

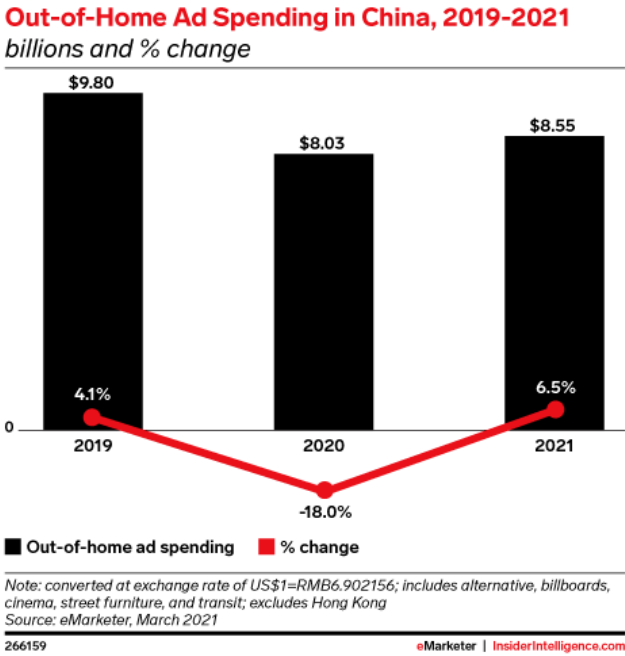
OOH advertising returns in China, bearing new opportunities

Article

In China, out-of-home (OOH) was one of the hardest-hit ad formats last year. Though spending on outdoor ads will start returning to normal this year, where and how brands deploy them may be anything but ordinary in a post-pandemic China.

Due to the health crisis, OOH ad spending there fell by 18.0% year over year (YoY) in 2020, the steepest drop across all media formats except magazines, according to our [forecast](#).

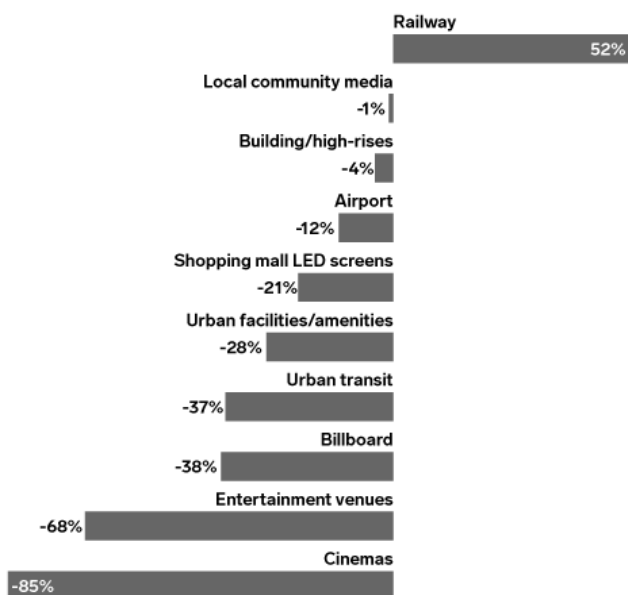
Industries that center on in-person activities, such as entertainment, restaurants, travel, and hospitality, pulled back their OOH expenditures.



Not all OOH locations suffered, however. Between February and November 2020, entertainment venues and movie theaters saw the worst annual declines in outdoor ad revenues, according to GroupM, as a result of social distancing and mandates against large gatherings. But OOH investments grew for train stations over the same period, by 52% YoY, thanks to increased demand for domestic travel.

Out-of-Home Ad Spending Growth in China, by Location/Type, 2020

% change vs. prior year



Note: during February–November of each year
Source: GroupM, Jan 23, 2021

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The worst of the pandemic appears to be over for China, but recent local outbreaks spell uncertainty for the OOH ad market. Due to effective containment efforts and the rise in inoculations, the country had gone days with no new cases reported. Over the past month, however, COVID-19 flare-ups have been cropping up in provinces such as Liaoning, Anhui, and Guangdong. The pandemic will hang over the industry for the near future, at least until a sizable portion of the population is fully vaccinated.

This improving yet unpredictable environment calls for OOH advertisers in China to adapt to local conditions, and to target the consumer who is venturing out hopefully but warily. Many people are still staying local, for example. This has driven advertising demand for OOH locations like elevators, from sectors such as food delivery, online grocery, and local group buying. In March 2021, spending on LCD display and print ads in elevators rose by 27.1% and 89.6% YoY, respectively, per CTR Market Research.

We forecast that OOH ad expenditure in China will rebound by 6.5% this year, to reach RMB 59.01 billion (\$8.55 billion). That's still well below 2019 levels, as people there will continue spending more time at home—and on their **mobile devices**—than normal.

But the recent Labor Day holiday gave a vote of confidence to travel. From May 1 to 5, people took 230 million trips within China, up nearly 18% from 2019, according to the Chinese Ministry of Commerce. Many travelers turned to high-speed rail for these trips, which further solidifies demand for ads in train stations after 2020.

OOH advertisers are seeking more ways to improve ROI, and technological innovations are delivering efficiency and new sensory experiences to the industry. Digital screens have made outdoor ads more cost-effective and enable brands to convey information in a timely manner. Advertisers in China are also increasingly fusing outdoor and digital ads using QR codes. For instance, consumers can follow the QR code on a billboard to view related livestreams or social media posts.

New visually dynamic formats are turning outdoor ads into highly shareable experiences, too. 3D video ads have popped up in digital billboards at high-traffic areas; people can enjoy these hyper-realistic **3D animations** without special eyewear. Brands are also using hundreds of LED-equipped **drones** to form logos, slogans, product images, and even QR codes in lights against the night sky.

Passersby don't just stop and stare at these jaw-dropping visuals—more importantly, they hit record and share the footage on social media, where the ads reach even more eyeballs, and possibly go viral in China and beyond.