



IN DEPTH ▾

Breaking up the Chinese walled gardens: what will the future of media in China look like?

By [Shawn Lim](#) - April 6, 2021

Alibaba is currently the largest digital ad seller in China, with its ad revenues accounting for more than 32% of the market in 2019. Together, tech giants Baidu, Alibaba and Tencent (BAT) occupy more than 60% of the total digital advertising market in China. The Drum finds out what will the future of media in China would look like without BAT.

As China looks at reducing the size of Alibaba's media properties after expressing surprise at how much reach Alibaba has gained through its media business, it could encourage the growth of independent players, such as third-party data providers or supply-side platforms, to help advertisers work with multiple publishers more easily.

The list of media properties that Alibaba owns and has stakes in include The South China Morning Post newspaper, social media platform Weibo, video streaming platform Youku Tudou, movie production house Alibaba Pictures and Focus Media, China's largest offline advertising network.

The move by the Chinese government is very much political, as much as it is regulating the media ecosystem. According to reports, it followed on from Alibaba founder Jack Ma's comments about Chinese president Xi Jinping's efforts to regulate Ant Group, Alibaba's financial arm, as it offers consumer-focused financial services, which has reams of data on user spending, borrowing and lending habits and histories.

This saw Ant's \$37 billion dual IPO pulled by China in early 2021 as it wanted the company to return to its original core business of payments and focus on correcting issues in the areas of personal lending, wealth management and insurance.

It also launched an antitrust investigation into Alibaba at the end of 2020 and created new anti-monopoly guidelines that were released in February 2021 which targets Internet platforms, tightening existing restrictions faced by the country's tech giants.

The regulator said the latest guidelines would "stop monopolistic behaviours in the platform economy and protect fair competition in the market."

Darren Woolley, the founder and global chief executive of TrinityP3, explains, while news media was traditionally considered one of the four pillars of society, and particularly essential in a democracy, governments from the European Union to the United States and China are all struggling to come to terms with these super-sized media conglomerates.

"The four-pillar theory only works when each holds the other in check and balance. But these mega-media businesses are becoming a threat to the government themselves through exercising their substantial market clout," he explains.

"In the US, the government is considering using antitrust laws to break up Google and Facebook et al. In the EU they are using concerns over consumer privacy to curtail their reach and influence. In Australia, they used the funding of public interest journalism as the lever to bring them to the task. In China, the same struggle is going on and the government is using its power and influence to achieve the same result."

He continues: "Part of the problem is that the conglomerates themselves do not consider themselves media businesses. The irony is that the media arm of these businesses makes all of their substantial revenue from advertising, placed in content largely sourced from others, either users or others."

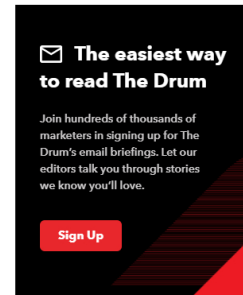
Xiaofeng Wang, a senior analyst at Forrester, points out it has been a long time in which the majority of consumer and media data in China has been owned by two major ecosystems, Alibaba and Tencent. Other major players include Baidu and more recently, Bytedance, which owns TikTok (Douyin in China), while news aggregator Jinri Toutiao is also increasingly owning more consumer data.

"There was little room for independent third-party data providers and adtech vendors to grow in China. For example, there are no independent SSPs and large media groups like Alibaba and Tencent continue to dominate the market," she explains.

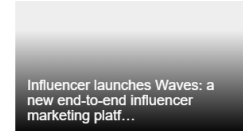
"If the Alibaba media business is broken up, the walled gardens' wall would be lower, and marketers and advertisers will need to work with more media partners."

Woolley agrees, noting that in the short term, the disruption of Alibaba divesting its media operation may create opportunities for their competitors to consolidate their market share and influence.

However, in the longer term, he says this action should send a clear message to all media owners in China and globally, that growing extraordinary influence and power comes with great responsibility and that government has a role in all societies to hold all to account for the 'greater good'.



Related



Open Mic

Add your own content to Open Mic



Connected TV to connect with your audience



Get control of the conversation with your target customers



Key insights to plan for growth after COVID-19



A buyer's guide to SEO



What you can learn about brand management from the...

Recommended Reports

"Leveraging power and influence in an obvious way in any market or any country is certain to draw unwanted attention and correction. While any government intervention causes a market reaction, the truth is that any imbalance in power should be corrected for the greater good and that invariably, after a period of instability in the media landscape, in this case, the market will settle and return to business as usual," he explains.

"In the US, Alphabet, the holding company of Google is regularly threatened with being broken up, as is Facebook/Instagram/WhatsApp by the government 'concerned' about the anti-competitive size and market influence of these substantial companies."

He adds: "But as we saw with Microsoft, after the initial impact, there is an opportunity for all of these companies to thrive and grow."

The future of media in China, should the tech giants' influential media business be broken up, will still see walled gardens, says Wang, but the walls will not be as tall as before as consumers and advertisers will have more choices, while the media and ad tech ecosystem will grow more diverse than it is currently.

"The lesson for all markets is that the consolidation of media influence in any market is not good for society, including advertising. Competition through diversity is important to act as a check and balance when it comes to the power and influence of media," says Woolley.


"We are seeing this being played out around the world as technology companies are building powerful media businesses that threaten balance in society, no matter what the type."

This article is about: China, Future Of Media, Alibaba, Business Of Media, Advertising, Digital Advertising, Entertainment, Modern Marketing, Future Of Media, Mobile, Social Media, Digital Transformation

 [Share to Twitter](#)

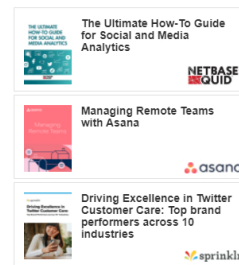
 [Share to LinkedIn](#)

 [Share to Facebook](#)

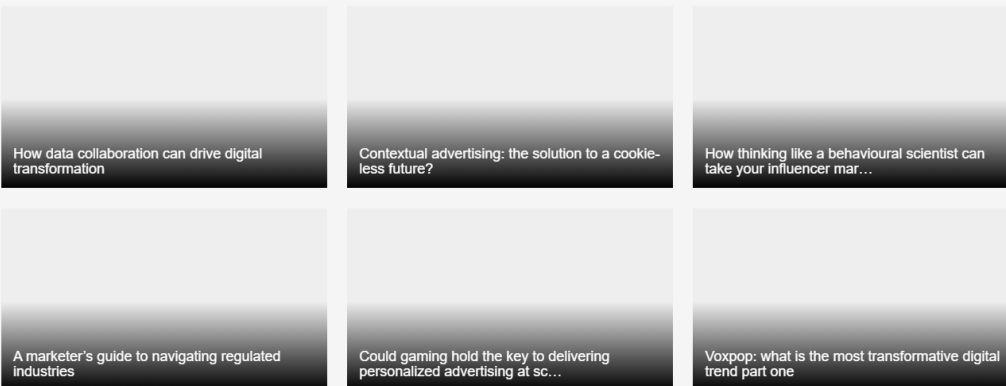
 **Like what you see? We can email it to you**

Choose from a series of great email briefings, whether that's daily news, weekly recaps or deep dives into media or creative.

[Sign Up](#)



From our Network



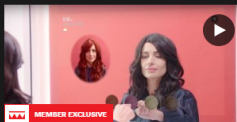
The Drum articles suggested by **bibblio**

Helping publishers increase engagement, improve monetization and drive new audiences. [Read more](#)

Must Watch

[More →](#)

[On The Scene](#) [Talking Heads](#) [Drum Documentaries](#) [Everything You Need To Know](#) [Future Stars Of Digital](#) [Brand Love](#)



VIDEO
With stores and salons closed, Coty puts a new face on innovation



VIDEO
What consumers and marketers can expect from 5G



VIDEO
'Don't go dark': Ex Apple and Pepsi exec John Sculley offers pandemic brand-building tips

Get exclusive research and actionable insights. Join **The**

Get exclusive research and actionable insights, join **The Drum Plus**

Join now and access:

- ✓ The World Creative Rankings Report 2021 - the most complete creative benchmarking tool
- ✓ Global content to keep abreast of the state of the industry
- ✓ Exclusive reports and research to support your decision making
- ✓ Member-only sessions at The Drum festivals to learn from the experts
- ✓ Monthly editorial briefings to keep up with global trends

£20/month
on your first purchase

JOIN NOW →



The Drum

Problem Solved.



Europe Americas Asia-Pacific

News Creative Works Awards Live Events Drum Network Research Studios Jobs The Drum Recommends

About Advertise Calendar Contact Privacy Terms & Conditions

© Carnyx Group Ltd 2021 | The Drum is a Registered Trademark and property of Carnyx Group Limited. All rights reserved.