**MAGNA: GLOBAL ADVERTISING FORECASTS**

**APAC MARKETS – December 2022 UPDATE**

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# APAC OVERVIEW

**The Asia Pacific advertising economy will grow by +5% this year, following the 2021 rebound (+18%). In 2023, the Asia Pacific ad market will expand by +6%, slightly higher than the global average of +7% and in line with the pre-COVID long-term regional growth.** Growth is powered by large markets such as Australia (+8% in 2022, +5% expected in 2023) and India (+15% in 2022, +14% expected in 2023). In 2023, APAC advertising revenues will increase by +6% to $263 billion, 23% above the pre-COVID spending level, driven by digital advertising growth (+70%).

Asia Pacific advertising markets are struggling with supply chain issues and inflation, much as many other parts of the world are. China has seen multiple lockdowns of major cities in 2022 as part of their zero-COVID policy, and as a result many goods that are exported from China as part of the production chain in APAC markets are lacking. Prices are up, squeezing consumer budgets, and have had a negative impact on consumer activity in the second half of the year. Furthermore, while China took a few steps towards loosening COVID restrictions recently, the increase in cases and protests that have sprung up around restrictions will likely continue to weigh on Chinese growth and advertising revenues.

The APAC advertising market is concentrated around the two largest markets **China and Japan, combining to represent 71% of total regional ad spend and ad revenues**. In 2022, the strongest growth in APAC will come from India (+15%), Malaysia (+13%), Taiwan (+12%), Philippines (+12%), and Pakistan (+11%). The slowest growth, on the other hand, will come from Hong Kong (+2%), China (+3%), Vietnam (+4%), Japan (+5%), and Thailand (+5%). No markets in APAC will decline in 2022, however.

**Linear advertising spending (Linear TV, Print, Radio, OOH) decreased by -2% in APAC this year.** In 2023, media owners’ linear advertising revenues will stagnate (0%) to represent 30% of total advertiser budgets. The growth of linear format spending in 2022 and 2023 will not come close to offsetting the huge declines during the peak of the pandemic in 2020. At the end of this year, linear advertising revenues will still be just 85% of the pre-COVID total. In fact, despite the bounce-back in spend observed in 2021 and expected this year, linear advertising revenues remain on a long-term declining trajectory to reach 18% of the total advertiser budgets (compared to 46% in 2019) by 2027. For that reason, linear advertising revenues may never again reach the pre-COVID total of $92 billion in APAC. By 2027, linear advertising revenues will stand at $43 billion.

**Television advertising spending shrank by -2% to reach $51.4 billion, and it will continue its decay by -0.3% in 2023 to reach 19% of total advertiser budgets**. By the end of the year, television spending will represent just 90% of the 2019 pre-COVID total. Furthermore, linear television budgets will continue to shrink, and by 2027, they will represent just 12% of total advertising budgets in APAC. TV spending may get a small boost this year because of the Winter Olympics in Beijing and the 2022 FIFA World Cup in Qatar. However, this is only stabilizing budgets for the year; television spending will resume its long-term decline, as consumer attention shifts away from linear television to digital media formats.

**Print ad sales continued to shrink this year (-4%), and will shrink by -2% in 2023, representing just 4% of total advertiser budgets**. Furthermore, spending on print will represent just 69% of the pre-COVID total in 2019 by the end of this year (2022). Print represents such a small portion of total spending, however (just 5% in APAC) that these declines do not have a huge impact on total regional growth. Many verticals or brands that might consider deeper print cuts have already cut print formats entirely from their media plans.

**Radio ad sales decreased by -2% in 2022 to reach $4.5 billion, following 2021’s +3% rebound.** COVID has eroded the importance of radio in media plans because of fewer hours spent driving. As a result, radio will continue to decline slightly through 2027, shrinking to nearly 1% of total budgets.

**Out of home advertising** grew by +2% this year, and will grow by +6% in 2023 to represent 5% of total budgets. This will bring OOH spending back to 89% of the pre-COVID total. **Cinema**, however, fell significantly during COVID, bounced back by +24% in 2021, and is further expanding by +30% this year. Growth will be +17% in 2023, but that still does not recover the losses from COVID.

**In APAC (like everywhere else) digital advertising is powering total market growth.** Digital advertising revenues increased by +9% this year and will increase by another +9% in 2023 to represent 70% of total advertiser budgets. Digital growth is primarily being driven from mobile advertising campaigns (+11% to nearly 82% of total digital budgets). By format, 2022’s growth will come from social (+13%), video (+9%), and search (+8%). In 2023, mobile advertising spending will again grow rapidly (+11% to 83% of total digital budgets), as will video (+11%), social media (+11%), and search (+8%). Smartphones are not just the dominant way that most consumers access the internet; in many APAC markets they are the only way most consumers access the internet. Because GDP per capita has only increased lately, many consumers skipped the desktop hardware generation and conduct their digital lives solely on their smartphones. Furthermore, in China, smartphones are more integrated into consumer lives than they are in almost every other market. Consumers regularly conduct not just their shopping and communications, but also their banking, insurance, and many work functions on their smartphones. By 2027, mobile advertising spending in APAC will represent 89% of total digital budgets.

In APAC, like in most global regions, **lower funnel direct digital ad formats continue to perform better than upper funnel brand advertising-related formats**. During COVID this was true because of the need to engage with consumers through Ecommerce. Following the crisis, these trends hold because digital consumption is even further integrated into consumer lives. Compared to pre-COVID totals, spending in 2023 on search (166% of pre-COVID total), and social (198% of pre-COVID total) will both be significantly higher than their pre-crisis counterparts. Banner display advertising, on the other hand (flat vs. pre-COVID total), will be struggling on a relative basis. **Furthermore, APAC consumption is already more significantly skewed towards Ecommerce than it is in western markets**. Giants like Alibaba, JD.com, Rakuten, and Pinduoduo, have grown to the point where shopping online is just as large as shopping in person, while ecommerce sales account for an average market share of 20% of total retail sales in the West.

# CHINA

**KEY FINDINGS**

* **Chinese media owners advertising revenues grew by +3% this year.** This will bring the total ad market size to CNY 777 billion ($120 billion), as China remains the second largest market globally behind the United States.
* Chinese GDP will increase this year by +3.2% on a real basis, down from 2021’s +8.1% performance. GDP is struggling because of continued lockdowns throughout 2022 because of the zero-COVID policy that China has implemented.
* **Digital ad formats saw an increase in spending by +7% to reach CNY 630 billion ($97.8 billion) in 2022.** This represents a huge 81% of total advertising budgets.
* **Linear advertising formats shrank by -10% this year, following 2021’s +5% rebound.** As linear advertising formats lose some of the spending gained in 2021, linear advertising revenues remain 25% smaller than the pre-COVID total.

**Chinese media owners advertising revenues grew by +3% this year, following 2021’s strong performance (+16%), to reach CNY 777 billion ($120 billion).** In 2023, the total ad market will grow by +6% to CNY 829 billion ($128 billion), as China remains the second largest market globally behind the United States. This is extremely impressive considering that China was also one of the most resilient markets during the COVID crisis, but it is below global growth (+7%) for the second consecutive year. This is mostly because **Chinese digital media owners have been struggling to grow revenues at the same rate as their global counterparts in 2021 due to new government regulations, compounded by general economic weakness.** As a result, Chinese GDP increased this year by +3.2% on a real basis, down from 2021’s +8.1% performance.

Chinese economic output has struggled this year mainly due to COVID as well as disruptions in the real estate and construction sector. China has maintained its zero-COVID policy throughout the year, and outbreaks result in lockdowns of the population regardless of the number of people. Despite some moves to relax restrictions recently, increasing caseloads and protests have spurred a crackdown once again (even in big cities like Shanghai and Beijing). Compounding the problem is China’s low vaccine uptake, which has resulted in continued outbreaks of cases even at this point in the pandemic. As a result, economic activity, and therefore ad spending activity, will remain below the long-term trend line for China in the near future. Growth reductions have impacted digital, broadcast, and outdoor media formats.

**Digital ad formats saw an increase in spending by +7% to reach CNY 630 billion ($97.8 billion) in 2022.** This represents 81% of total advertising budgets, the second highest globally behind only the UK. Most of the growth is driven by advertising spending on social ad formats, which will increase by +11% to reach CNY 181 billion ($28.2 billion) and represents 29% of total digital ad spending.By format, **Search is, by far, the largest segment**, and represents 48% of total digital budgets in China. Search advertising spending will increase by +6% this year, driven by both core search engines and Ecommerce platforms. Digital advertising has slowed of late, however, because government regulations have cracked down on many aspects of the digital advertising ecosystem. This is compounded by lockdowns which have reduced incomes, deterred mobility, and overall been a headwind to advertising revenues. Data collection regulations, new product regulations, as well as antitrust fines, have crimped the flexibility that big digital giants have. Furthermore, there is intense competition between different platforms, with the incumbent giants Baidu, Alibaba, and Tencent, increasingly competing with JD.com, Kuaishou, Pinduoduo, and Bytedance.

**Linear advertising formats shrank by -10% this year, following 2021’s +5% growth.** As linear advertising formats lose some of the spending gained in 2021, linear advertising revenues remain 25% smaller than the pre-COVID total. The television market shrank this year (-9%) compared to last year’s +3% growth, as it now represents 13% of total advertiser budgets. There was a boost in television spending from the Beijing Winter Olympics, which were held in February. In addition, the 2022 FIFA World cup, which will be held in Qatar in the months of November and December, will increase ad revenues within television formats. However, both highly anticipated events are not sufficient to offset viewing trend declines in 2022. Looking forward to 2023, **there will be a further decrease in TV spending by -1%,** as consumption trends once again result in headwinds for TV spending. **Print** formats continue to decline (-27%) and now represent less than 1% of total budgets. Like most markets, budgets in China are concentrating around TV and digital spending. **Radio** advertising is shrinking by -12% this year. Finally, while cinema grew by a tremendous +253% in 2021, it is declining by -43% and will increase in 2023 through 2025 before continuing its negative growth starting in 2026.

**In 2023, the Chinese market grew by +7% to reach CNY 828 billion ($128 billion)**. Digital will drive the growth through the end of our forecast period. Digital growth will be led by video advertising (+10% to reach 18% of digital budgets) and search (+9% to reach 48% of total digital budgets). Social will grow by +8% in 2023 to reach 29% of total digital budgets. Static banners will stagnate (0%), following this year’s -6% decline and will continue to decline thereafter as they continue to lose share and favor with brands. On the other hand, linear advertising will continue on a declining trend through 2027. By 2027, linear advertising revenues will represent a small 12% of total brand budgets in China.

# AUSTRALIA

**KEY FINDINGS**

* **Australia’s advertising market grew by +8% this year to reach AUD 22.3 billion** ($16.8 billion), driven by its economic growth of +3.8% (real GDP).
* **Digital advertising spending grew by +9% this year to reach AUD 16.2 billion ($12.1 billion)**. This represents 72% of total ad spending.
* **Linear advertising formats are growing by +3% this year to reach AUD 6.2 billion ($4.6 billion)**. This follows 2021’s +14% growth for linear advertising sales and represents 95% of the pre-COVID linear ad spending total.
* Looking forward to 2023, Australia’s advertising economy will grow by +5% to reach AUD 23.5 billion ($17.7 billion), with digital advertising again leading the way (+9%).

**Australia’s advertising market grew by +8% this year to reach AUD 22.3 billion** **($16.8 billion)** and an additional +5% in 2023 to AUD 23.5 billion ($17.7 billion). This reflects the economic growth environment. GDP will continue its growth by +3.8% this year on a real basis, following a very strong economic rebound in 2021 of +4.9%. Mobility has returned to normal levels as inflation increases by +6.5% in 2022 and by +4.8% in 2023.

**Digital advertising spending grew by +9% this year to reach AUD 16.2 billion ($12.1 billion)**. This represents 72% of total ad spending. This is only behind the China, Canada, Norway, Taiwan, Sweden, and the United Kingdom, for highest share of digital advertising budgets as a percent of total ad spending. Growth is led by mobile advertising spending, which will increase by +12% to AUD 11.2 billion ($8.4 billion). By format, search (+12%), video (+12%), and social media (+7%) are leading the way.

**Linear advertising formats grew by +3% this year to reach AUD 6.2 billion (4.6 billion)**. This follows 2021’s +14% growth for linear advertising sales and represents 95% of the pre-COVID linear ad spending total. However, given that television is expected to continue eroding, and print continues its long decline, linear ad spend will never reach the pre-COVID highs in Australia. **Linear Television set to shrink** by 2% in 2022, despite a relatively strong H1 buoyed by the Federal Election and political party spend, and the return of Travel and Entertainment categories fuelling demand post the 2021 lockdowns. H2 expenditure dragging, with the additional note on YOY comparisons with 2021 Olympics, and the 2021 Q3 lockdowns in key markets skewing spend to TV.  Erosion is expected to continue in 2023, forecast down -7%, as viewing continues to shift from linear television to digital formats.

Other linear formats expanded this year (**radio** +10% to AUD 687 million, **out of home** +23% to AUD 1.1 billion), but **print** will continue its decline (-3% to AUD 423 million).

Looking forward to 2023, Australia’s advertising economy will grow by +5% to reach AUD 23.5 billion ($17.7 billion), with digital advertising again leading the way (+9%). While this is not as strong as this year in 2022, it represents 2/3 as much incremental digital ad spending. The growth comparison is just more difficult as it is up against the tremendous performance from 2021 and this year rather than the extremely weak performance of 2020.

# JAPAN

**KEY FINDINGS**

* **Japan remains the third largest ad market in the world** and the second largest in APAC, behind China, with JPY 5.9 trillion ($53.6 billion) net ad revenues expected by the end of this year and JPY 6.1 trillion ($55.7 billion) expected by the end of 2023.
* **Digital ad sales will continue to drive market growth this year**, with total digital net advertising revenues anticipated to **rise by +11% to reach JPY 3.3 trillion ($30.4 billion)**, 57% market share.
* **Linear net ad revenues will shrink by -2% to reach JPY 2.5 trillion ($23.1 billion).**
* **Digital net advertising revenues will reach JPY trillion ($ billion) by 2027, a market share of over 65%,** with mobile drawing the bulk of ad dollars (78%).

**Japan remains the third largest ad market in the world** and the second largest in APAC, behind China. Japan’s total advertising market is increasing by +5% with JPY 5.9 trillion ($53.6 billion) net ad revenues expected by the end of this year and JPY 6.1 trillion ($55.7 billion) expected by the end of 2023 (+4%). Historically, the Japanese ad market has typically been very stable, growing at a reliable +2% to +4% per year pre-COVID. The disruptions and uncertainty caused by COVID and recent unfortunate global events, including the Russia-Ukranian War, however, have led to unusual disruptions and volatility within the ad market. **Japan’s overall economy will expand by +2.0% on a nominal basis in 2022 with inflation also up by +2.0%. In 2023, the overall economy will increase by +2.2% and inflation by +1.4%.**

**Digital ad sales will continue to drive market growth this year**, with total digital net advertising revenues anticipated to **rise +11% to reach JPY 3.3 trillion ($30.4 billion)**, a 57% market share. **Linear net ad revenues will shrink by -2%,** though will remain well below 2019 levels: JPY 2.5 trillion ($26.2 billion) compared to JPY 2.9 trillion ($26.2 billion) in 2019.

**OOH** revenues (static and digital) are up just +2% for the year, reaching JPY 417 billion ($3.8 billion). **Television** will continue in its long-term declining trend by -2% this year to reach JPY 1.6 trillion ($14.4 billion), around 96% of the pre-COVID total. Though declining, Japan qualified for the 2022 FIFA World Cup, which will help to offset some of the losses within Television advertising throughout the year. **Radio** revenues will also shrink by -1% while **cinema** revenues are growing by a significant +15%. On the other hand, Print will see the highest decline by -5%. **Television (-3%), print (-5%), and radio (-2%) are expected to shrink in 2023, while OOH (+6%) and cinema (+10%) will see continued growth.** Over the long term, however, MAGNA anticipates linear advertising formats will continue to lose share to digital, falling to $20.7 billion (JPY 2.3 trillion) by 2027, a 34% market share.

Japan has historically lagged in terms of digital adoption, due to the ageing population (nearly 30% of the population is over 65) and conservative media consumption patterns. Digital advertising formats drew just 42% of ad dollars in 2019, well below the APAC and global averages of slightly over 50%. Market share is now reaching 57%, still slightly below the global (67%) and APAC (68%) averages. Strong digital growth will continue in 2023: +9% overall, with the strongest growth coming from social (+13%), video (+10%), and search (+8%) while display will stagnate. **Mobile** advertising formats draw the largest share of digital ad dollars, 82% expected at the end of 2023.

Japan is one of the very few markets where Facebook and Google do not dominate the digital landscape. Instead, the largest reach can be found with **Line**, a messaging and social app that also offers VOD, music streaming, digital wallet services, and digital comic distribution, among other services. Line has an average of 86 million monthly unique users in Japan. We anticipate that digital consumption will continue to grow over the next five years, accompanied by a corresponding rise in advertising spend. **Digital net advertising revenues will reach JPY trillion ($ billion) by 2027, a market share of over 65%,** with mobile drawing the bulk of ad dollars (85%).

# INDIA

## **KEY FINDINGS**

* After a +8.7% expansion in 2021, the IMF in their latest October 2022 update is predicting real GDP growth of +6.8% in 2022 and +6.1% in 2023.
* Indian net ad sales will return to a healthy growth rate of +14% this year and is expected to reach INR 846 billion ($11.4 billion) from INR 737 billion ($10.0 billion) in 2021.
* Digital ad formats will grow by +19% (APAC average: +9%) to INR 327 billion ($4.4 billion), while traditional media will grow by +12%.
* In 2023, net ad revenues across digital formats will rise +18% to reach INR 385 billion ($5.2 billion), while linear ad sales will increase by +11% to reach INR 519 billion ($7.8 billion), 60% market share.

**Advertising revenues in India are back to a healthy growth rate of +15% this year, rising from INR 737 billion ($10.0 billion) in 2021 to INR 846 billion ($11.4 billion) this year.** The reopening of economic and leisure activities has given a boost to demand and improved business sentiment. Digital ad formats are growing by +19% (APAC average: +9%) to INR 327 billion ($4.4 billion), while traditional media is rising by +12%. Ecommerce, Retail, Durables, Beverages, Pharma, Real estate, Finance, and Education were the most active categories while automobile, government, personal care, and communication brands continued to hold back their spending. The automobile and handset sectors that experienced supply-side issues will bounce back, too, along with the Education, Realty, Retail, and Fashion sectors. Traditionally TV-heavy categories, like FMCG, Personal products, and Food are expected to increase their share of digital advertising. In this environment, total advertising revenues will grow by +14% to reach INR 962 billion ($13.0 billion) in 2023.

After a +8.7% expansion in 2021, the IMF in their latest October 2022 update has predicted real GDP growth of +6.8% in 2022 and +6.1% in 2023. Supply disruptions have dragged manufacturing activity lower, while the global inflation spike is leading consumer prices higher. Consumer price inflation is accelerating to +6.9% in 2022, though price pressures are expected to subside somewhat in 2023 (+5.1%).

**Digital** adoption accelerated with increased use of devices. In addition, the streaming services, gaming, and e-sports industries have benefitted as a result of increased adoption throughout 2022. Digital advertising falls behind linear advertising as the second-largest segment at 39% market share by the end of 2022, following growth of +36% in 2021. **Mobile** will reach 58% share within digital, growing by +30%, as **Social** (+33%), **Video** (+18%), and **Search** (+16%) formats register the highest growths. Growth has come from Neo banks, crypto exchanges, fantasy sports, and online betting & gaming. Overall, digital advertising revenues are expected to grow +19% next year to top INR 385 billion ($5.2 billion).

Despite disruptions in 2Q21 caused by a surge in COVID cases, **television is performing well this year** (+9%) as original content never dried up. In 2022, the continuation of the marquee matches, along with the International Cricket Council T20 World Cup, has aided television revenue growth. The top 10 advertising categories contribute to more than 80% of the revenues. Ecommerce, education, beverages, realty, pharma, and food advertising revenues grew, while government, automobile, personal care, and financial category eroded throughout 2022. With IPL media rights coming up (June 2022), valuation this time is going to be even higher with the increase in the number of teams and the number of matches. With this factor, coupled with a few critical state elections, television is expected to maintain momentum and grow past pre-COVID levels to reach INR 304 billion ($4.1 billion) by the end of the year.

**Newspapers** have nearly recovered on circulation and advertising volumes last year and will continue its growth at +13% this year, though the market pricing is still soft. Overall print will grow by +13% from a strong recovery (2021: +15%), despite the slowdown in business. Growth has come from Retail, Durables, Finance, Real Estate, and Government spending. **2023 growth is expected to be broad-based**, with most categories increasing spends to drive an increase of +9%.

**Radio** is expected to gain back the transit audience listeners lost during the lockdowns. Growth in both listenership and revenue is expected to come from Tier 2 and Tier 3 markets. Overall, radio advertising revenues are growing by +30% to reach INR 15.8 billion ($278 million), nearly 85% of the pre-COVID market size. Growth is driven by E-commerce, Food, Pharma, and Retail advertising. Growth of **+14% is expected for 2023**.

**OOH** traffic numbers are rising closer to pre-COVID levels, with passenger footfall in airports and the metro increasing rapidly. While the recovery in revenue will happen in stages and vary on formats, street furniture, billboards, and transit format occupancy rate have all seen an increase. Cinema hall regulations have been relaxed, and the return of big-budget movies supports recovery for multiplexes. OOH (digital & static, not including cinema) revenues are increasing by +25% and an acceleration (+26%) is expected in 2023, with revenues reaching 71% of the 2019 pre-COVID market size at the end of the year. Automobile, Real Estate, OTT & Finance are a few categories driving OOH advertising growth.

# NOTES ON OTHER MARKETS

## **SOUTH KOREA**

**South Korea’s advertising revenues grew by +9% to reach KRW 14.9 trillion ($13.0 billion).** Total ad revenues will increase by +7% to KRW 15.9 trillion ($13.9 billion) in 2023. This reflects the economic growth environment. Real GDP increased by +2.6% in 2022, slightly below previous expectations. Economic inflation in South Korea is increasing by +5.5% this year and is expected to lower to +3.8% in 2023. Additionally, real GDP will grow by +2.0% in 2023.

In this environment, **digital advertising revenues grew by +13% to reach KRW 9.9 trillion ($8.6 billion).** Digital formats represent 67% of total ad budgets. Digital growth is led by mobile device spending, which increased by +17% to represent 75% of total digital budgets. Growth by format is led by social (+17%), video (+13%), and search advertising (+10%). Digital growth was stable through the pandemic in Korea however is expected a show gradual decline starting this year through 2027. Furthermore, because of the recovery in online consumer spending, brands have shifted their focus towards performance marketing.

On March 3, 2022, Korea’s central data privacy regulator, the Personal Information Protection Commission published guidelines for personal data processing. The regulation is like GDPR. The effect has been that brands have engaged more with performance marketing vs. before the guidelines were published. Even though in some instances the guidelines restrict data collection and define rules for tracking consent, it provides additional certainty for what is permitted and what is not in Korea. For that reason, many digital formats in Korea that leverage data are outperforming their global growth averages.

**Linear advertising revenues currently sits at +2% growth to reach KRW 5.0 trillion ($4.3 billion).** Linear advertising in South Korea has been shrinking since 2016, and currently represents just 79% of that 2016 linear advertising high. Television is falling by -1% and represents 19% of total budgets. Television spend will continue its erosion going forward. Print budgets are falling by -5%, shrinking to 8% of total advertisers budgets. Korea is one of the 4 Asian nations to outright qualify for the World Cup, and that will also provide a tailwind to TV spending. That tailwind will not be enough to spur growth, but rather will mitigate declines.

Looking forward, advertising spending will increase by +7% in 2023, with linear advertising budgets expected to stagnate (0%) and digital ad spending to grow by +11% to reach 69% of total budgets. Digital ad spending will continue to gain share, and by 2027, will represent 78% of total budgets in Korea.

## **INDONESIA**

**The Indonesian advertising market grew by +9% this year, to reach IDR 133 trillion ($9.3 billion).** GDP in Indonesia is expected to increase by +5.3% on a real basis in 2022, slightly lower than prior expectations. Economic inflation is increasing by +4.6%. In 2023, real GDP will increase by +5.0% as inflation grows by +5.5%. Ad spending remained strong this year and will continue its strong performance heading into 2023 (+9% growth expected).

**In this environment, digital advertising spending grew by +15% to represent 52% of total budgets.** For the first time, digital advertising spending surpassed half of the total budgets this year. Digital spending is led by mobile device spending, which increased by +20% and represents 70% of total digital advertising budgets. By format, growth in 2022 is being led by social media (+20%), video advertising (+15%), and search advertising (+14%). In 2023, digital advertising revenues will increase by +15% and represent 55% of total advertiser budgets. Digital advertising revenues will continue to outperform linear formats, and by 2027 digital spending will represent 64% of total advertiser budgets in Indonesia.

**Linear advertising spend grew by +4% to reach IDR 63.9 trillion ($4.5 billion).** Linear advertising spending is only 89% of its pre-COVID total. Television spending increased (+5%), but print (-9%) continues to lose budgets. Out of home advertising grew by +20% and has regained, and more, essentially all the spending it lost during the COVID crisis. Cinema advertising, however, remains significantly below its pre-COVID total, representing just 79% of prior 2019 budgets.

In 2023, the Indonesian advertising market will expand by an additional +9% to IDR 144 trillion ($10.1 billion). Digital ad budgets will grow by +15% led, once again, by social media. Meanwhile, linear ad formats will grow by +4% to reach IDR 65.5 trillion ($4.6 billion), 45% of total budgets.

## **THAILAND**

**Media owners advertising revenues increased by +5% in Thailand in 2022 to reach THB 124.4 billion ($3.9 billion).** This will leave the Thai market below its pre-COVID total of THB 131.3 billion. The economy is expanding by +2.8% on a real GDP basis, following 2021’s +1.5% real GDP growth. Furthermore, inflation is reaching +6.3% this year as high prices hit basic commodities such as food and oil. In 2023, real GDP will grow by +3.7% as inflation levels down to +2.8%.

**In this environment, linear advertising revenues grew by +3% and represent just 82% of their pre-COVID level**. Linear advertising budgets represent the majority of spending in Thailand (73% of total budgets), however the delayed recovery from the COVID crisis for linear ad spending creates a significant drag on total market growth going forward. **Television** ad spend shrank by -1% and represents 53% of total advertising spending. Television spending is still short of the pre-COVID total. Because spending will continue to erode, TV will never reach its all-time high. **Print** spending is still declining, and is falling by -24% this year and represents just 3% of budgets. There are only a few core spending industries that still deploy budgets on print: real estate, finance, autos, and CPG. On the other hand, **OOH** spending is seeing a strong rebound of +26% this year as the economy recovers from the COVID outbreak in 2021.

**Digital advertising spending will grow by +12% in 2022 and represents 28% of total budgets.** Growth is led by mobile device spending, which will increase by +15% and represents 79% of total digital spending. By format, growth is led by search (+16%), video (+13%), and social (+11%). Total digital ad revenues will reach THB 34.3 billion ($1.1 billion) this year.

Looking forward to 2023, **ad spending will again grow modestly (+5%) to reach THB 131 billion ($4.1 billion)** as Thailand returns to normalcy post pandemic.

## **HONG KONG**

**Advertising sales in Hong Kong increased by +2% in 2022 to reach HKD 30.6 billion ($3.9 billion).** In 2023, the total ad market will grow by +7% to HKD 32.6 billion ($4.2 billion). GDP will shrink by -0.8% on a real basis, following 2021’s +6.3% real GDP growth. Many markets in APAC have struggled with new COVID outbreaks in the second half of 2021. Hong Kong, on the other hand, has maintained its COVID cases close to zero for essentially all of 2021, however outbreaks of new cases have emerged this year although ~78% of the population is vaccinated. For this reason, brands are experiencing decreased confidence to deploy budgets. In addition, economic inflation is increasing by +1.9% In 2023, real GDP is forecasted to grow by +3.9% as inflation increases to +2.4%.

In this environment, **linear advertising revenues shrank by -7% this year to reach HKD 15.3 billion ($2.0 billion).** This represents 50% of total budgets and 83% of its pre-COVID total. Television spending is also declining by -9%, losing about half of all the spend gained in 2021. Print this year is declining by -17%, following their +7% growth in 2021 and only represents 52% of the pre-COVID total.

**Digital advertising revenues grew by +11% and represent the remaining 50% of total budgets.** Digital advertising revenues are led by mobile device spending, which will increase by +15% and represent 76% of total digital budgets. By format, digital growth is led by video advertising (+14%), search advertising (+14%), and social media (+8%). The digital video landscape in Hong Kong is extremely strong, and represents 44% of total digital spending, one of the highest totals globally.

Looking ahead to 2023, Hong Kong advertising spending will grow by +7% to reach HKD 32.6 billion ($4.2 billion). The advertising economy will also continue to reflect the new post-COVID normal. Brand marketing changed because of COVID, with higher demands on discounts and bonuses for linear media. Furthermore, there is more ad-hoc planning and last-minute campaign changes in reaction to market changes, and more efforts spent on contingency plans. Finally, not surprisingly, there are stronger Ecommerce and social commerce efforts from advertisers.

## **MALAYSIA**

**Media owners advertising revenues in Malaysia increased by +13% this year to reach MYR 6.0 billion ($1.5 billion).** In 2023, total advertising revenues will reach MYR 6.6 billion ($1.6 billion), a +9% growth. The economy will grow by +5.4% on a real GDP basis, following 2021’s +3.1% growth. While this is lower than prior expectations, brands spent anyway, especially on digital advertising formats. Economic inflation in Malaysia is increasing by +3.2% with +2.8% growth expectations in 2023. With consumer behavior now back to normal, real GDP will grow by +4.4% in 2023.

In this environment, **linear advertising revenues increased by +8% to MYR 2.3 billion ($554 million).** Linear budgets remain at just 70% of their pre-COVID levels. Because linear ad spending will erode from here as consumers continue to shift to digital media formats, linear advertising revenues will never again approach their pre-COVID highs. TV spending, which decreased by +3%, are now 88% of their pre-COVID total. Finally, with the economy returning to normal and consumer spending increasing, cinema screens have re-opened. Recovering from the fallout due to closed operations, cinema is showing a substantial growth this year of +281%. Finally, an increase in consumer behavior means that OOH spending will increase this year (+20%) and will continue to grow by +10% in 2023.

**Digital advertising spending, on the other hand, grew by +13% to reach 62% of total budgets**. Digital advertising spending is being led by mobile devices, which will increase by +213% and represents 73% of total digital budgets. By format, spending is led by social media (+20%), search advertising (+16%), and video advertising (+13%). Digital advertising spending will continue to significantly outperform linear budgets, and by 2027, digital formats will represent 74% of total advertiser budgets.

**In 2023, ad spending will grow by +9% to reach MYR 6.6 billion ($1.6 billion).** Digital advertising will continue to grow by +13%, and linear budgets will grow by +3% before decaying in 2024 and beyond.

## **TAIWAN**

**Advertising sales grew by +12% this year to reach TWD 112 billion ($4.0 billion).** In 2023, total advertising budgets will reach TWD 122 billion ($4.4 billion). The Taiwanese economy will grow by +3.3% in 2022 on a real GDP basis and is expected to continue its growth by +2.8% in 2023. Additionally, inflation is increasing by +3.1% this year with expectations to lower to +2.2% in 2023.

In this environment, **linear advertising revenues grew by +3%** and represent just 27% of total ad budgets. This remains just 91% of the level of pre-COVID budgets, however linear ad revenues are expected to gradually decrease, never again reaching the pre-COVID high. Television advertising spending is slightly growing (+5%), but print (-13%) and cinema (-28%) continue to suffer. Long term consumer habits, which have shifted towards online consumption, will be a permanent headwind to these formats. Out of home spending will increase by +2% however MAGNA estimates a decline in spending starting 2023 through 2027.

**Digital advertising formats grew by +16% and now represent 73% of total advertising budgets.** Digital spending is driven by spending on mobile devices, which is rising by +19% and represents the majority (85%) of total digital spending. By format, growth is led by social media (+20%), search spending (+16%), and video advertising (+11%). Looking forward, digital spending will continue to outperform linear advertising formats, and by 2027 digital formats will represent 85% of total budgets.

## **PHILIPPINES**

**Advertising spending in the Philippines increased by +12% this year, to reach PHP 143 billion ($2.9 billion).** Real GDP will increase by +6.5% this year, slightly higher than prior expectations of +5.6%. While the Philippines are seeing high inflation by +5.3% this year, the IMF forecasts a slight decrease in 2023 by +4.3%.

In this environment, **linear advertising revenues increased by +12%**. Television budgets are increasing by +10% to PHP 78 billion ($1.6 billion). Television spending is advancing past the pre-COVID spending total. Print will grow by +7%, following a growth of +8% in 2021. Print budgets remain hugely below their pre-COVID total and now represent roughly 1% of total advertiser budgets. Out of home spending will grow by +24%, just 3% under the pre-COVID high. MAGNA predicts out of home to reach pre-COVID totals by the end of 2023. Finally, cinema revenues are growing this year by a significant +32%.

**Digital advertising spending grew by +11%** and now represent nearly one quarter of total budgets. Total digital budgets will reach PHP 33.8 billion ($687 million) in 2022. Total growth is driven by video (+17%), search (+15%), and social (+8%) ad formats. By 2027, digital advertising will represent 41% of total budgets.

## **SINGAPORE**

**Singapore’s advertising sales increased by +12% to reach SGD 2.7 billion ($2.0 billion) and will continue its growth by +5% in 2023.** Singapore’s economy will increase by +3.0% on a real GDP basis, lower than previous expectations. Inflation is growing by +5.5% this year. While Singapore experienced their worst COVID outbreak in 2021, the government has transitioned back to a semblance of normality. As a result, consumer behavior has returned to normal, and brands are deploying the dollars they cut during the pandemic to take advantage of the new reality. In 2023, real GDP is expected to grow by +2.3% with inflation up by +3.0%.

**In this environment, linear advertising revenues increased by +7% and represent 61% of total budgets.** This follows the +15% rebound in 2021, one of the best performances for linear advertising revenues since 2010. Linear advertising revenues are expected to surpass the pre-COVID total this year to SGD 1.6 billion ($1.2 billion). However, because linear advertising revenues are expected to continue to decline starting in 2023, they will never again reach this year’s number. Television advertising spending will grow by +6% and represent 31% of total budgets. Out of home format spending will grow by +24%, following their strong growth of +47% in 2021.

**Digital advertising revenues grew by +13% and represent 40% of total advertiser budgets in Singapore.** Spending is being led by mobile advertising, which will increase by +16% and represent 81% of total digital budgets. By format, growth is led by search (+15%), social (+14%), and video (+10%). Digital advertising will continue to outperform linear advertising formats, and by 2027 they will represent 55% of total advertiser budgets.

## **NEW ZEALAND**

**The advertising economy in New Zealand increased by 8% in 2022 to reach NZD 3.5 billion ($2.5 billion).** In 2023, total advertisers budgets will grow by another +7% to NZD 3.7 billion ($2.6 billion). The economy in New Zealand will grow by +2.3% on a real basis in 2022, leveling out from the rebound in 2021 (+5.6%). As inflation increases by +6.3% this year, the overall economy will expand by +7.6% (nominal GDP). The IMF forecasts an increase in economic inflation by +3.9% in 2023 and real GDP up by +1.9%.

In this environment, **linear advertising revenues increased by +3%**. Linear advertising spending this year is at 93% of its pre-COVID total. Television revenues are increasing by +2% and is expected to continue its decline at -3-5% from 2024 through 2027. TV pricing continues to increase as demand is significantly outstripping supply. Some price-sensitive brands have started to shift away from linear TV, but not yet to a significant degree. Print is will stabilize at 0%, however out of home spending will see strong growth (+20%), reaching roughly 94% of its pre-COVID total. MAGNA predicts out of home to surpass pre-COVID measures by 2023.

**Digital advertising revenues grew by +11% to reach NZD 2.2 billion ($1.5 billion).** Campaigns on mobile devices are leading ad spending, which will grow by +15% and represents 70% of total digital budgets. By format, growth is being led by search (+16%), video (+12%), and social (+4%). Looking forward, digital will continue to take share compared to linear advertising formats, and by 2027 digital budgets will represent 71% of total advertising budgets.

Looking forward to 2023, there will be a general election as well as the Rugby World Cup held in France that will boost TV growth.

## **VIETNAM**

**Advertising revenues in Vietnam increased by +5% this year, faster than prior expectations. This will bring the market to VND 32.7 trillion ($1.4 billion).** 2023 will register another year of strong growth by +7% to reach VND 34.8 trillion ($1.5 billion). The economy in Vietnam will increase by +7.0% on a real GDP basis with inflation up +3.8%. In 2023, real GDP will continue to grow by +6.2% and inflation by +3.9%.

**Linear advertising revenues shrank by -2%, with television and print also shrinking by -3% and by -16%, respectively.** Linear advertising formats represent 63% of total budgets. Television spending is decreasing to 59% of budgets and will reach VND 19.3 trillion ($836 million). TV advertising revenues are still a huge portion of overall ad budgets in Vietnam.

**Digital advertising revenues increased by +19% to reach 37% of total advertiser budgets.** Digital spending is led by mobile devices, which will increase by +25% and represents 74% of total digital advertising budgets. By format, social (+28%), video (+15%), and search (+15%) are leading growth.

## **PAKISTAN**

Pakistan’s economic recovery is expected to continue in 2022, with real GDP forecasted to grow by +4.0% according to the latest IMF report (April 2022), following growth of +5.6% in 2021. With oil and power sectors affecting global stability, Pakistan’s consumer price inflation is rising by +11.2%, up from +8.9% in 2021. IMF forecast estimates further growth of inflation in the double-digits of +10.5% in 2023. A replacement of the new Pakistani government is bringing uncertainty within the country; however, the IMF report predicts Pakistan to continue its growth in 2023 by +4.2%.

In this context, **linear net advertising revenues are anticipated to grow by +7%** in 2022 with **OOH** and **Cinema** seeing the strongest growths, +13% for both, as the economy reopens post COVID. **Print** will continue to stagnate, -1%, while both **Television** and **Radio** will see modest increases of +7%. Overall, MAGNA anticipates total linear revenues to reach nearly $490 million by the end of 2022, above the pre-COVID total of $460 million.

**Digital** ad formats will experience another year of strong growth in 2022, following a +41% increase in 2021, with **revenues rising +30%** to reach $175 million. Significant increases from **Digital video (+43%)** and **Search (+31%)** will continue to drive the growth within Pakistan’s digital ad formats. Digital media remains relatively underdeveloped in Pakistan, accounting for less than 30% of total ad dollars (APAC average: 51%; India: 40%) but growing rapidly. Over the next five years, MAGNA anticipates a CAGR of +26% for digital formats to grow to nearly $450 million, or 43% market share, by 2026.

## **SRI LANKA**

The **Sri Lankan advertising market will grow by 10%** to reach $350 million in 2022 amid the new Omicron COVID-19 variant as well as political and economic turmoil. The total revenue is expected to **grow by further +16% in 2023**, driven primarily by digital formats (+26%).

On the macroeconomic side, real GDP is expected to grow by +2.6% this year, slightly below the previous IMF forecast (October 2021) of +3.3%. Consumer price inflation is accelerating up to +17.6% due to global inflation spikes and will grow by another +12.9% in 2023.

As recent unfortunate global events impact heavily on the country and political turmoil worsens, overall economic instability in Sri Lanka is deteriorating. Supply shortages for everyday essentials from food to medicine have gradually become severe humanitarian emergency across the country, which has also caused social unrest as inflation spikes are creating a lack in consumer confidence.

The advertising market will grow by +10%, a slight decrease from 2021 (+14%). As we see across APAC, **digital is the backbone of growth**, with all digital formats expected to see another year of double-digit growth: Video +52%, Social +25%, Search +21%, and Display +18%. In total, digital advertising revenues will reach $130 million, accounting for 37% market share.

Most **Linear** formats will also increase this year with strongest growth seen in OOH (+13%) and moderate growth for Television (+3%) and Radio (+5%). Print, however, will be the only linear media to decline (-5%), continuing its long-term eroding trend. Looking forward, 2023 will bring continued recovery for most linear ad formats except for print. Over the long term, we anticipate digital to continue gaining market share at the expense of linear media channels.