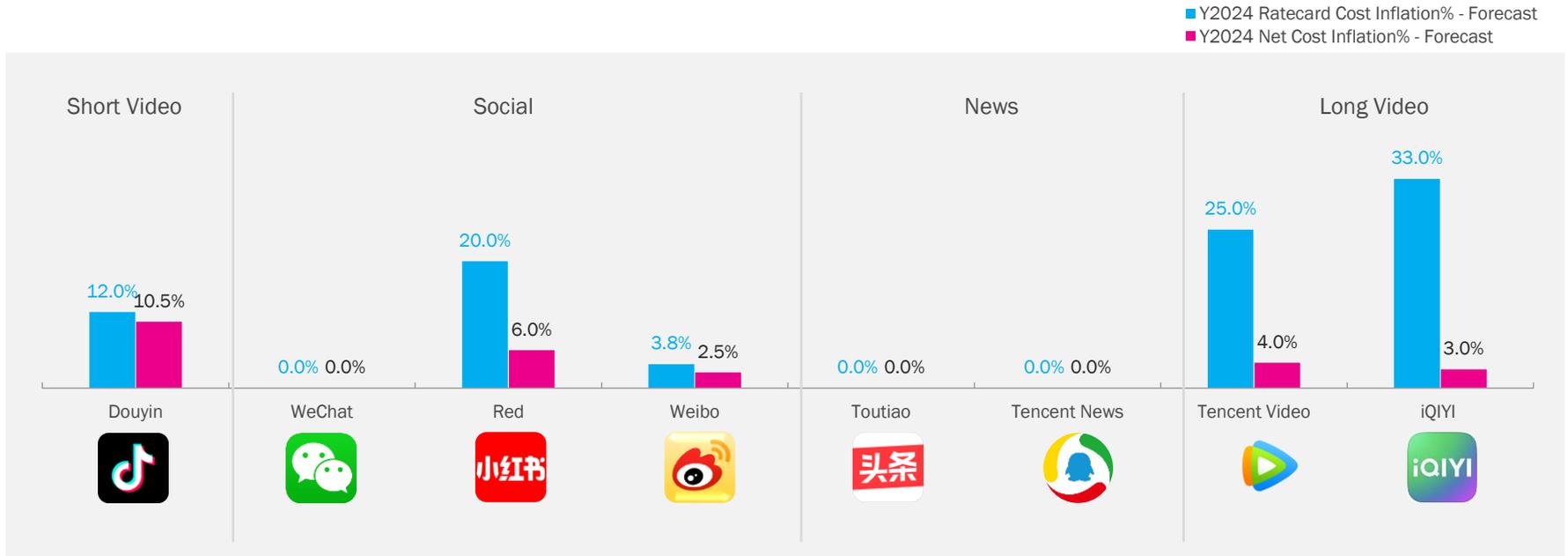
**APP:** Douyin, Kuaishou, Toutiao, Weibo, etc;

**OTV:** iQIYI, Youku, Tencent Video, Mango TV, etc.

**OTT:** MI, Konka, Hisense, TCL, Changhong, etc.

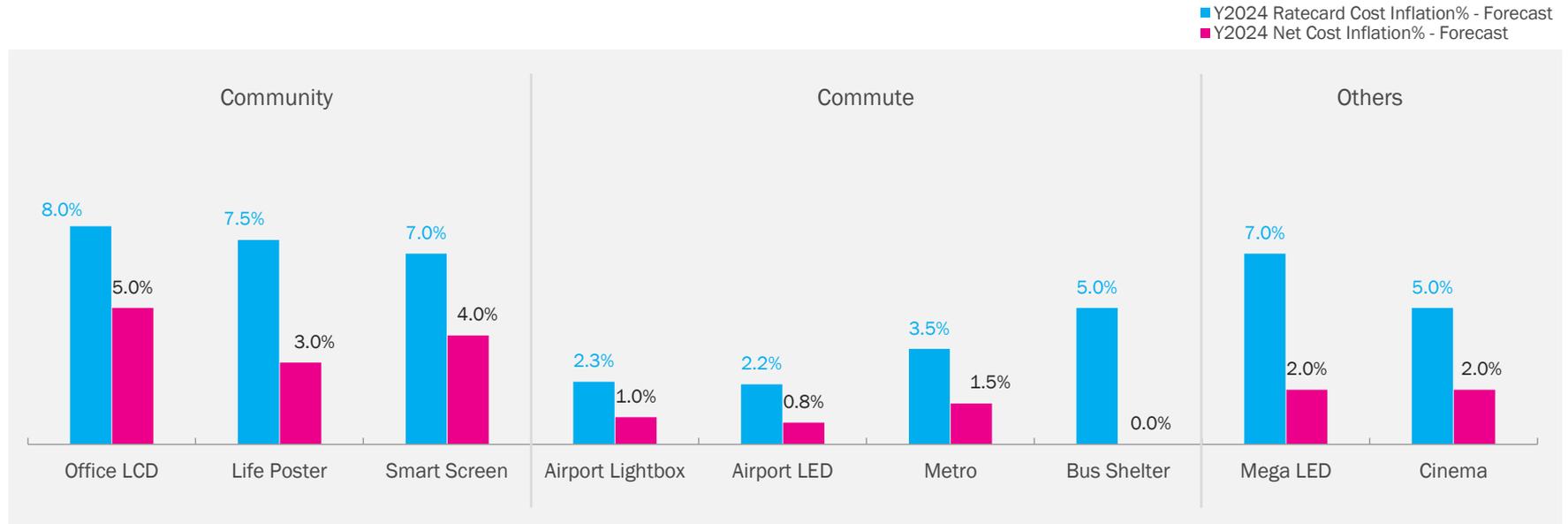
# Y2024 Digital Inflation Forecast – By Key Digital Platforms

- 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 its daily high exposure frequency.
- Mega LED and Cinema also are forecasted to have higher inflation because the offline consumption is repaired.



# 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
- Way 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

# Contact Us



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