China To Become The No. 2 Ad Market In The World

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China will surpass Japan in total media spending this year

Advertising in China, still developing compared to countries like the US and Japan, is beginning to catch up to the demand of consumer-facing companies looking to expand their reach among the worldâ€™s largest population and its growing buying power.

eMarketer estimates that by the end of this year, ad spending in the China will increase enough to make the country the second-largest advertising market in the world.

In 2010, that spot was held by Japan, where total media ad spending last year reached $34 billion. But after slow, 0.4% growth in spending last year, the effect of the tsunami and continuing economic difficulties this year will cause ad spending in Japan to drop by 3.7%, to $32.7 billion.

Meanwhile, spending in China will increase by 14% in 2011, to $38.3 billion. The US will remain the worldâ€™s leading country in terms of total media ad spending, with a projected $157.4 billion in ad dollars this year.

â€œOne key reason for Asia-Pacificâ€™s growth in ad spending is that the regionâ€™s two most populous countriesâ€”India ar Chinaâ€”also boast two of the worldâ€™s fastest-growing economies,â€• said Kris Oser, eMarketer director of strategic communications and author of the new report, â€œWorldwide Ad Spending: Online Drives Growth.â€• â€œIn 2010, China surpa Japan as the worldâ€™s second-biggest economy. And this year marks another major milestone for the country.â€•

Online, China still has some catching up to do. This year, eMarketer estimates, advertisers will spend $4.6 billion on digital in the country, far short of Japanâ€™s projected $7.2 billion in spending.

But by 2014, Chinaâ€™s higher growth trajectory will bring the two countries even with each other, at $9.5 billion in spending. The following year, China will win out and become the largest online ad market in Asia-Pacific.

Still, the huge Chinese population means that even these spending levels are low on a per-person basis. This year, Chinese total media ad spending will reach $28.68 per person, compared to $258.88 in Japan and $502.49 in the US. In 2015 that figure will still be far below the worldwide average.

Online, advertisers will spend $8.68 per internet user in China this year, vs. $76.80 in Japan and $134.87 in the US. Even as spending per internet user in China nearly doubles by 2015, online spending too will remain below average.

The full report, â€œWorldwide Ad Spending: Online Drives Growth â€• also answers these key questions:

- What is the trajectory for online and total media ad spending worldwide?
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- What are the factors driving total media and online ad spending?
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- What role does the internet play in ad spending growth?

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