OOH

Summary :

- In recent years, OOH has grown rapidly in China. It has become the third largest advertising media after TV and Internet in China.

- In the past, major types of OOH ads included road sign and spray painting post. However, OOH ads have evolved into more types today, such as electronic screen and digital sign. Thus, traditional OOH media will lag behind if it is unable to keep pace with Internet.

- Most OOH ads were mainly concentrated in the first-tier cities like Beijing, Shanghai and Guangzhou. However, with first-tier and second-tier markets saturating, more advertisers began to focus on third-tier and fourth-tier markets. With a rising number of OOH companies setting up, more advertisers will scramble for limited OOH resources, causing more fierce competition in the market.

Advantages of OOH

- Longer time of exposure, 24-hour displaying ad information
- High flexibility and low restriction in size and color
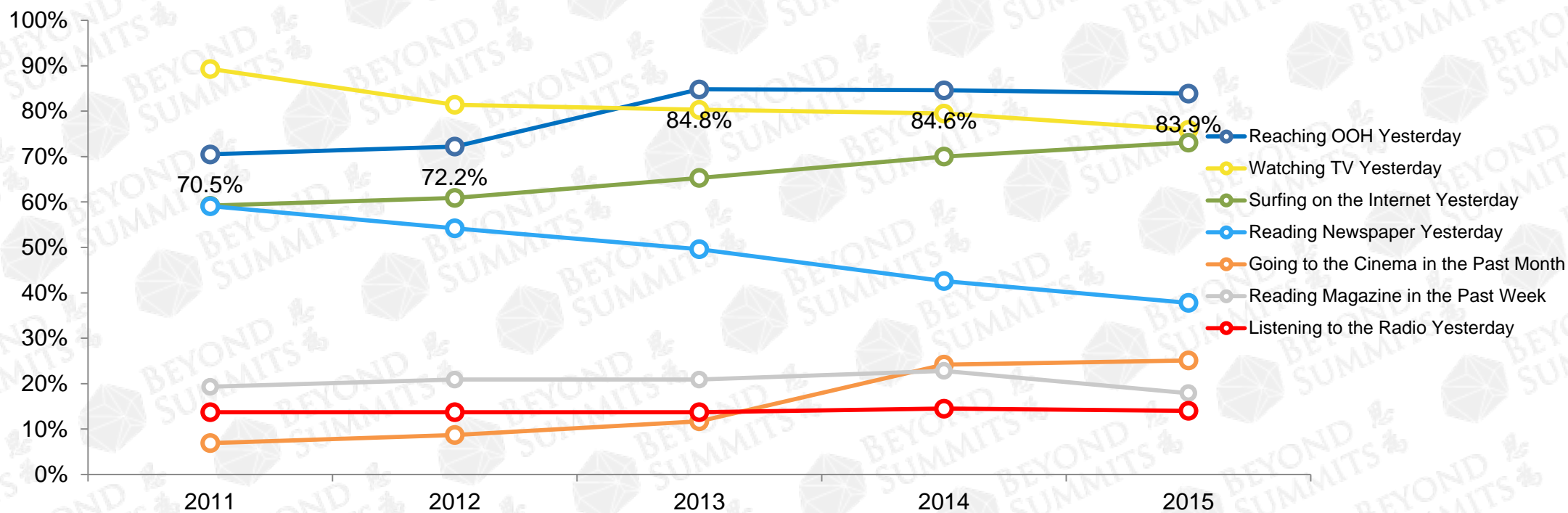- High flexibility in location and could penetrate in many destinations
- Lower costs, higher benefits
- Approaching viewers with no limits, wide scope for publication
- Reflecting public welfare and human care

Though the daily reach rate of TV has increased rapidly in recent five years, the reach rate of OOH was still the highest among all media in 2015.

Media Reach Rate in China

- Reaching OOH Yesterday
- Watching TV Yesterday
- Surfing on the Internet Yesterday
- Reading Newspaper Yesterday
- Going to the Cinema in the Past Month
- Reading Magazine in the Past Week
- Listening to the Radio Yesterday

70.5%   72.2%   84.8%   84.6%   83.9%

Source : CODC

From 2010 to 2015, consumers' average time spend on OOH increased yearly, and reached 2.65 hours per week in 2015. In addition, consumers had more accessible channels than before.

Consumers' Average Time Spend on OOH (hours per week)
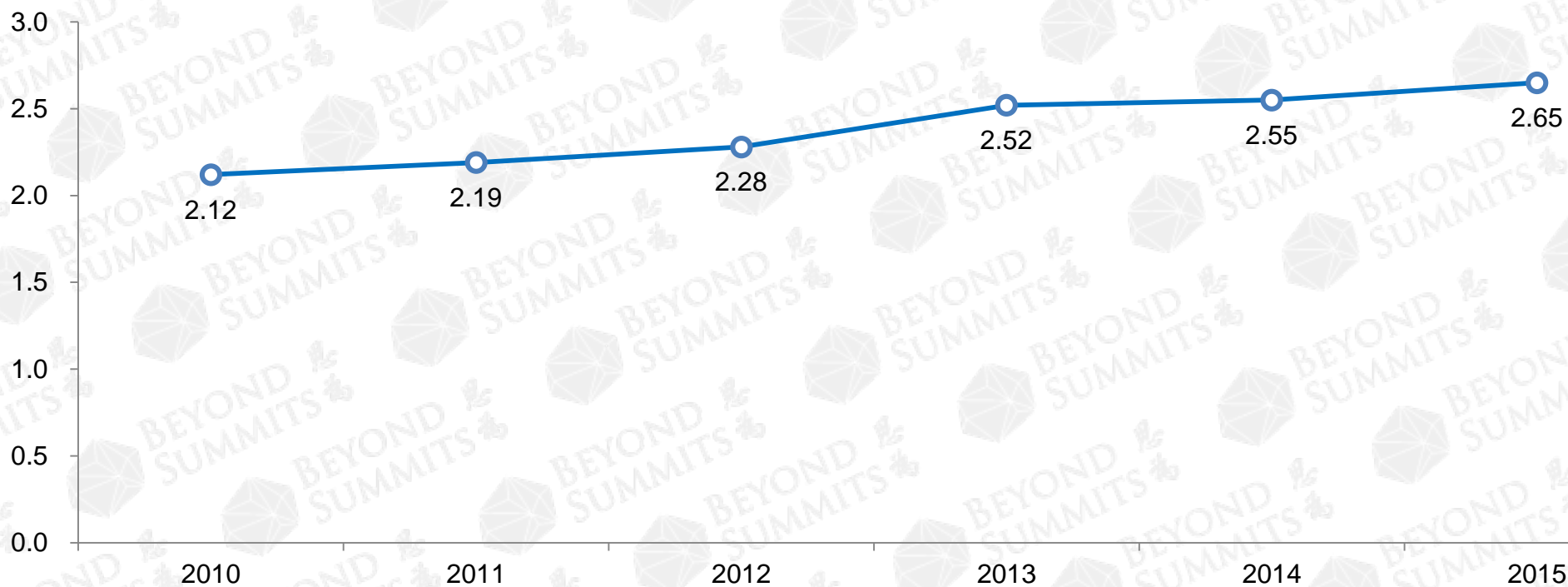
Source : CODC

In 2015, first-tier cities were where OOH ads concentrated because of its high urbanization rate and mature OOH market. Generally, the yearly growth rate of OOH ads market share in third-tier market was higher than that of first-tier and second-tier markets, along with its urbanization and increasing commercial properties.

Category	City	Market share in 2015	Year-on-year growth rate
First-tier market	Beijing	22.03%	12.38%
	Guangzhou	18.87%	3.66%
	Shanghai	14.22%	10.04%
First-tier market Total		55.12%	8.65%
Second-tier market	Shenzhen	7.64%	5.20%
	Chengdu	5.52%	5.23%
	Nanjing	3.21%	-2.27%
	Chongqing	3.21%	8.88%
	Wuhan	3.13%	13.81%
	Hangzhou	3.02%	-1.54%
	Tianjin	2.29%	7.15%
	Shenyang	1.53%	4.73%
	Xi'an	1.50%	46.66%
	Dalian	1.11%	15.75%
	Kunming	0.97%	23.36%
Second-tier market Total		33.14%	7.13%

| Category	City	Market share in 2015	Year-on-year growth rate
Third-tier market	Changsha	1.61%	32.32%
	Jinan	1.39%	27.20%
	Qingdao	1.34%	16.05%
	Suzhou	0.98%	8.69%
	Zhengzhou	0.85%	8.81%
	Changchun	0.79%	24.45%
	Xiamen	0.67%	18.83%
	Taiyuan	0.63%	30.81%
	Harbin	0.62%	30.86%
	Fuzhou	0.61%	9.58%
	Shijiazhuang	0.61%	42.91%
	Dongguan	0.51%	12.26%
	Ningbo	0.40%	14.92%
	Zhuhai	0.31%	24.15%
	Foshan	0.22%	9.96%
	Wenzhou	0.21%	16.14%
Third-tier market Total		11.74%	20.91%

Source : CODC

In 2015, OOH ads expenditure amounted to CNY127.1 billion, up 9.44% compared with 2014. In the first quarter of 2016, video media accounts for the largest share among all OOH ads, including LCD screen in building, electronic screen, metro TV, and bus TV.

**OOH Ad Expenditure in China**
（ billion yuan ）
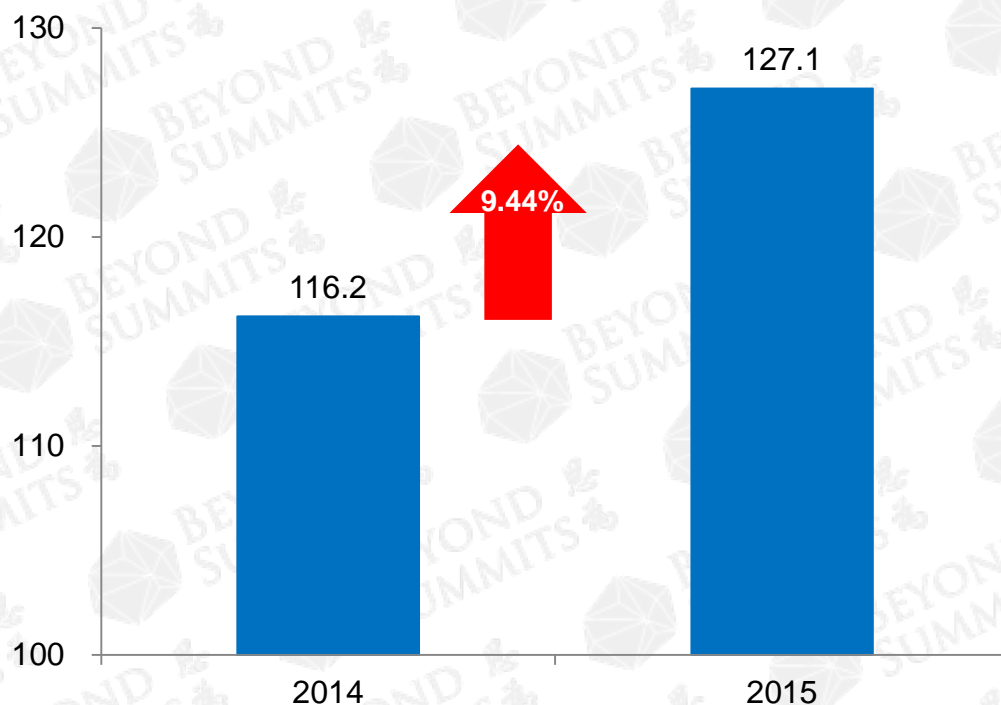
China's OOH Ad Expenditure in 2016Q1
（ billion yuan ）
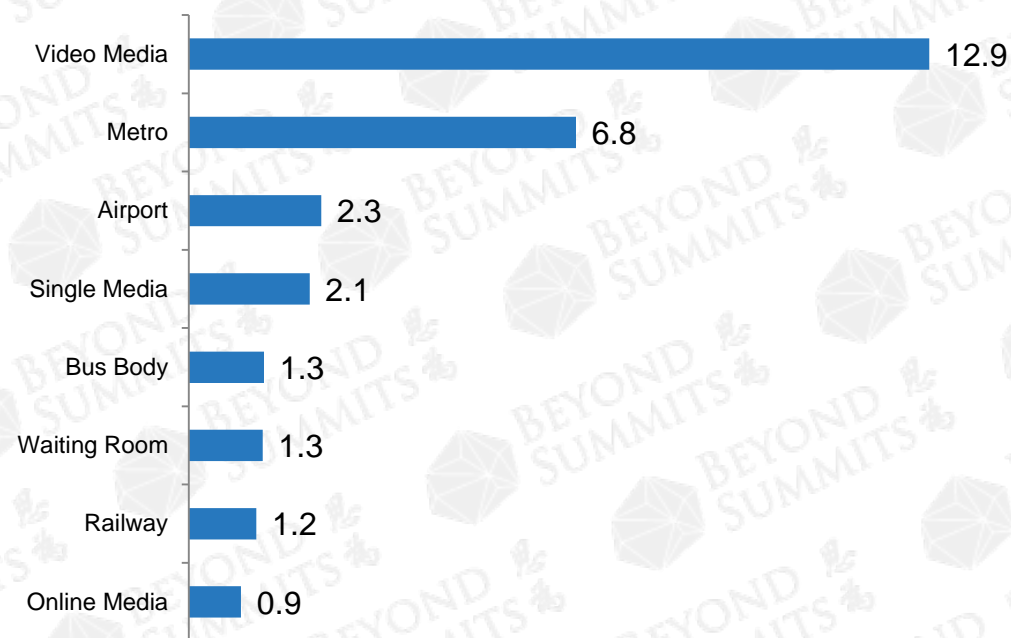
Source：CODC

According to the statistics, ad expenditure on traditional OOH and traffic related video decreased in 2015 compared with the same period of last year, while ads placed in business building and cinema saw a rise, especially cinema ads.
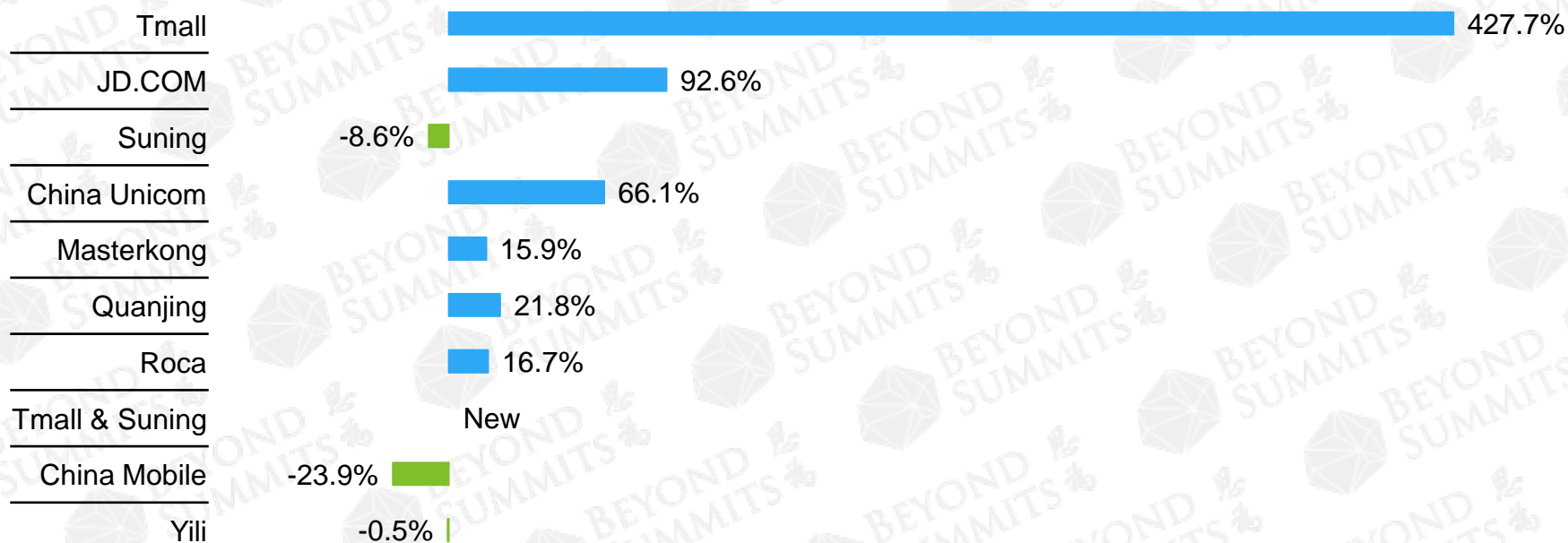
Growth rate of OOH Ad Expenditure (2015 VS 2014)
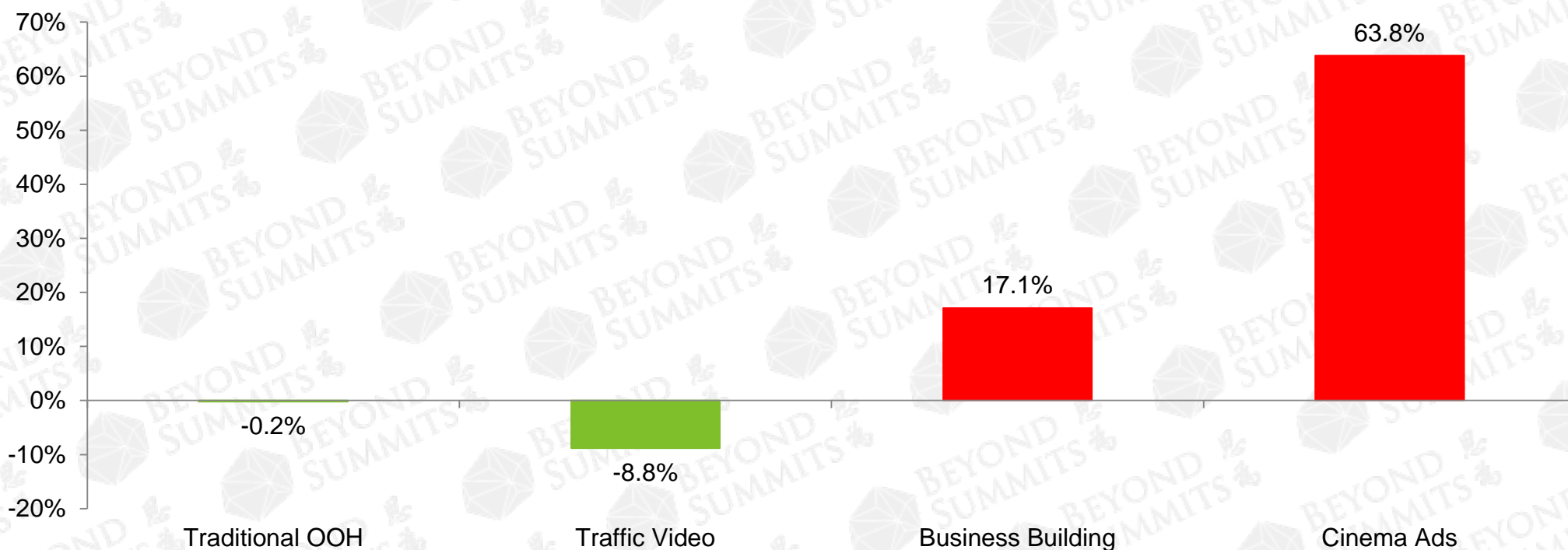
Source：CTR

In the first half of 2016, OOH ads in e-commerce industry saw the fastest growth, especially OOH ads of Tmall, JD.COM, and Suning. Year-on-year growth rate of Tmall's OOH ads reached up to 427.7% in the first half of 2016.

Top 10 Brands That Have the Most OOH Ad Expenditure and Its Growth Rate (2016H1 VS 2015H1)

Brand	Growth Rate
Tmall	427.7%
JD.COM	92.6%
Suning	-8.6%
China Unicom	66.1%
Masterkong	15.9%
Quanjing	21.8%
Roca	16.7%
Tmall & Suning	New
China Mobile	-23.9%
Yili	-0.5%

Source : CTR

In the first half of 2016, the placement of traditional OOH ads showed a declining trend in top 5 industries, except telecommunication which had a growth rate of 37.8%.

Top 5 Industries That Have the Most Expenditure on Traditional OOH Ads (2016H1 VS 2015H1)

Telecommunication: 37.8%	Real estate/Construction: -10.8%	Business & Service: -13.8%	Transportation: -8.7%	Entertainment & Leisure: -0.9%
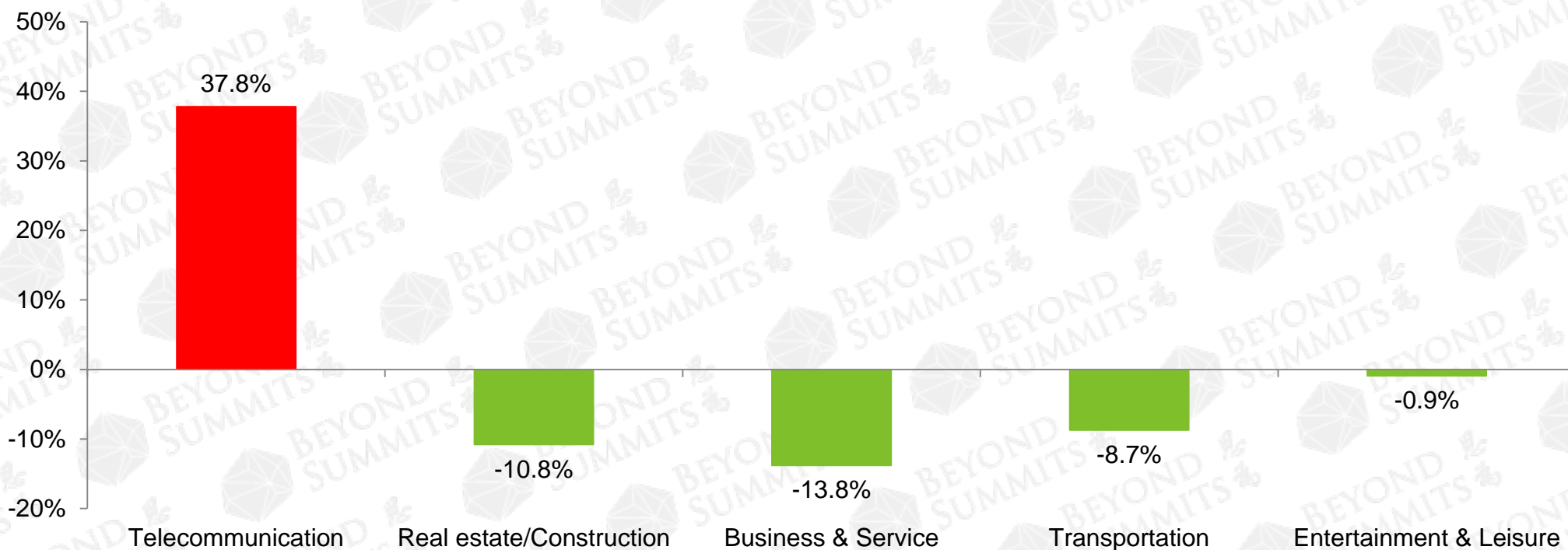
Source：CTR

Business owners' expenditure on street ad, a main form of traditional OOH, has decreased in 2015. Among all OOH ads, neon billboard suffered the biggest decline.
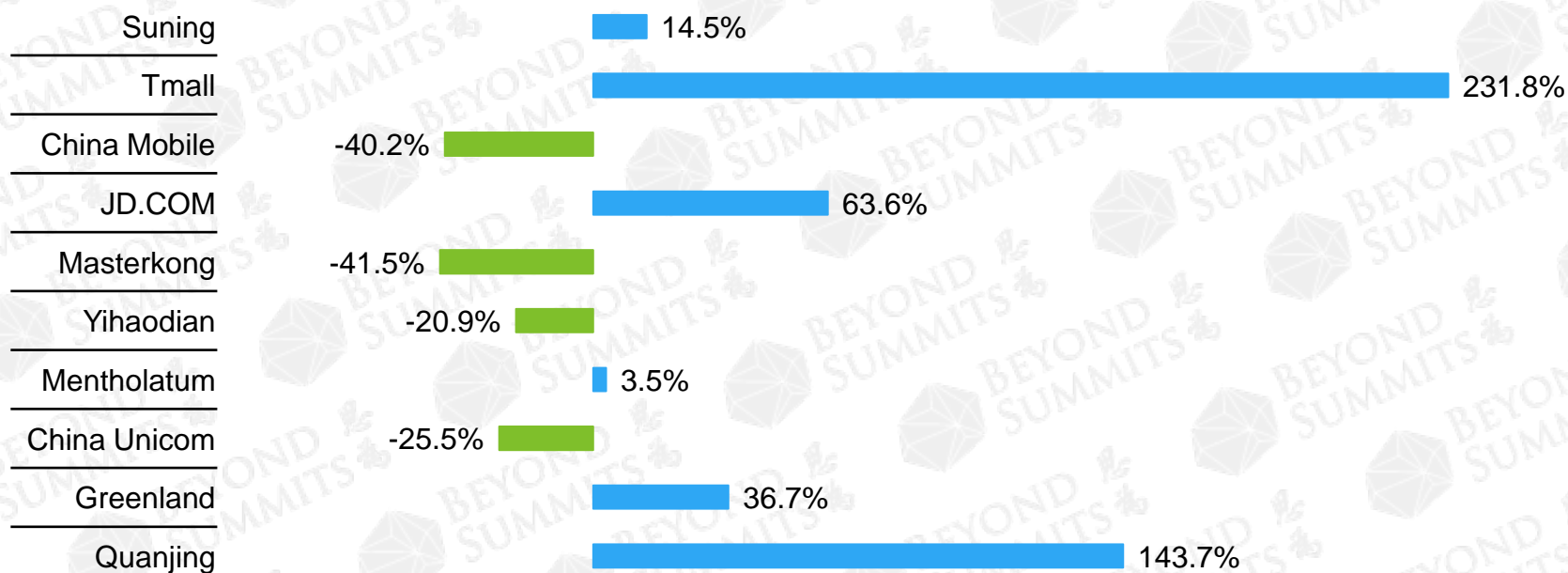
Growth Rate of Street Ad Expenditure （2015 VS 2014）
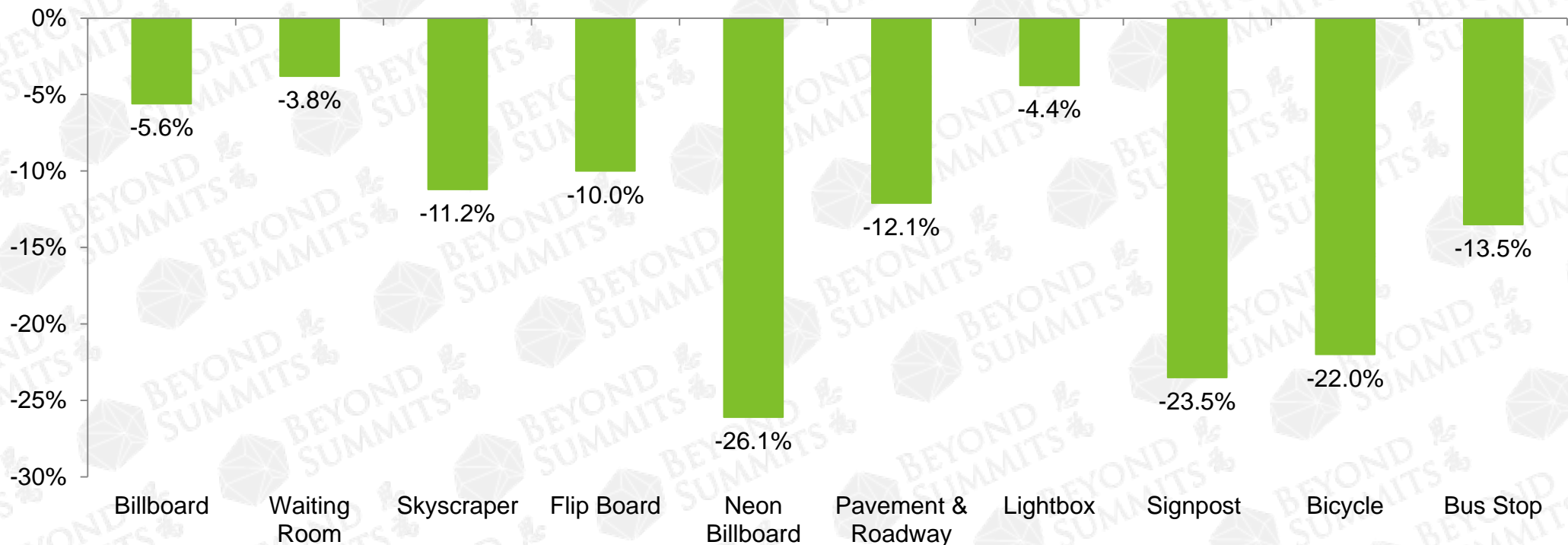
Source：CTR

For brands whose OOH ad expenditure ranks Top 10 in 2015, the growth rate of traditional OOH ads in e-commerce industries rose rapidly ,especially Tmall with the year-on-year growth rate reaching 231.8%.

Top 10 Brands That Have the Most Expenditure on Traditional OOH Ads and Its Growth Rate (2015 VS 2014)

Brand	Growth Rate
Suning	14.5%
Tmall	231.8%
China Mobile	-40.2%
JD.COM	63.6%
Masterkong	-41.5%
Yihaodian	-20.9%
Mentholatum	3.5%
China Unicom	-25.5%
Greenland	36.7%
Quanjing	143.7%

Source：CTR

In 2015, for industries that have the most expenditure on traffic related video ads, a downturn trend of expenditure was seen with the exception of telecommunication, business and service industries.
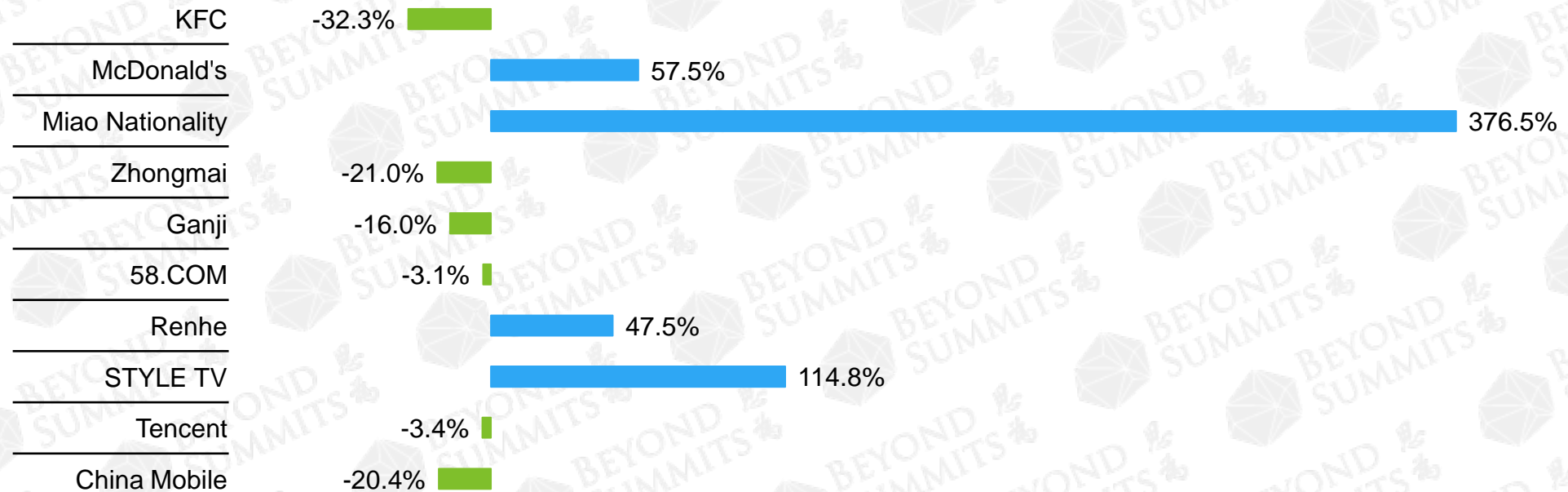
Top 5 Industries that Have the Most Expenditure on Traffic Video Ads and Its Growth Rate (2015 VS 2014)
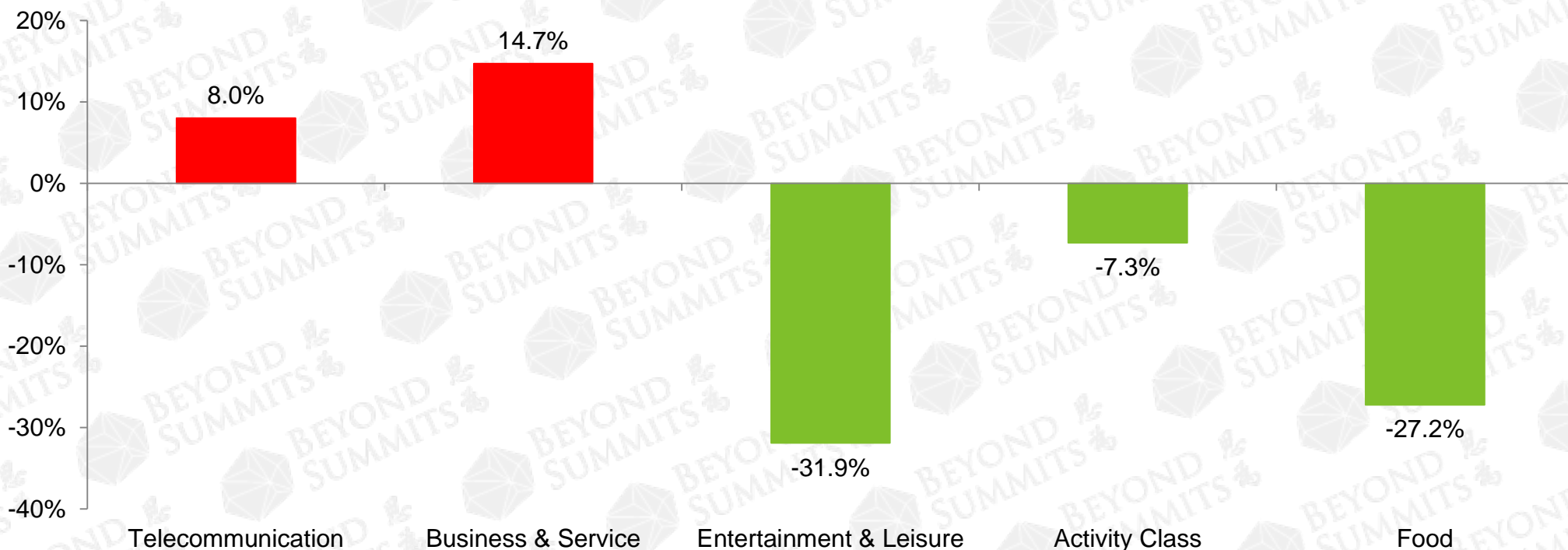
Source：CTR

In 2015, among the brands that have placed the most traffic video ads, Miao Nationality held the highest growth rate compared with the same period of last year, reaching up to 376.5%.

Top 10 Brands that Have the Most Expenditure on Traffic Video Ads and Its Growth Rate (2015 VS 2014)

Brand	Growth Rate
KFC	-32.3%
McDonald's	57.5%
Miao Nationality	376.5%
Zhongmai	-21.0%
Ganji	-16.0%
58.COM	-3.1%
Renhe	47.5%
STYLE TV	114.8%
Tencent	-3.4%
China Mobile	-20.4%

Source : CTR

In 2016, OOH ad budget held about 12% of the overall ad budget in the industries. OOH ads occupied the largest ad budget share in telecommunication industry.

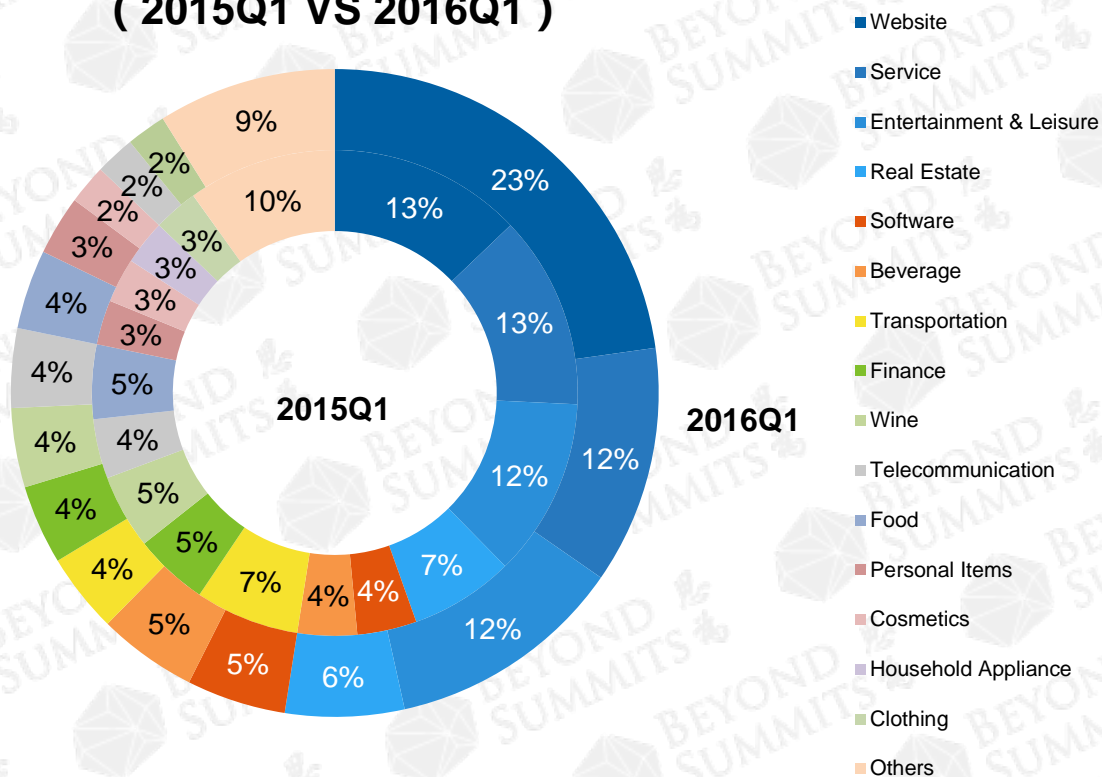**Proportion of OOH Ad Budget in Total Marketing Budget for Different Industries 2016**

Industry	Percentage
Telecommunication	20%
Internet	15%
Finance	14%
FMCG	11%
Automobile	10%
Pharmaceutical	7%
Total	12%
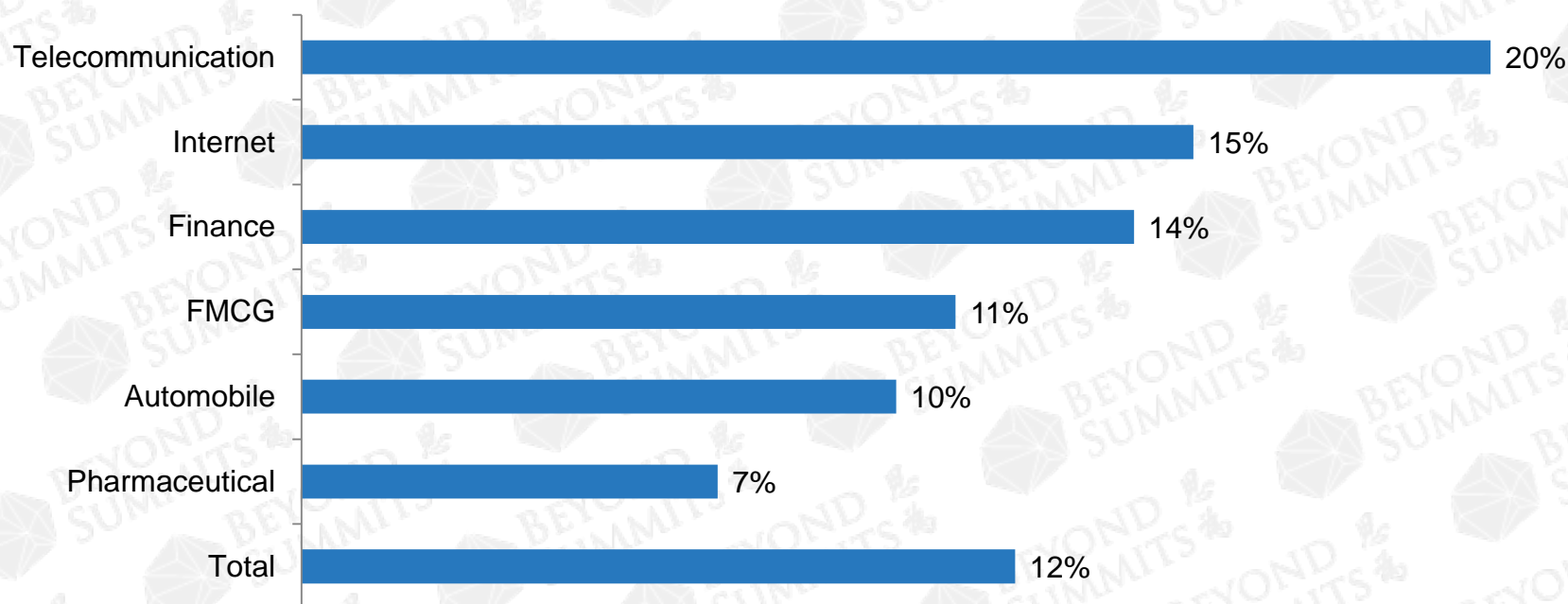
Source : CTR

In the first quarter of 2016, among the Top 15 industries that have placed the most OOH ads, website industries tended to give more budget to OOH, yet the growth rate of OOH placement showed a decline in transportation industry, down from 7% to 4%.

OOH Ads Placed by 15 Different Industries
(2015Q1 VS 2016Q1)

Legend:
- Website
- Service
- Entertainment & Leisure
- Real Estate
- Software
- Beverage
- Transportation
- Finance
- Wine
- Telecommunication
- Food
- Personal Items
- Cosmetics
- Household Appliance
- Clothing
- Others

2015Q1 (inner ring): 13%, 13%, 12%, 7%, 4%, 4%, 7%, 5%, 5%, 5%, 4%, 3%, 3%, 3%, 3%, 10%

2016Q1 (outer ring): 23%, 12%, 12%, 6%, 5%, 5%, 4%, 4%, 4%, 4%, 3%, 2%, 2%, 2%, 9%

Source : CODC

Metro Media: From 2000 to 2020, with the acceleration of metro planning and construction process, the number of metro cities and metro lines in China saw a rapid growth, up to 33 and 1,777 respectively in 2020.

The Number of Metro Cities and Lines in China

▬ Number of metro cities ── Number of metro lines

|	2000	2005	2010	2015	2020E
Number of metro cities	3	10	12	19	33
Number of metro lines	6	17	51	111	1,777
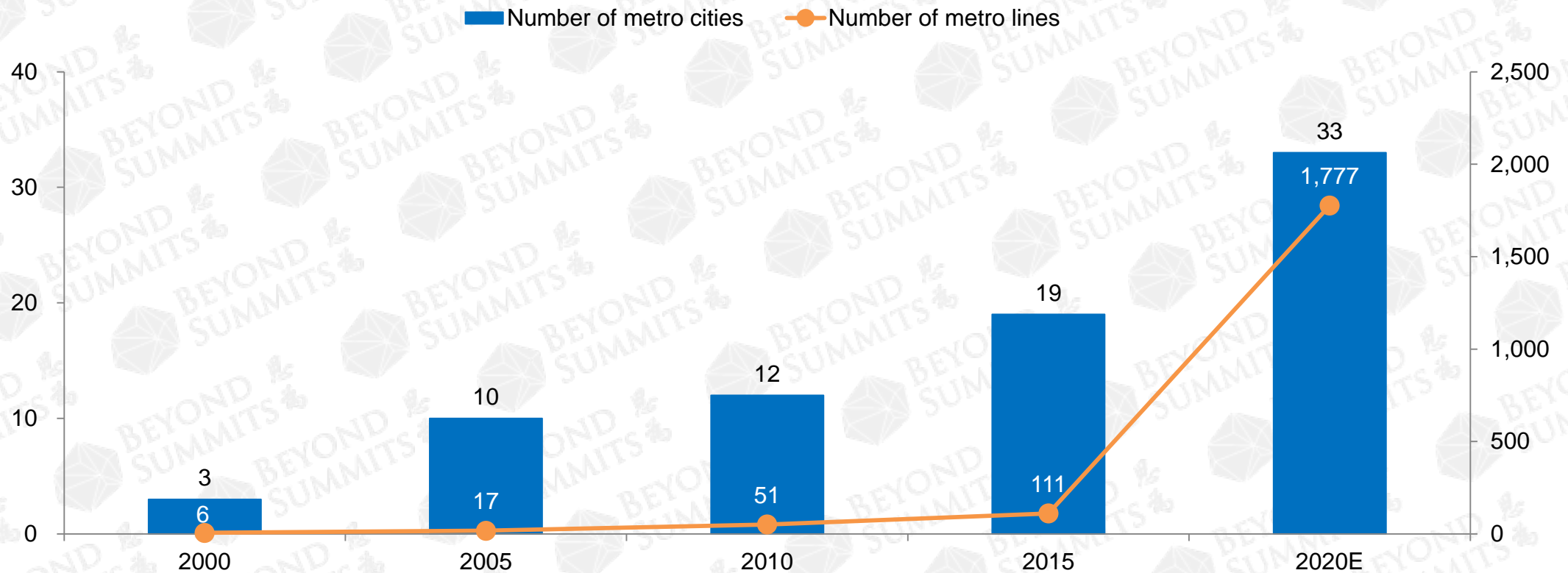
Source：Posterscope China

Metro Media: Yangtze River Delta and Pearl River Delta was proven to be the most intensive regions for metro construction in 2020. Main cities include Qingdao, Zhengzhou, Hefei, Ningbo, Nanchang, etc.
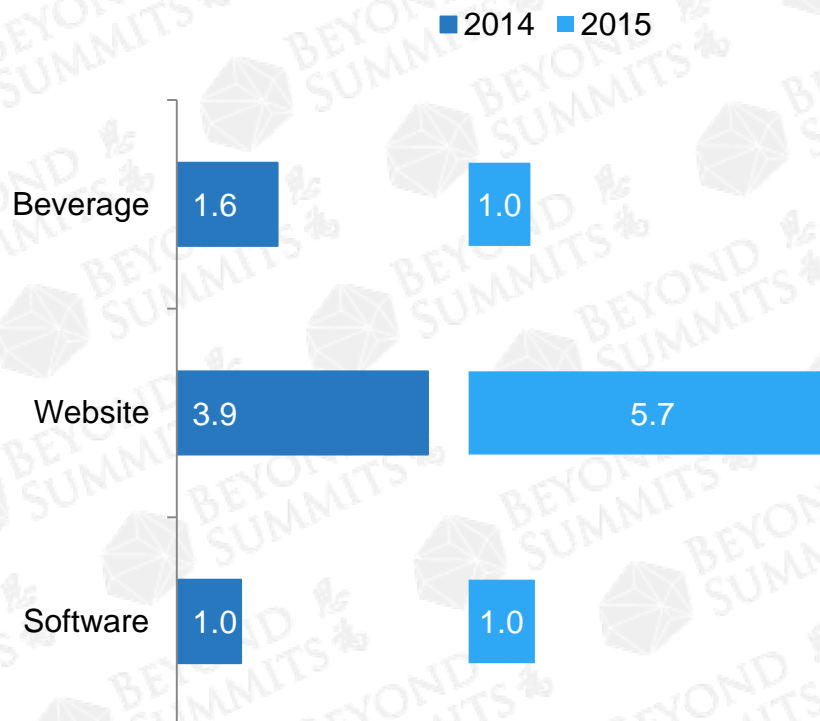

Source：China Industry Research Report

Metro Media: From 2012 to 2015, metro ads in China grew significantly, with the highest growth rate contributed by website industry.

Metro Ads in China (billion yuan)
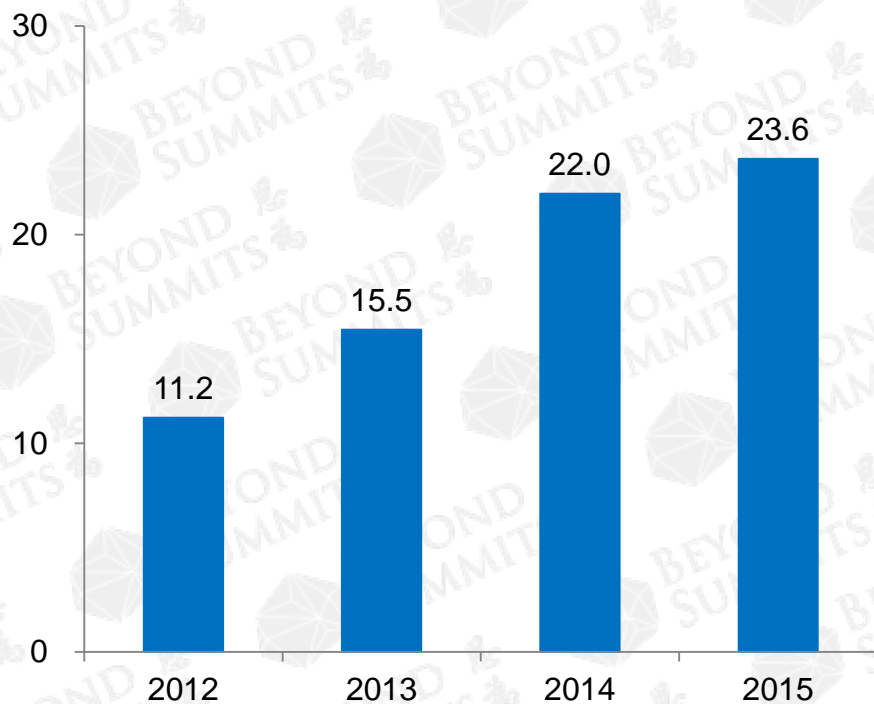
Metro Ads in Main Industries (billion yuan)

■ 2014 ■ 2015

Source : CODC

Airport Media: From 2009 to 2015, with the increasingly stronger transporting capacity of China's airlines, airport's media also saw a significant development in China. Moreover, eastern region is still the hub of airport transportation. In terms of transporting capacity, airports in Beijing, Shanghai and Guangzhou accounted for about 30% of all the airports in China.

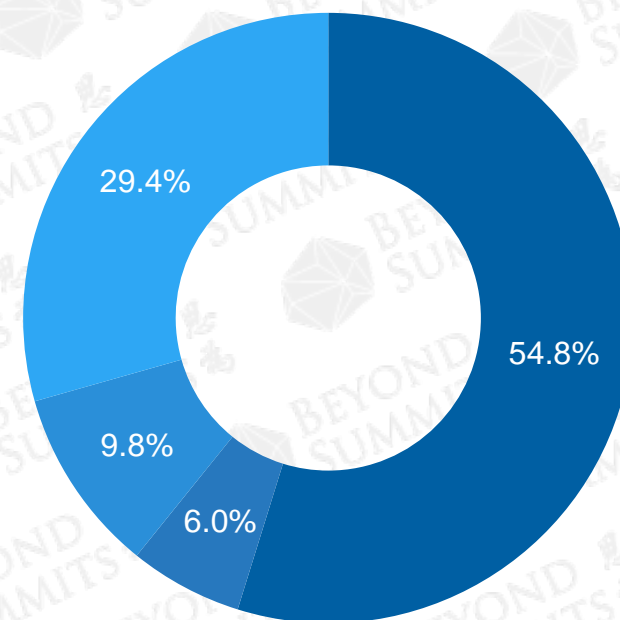**Airport Passenger Capacity in China (million person-times)**

Airport Passenger Capacity by Region 2015

■ Eastern region ■ Northeast region ■ Central region ■ Western region

29.4%
54.8%
9.8%
6.0%
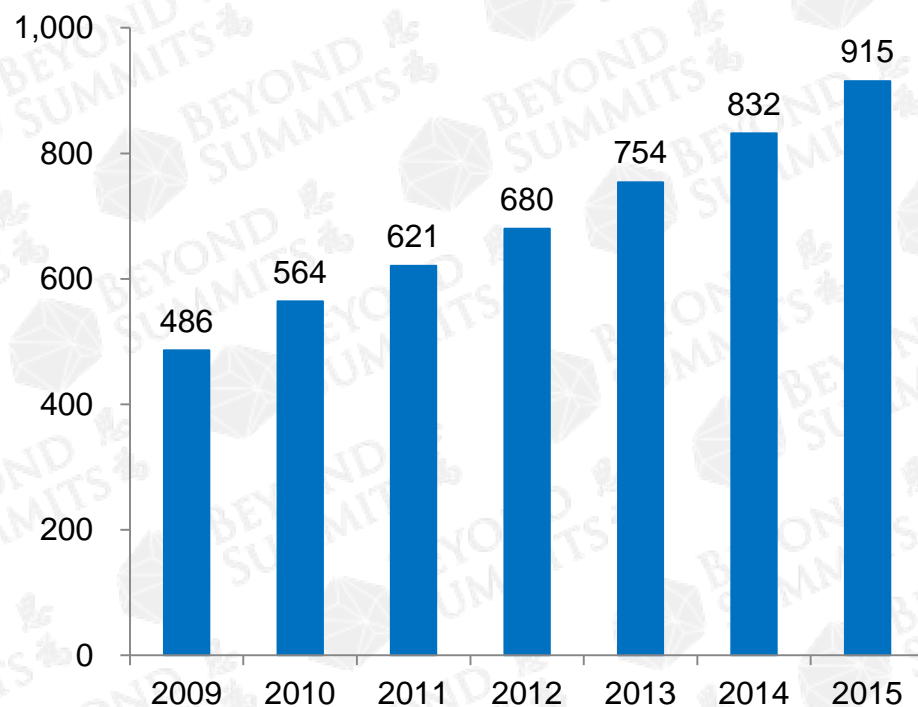
Source：Civil Aviation Industry Communique 2015

Airport Media: More ads were placed into airport media in China from 2012 to 2015, reaching up to CNY8.35 billion in 2015. Among them, airport ads from website industry increased dramatically while beverage ads at the airport dropped.

Airport Ads in China (billion yuan)
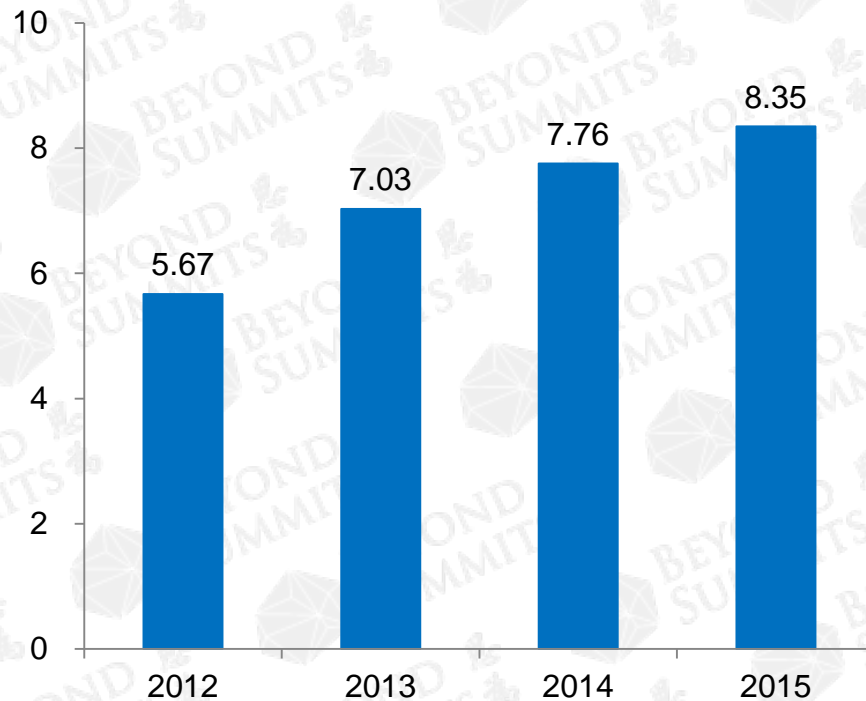
Airport Ads From Main Industries (million yuan)

■ 2014 ■ 2015
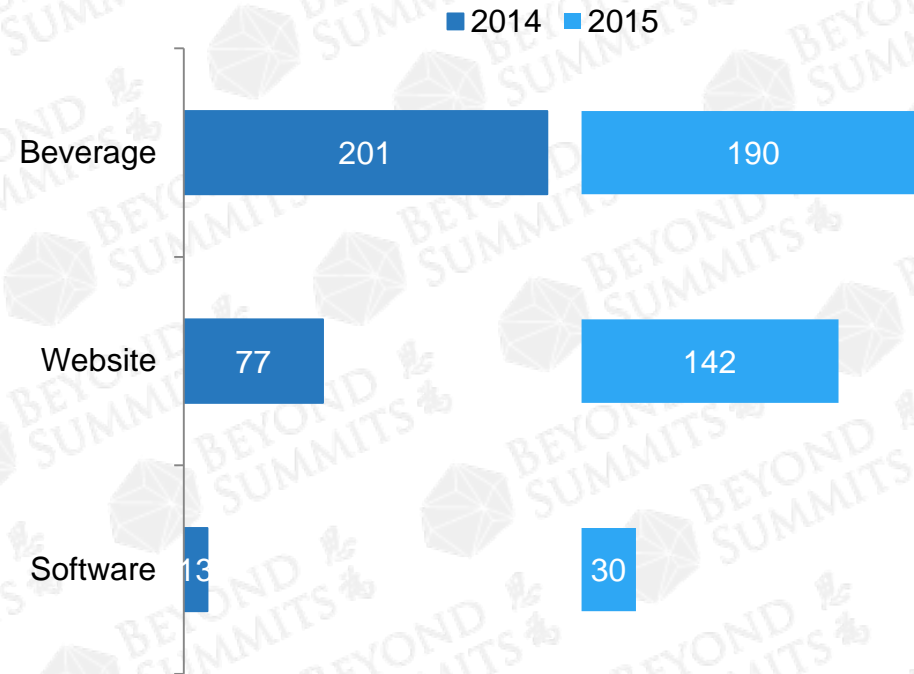
Source : CODC

Airport Media:

Main Advertisers & Year-on-year Growth Rate of Airport Ads in 2015
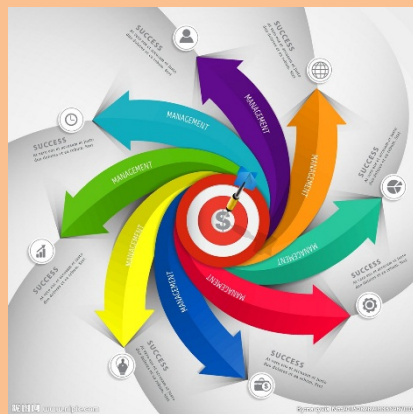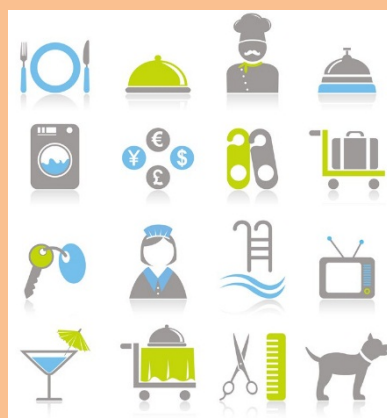
Transportation	Finance	Service	Home Appliance	Real estate
+10.8%	**+45%**	**+46.6%**	**+10.3%**	**+2%**

Source : CODC

High Speed Railway Media: New technology, late start, and rapid development are main features of high speed railway industry in China. As of 2015, China's railway miles have extended to 19,000 km.

Railway Miles in China (km)
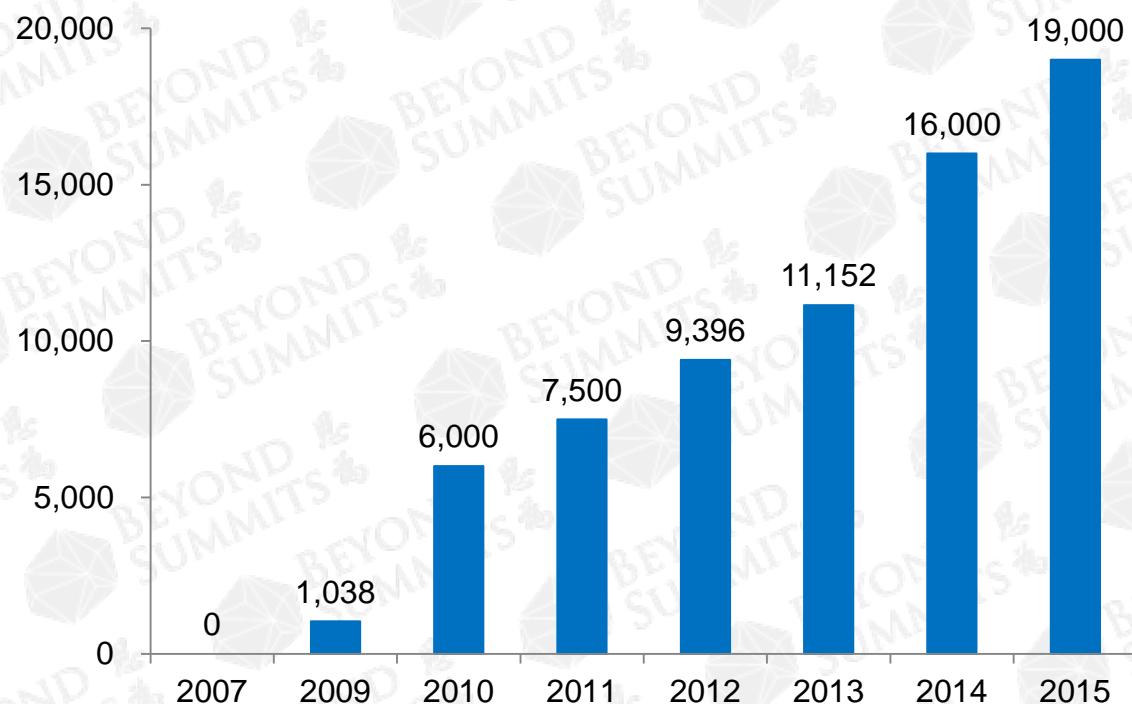
28 Provinces

4 province-level municipalities
160 prefecture-level cities
250 county-level cities
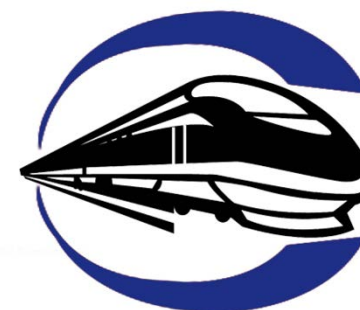
Source：Ministry of Railways

High Speed Railway Media:

486

million person-times

908

million person-times

2012

2013

2014

2015

672

million person-times

1,180

million person-times
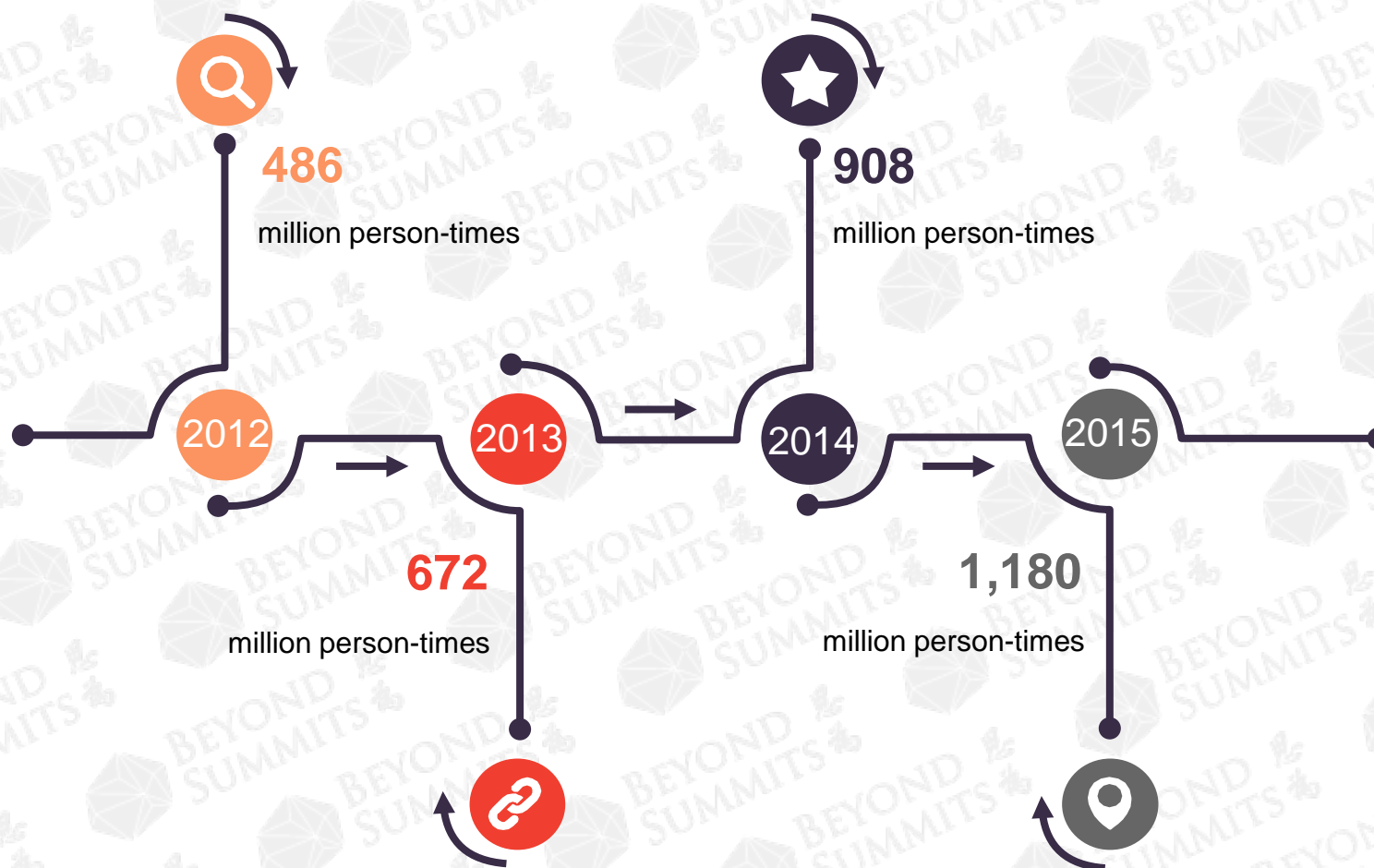
In 2015, the average number of bullet train and high speed rail passengers amounted to 2.9 million person-times per day in China, accounting for 43.7% of the total railway passengers.

Source：Deep Analysis for Railway Equipment 2015-2020 & 13th Five-Year Plan

High Speed Railway Media: As railway miles continued to skyrocket in China, high speed railway ad was expected to increase to 5.2 billion yuan in 2018.

High Speed Rail Ads in China (billion yuan)
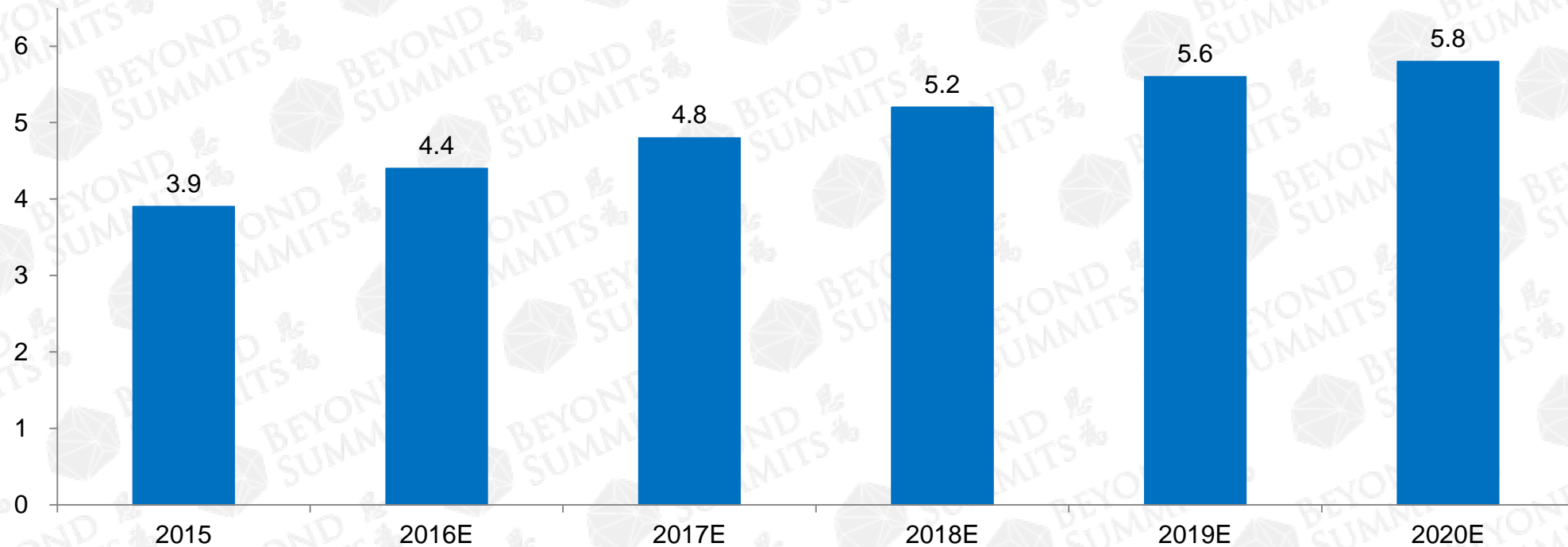
Source：Abaogao.com

Cinema Ads: Fast expansion of China's film market have promoted the cinema ads, making cinema media become a major force to drive the development of overall OOH market. Telecommunication industry has placed the most ads into the cinema, with the highest year-on-year growth rate of 152.8%.

Top 5 Industries That Have Spent Most on Cinema Ads and Its Growth Rate (2015 VS 2014)

Industry	Growth Rate
Telecommunication	152.8%
Cosmetics & Bathroom products	70.3%
Transportation	65.3%
Computer & Office Automation Products	53.8%
Activity Class	51.8%
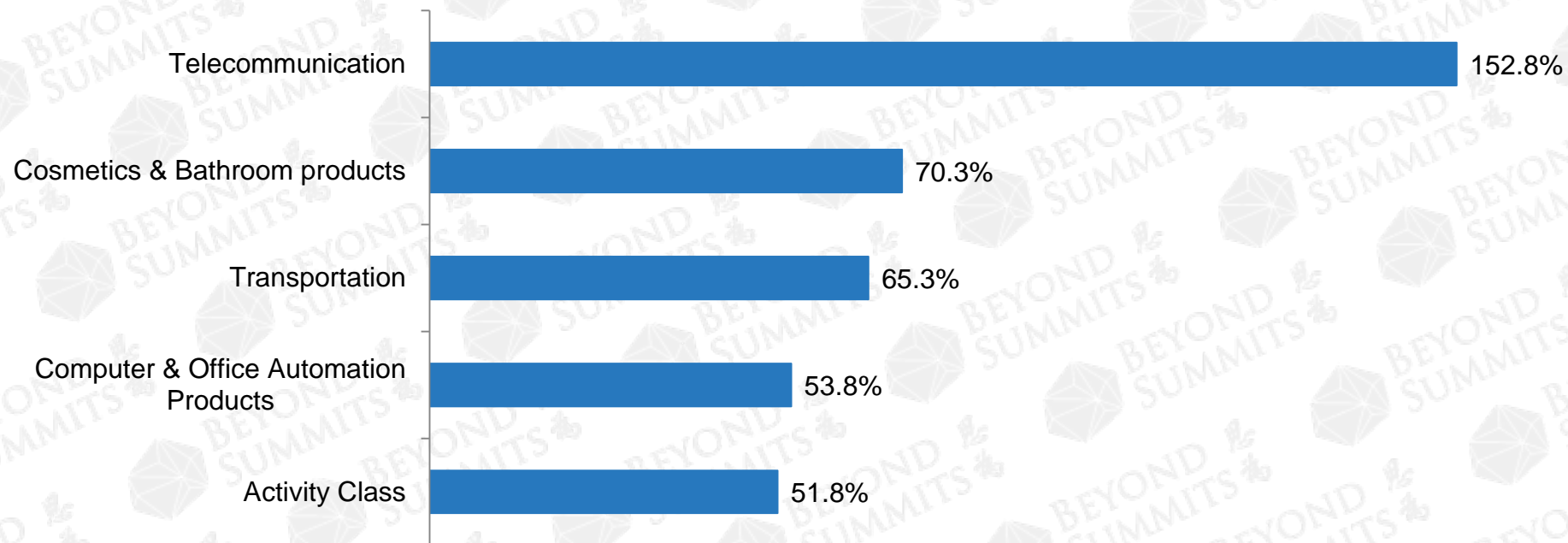
Source : CTR

Cinema Ads: In recent years, films' box-office record and total audience in China have surged, reaching 44 billion yuan and 1,260 million person-times respectively in 2015.

Box Office Record in China (billion yuan)

Legend: Box-office(billion yuan) · Growth rate

Box-office values: 2011: 13; 2012: 17; 2013: 22; 2014: 30; 2015: 44; 2016E: 62
Growth rate: 30.5%, 27.5%, 35.8%, 49.0%, 40.6%
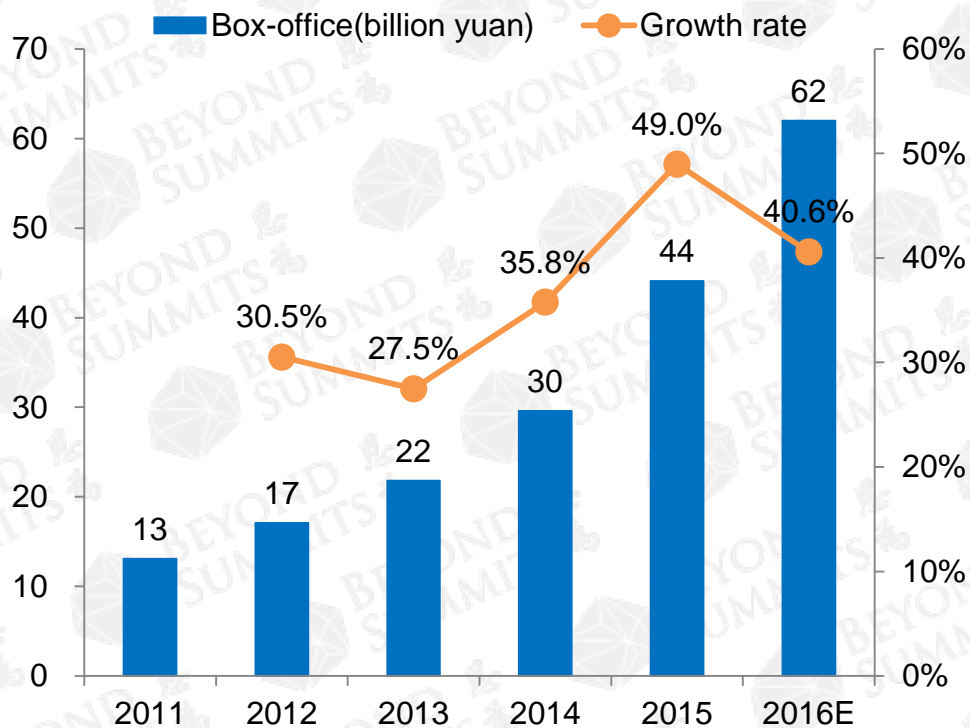
Film Audience in China (million person-times)

Legend: Viewing Person-times(million) · Growth rate

Person-times: 2009: 182; 2010: 237; 2011: 345; 2012: 462; 2013: 612; 2014: 830; 2015: 1,260; 2016H1: 723
Growth rate: 30.2%, 45.6%, 33.9%, 32.5%, 35.6%, 51.8%
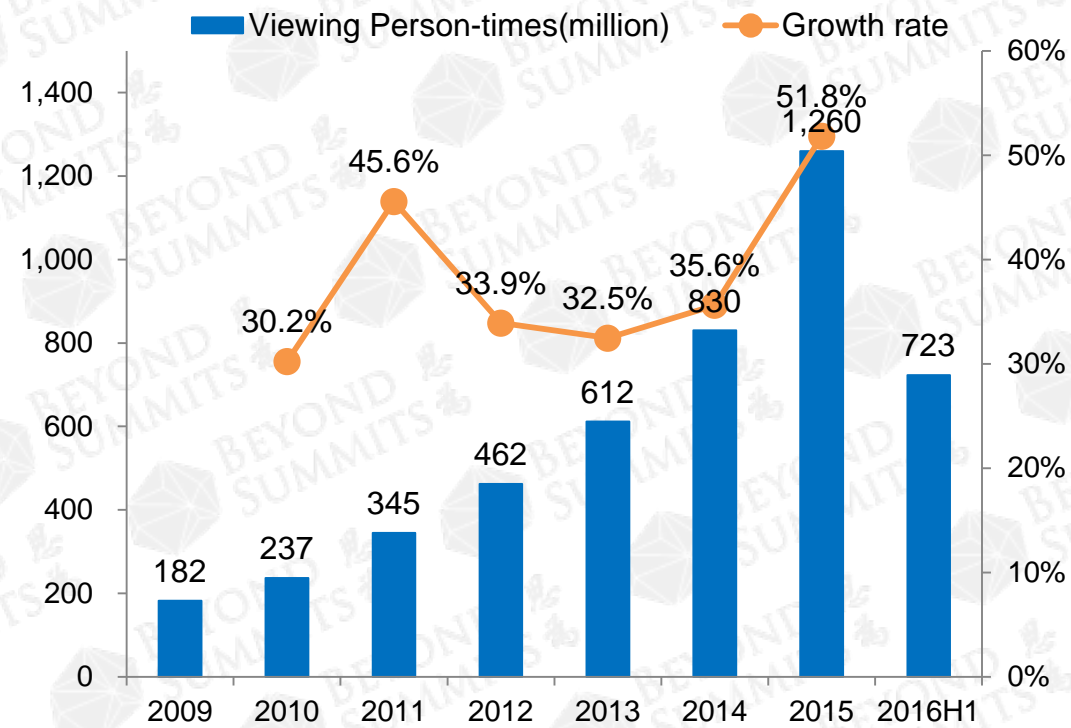
Source：Maoyan, Film Assets Office, Ent Group, Alpha

Cinema Ads: With the rapid development of China's film market, the number of cinemas and screens continued to rise from 2011 to 2015, up to 6,798 and 31,627 respectively in 2015.

The Number of Cinemas and Screens in China

Cinema ■   Screen ●
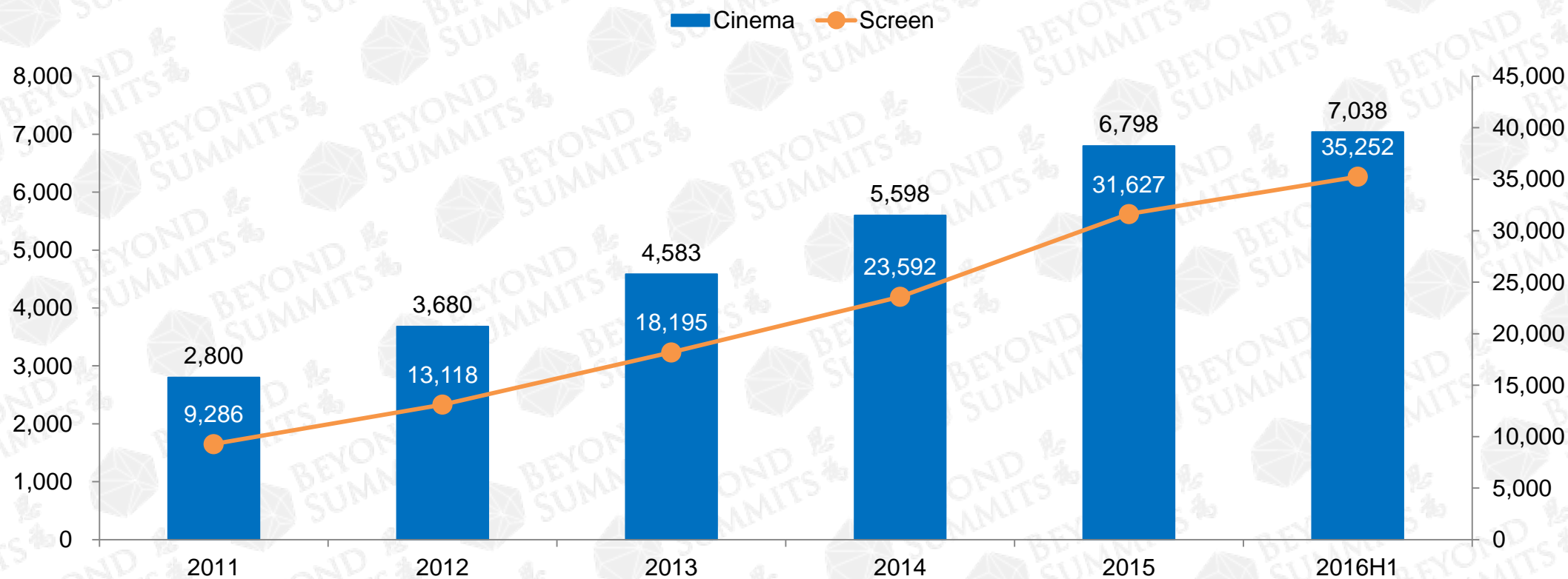
Source: The State General Administration of Press and Publication, Ent Group

Cinema Ads: In 2016, box office record in different tier cities didn't see any dramatic change compared with 2015. Films' takings in first-tier and second-tier cities declined slightly, while in third-tier, fourth-tier and fifth-tier cities, the takings showed a slight rise.

Box Office Record of Different Regions

■ 2015H1 ■ 2016H1

Region	2015H1	2016H1
Second-tier City	42.3%	40.4%
First-tier City	22.2%	20.9%
Third-tier City	18.2%	18.4%
Fourth-tier City	12.0%	13.9%
Fifth-tier City	5.3%	6.4%
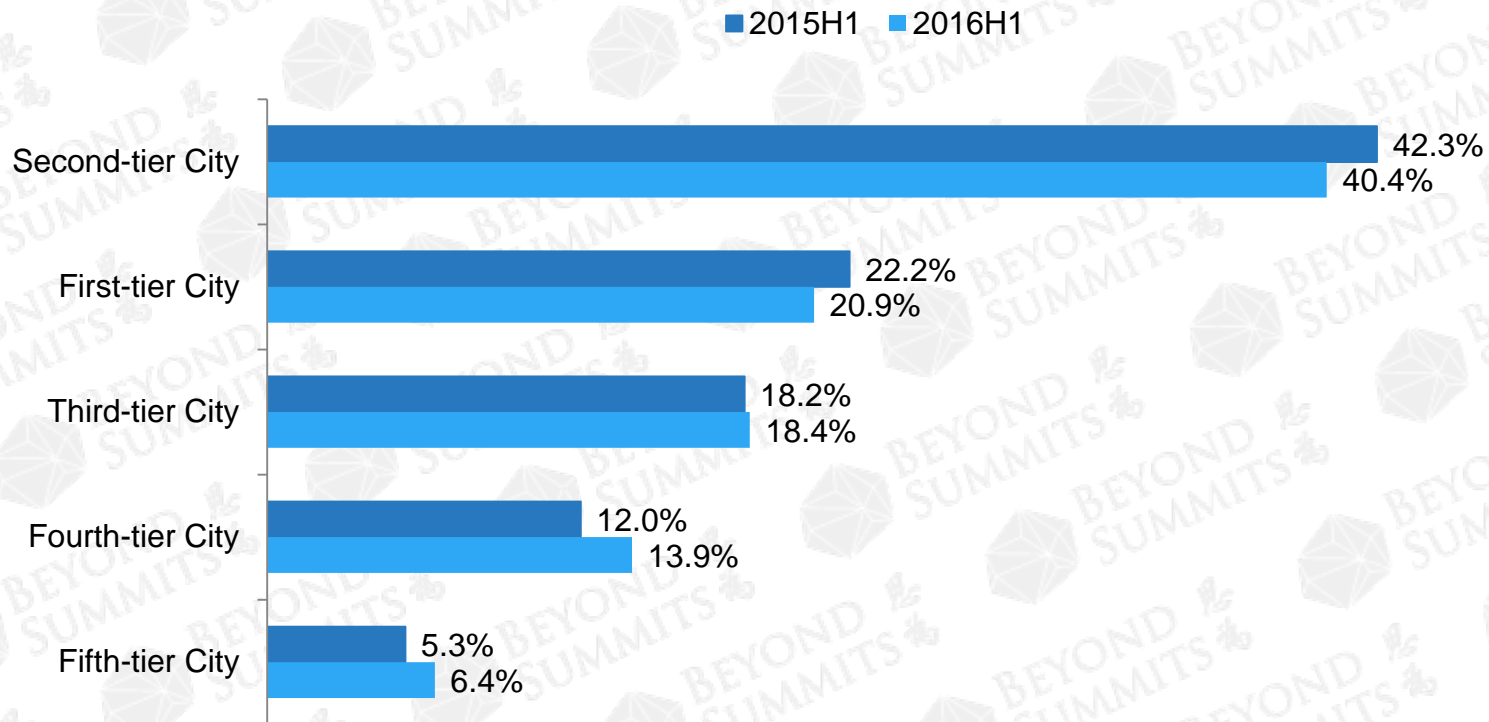
Source：Ent Group

Cinema Ads: In the first half of 2016, Top 10 regions with the highest box office record are developed cities or heavily populated regions. Guangdong province took the first place with the most screening times and person-times among Top 10 regions.

Top 10 Regions for Box-office Record in 2016H1

■ Total box-office record(billion)　　■ Screening Times (million)　　■ Person-times(million)

Region	Total box-office record (billion)	Screening Times (million)	Person-times (million)
Guangdong	3.5	4.2	96.3
Jiangsu	2.3	3.0	70.9
Zhejiang	1.9	2.8	53.2
Shanghai	1.6	1.2	37.5
Beijing	1.6	1.1	34.6
Sichuan	1.4	1.7	42.6
Hubei	1.2	1.6	40.3
Shandong	0.9	2.0	30.5
Fujian	0.9	1.1	24.6
Henan	0.9	1.5	28.4
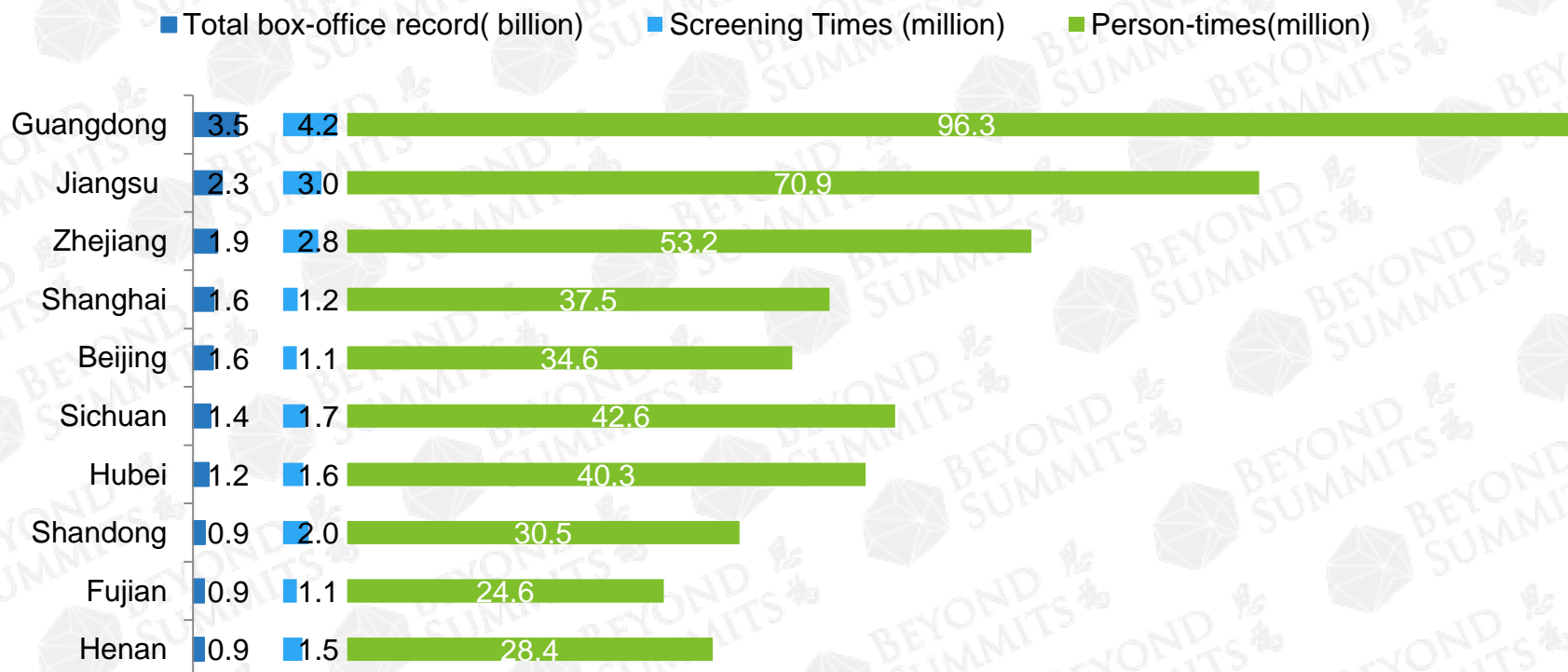
Source：Film Assets Office

Cinema Ads: In the first half of 2016, Wanda Film held the highest box-office record of 3.3 billion among the Top 10 theaters.

Top 10 Theaters with the Highest Box-office Record in 2016 H1

■ Total box-office(billion)　　■ Screening Times (million)　　■ Person-times(million)

Theater	Total box-office (billion)	Screening Times (million)	Person-times (million)
Wanda Film	3.3	2.4	84.0
Dadi Cinema	2.0	3.3	64.3
China Film Stellar Theater Chain	1.9	2.2	52.6
SHLHYX	1.8	1.8	48.9
China Film South Cinema Circuit	1.7	2.4	49.4
Digital Film	1.5	2.7	46.5
GZ JinyiZhuJiang Movie Circuit	1.5	1.8	43.1
HG Entertainment	1.1	1.6	36.4
Zhejiang Time Cinema	0.8	1.2	23.9
New Cinema Road	0.8	1.3	24.5

Source：Film Assets Office

Business Building Video: In the first half of 2016, the advertisers in most industries spent more on business building video ads, especially for telecommunication industry.

5 Industries That Have Spent Most on Business Building Video Ads and Its Growth Rate (2016H1 VS 2015H1)
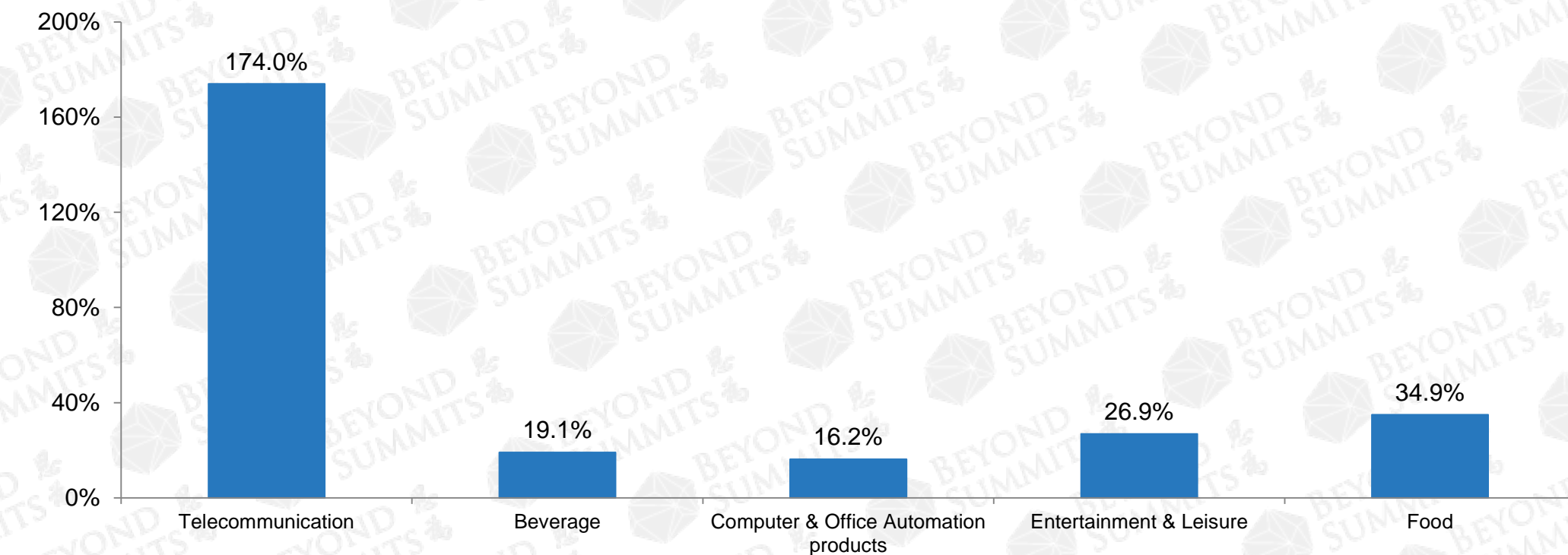
Source：CTR

Business Building Video: As business building video ads developed fast, most brands put more efforts and budget into this kind of ads in the first half of 2016, especially JD.COM.

Brands That Have Spent Most on Business Building Video Ads (2016H1 VS 2015H1)

Brand	Value
Nongfu Spring	98.3%
Tuniu	163.5%
JD.COM	784.9%
SouFun	New
KFC	35.4%
Zuche	110.0%
Guanzi	New
Liepin	82.7%
JNC Group	-17.1%
Yi Live	New
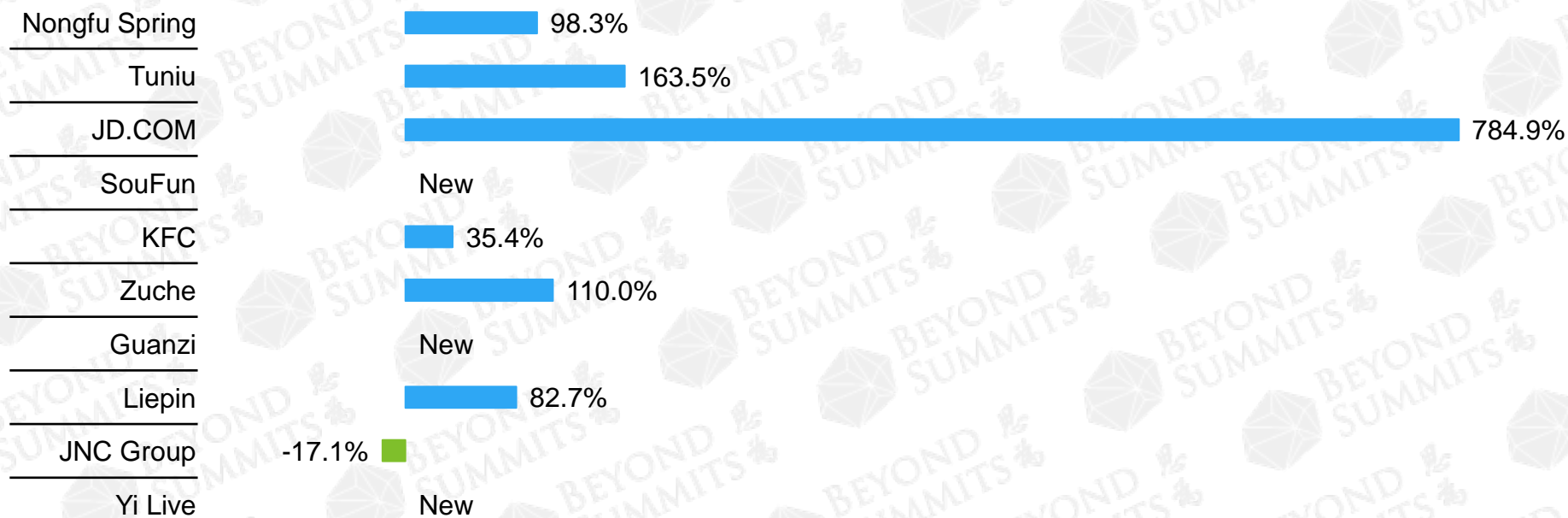
Source : CTR

OOH Advertising Tips

Timing

- According to the research, the best time to display OOH ads is when the audience are commuting, shopping, waiting for departures or on the expressway. Most audience view OOH ads when they are waiting for traffic lights and transportation.
- Meanwhile, OOH ads have different performance on weekdays and weekends. The reason is that 81% of the audience have regular routes in their commuting to school or work on weekdays. However, their mood, routes, and exposures to OOH are usually different when the audience go to visit friends, go shopping and outings at the weekends.
- This phenomenon shows how OOH is connected with outdoor activities. Hence the golden broadcasting time for OOH is weekends and commuting time. OOH ads will have good effects if advertisers choose the prime time.
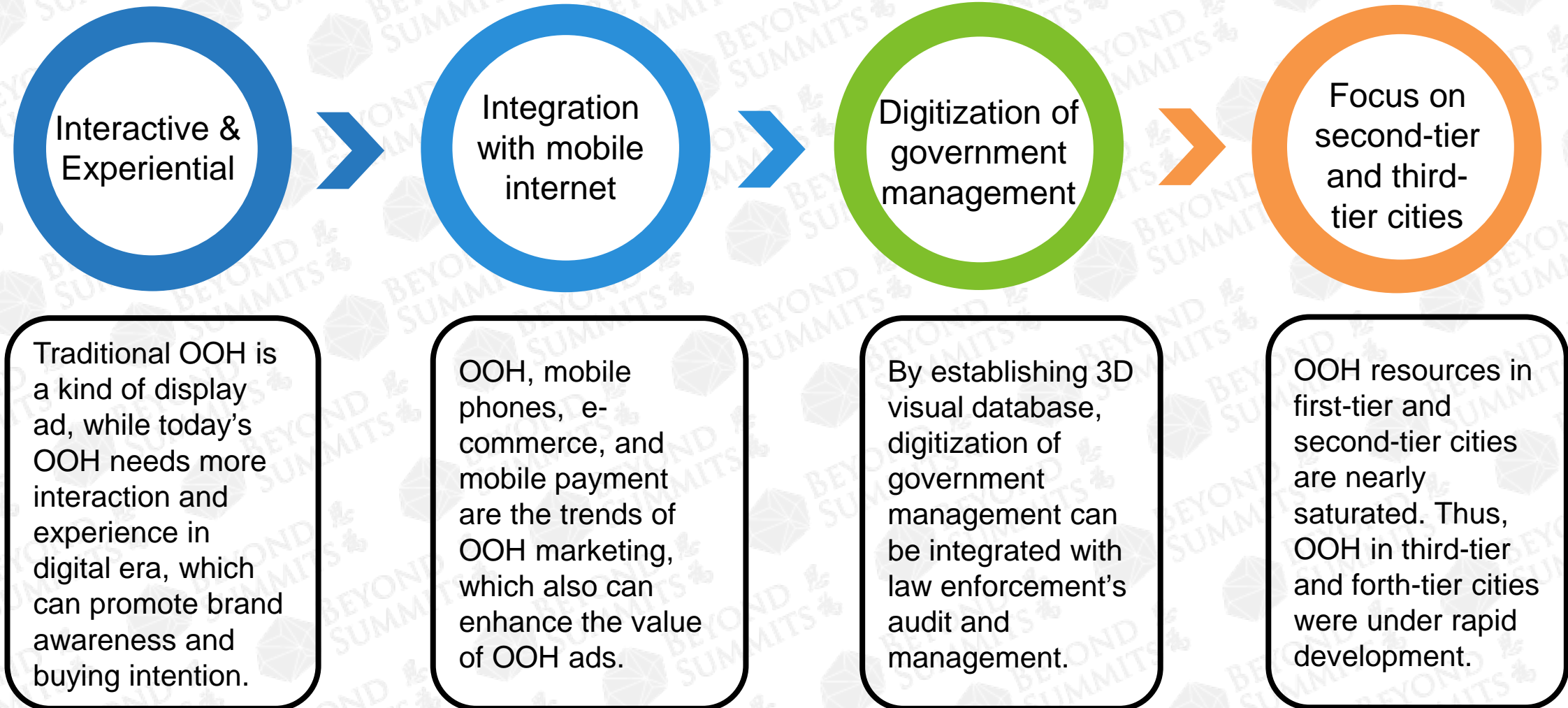
Source : CODC 2015
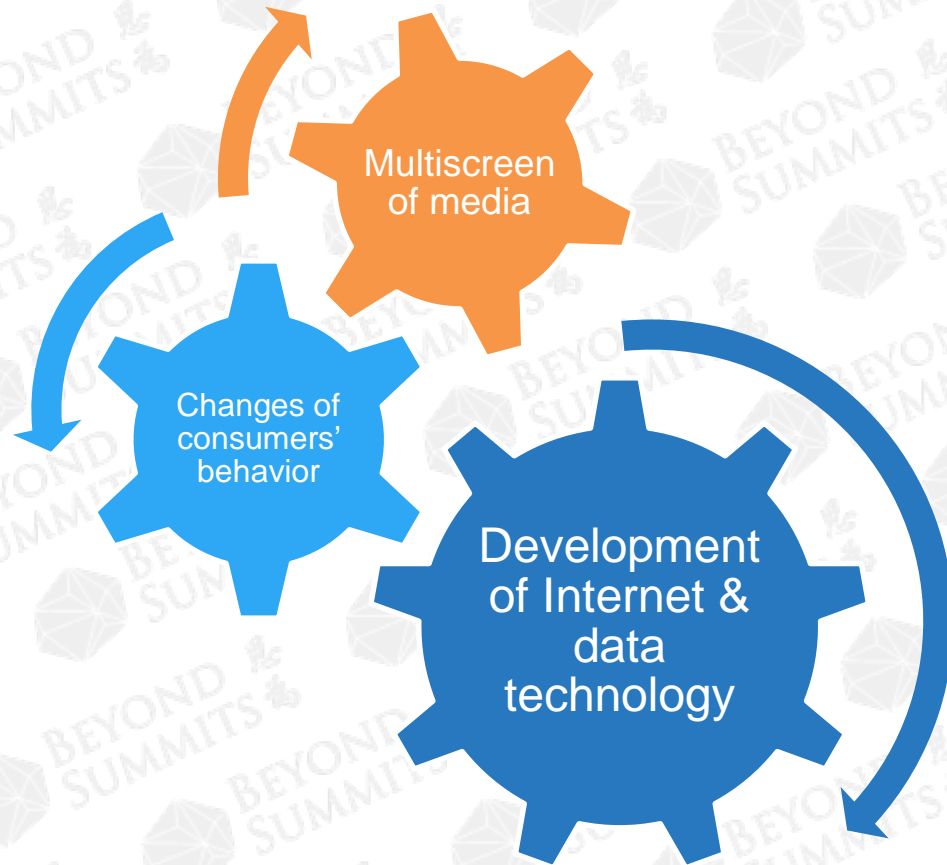
OOH Advertising Tips

Location

- Though the reach rate of OOH in commercial area is higher, such area with a load of OOH ads can easily distract audience's attention. Hence, audience usually have deeper impression on OOH ads in non-commercial area.

- Most audience who are exposed to OOH ads at the airport and on the expressway are high-end customers, though places like airports have a relatively lower reach rate.

Ad Displaying Location	Reach rate
Downtown area	80%
Street & Vehicle	60%
Waiting area	50%
Housing & Telephone booth & Metro Station	30%-40%
Railway station & Airport & working area	20-30%
Expressway	20%

- CBD areas are good choices, but pay attention to the non-commercial area, such as airport, expressway, and high-end community. Moreover, it's better to place OOH ads in different places based on the brand types and target audience.

Source：CODC 2015

OOH Trends

Interactive & Experiential

Integration with mobile internet

Digitization of government management

Focus on second-tier and third-tier cities

Traditional OOH is a kind of display ad, while today's OOH needs more interaction and experience in digital era, which can promote brand awareness and buying intention.

OOH, mobile phones, e-commerce, and mobile payment are the trends of OOH marketing, which also can enhance the value of OOH ads.

By establishing 3D visual database, digitization of government management can be integrated with law enforcement's audit and management.

OOH resources in first-tier and second-tier cities are nearly saturated. Thus, OOH in third-tier and forth-tier cities were under rapid development.

The Change of OOH in Mobile Internet Era

Multiscreen of media

Changes of consumers' behavior

Development of Internet & data technology

With the trend of mobile internet, the changes of consumers' behaviors and application of new technology have overturned the traditional form of OOH, and also extended the content of it.

Source : CODC

In recent years, many kinds of public transportation have provided WiFi service, offering lots of O2O platforms.

City Bus

In the beginning of 2014, Bus Online became the mobile virtual network operator, developing China's biggest WiFi platform.

Media

Consumer

Advertiser

Taxi

In July 2014, free WiFi covered 2,000 taxis supported by Shanghai Dazhong Taxi Company, leading the taxi mobile internet era.

Railway Media

In May 2014, Air Media and Guangzhou Railway Group signed up the WiFi service.

Airline Media

In July 2014, China Eastern Airlines and Western Airlines completed the trial run of WiFi on the plane.

Source : CODC   O2O : online to offline

Top 10 OOH Company

Focus Media

Air Media

Clear Media

Vision China Media

JCDecaux

Bus Online

T Media

Tom Outdoor

Dahe Media

Bailintimes

Source：Chinabgao

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