

# Marred by Economic Headwinds, Asia-Pacific Sees Slowdown in Ad Spending

US-China Trade War Causes Deceleration of Economic Activity Regionwide

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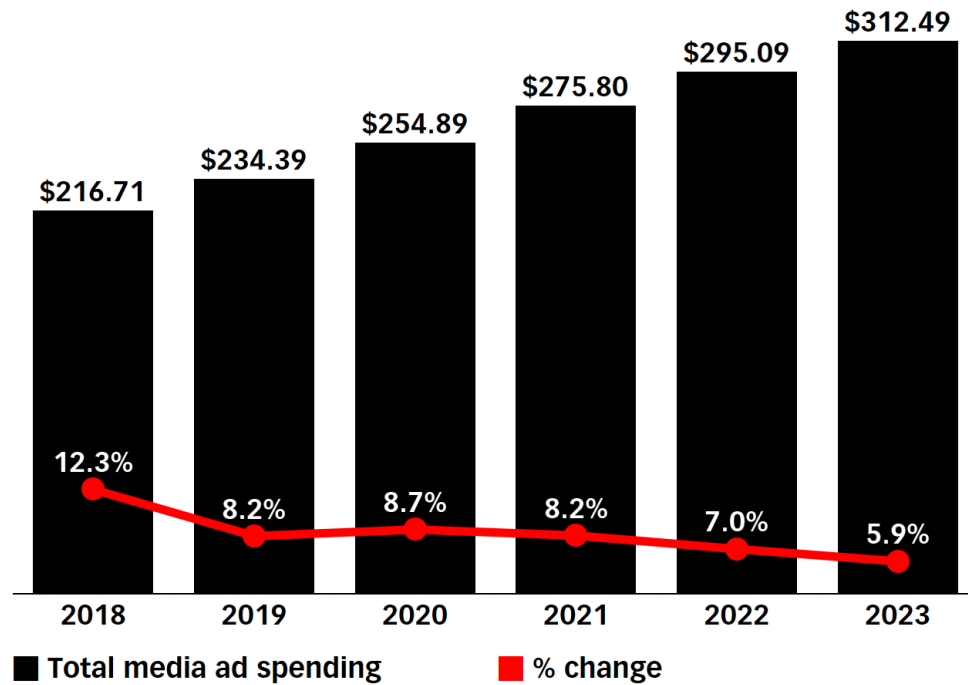
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**A**sia-Pacific is home to some of the world's fastest-growing and most dynamic economies, but the current US-China trade war and other geopolitical factors are threatening the regions' economic vitality and affecting digital ad spend.

We estimate total media ad spending in Asia-Pacific will reach \$234.39 billion this year, growing 8.2% but facing significant headwinds in a number of geographies.

## Total Media Ad Spending in Asia-Pacific, 2018-2023

billions and % change



Note: includes digital (desktop/laptop, mobile and other internet-connected devices), directories, magazines, newspapers, out-of-home, radio and TV  
Source: eMarketer, October 2019

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## Hong Kong

Hong Kong already trails many markets in Asia-Pacific in terms of digital share of the total ad market, and US-China trade tensions along with political unrest in the region will not help ad spending. The government of Hong Kong slashed the special economic zone's estimated GDP growth to somewhere between 0% and 1%. Also, to offer economic relief, it **announced** a stimulus package worth HKD19 billion (\$2.42 billion) in August 2019.

The political unrest has undermined the region's retail sector as well, shuttering outlets and deterring tourism to the city. As of July 2019, retail sales had dropped for six straight months, **according** to the Hong Kong government.

For these reasons, we've revised our forecast for Hong Kong's total media ad spending growth in 2019 and 2020. We previously expected spend to grow 0.5% this year but now estimate it will be down 0.3%. For 2020, we expect a decline of 0.2%.

## Singapore

In terms of digital penetration of Singapore's advertising market, the island city-state also falls somewhere in the middle among geographies in the region.

Singapore is highly vulnerable to a slowing China, its second-largest export partner behind Hong Kong, according to [South China Morning Post](#). Exports from Singapore sank 17.4% year over year in June, its biggest drop since February 2013, [The Straits Times reported](#). (In fact, exports to nine out of 10 of its top markets saw declines.)

As a result, we have decreased our forecast for Singapore's total media ad spending growth from 0.6% to 0.3% in 2019 and from 0.8% to 0.1% in 2020.

## Japan

China's economic slowdown has also negatively affected Japan's GDP growth. We estimate that digital ad spending in Japan will increase 7.0% this year, reaching \$14.79 billion.

Much of this comes from Japanese companies shifting their advertising focus from traditional media to digital, as TV networks, radio stations and print companies put up more ads in digital spaces. Digital currently accounts for 33.4% of total ad expenditure in Japan.

By contrast, we expect that traditional ad spending in Japan will see minimal change in 2019, though growth will rebound to positive territory this year for the first time since 2014.