

Beijing's 'techlash' against China's biggest internet champions, and the ramifications for digital advertising

Article

Over the course of 2021, the Chinese government promulgated two groundbreaking laws governing the country's digital economy. The **Data Security Law (DSL)** and the **Personal Information Protection Law (PIPL)** were introduced throughout H1 and implemented in H2. Both pieces of legislation were part of a wider crackdown on private-sector internet giants, whose power and influence China's leaders perceived to have become excessive.

Both the DSL and the PIPL involve heavy new restrictions on the collection, storage, and use of personal data. The regulations have created massive challenges for ad tech service providers and digital ad publishers, as previously standard practices for data collection and ad targeting suddenly became illegal.





During H1 2021, before most of the new rules had fully circulated, China's largest tech companies reported strong growth in their ad businesses. That all changed in H2, once the wider "techlash" had set in:

- **Alibaba** reported 24.0% year-over-year (YoY) growth in customer management revenues in H1 and then 0.6% in H2.
- **Baidu** saw its online marketing revenue growth plummet from 21.9% to 2.1% in the same period.
- **Tencent** posted 23.1% growth in online ad revenues during H1. But in Q3, that dropped to 5.4%, and the company reported a 12.7% YoY decline in Q4.
- An executive from **ByteDance's Douyin** told Chinese media outlet Jiemian News that Douyin's advertising business had not grown at all in H2 2021.

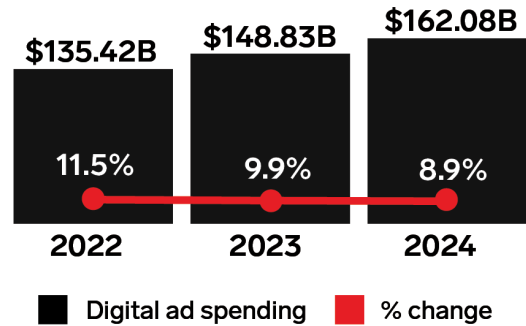
To make matters even more complicated, China's anti-monopoly market regulator is currently drafting new guidelines specifically designed to govern digital ads. Although the **Measures for the Administration of Internet Advertising** have not yet been fully promulgated, they are expected to further constrain the operational flexibility of China's largest digital ad publishers.

China Digital Ad Spending Snapshot, 2022

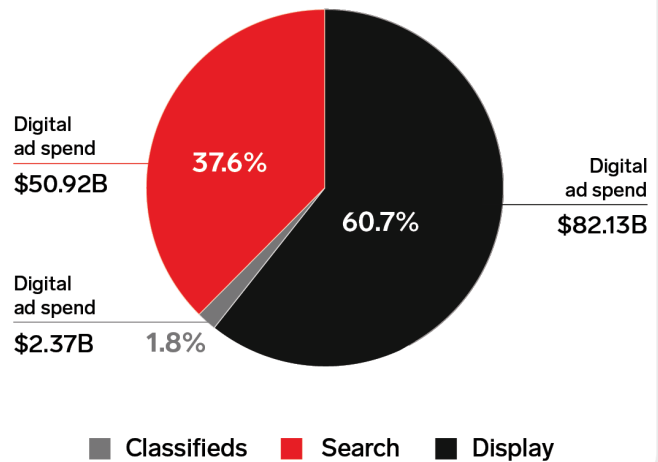
Companies in China with Over \$10 Billion in Digital Ad Revenues, 2022

	Digital ad revenues (billions)	% change
 Alibaba	\$36.23	8.2%
 Douyin	\$20.02	18.0%
 Tencent	\$12.46	4.1%
 Baidu	\$10.13	1.6%

Digital Ad Spending, 2022–2024



Digital Ad Spending, by Format, 2022



Source: eMarketer, March 2022
g274959

INSIDER INTELLIGENCE | eMarketer

Read more about growth in China's weakening ad market [here](#).

Read the full report.

Report by Ethan Cramer-Flood May 18, 2022

China Ad Spending 2022

