Online Advertising Spend Is Expected To Surpass Offline Advertising For First Time Ever

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The year 2017 is expected to be another year filled with local and global uncertainties.Â Despite a cautious outlook, almost half of the advertisers in Hong Kong (48%) believe that the economy has stabilized and will remain the same as the previous year, while 6% of advertisers expect economic conditions to improve.Â This is in stark contrast to last year in which 82% of advertisers believed that the market would continue to worsen according to figures from the latest AdSpend Projection survey conducted by Nielsen in partnership with the Hong Kong Advertisers Association.
As the survey also shows, advertisers are looking to increase their advertising spending in 2017 as 26% said their budget will increase while 48% said their budget will remain unchanged. Advertisers are also looking to shift more focus from offline to online and mobile. It appears that 2017 will be the first time ever for online advertising spending (51%) to surpass that of offline (49%). Â

In 2016, overall advertising expenditure declined by 9.1% to HK$41.6 billion (2015: HK$45.8 billion)*. According to the surveyed advertisers, in 2016, 58% of their advertising expenditure was consumed in offline advertising, while online web advertising and online mobile advertising each accounted for 21%.

Among the 51% of online budget, over half is expected to be paid ad, 28% use content marketing.Â Advertisers believe that online marketing is more relevant for their target markets (74%) and can improve the effectiveness of their marketing campaigns (74%). Expanding the reach (63%) and adding more touch points (52%) are also some of the key reasons for the shift.

â€œAmidst the rapidly evolving media landscape, online advertising channels will soon overtake and share center stage with offline media as key marketing channels for business operators. This trend of omni-channel marketing is expected to move forward in the coming years as additional online platforms and channels are expected to emerge. Cross media placement and cross platform measurement are therefore becoming more important than ever to engaging with the consumer across screens and devices,â€• said Cherry Lau, Senior Director, Media, Nielsen Hong Kong.

As the media landscape continues to evolve, increasing media fragmentation (45%), difficulty of calculating return on investment (42%) and understanding customer interactions across channels (40%) will be the key marketing challenges.

â€œThe past two years have been a testing period for marketers in terms of some of the newly emerging digital marketing platforms. In 2017, we are seeing advertisers that are more confident investing in online marketing. Top management is also confident, having seen the massive growth and opportunity of online investment as technology platforms mature,â€• said Raymond Ho, Chairman of the Hong Kong Advertisers Association.

â€œWe believe the true path to success for advertisers and marketers is to first understand the consumersâ€™ intention and demands, resonate with customized content for different audience segments, and then optimize the content across key platforms. In this digital era, advertisers must measure their ad performance and further adapt their strategy in order to optimize their ROI and better engage the consumer,â€• Lau suggested. Â