

Global Entertainment & Media Outlook 2021-2025: Hong Kong summary

July 2021



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01


Overview: Entertainment & Media Outlook – Global and Hong Kong



The Outlook covers five-year projections of consumer and advertiser spending data across 14 segments and 53 territories

 14 segments

- Business-to-Business
- Cinema
- Consumer books
- Data consumption
- Internet access
- Internet advertising
- Music, radio and podcasts
- Newspaper & consumer magazines
- OTT Video
- Out-of-home (OOH)
- Traditional TV and home video
- TV advertising
- Video games and esports
- Virtual reality

 53 territories

- United States
- Mainland China
- Hong Kong
- Japan
- Germany
- United Kingdom
- France
- India
- Brazil
- ... and more

Projected E&M revenue in 2025 and growth 2021-2025 (CAGR)

Global	Mainland China	Hong Kong
4.6%	5.1%	4.4%
(US\$2,309 bn)	(US\$382 bn)	(US\$10 bn)

E&M industry stands strong & forges a new future

However asymmetric the impacts on segments, the outlook for revenues at an industry level remains robust. But the internal dynamics of the industry continue to shift

Common driving force is changes in customer behaviour – propelled by deep-seated megatrends, newly acquired habits, and the forcing function of the pandemic

Box office revenues shifting to streaming platforms

Shift from universe to metaverse, (a more open, multi-brand environment built around consumers)

User-generated content creators tapping into vast new audiences

Power shifts to Consumers



Regulators taking on Big Tech and data privacy

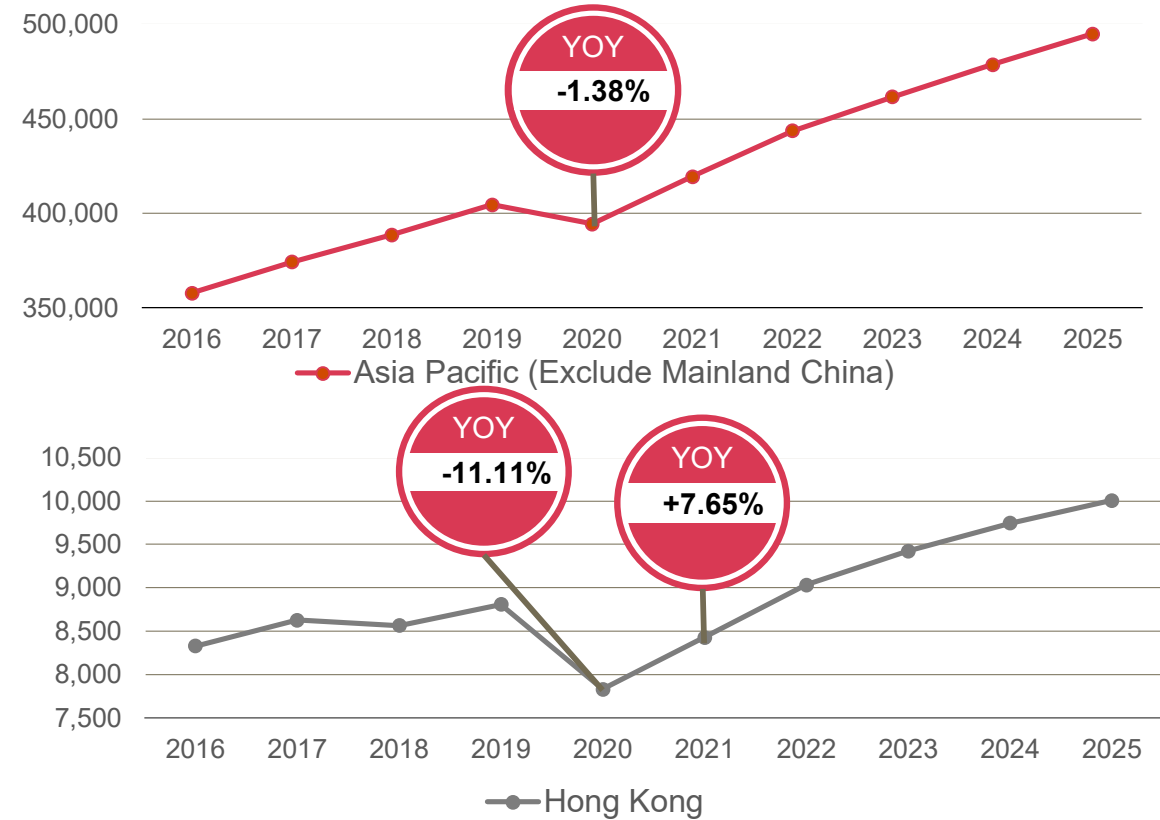
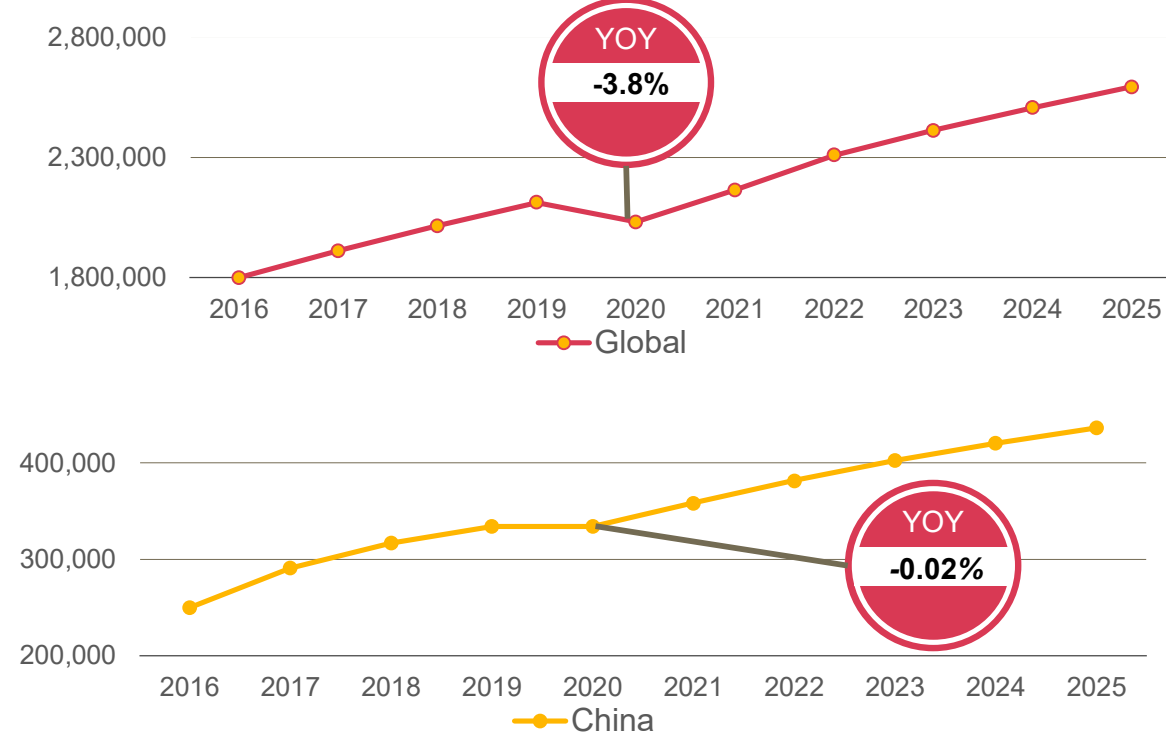
Non-fungible tokens (NFTs) represent a notable innovation in the ability of creators to go directly to customers. A robust market for NFTs has now sprung up among collectors and speculators

Altering Dynamics

Overlaid on these, continuing advances in technology, and in the delivery and distribution of content, are creating new tensions and altering the complex dynamics and relationships between consumers and providers, between creators and producers, between producers and distributors, between advertisers and publishers, between governments and companies, between the giant global platforms and everybody else

Hong Kong revenue was the worst hit compared to Mainland China and Asia Pacific (exclude Mainland China)

Total E&M revenue (US\$mn), 2016-2025



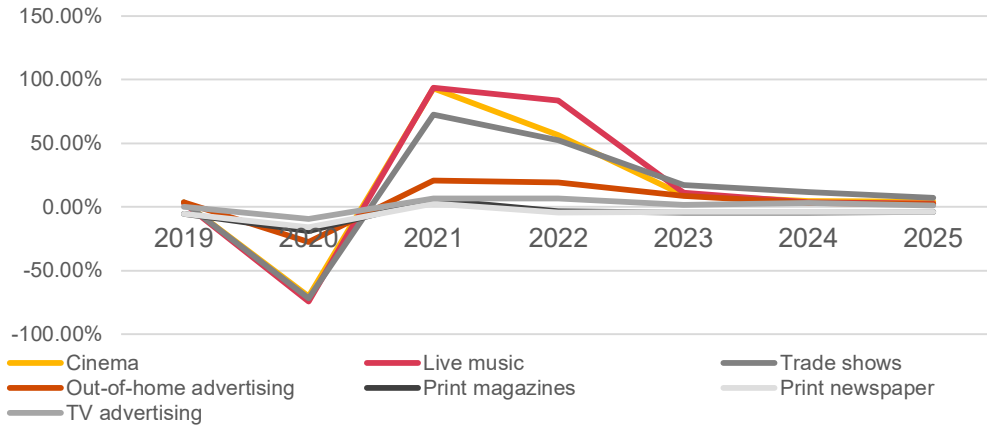
- Global E&M revenue declined 3.8% from US\$2.1trn in 2019 to US\$2.0trn in 2020, the biggest year-on-year drop in the *Outlook's* 22 years.
- Entertainment and media revenue in Hong Kong increased 7.65% from 2020 (\$7.8 billion) to \$8.4 billion in 2021 due to COVID-19 recovery

Note: 2020 is the latest available data. 2021-2025 values are forecast projections
Source: PwC Global Entertainment & Media Outlook 2021-2025, www.pwc.com/outlook

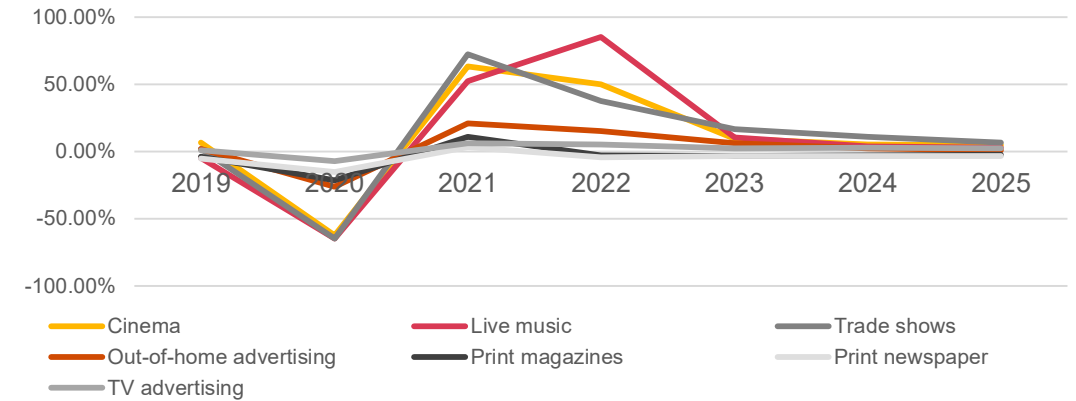
E&M sector recovery was fastest in Mainland China. Hong Kong segments driving rebound in 2021 - Live music, Cinema and OOH

Select metrics year on year growth rate (%) 2019-2025

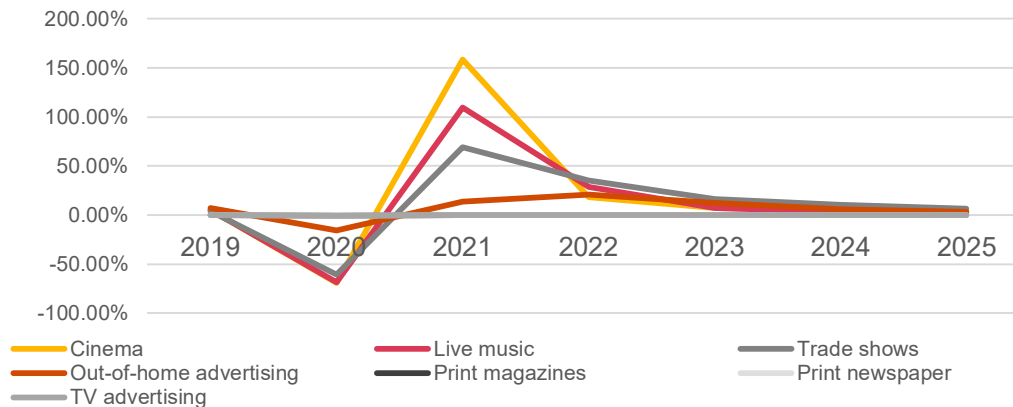
Global



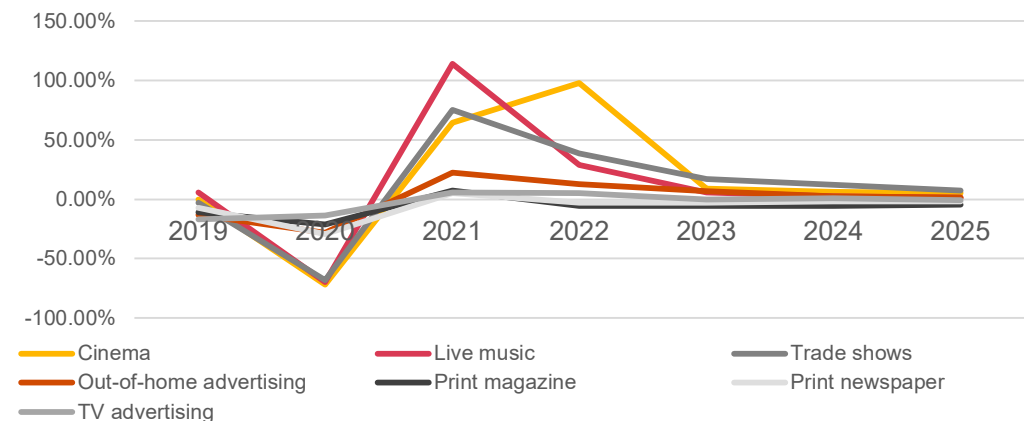
Asia Pacific (exclude Mainland China)



Mainland China



Hong Kong



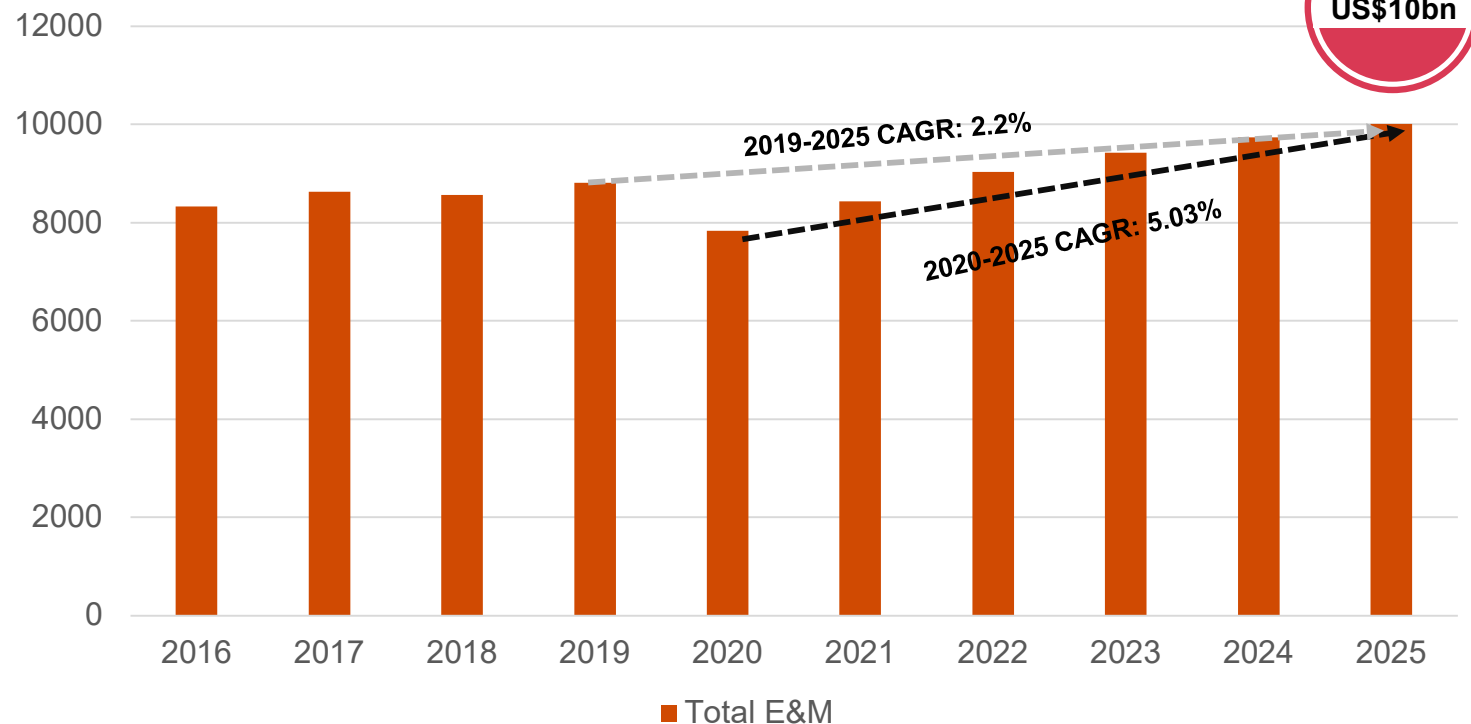
Note: 2020 is the latest available data. 2021-2025 values are forecast projections

Source: PwC Global Entertainment & Media Outlook 2021-2025, www.pwc.com/outlook

Hong Kong projects the entire E&M growth will be 4.4% within 2021-2025

- All Hong Kong segments is posed for strong recovery after a deep dive in 2020 from the pandemic
- Such rises will help total global E&M revenue to increase at 5.03% CAGR from 2020 to 2025 to reach US\$10bn.

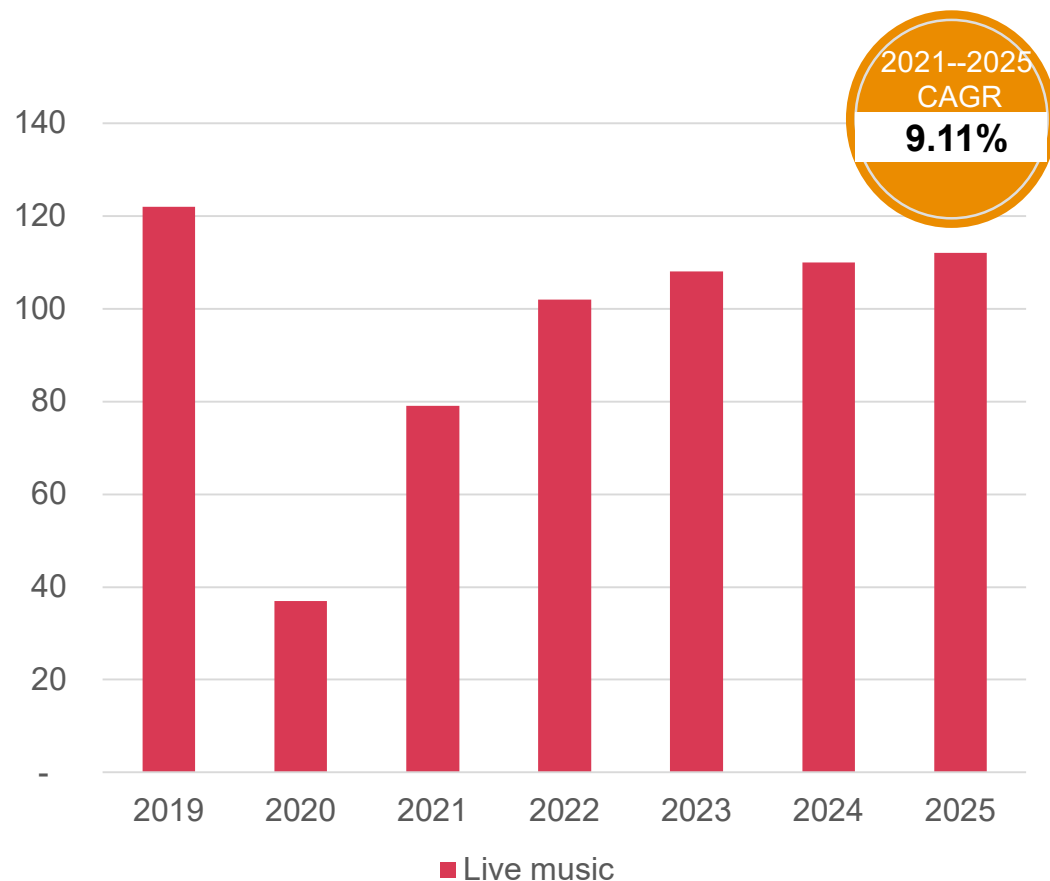
Total HK E&M revenue and year-on-year growth (%), 2016-2025 (US\$ mn)



Note: 2020 is the latest available data. 2021-2025 values are forecast projections
Source: PwC Global Entertainment & Media Outlook 2021-2025, www.pwc.com/outlook

Live music in Hong Kong will rise to US\$112mn in 2025

Year on year revenue (US\$mn) 2019-2025



Note: 2020 is the latest available data. 2021-2025 values are forecast projections

Source: PwC Global Entertainment & Media Outlook 2021-2025, www.pwc.com/outlook

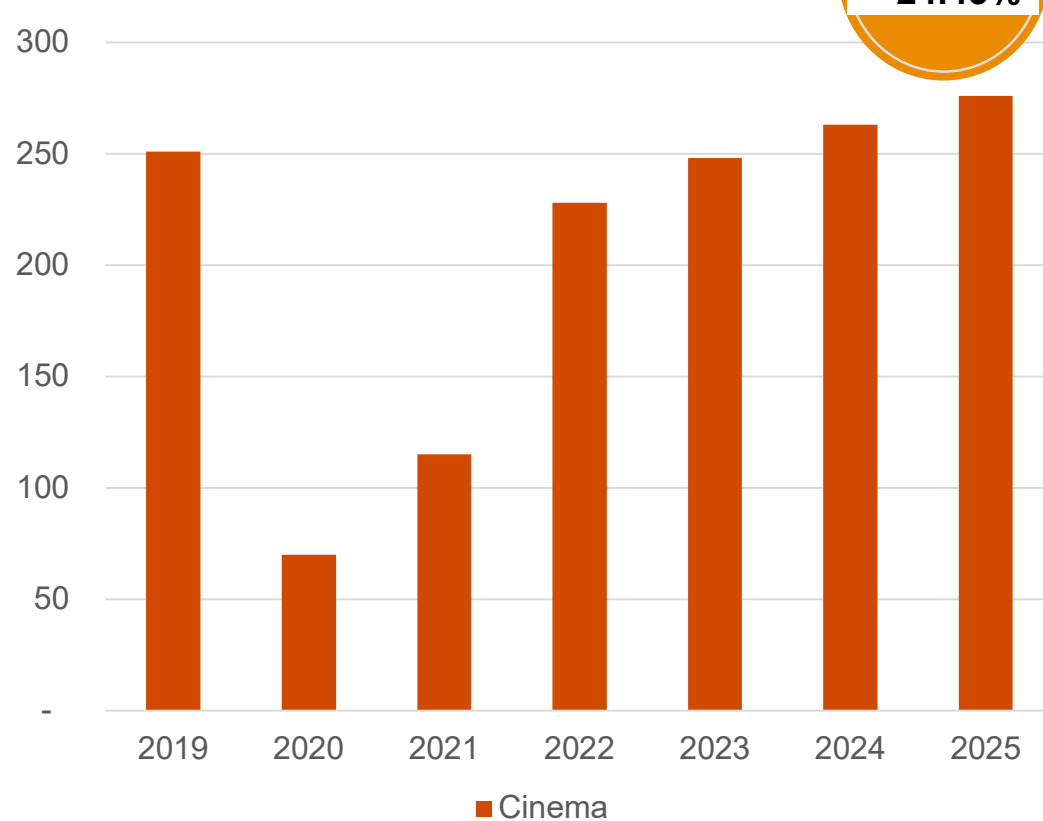
Global E&M Outlook 2021-2025: Hong Kong summary

- **Consumer still demand for live music experience.** Since the loosening of social distancing policy, there are a number of live music concerts hosted/to be held in 2021.
- However, live music is not expected to return to pre-pandemic levels of 2019, as **consumption shifts to digital entertainment platforms** and when travel resumes.
- **Less foreign artist and tourists** arrived due to travel restrictions.



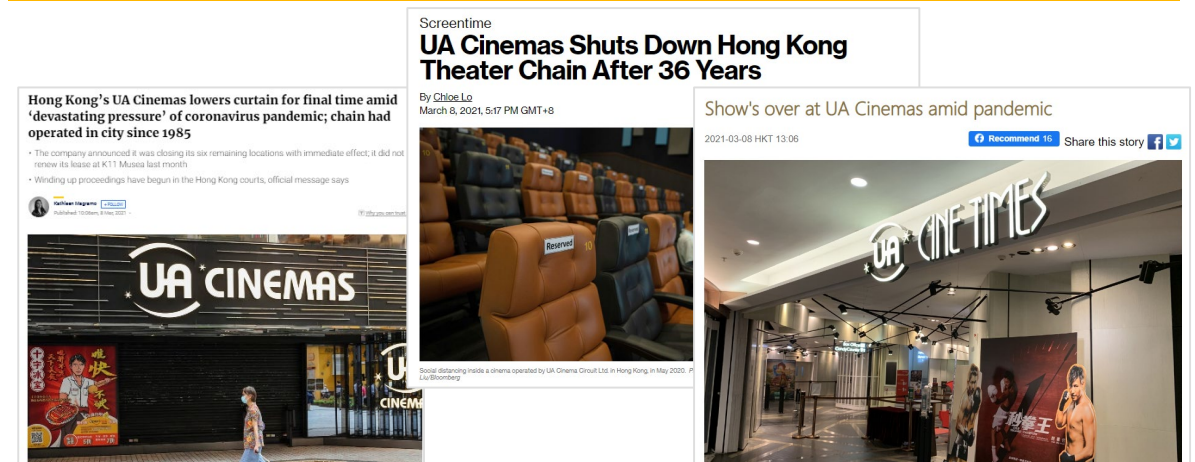
Cinema in Hong Kong will rise to US\$276mn in 2025, will not recover to pre-COVID levels until 2024

Year on year revenue (US\$mn) 2019-2025



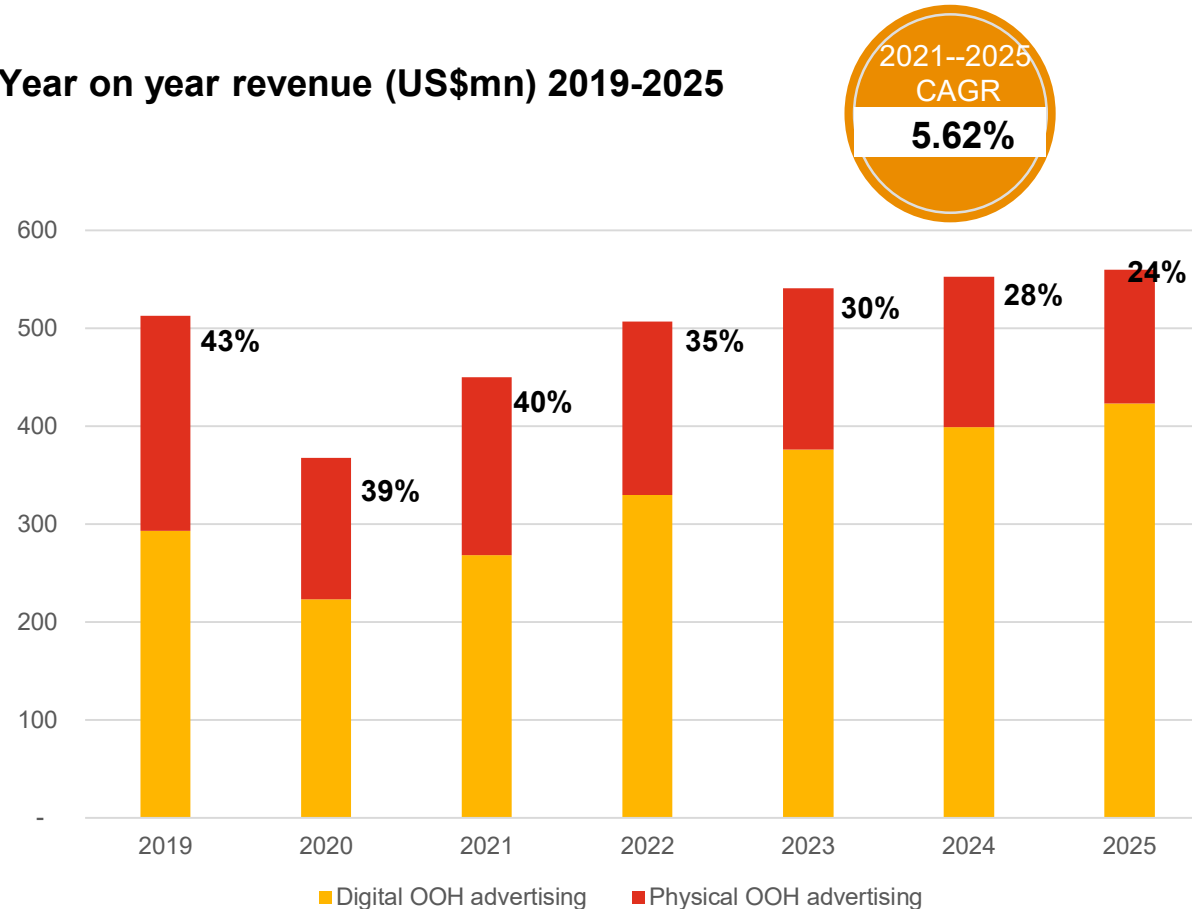
Note: 2020 is the latest available data. 2021-2025 values are forecast projections
Source: PwC Global Entertainment & Media Outlook 2021-2025, www.pwc.com/outlook

- For Cinema, Mainland China is an exception of being less severely impacted as the rest of the world due to the country's fast recovery from COVID-19.
- Cinema saw revenues collapse in 2020, but is expected to rebound with a high growth of 64% in 2021, yet will not recover to pre-COVID level until 2024. This is due to **cinema capacity limitation** from social distancing restrictions, coupled with **a shortage of film supply** as productions have yet to fully resume.



Digital OOH steadily outpaces physical OOH, as advertising budgets shift to digital and hastened by the pandemic

Year on year revenue (US\$mn) 2019-2025



Note: 2020 is the latest available data. 2021-2025 values are forecast projections
 Source: PwC Global Entertainment & Media Outlook 2021-2025, www.pwc.com/outlook

- OOH is the top 3 fastest recovery segments from 2020
- **Traditional OOH will fade out yet not completely replaced by digital OOH.** The total revenue of OOH in 2025 is expected to be US\$560mn.
- Traditional billboards are steadily shifting to electronic displays.
- Segment revenue is expected to return to 2019 level in by 2023, yet not higher than 2018 as advertising budgets shift to Internet advertising.
- Operators ramp up digital billboard locations, as advertising demand given a boost from Hong Kong's TV operators immensely popular multi-channel network.

02

Segment deep dives



2.1

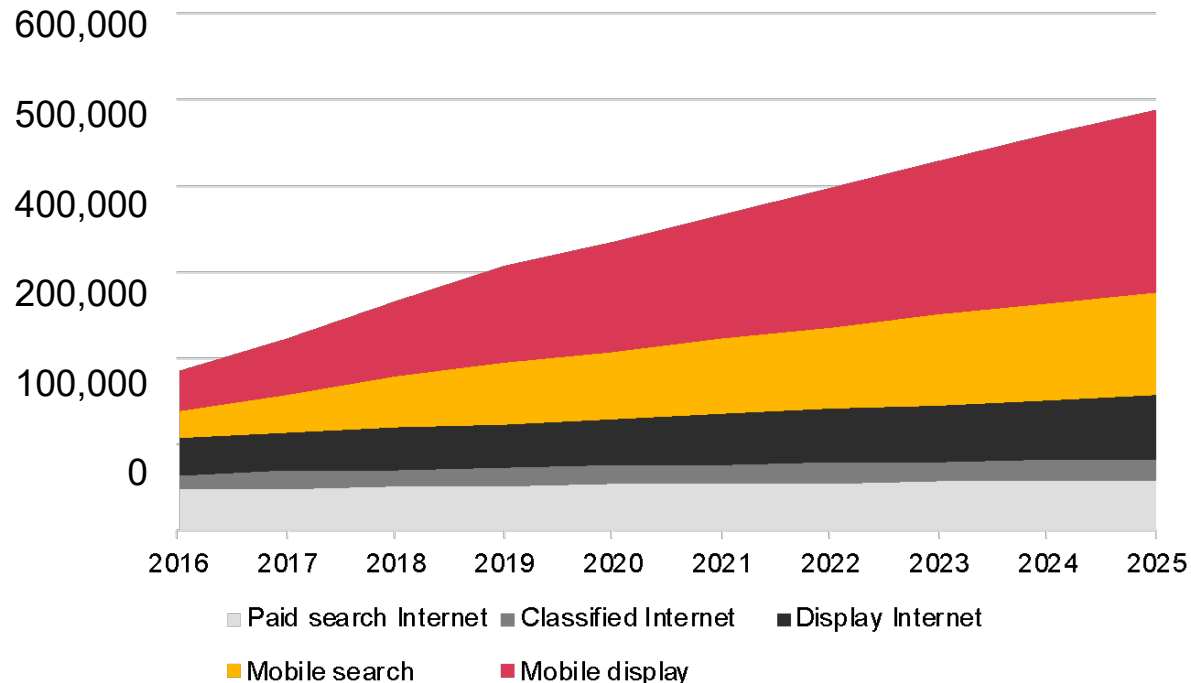
Internet advertising



Global – The acceleration of 5G and IoT will drive the shift of Internet advertising towards mobile display

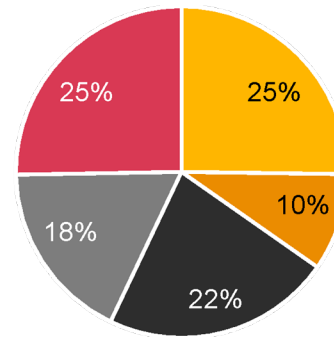
As many other markets collapsed, the Internet advertising markets that platforms operate in remained strong. Led by mobile, growth held at 9.0% in 2020. While the immediate hit from the pandemic helped to elicit a slowdown from the 16.0% growth rate in 2019, the scale of the market is also moving into maturity. **Overall, Internet advertising is however still set for a CAGR of 7.5% from 2021 to 2025. Mobile display advertising revenues will witness an increase from 25% in 2016 to 43% in 2025.**

Global Internet advertising revenue, 2016-2025 (US\$mn)



Mobile display advertising gaining share

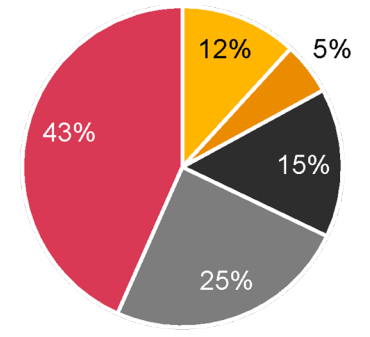
2016



■ Paid search Internet ■ Classified Internet
 ■ Display Internet ■ Mobile search
 ■ Mobile display

Global Internet advertising revenue, % of total

2025



■ Paid search Internet ■ Classified Internet
 ■ Display Internet ■ Mobile search
 ■ Mobile display

- **Mobile display advertising revenues will grow at a CAGR of 11.2% for 2019-2025.**
- **USA (47%) & Mainland China (21%) are the top contributors to revenue in 2020.**

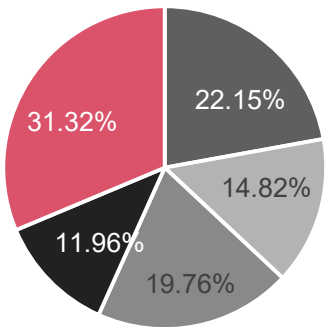
Note: 2020 is the latest available data. 2021-2025 values are forecast projections

Source: PwC Global Entertainment & Media Outlook 2021-2025, www.pwc.com/outlook

Winner: Hong Kong's Mobile display advertising will reach 40.1% by 2025

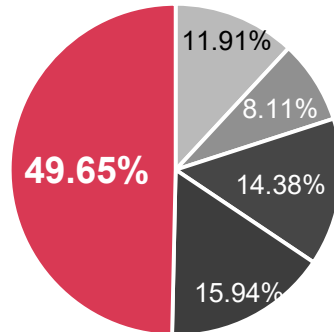
Mainland China - Internet advertising revenue, % of total

2016



■ Paid search Internet ■ Classified Internet
■ Display Internet ■ Mobile search
■ Mobile display

2025

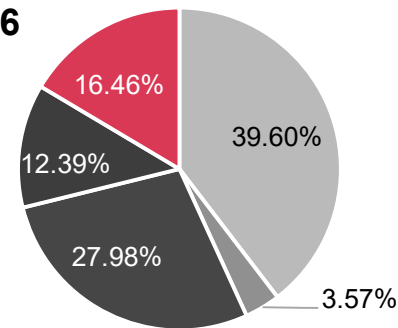


■ Paid search Internet ■ Classified Internet
■ Display Internet ■ Mobile search
■ Mobile display

- Mobile display advertising revenues will grow at a CAGR of 13.11% for 2021-2025

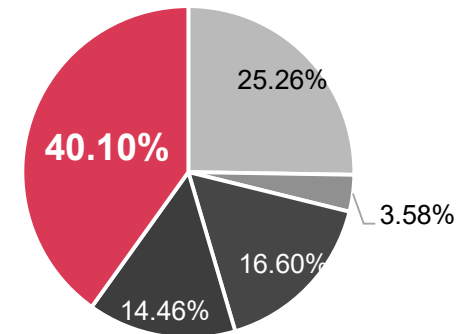
Hong Kong - Internet advertising revenue, % of total

2016



■ Paid search Internet ■ Classified Internet
■ Display Internet ■ Mobile search
■ Mobile display

2025



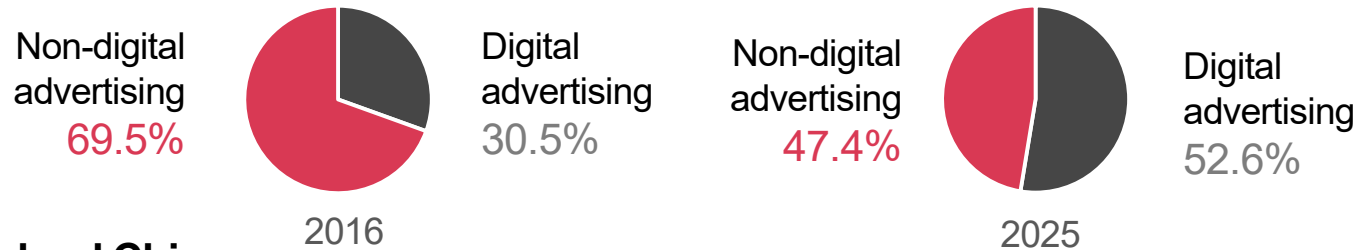
■ Paid search Internet ■ Classified Internet
■ Display Internet ■ Mobile search
■ Mobile display

- Mobile display advertising revenues will grow at a CAGR of 10.8% for 2021-2025

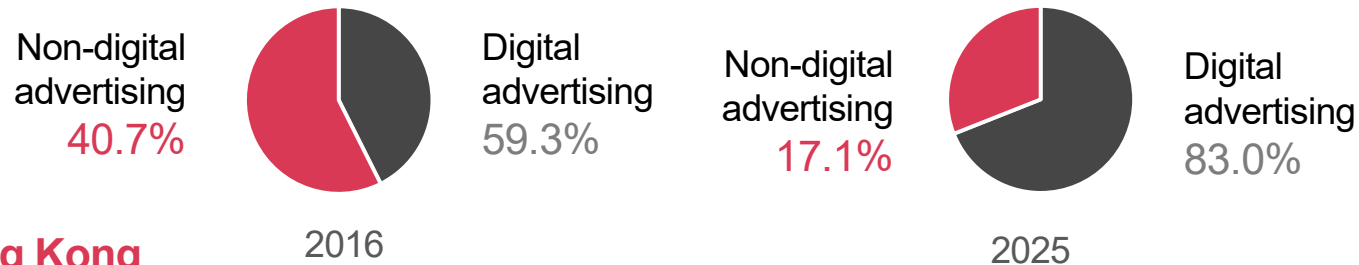
Hong Kong's advertising is still dominated by non-digital despite a continued consumer shift to digital advertising

Hong Kong advertising revenues, Asia Pacific advertising revenues vs. Mainland China advertising revenues, in terms of digital and non digital, 2016 vs. 2025 (%)

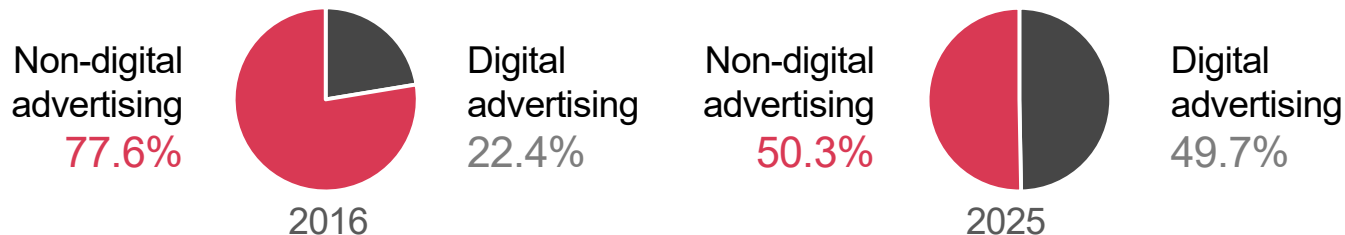
Asia Pacific (exclude Mainland China)



Mainland China



Hong Kong



Traditional advertising still dominates the market

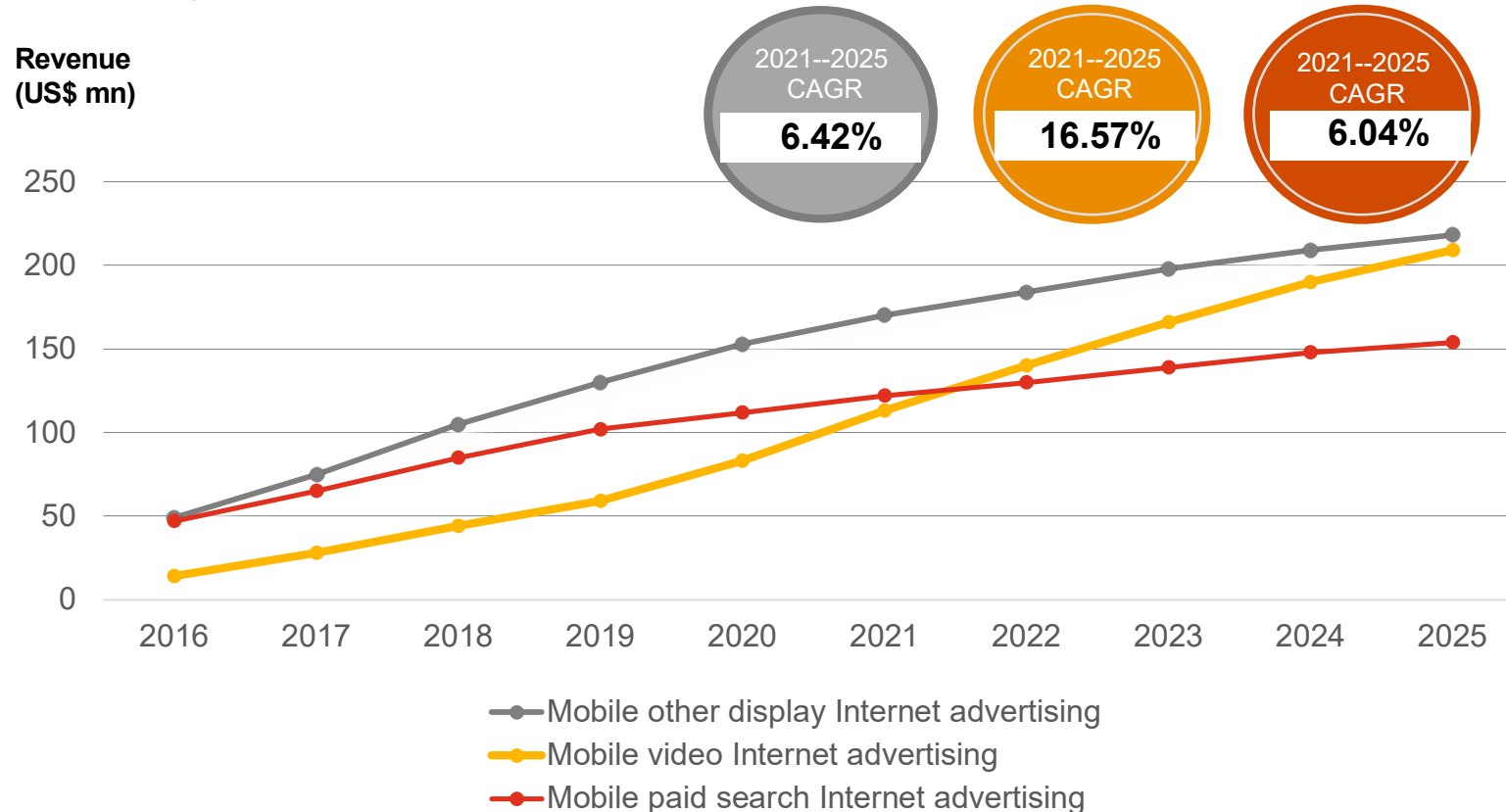
- **Internet advertising in Hong Kong continues to grow** at 6.1% CAGR, at US\$1,065mn in 2025 from US\$841mn in 2021.
- Digital advertising growth in Hong Kong lags behind Asia Pacific and Mainland China.
- While the acceleration of 5G application and usage continue to shift the trend to digital advertising. Notably, **Hong Kong is still dominated by non-digital advertising, as traditional media is still dominant.**
- This is due to high penetration of terrestrial TV and consumers' habit of watching TV. Traditional advertising is still the most effective way to reach more consumers.

Note: 2020 is the latest available data. 2021-2025 values are forecast projections

Source: PwC Global Entertainment & Media Outlook 2021-2025, www.pwc.com/outlook

Mobile video is the key driver in Internet advertising growth

Hong Kong mobile video Internet advertising vs. total wired display Internet advertising 2015-2024 (US\$mn)



Drivers of mobile video advertising

- Continued focus on video by **mobile social platforms**
- Increased video consumption due to **faster mobile connectivity with 5G**
- Video will become an increasingly important part of the mobile internet advertising revenue, in line with the shift to digital consumption

Note: 2020 is the latest available data. 2021-2025 values are forecast projections

Source: PwC Global Entertainment & Media Outlook 2021-2025, www.pwc.com/outlook

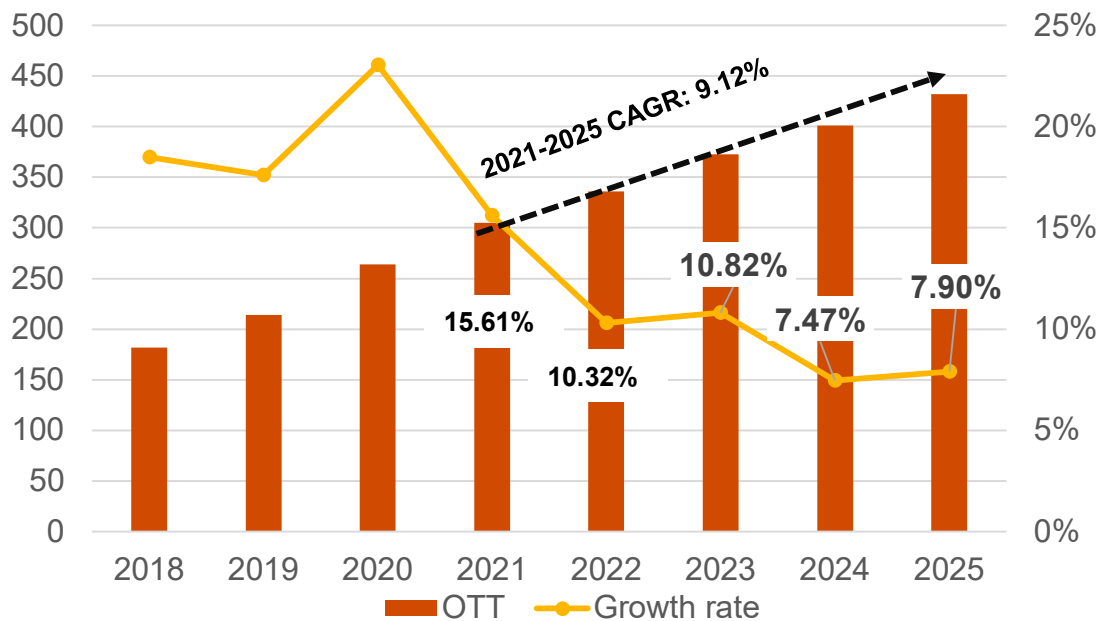
2.2

OTT video

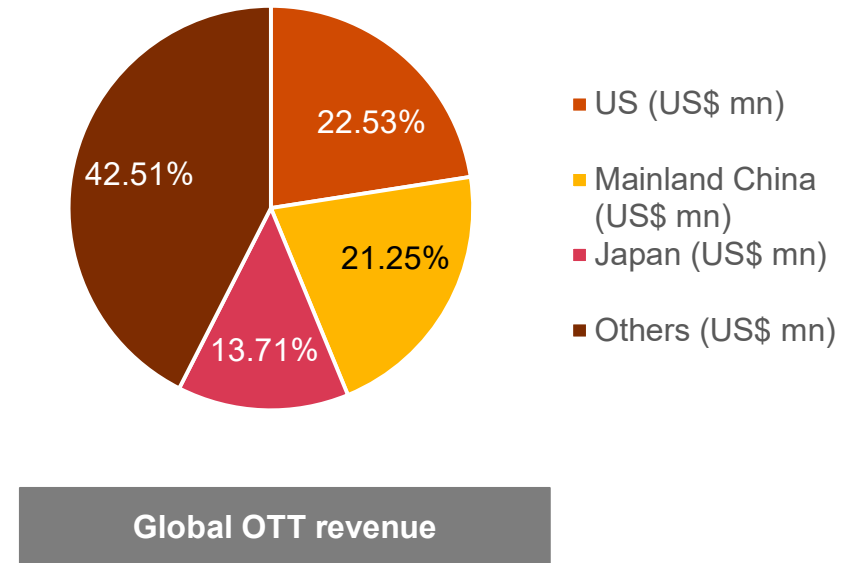


Internet reliant segments OTT & Video games get a boost from the lockdown; demand for streaming sustains as consumer habits stay

Hong Kong OTT, revenue in US\$Mn and year-on-year growth (%) from 2018 - 2025



US, Mainland China and Japan were lead contributors to OTT Video (61%) in 2020

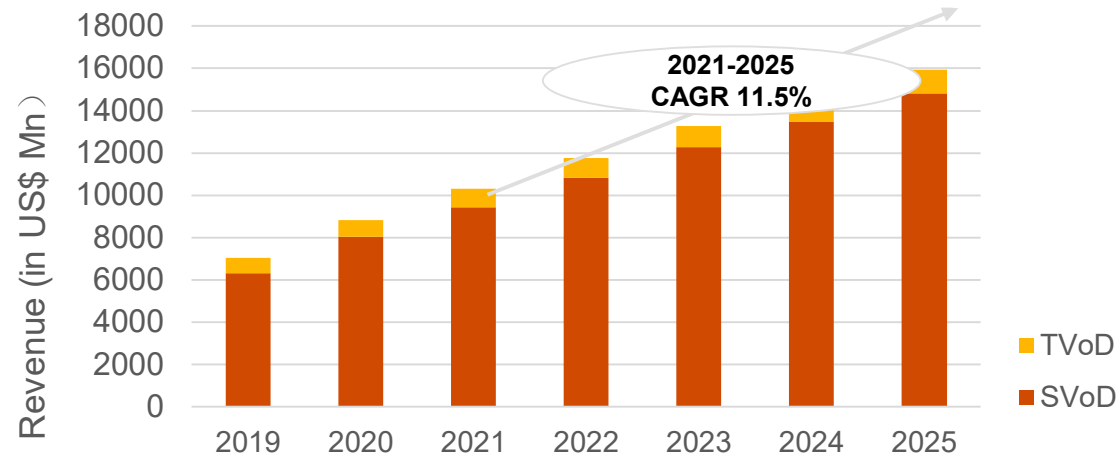


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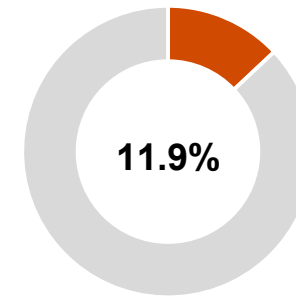
Source: PwC Global Entertainment & Media Outlook 2021-2025, www.pwc.com/outlook

OTT video experienced a year of extreme growth. HK's growth is 23.1% in 2022, behind Asia Pacific's 25.5%

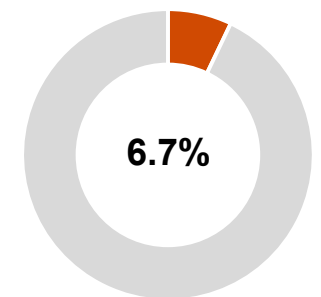
Asia Pacific (except Mainland China) OTT revenue by segment (US\$ mn)



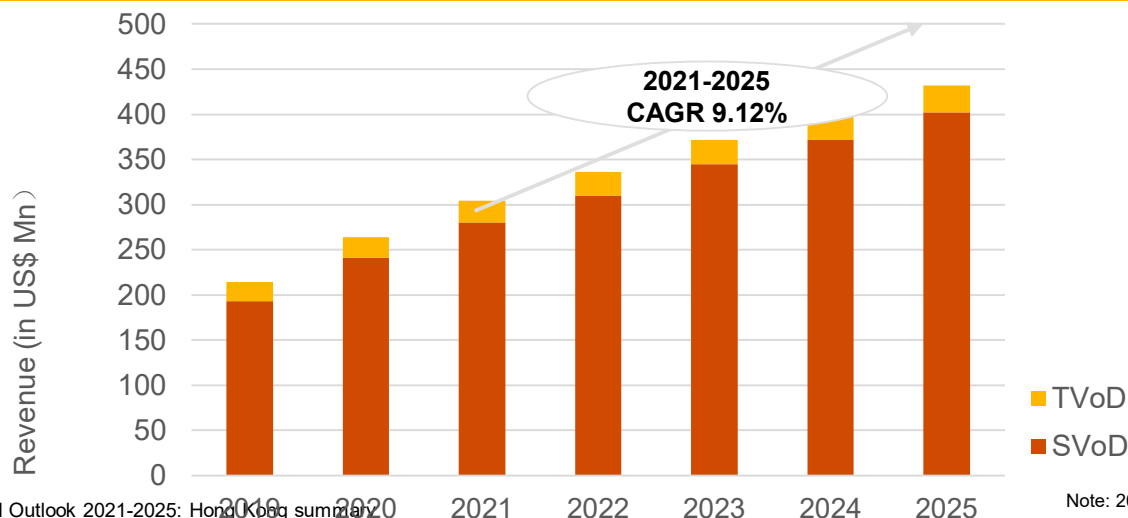
SVoD CAGR 2021-2025



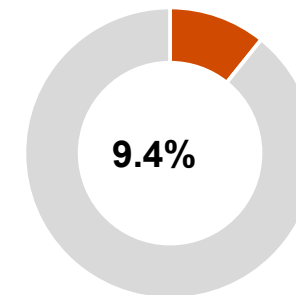
TVoD CAGR 2021-2025



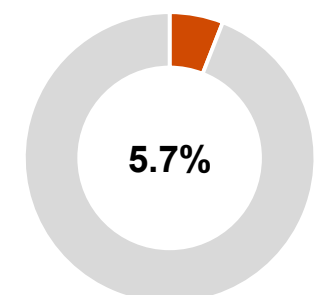
Hong Kong OTT revenue by segment (US\$ mn)



SVoD CAGR 2021-2025

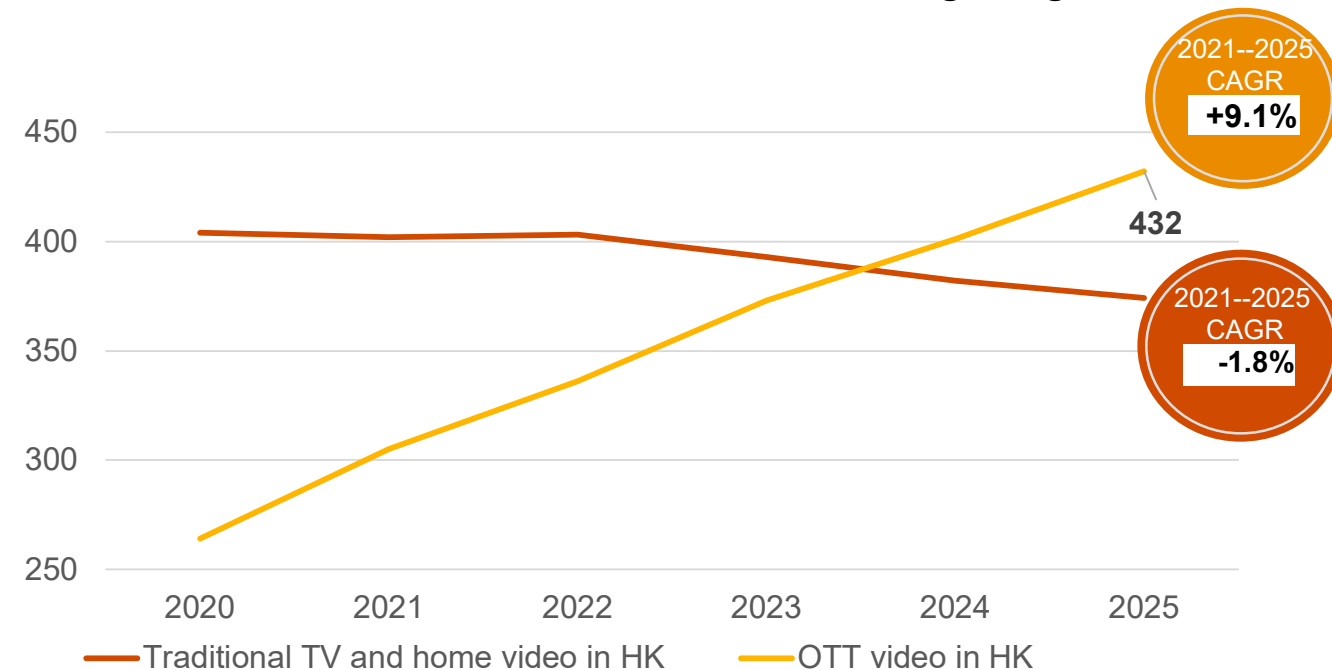


TVoD CAGR 2021-2025

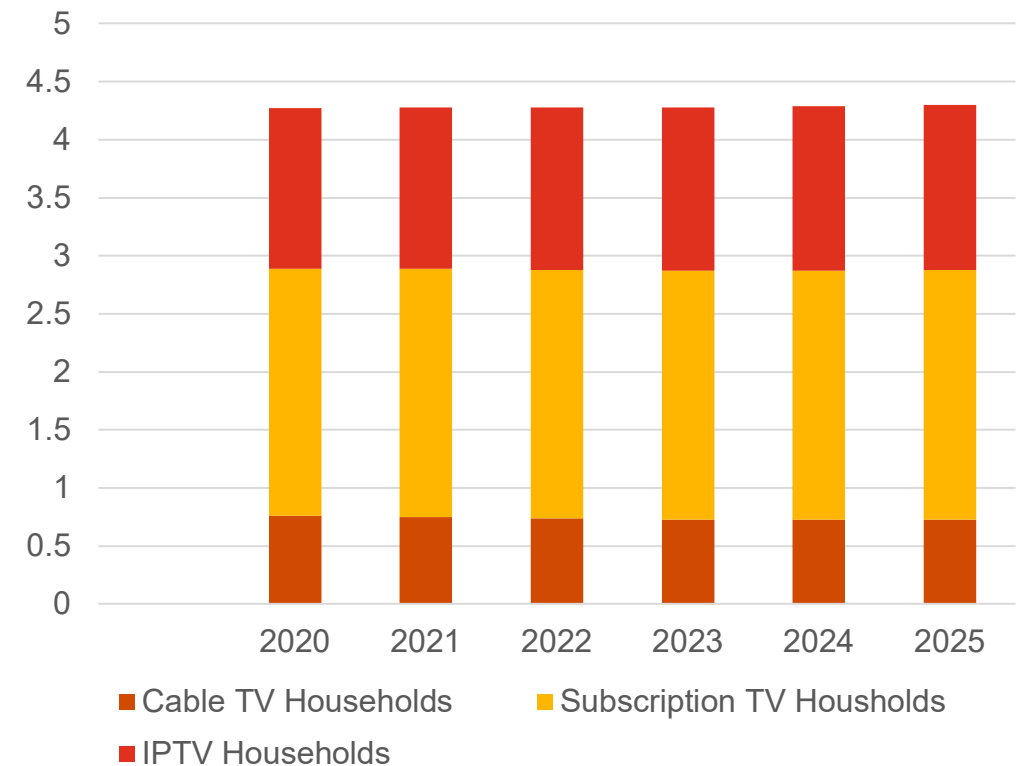


OTT video will bypass Traditional TV and home video in Hong Kong by 2024, expected to hit US\$401mn

OTT revenue 2016 – 2025 and 2021-2025 CAGR: Hong Kong



Hong Kong - consumption patterns (Households in million)



myTV SUPER

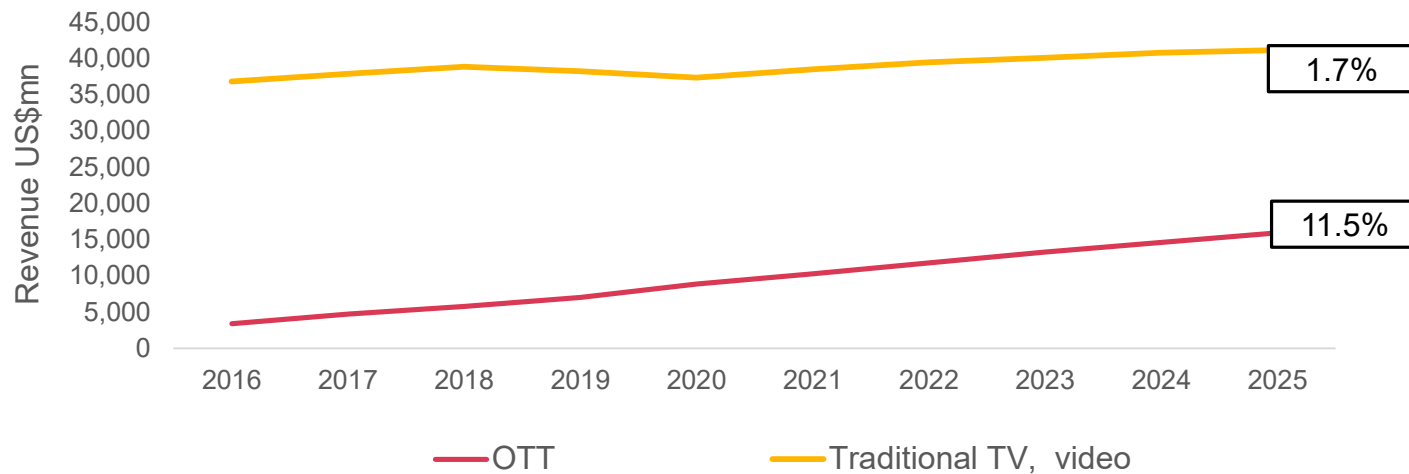
Registered users FY20: 9.16m
Paying subscribers FY20: 1.3m

ViuTV

Monthly active users FY20: 45m
Paid subscribers FY20: 5.3m

The revenue from traditional TV is still dominating for Asia Pacific (exclude Mainland China) although the growth in OTT is increasing

OTT revenue 2016 – 2025 and 2021-2025 CAGR: Asia Pacific (exclude Mainland China)



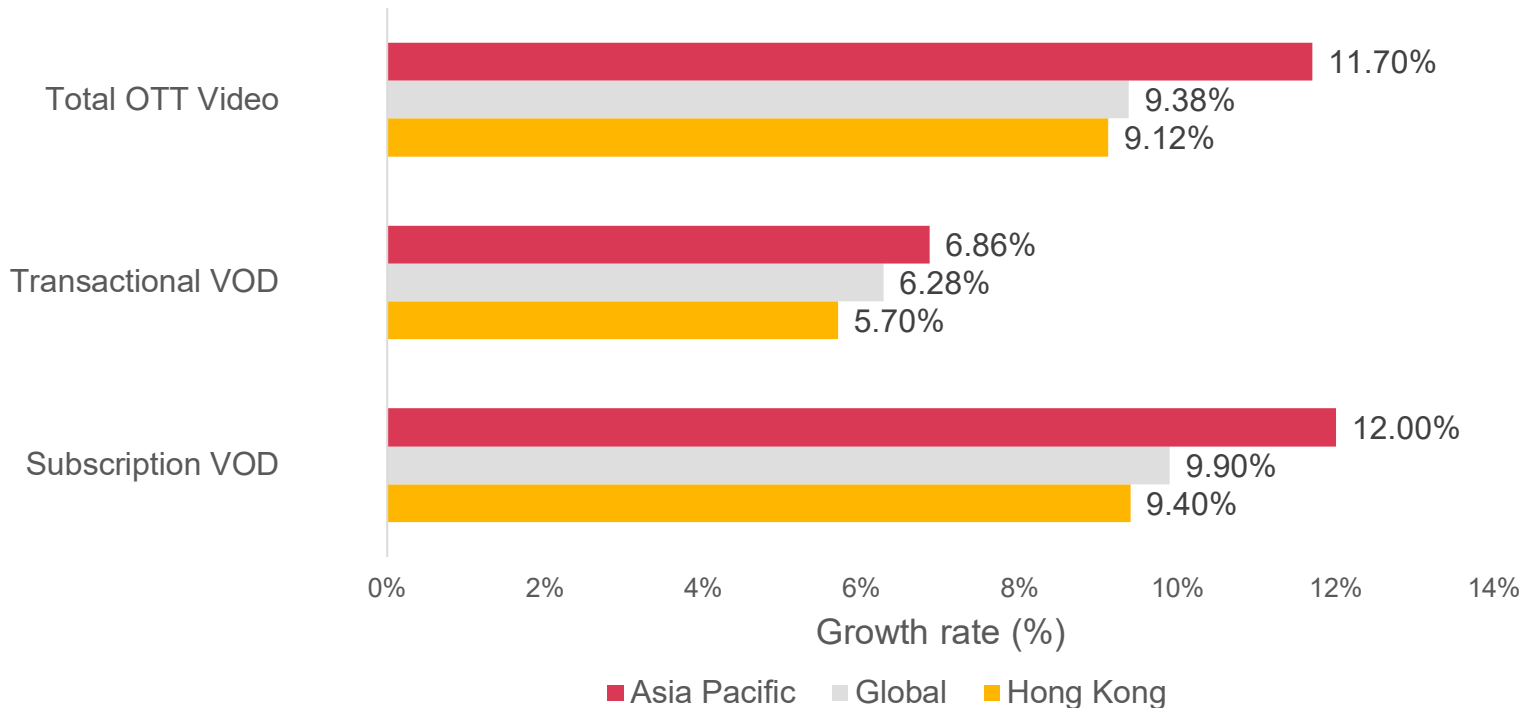
- The behaviour shift around consumer preference to **access content at anytime and anywhere** has further accelerated by COVID-19 and emerging 5G technologies.
- **Japan, India and South Korea are the top 3 countries still dominated by traditional TV**

Note: 2020 is the latest available data. 2021-2025 values are forecast projections

Source: PwC Global Entertainment & Media Outlook 2021-2025, www.pwc.com/outlook

OTT video growth rate slower than in Asia Pacific and Global due to subscription penetration

Revenue growth (2021-25 CAGR): OTT video Asia Pacific vs. Global vs. Hong Kong



- OTT video revenue in Hong Kong will grow at a 9.12% CAGR of US\$305mn in 2021 to US\$432mn in 2025. **Hong Kong has a lower CAGR to Asia Pacific due to population size.**
- Asia Pacific will grow at a 11.7% CAGR of US\$21.4bn in 2021 to US\$33.2bn in 2025. Global will grow at a 9.38% CAGR of US\$65.6bn in 2021 to US\$93.9bn in 2025.
- **New OTT revenue will come from premium services** include higher definition content, niche content types and commercial free.
- Penetration – one member per household has an OTT subscription

Note: 2020 is the latest available data. 2021-2025 values are forecast projections

Source: PwC Global Entertainment & Media Outlook 2021-2025, www.pwc.com/outlook

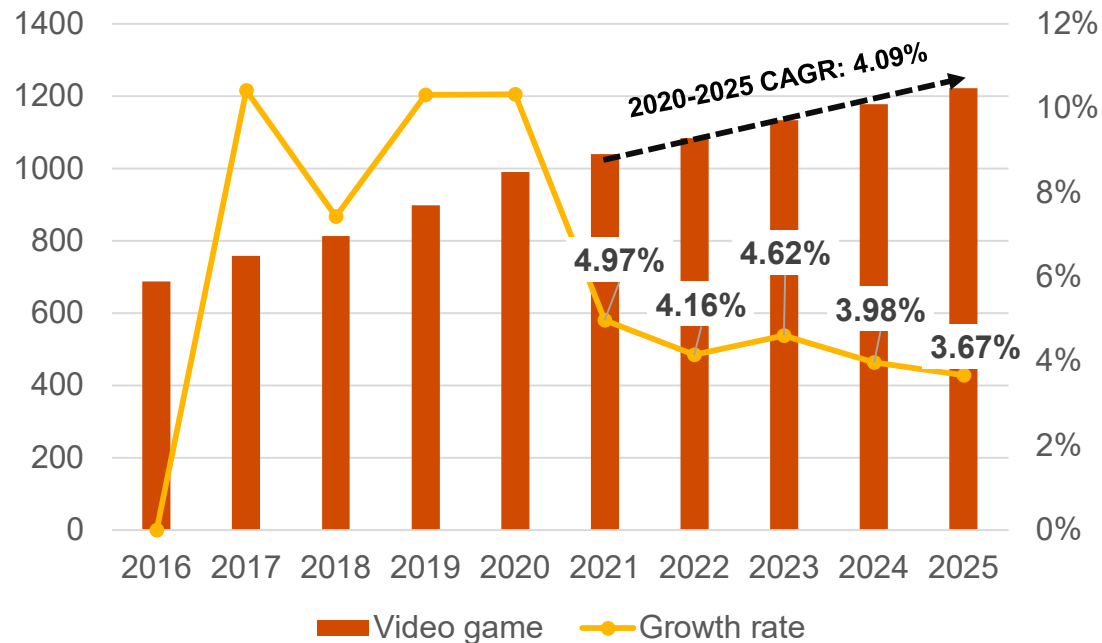
2.3

Video games

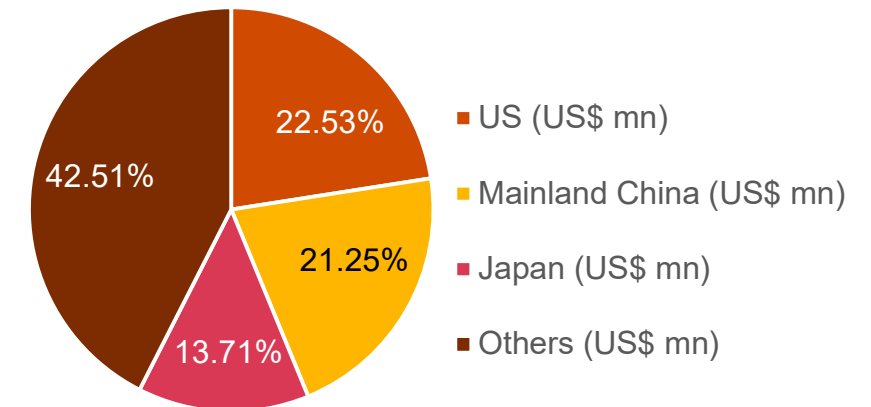


Hong Kong Video games on strong growth trajectory, eight fastest growing segment. Revenues to hit US\$1.2bn by 2025 at 4.1% CAGR

Hong Kong Video games, revenue in US\$Mn and year-on-year growth (%) from 2016 - 2025



US, Mainland China and Japan were the lead contributors to Video Games Revenue (58%) revenues in 2020



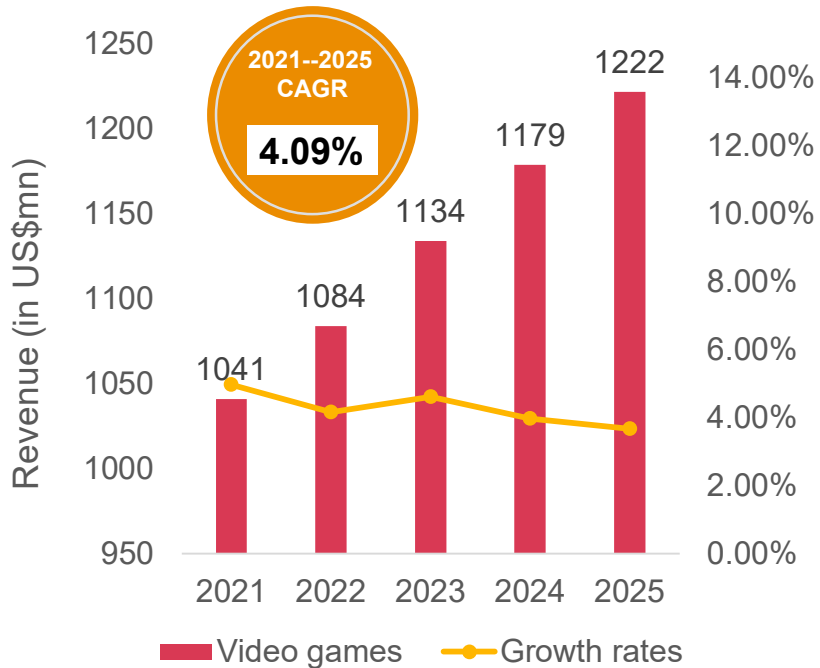
Global video games revenue

Note: 2020 is the latest available data. 2021-2025 values are forecast projections

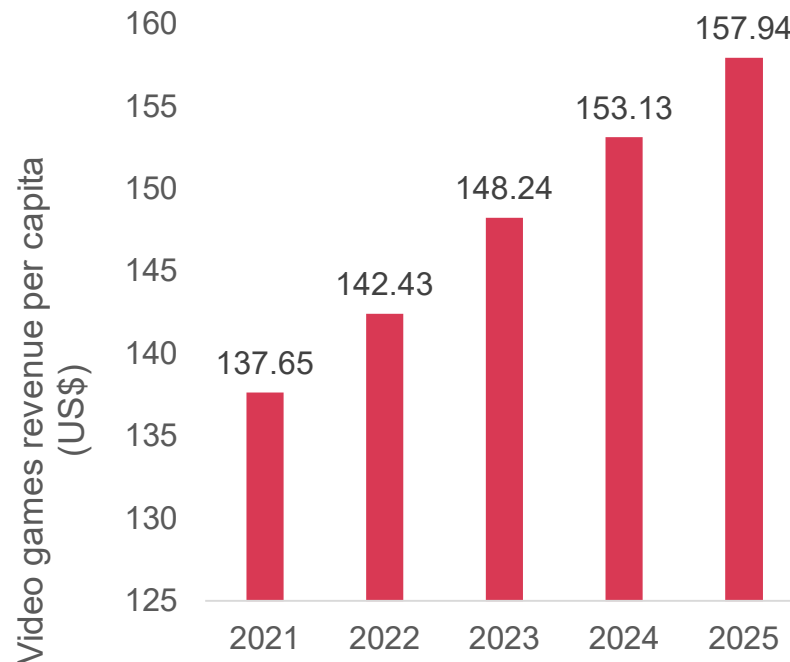
Source: PwC Global Entertainment & Media Outlook 2021-2025, www.pwc.com/outlook

Video games and e-Sports per capita is at CAGR of 3.5% from 2021-2025

Hong Kong Video games, revenue in US\$Mn and year-on-year growth (%) from 2021 - 2025



Video games revenue per capita in Hong Kong

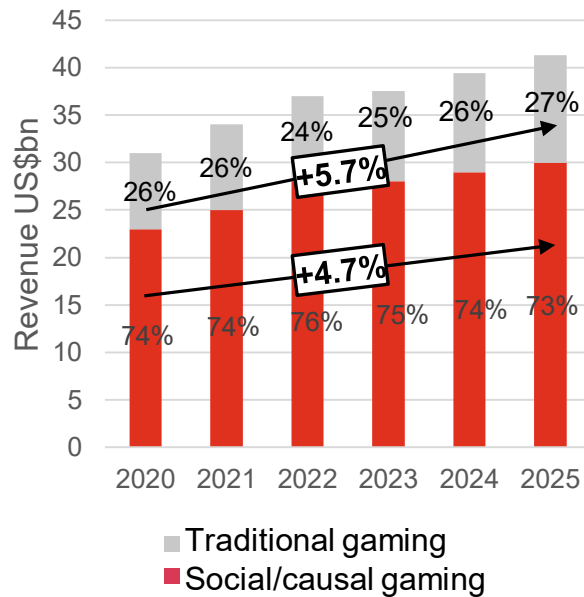


- Currently, video games revenue per capita is at US\$137.65 per person in Hong Kong, compared to US\$22 per person in Mainland China.
- **HK is the 4th largest revenue per person in the world, behind South Korea, Japan, and Singapore at US\$183, US\$164, and US\$163 respectively.**

Mainland China and US dominate the market, represents the global growth trend. Video games revenue will grow at a similar rate from 2021 to 2025 and reach US\$41.1bn and US\$1.2bn in 2025

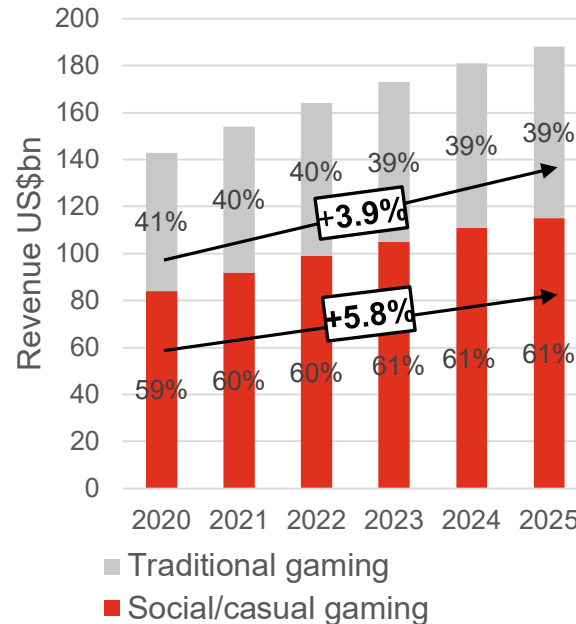
**Mainland China gaming growth
2021-2025**

Traditional vs. social/casual



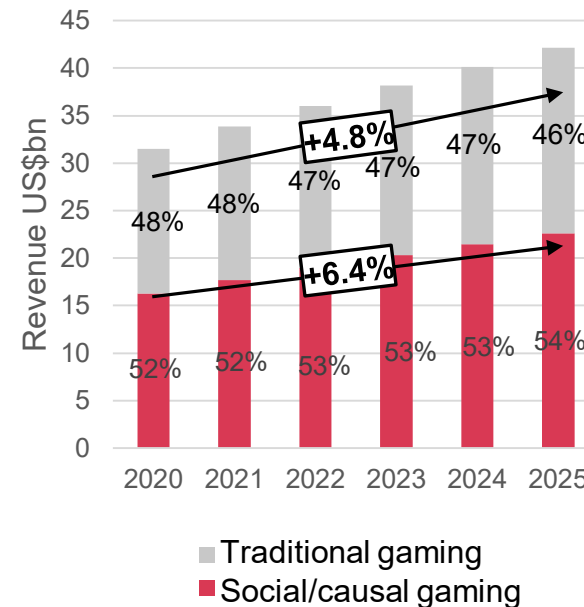
**Global gaming growth
2021-2025**

Traditional vs. social/casual



**US gaming growth
2021-2025**

Traditional vs. social/casual



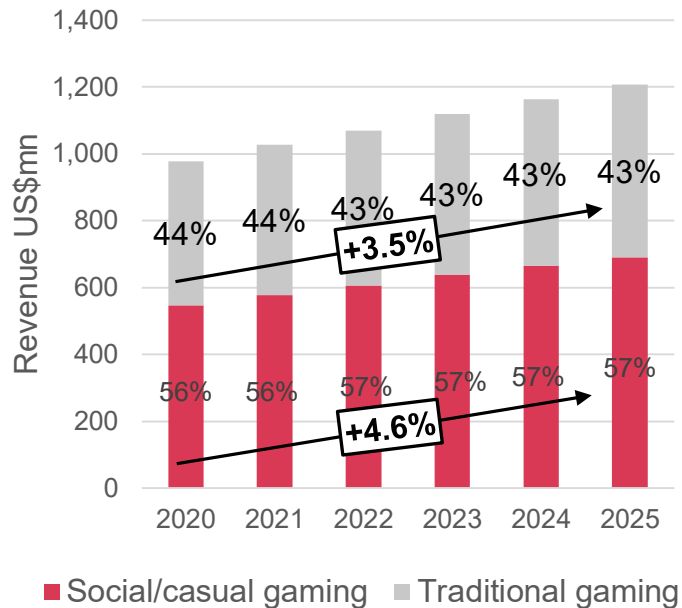
- Global video games worth US\$146.7billion in 2020, up from US\$92.9billion in 2015.
- Sector will continue to grow through forecast period at 5.58% CAGR to reach US\$192.4 billion in 2025.
- **US and Mainland China lead the trend,** represents 44% of the total market during 2021 – 2025

Note: 2020 is the latest available data. 2021-2025 values are forecast projections

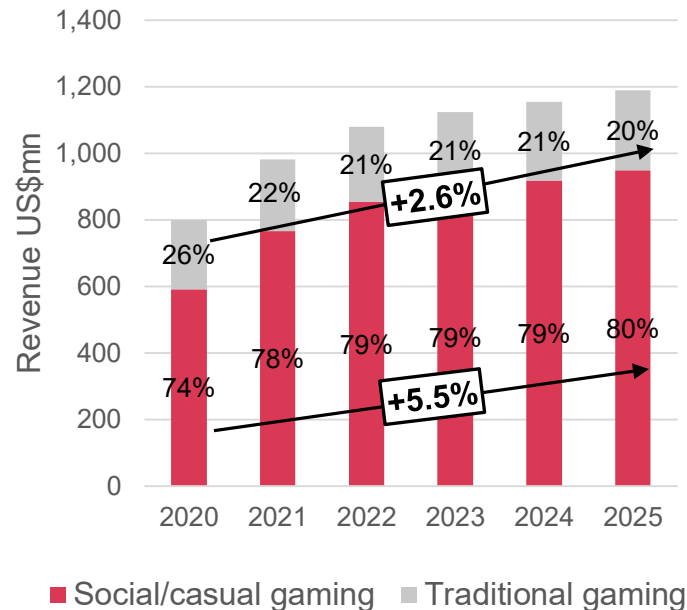
Source: PwC Global Entertainment & Media Outlook 2021-2025, www.pwc.com/outlook

Hong Kong is losing its advantage as a distribution centre for traditional games due to the pandemic

Hong Kong gaming growth 2021-2025
Traditional vs. social/casual



Singapore gaming growth 2021-2025
Traditional vs. social/casual



- **Social/casual gaming leads share of video games spend**, and trend in Hong Kong and Singapore.
- Hong Kong used to be a key **distribution centre** of games but is losing its advantage to Singapore, who's government gives financial incentives and grants. Hong Kong is losing revenue share in Social/casual games.
- Instead, **distributors are shifting to online channels or distributing in Singapore**, and capturing consumer revenue
- Singapore is becoming a competitive gaming hub in social/casual segment

Note: 2020 is the latest available data. 2021-2025 values are forecast projections
 Source: PwC Global Entertainment & Media Outlook 2021-2025, www.pwc.com/outlook

Cloud gaming and small videos format will reshape the social video landscape

Online video advertising will remain the core social video monetisation model



Internet advertising withstood the COVID-19 storm in the E&M landscape. Video Internet advertising performed particularly well, seeing double-digit increases across wired and mobile platforms in 2020. Online video advertising will remain the core social video monetisation model but cloud-gaming content revenue growth will explode in 2021 and social video platforms will aggressively target the space.

TikTok emerges as strong competition to social video platforms



TikTok had a major impact on video consumption habits, advertisers, and government policy. TikTok's user base has expanded outside of Mainland China over the past couple of years, making it a bigger competitor to incumbent social video platforms. It retains a predominantly young user base, making it an increasingly vital platform for advertisers, broadcasters, and media companies struggling to reach young audiences through traditional media and entertainment.

Tik Tok faces competition from the likes of Facebook and YouTube



Facebook's Instagram and YouTube have already rolled out competitor services to TikTok and it is expected other social players will do the same in 2021, especially in markets where TikTok has been banned, such as India.

Increased competition makes revenue diversification a top priority



Social video platforms will see increased competition in online video advertising in 2021 because of reduced brand budgets and the growing prominence of other premium ad-based VOD platforms. Revenue diversification will, therefore, be top of the priority list during 2021.

Games is a revenue opportunity for platform operators



YouTube, Facebook Gaming and Amazon's Twitch have all recently been active in acquiring premium games-related video content, including media rights to esports competitions and exclusivity deals with prominent games streamers. While these deals are partly about bringing in attractive audiences for advertisers to target, they are also laying the foundations for the integration of cloud-gaming services.

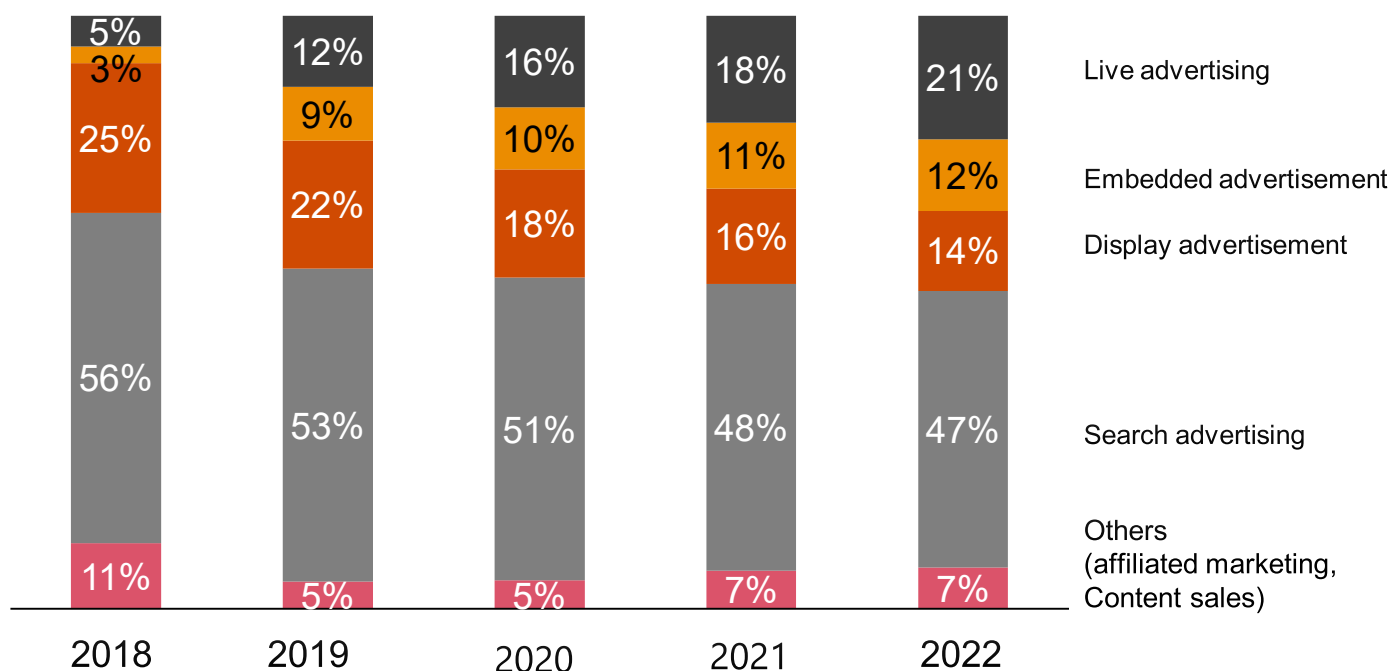
03

New revenue opportunities riding on consumer trends



The rise of live video and e-commerce advertising in Mainland China

The composition of Mainland China's e-commerce platform advertising revenue from 2018 to 2022 (%)



Note: 2019 data is the latest data currently available. Data from 2020 to 2022 are forecast data .

Source: iResearch, analysed by PwC

- With the rise of e-commerce and live video platforms, it is estimated that by the end of 2022, **live advertising revenue will account for 21% of the total e-commerce advertising revenue**. 5G will further increase the contribution of live advertising revenue.
- **E-commerce live streaming has huge growth potential**, and the annual growth rate is expected to be 115% from 2018 to 2022. The launch of 5G and the new crown epidemic will further promote its growth
- **Douyin and Kuaishou** are the main live broadcast platforms. However, Taobao is actively catching up and using Taobao live broadcast to bring traffic and turnover to its e-commerce platform.

About the Global Entertainment & Media Outlook and glossary

Global Entertainment & Media Outlook

- PwC's 22nd annual edition of the Global Entertainment & Media Outlook is a comprehensive online source of global analysis for consumer and advertising spending. With like-for-like, five-year historical and five-year forecast data and commentary for 14 defined industry segments in 53 territories, the Outlook makes it easy to compare and contrast consumer and advertising spending across segments and territories. Find out more at www.pwc.com/outlook.
- A total of 53 countries are represented within the Outlook spread across North America, Western Europe, Central Europe, Middle East & Africa, Latin America and Asia Pacific.

Glossary

- Revenue includes: Advertising and consumer revenue streams
- Digital revenue - Digital is revenue delivered through the Internet. Internet access revenue is obviously included in, and the majority part of, "digital." In advertising, this is effectively Internet advertising and digital OOH advertising. In consumer it's areas like OTT video revenue, digital forms of books/newspaper/magazine purchases, video game downloads and online/microtransaction revenue, VR revenue, and digital music revenue (downloads, streaming, ringtones).

Pls contact [PwC's Communications team](#) for press access to the online Global E&M Outlook website

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Thank you.

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