

China's conviction to reshape media to its image upends digital marketing world

Article

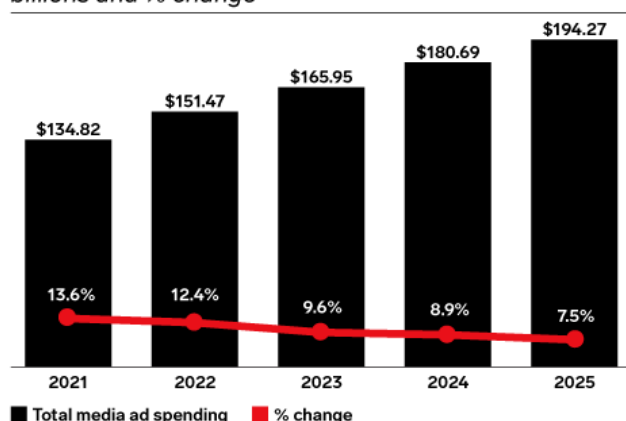
Top-down government intervention in China's tech sector is not new, but the current blitz of new policy announcements is keeping even the most seasoned marketers on their heels.

Regulators in China officially passed a draft of a **sweeping new data privacy law** in mid-August, not long after a number of antitrust cases against high-profile homegrown tech giants were filed. More recently, state watchdogs have implemented mandates designed to **curb underage gaming addiction** and raucous celebrity culture, which it considers unhealthy.

These regulations, which go into effect November 1, will likely put downward pressure on ad spending in China. Earlier this year, we forecast that total media ad spending in China will reach \$134.82 billion in 2021 (which we will update later in the year).

Total Media Ad Spending in China, 2021-2025

billions and % change



Note: converted at exchange rate of US\$1=RMB6.90; includes digital (desktop/laptop, mobile, and other internet-connected devices), directories, magazines, newspapers, out-of-home, radio, and TV; excludes Hong Kong
Source: eMarketer, March 2021

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eMarketer | InsiderIntelligence.com

China's new data privacy law will require apps to provide transparency on how internet users' personal data is used, enabling individuals to opt out of targeted ads, while banning data-enabled price discrimination. Mobile apps have been pulled from app stores for flouting these rules even before November 1.

The law will spare no one in the tech sector, including auto. The government recently published new rules governing data collection, and automakers will not be able to gather data by default. So, marketers will have to scramble for new ways to plug the potential data deficit.

Beijing has also targeted the exuberance of "celebrity culture." It wants to squash aspects of star-chasing that are against its social ideology, which sees them as distasteful and unhealthy to society, including the flaunting of wealth and trolling between rival celebrity fanbases. In the aftermath, apps like Douyin and Weibo have removed their celebrity rankings, and some fan groups have been dissolved. Going forward, authorization is needed to create such

groups. Last month, video-on-demand (VOD) platform iQiyi stated that it will cancel all idol shows on its lineup for the next few years.

As part of this wave of ideologic crackdown, the government also wants to tame the image of “effeminate” male celebrities by banning them from TV. Celebrity endorsement has been a cornerstone strategy for marketers in China. Under this unpredictable climate, they need to take a fresh look into their current relationships with celebs and find ways to work with them in the “new normal.”

Many would consider China a nanny state that shepherds society along the path of national strategy and ideals. Over the years, regulators have criticized certain pop cultures in the name of building a “safe and healthy” online environment. Still, this wave of regulations is forcing industry insiders to rethink marketing conventions in unprecedented ways.