

July 2023

Global Entertainment & Media Outlook 2023-2027: Hong Kong summary



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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 13 segments and 53 territories



13 segments



53 territories

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

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

Projected E&M revenue in 2027 and growth 2022-2027 (CAGR)

Global 3.79% (US\$2,832 bn)	Hong Kong 3.47% (US\$11 bn)
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Resetting expectations, refocusing inward and recharging growth

01

2022 – Important inflection point in the E&M industry – there was sharp deceleration from 2021's 10.6% growth rate to just 5.4%

02

Companies are now harnessing technology namely power of AI to enable productivity & creativity

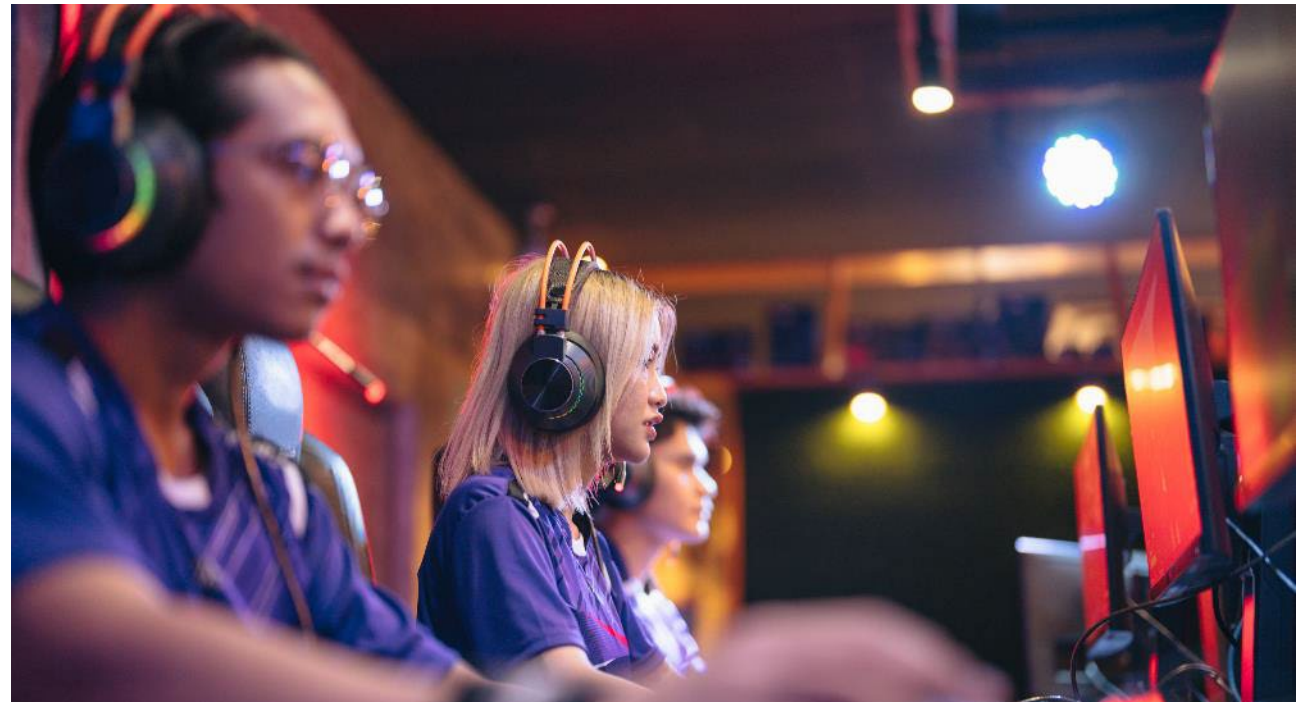
03

E&M Products become more digital leading to decline in cost of production & distribution

04

40% of E&M CEOs said their current business model would not be viable in 10 years

- Creative about business models.
- Creative about using technology.
- Creative about how you distribute and monetise products and services.
- Creative about approaches to profits, customers, and markets.



Evolving E&M landscape

Growth in NFT, Metaverse, AI and VR are ruling the consumer behavior, but advertising overtaking now.

Changing dynamics

- Smartphones are the key drivers for internet access growth
- VR, AI are providing more immersive consumer experience
- Cloud Gaming is the future for ease of accessibility
- Crowdfunding sites like Patreon have exploded to help fans support creators directly

Changing dynamics

- OTT (over-the-top) streaming, a key driver of growth, is expanding most rapidly in emerging markets.
- The fastest-growing metric covered in the Outlook will be **mobile AR consumer revenue**, with a five-year 26.0% CAGR expected to 2027.
- Second fastest-growing metric is VR gaming revenue. **Gaming** will continue to be the powerhouse of Global E&M industry.
- **Digital Music downloading** revenue is fastest declining matrix.

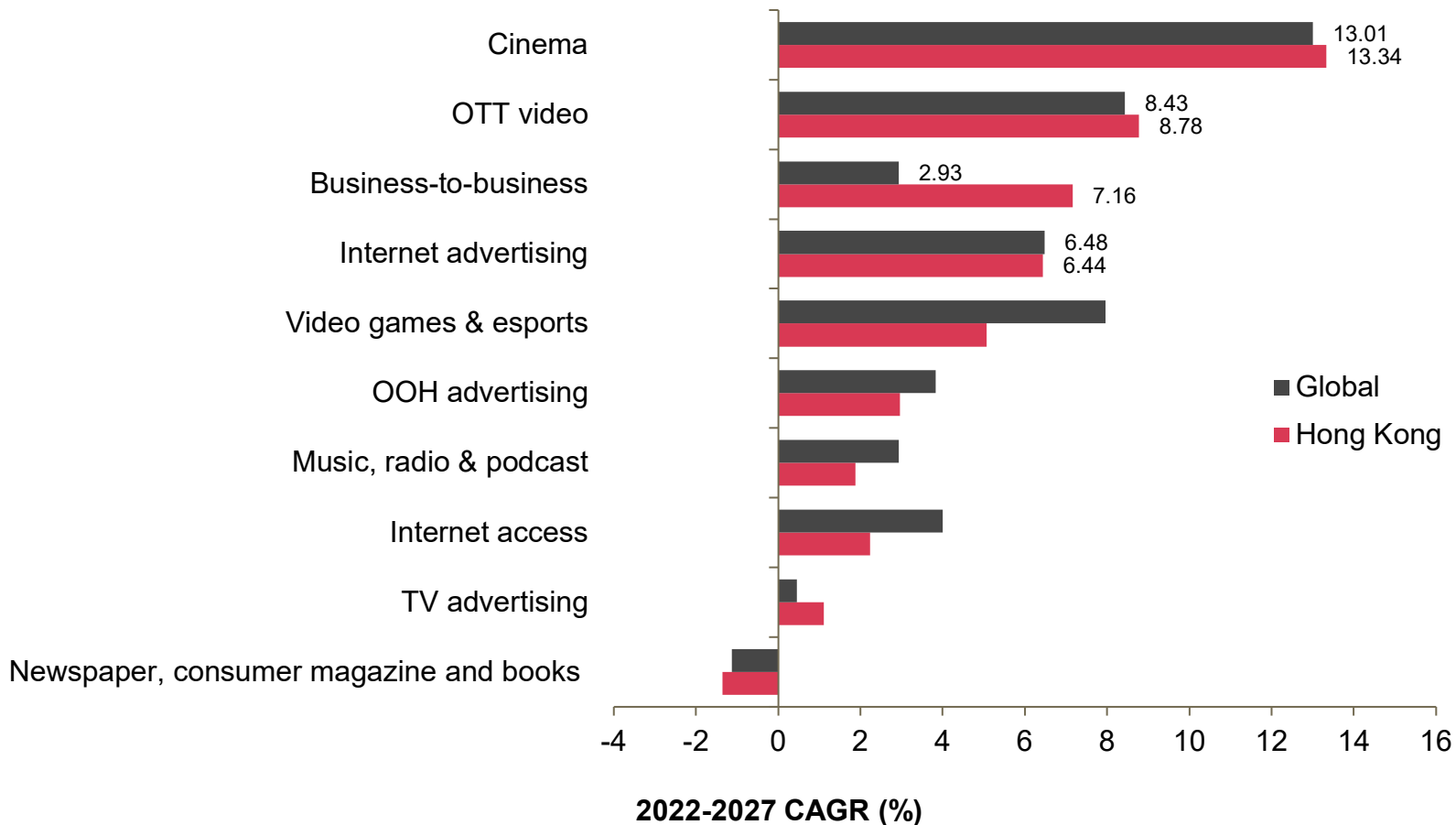
Facts & Figures

- Consumer spending reduced during FY 22 across segments due to higher cost of living leading to lesser spend on subscriptions across markets. It will grow at just a 2.4% CAGR between 2022 and 2027, when it will total **US\$903.2 billion**
- Overall E&M advertising revenue still saw faster growth than its consumer counterpart in 2022. Between 2022 and 2027, global advertising revenue will rise from US\$763.7 billion to near **US\$1 trillion in annual revenue**, representing a CAGR of 4.5%



Hong Kong summary & macro trends

2022-2027 Compound Annual Growth Rate (CAGR) of the segmented market



Hong Kong CAGR in cinema, OTT video, and business-to-business segments demonstrate higher growth than Global

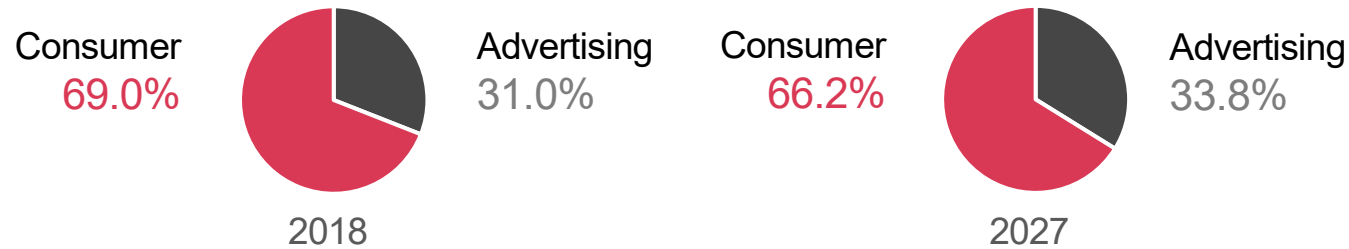
- Hong Kong cinema will return to pre-pandemic levels in 2025 and reach US\$273 mn in 2027.
- Sharp growth of trade shows in Hong Kong expected in the post-COVID era, to propel a total business-to-business revenue at a 7.2% CAGR to US\$944 mn in 2027.
- The growth of traditional TV advertising and printed media continues to fall below average as digital advertising becomes the dominant channel here

Note: 2022 is the latest available data. 2023-2027 values are forecast projections
 Source: PwC Global Entertainment & Media Outlook 2023-2027, www.pwc.com/outlook

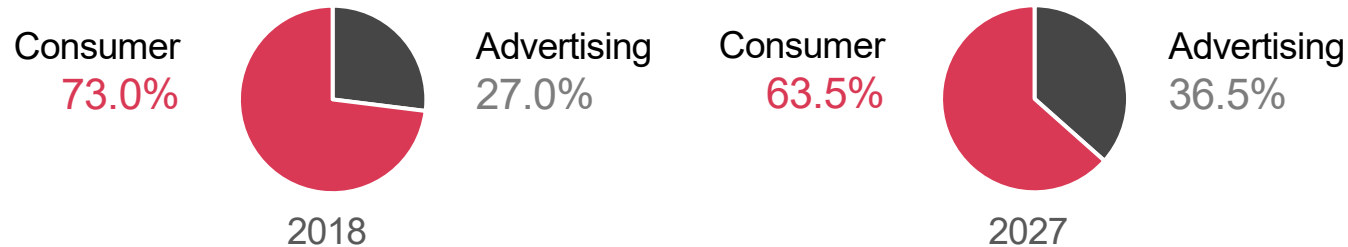
Hong Kong’s Entertainment and Media revenue will be dominated by consumer spending, the conversion trend is in line with Global (excluding Mainland China)

Entertainment and Media revenue (Global (excl. Mainland China vs. Mainland China vs. Hong Kong) (in terms of consumer and advertising, 2018 vs. 2027 (%))

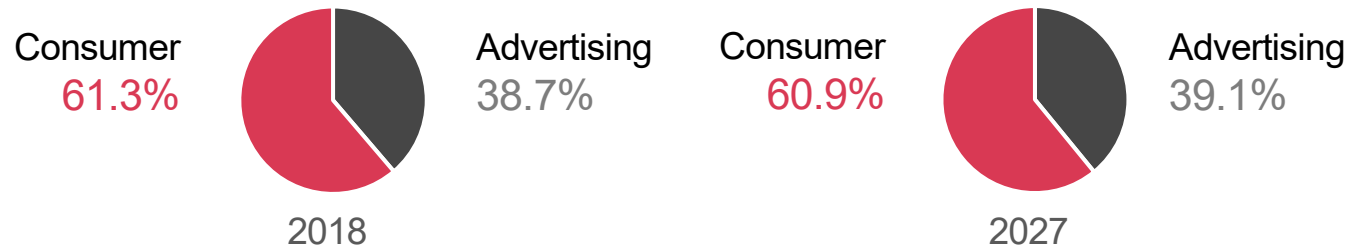
Global (exclude Mainland China)



Mainland China



Hong Kong



Shifting from consumer spending to advertising spending

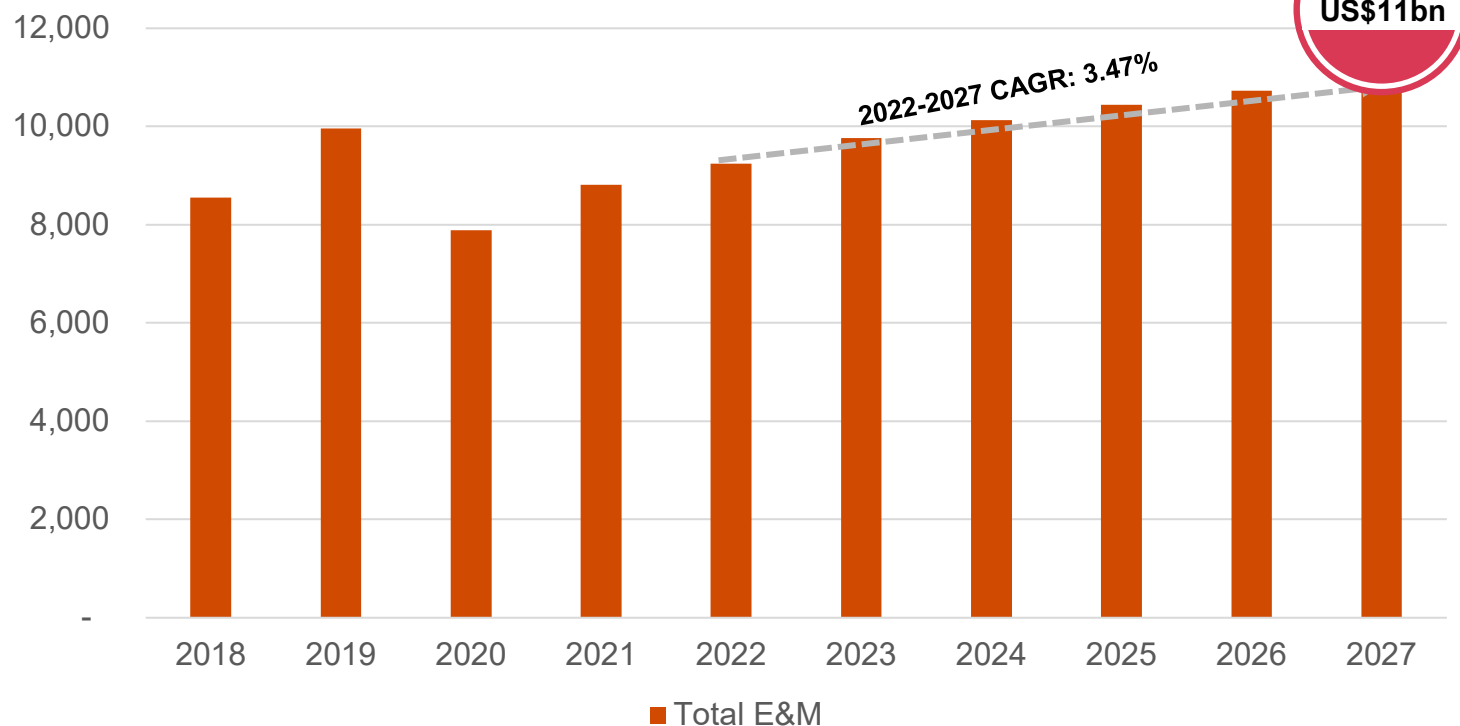
- **Rise of digital platforms and streaming services** has led to a shift in consumer behavior, with more people opting for digital content over traditional media such as print and television.
- **Shift towards subscription models:** Many entertainment and media companies in Hong Kong are shifting towards subscription-based models, which has led to a decline in revenue from the sales of physical media.
- **Changes in consumer preferences and expectations,** Consumers are increasingly seeking personalised and immersive experiences. As such, companies must provide high quality content and services that are attractive to consumers and drive spending.

Note: 2022 is the latest available data. 2023-2027 values are forecast projections
 Source: PwC Global Entertainment & Media Outlook 2023-2027, www.pwc.com/outlook

After a strong rebound in 2021, projections show E&M growth in Hong Kong will be steady with a CAGR of 3.47% between 2022 and 2027

- Healthy growth has been the major trend for Hong Kong E&M since the start of the post-COVID recovery in 2022, mainly driven by cinema and business-to-business segments
- Hong Kong E&M revenue is expected to reach US\$11bn in 2027.

Total HK E&M revenue and year-on-year growth (%), 2018-2027 (US\$ mn)



Note: 2022 is the latest available data. 2023-2027 values are forecast projections
 Source: PwC Global Entertainment & Media Outlook 2023-2027, www.pwc.com/outlook

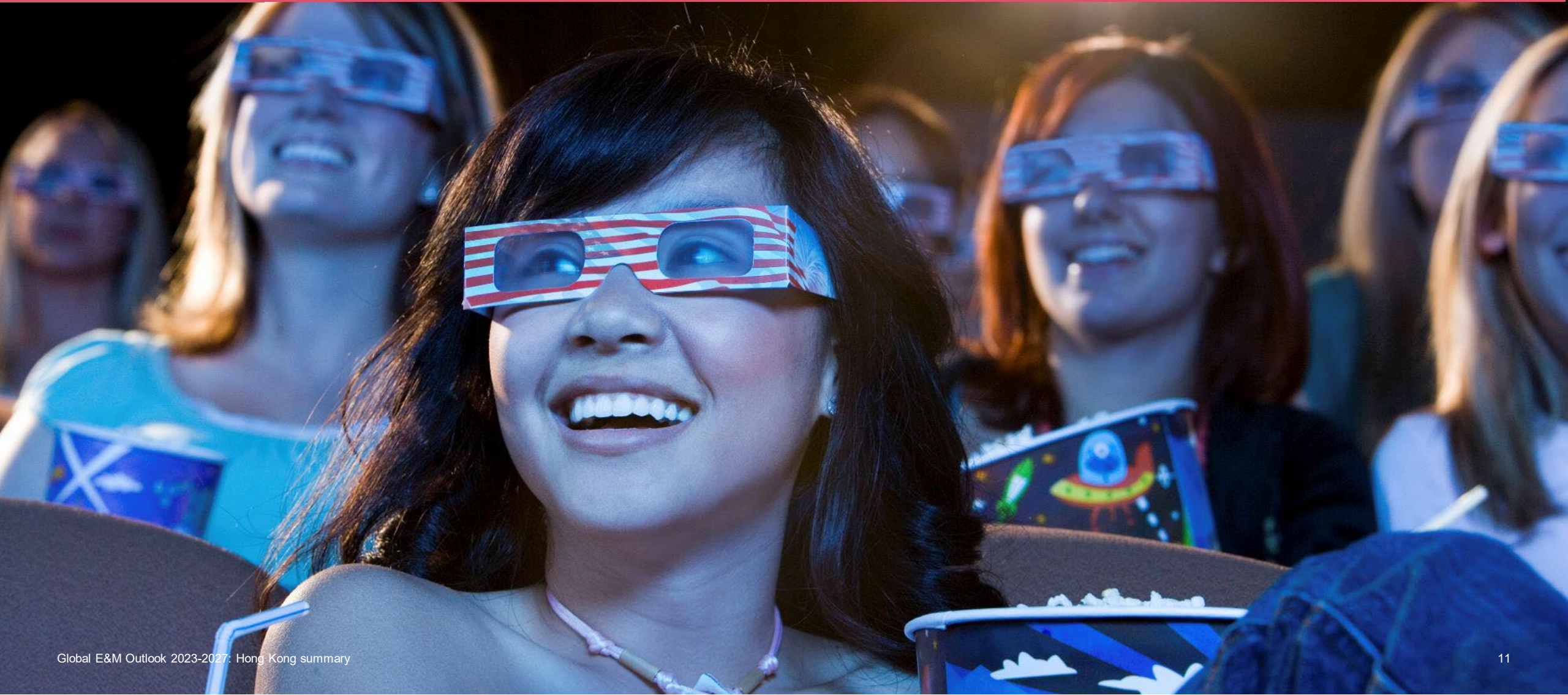
02

Segment deep dives



2.1

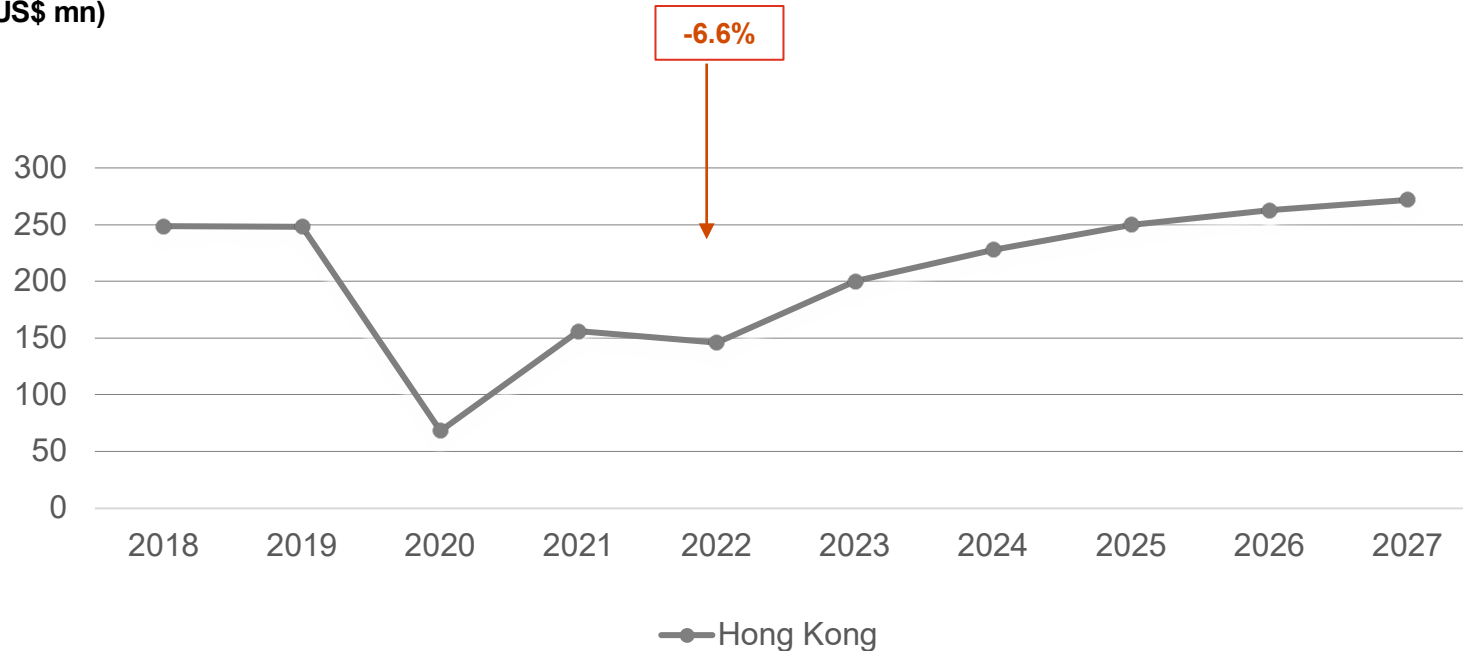
Cinema



Box office revenue in Hong Kong is expected to rebound in 2023, recovering from the impact of COVID-19 in 2022

Cinema revenue – Hong Kong 2018-2027 (US\$ mn)

Revenue
(US\$ mn)



Hong Kong shows a different trend than global in 2022

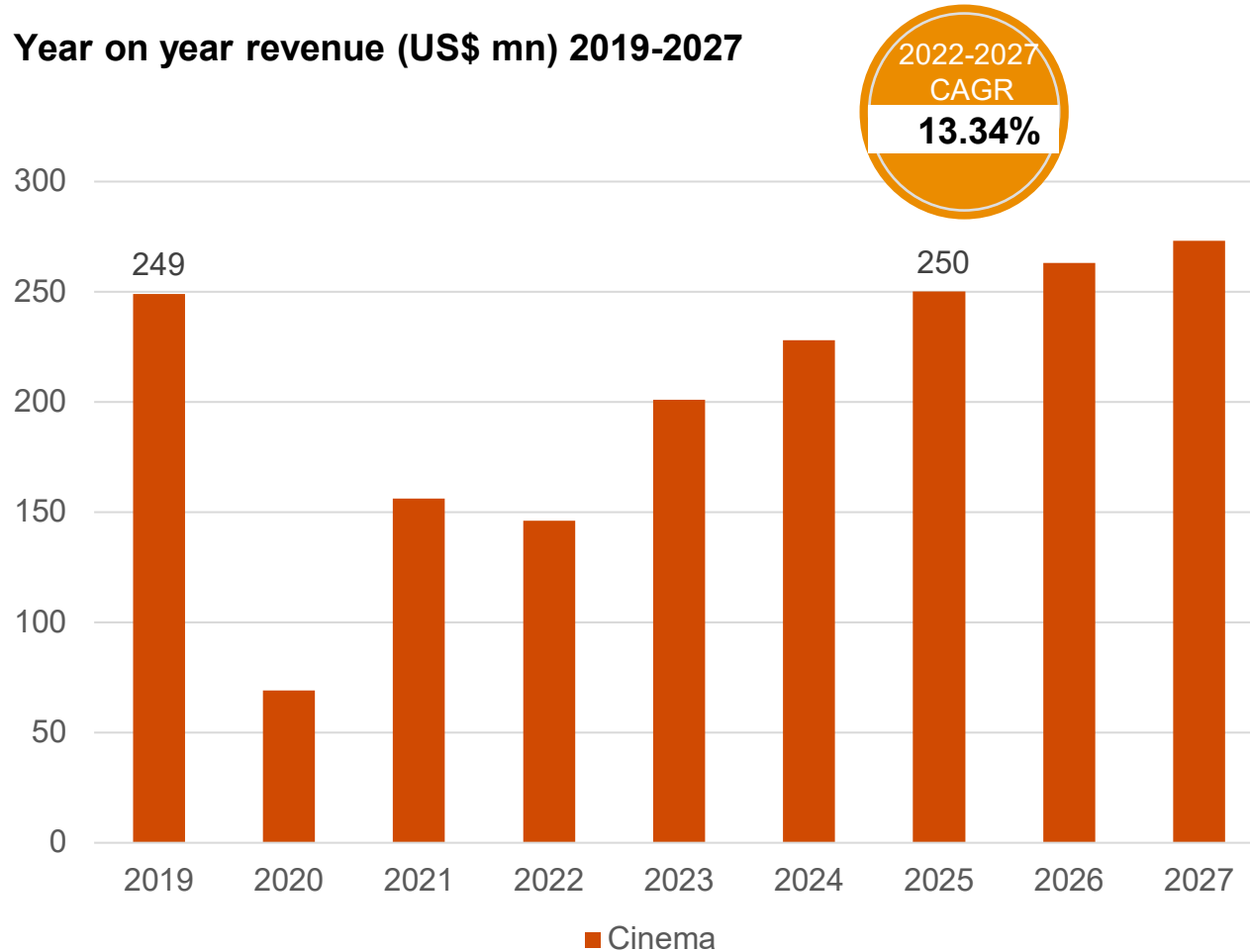
- Hong Kong's box office revenue dropped 6.6% in 2022, as a result of cinemas being closed for the first four months at the start of the year as a precaution against COVID-19.
- Revenue has been driven primarily by two familiar US blockbusters, Top Gun: Maverick, and Avatar: The Way of Water.

Note: 2022 is the latest available data. 2023-2027 values are forecast projections

Source: PwC Global Entertainment & Media Outlook 2023-2027, www.pwc.com/outlook

Cinema in Hong Kong to return to the pre-COVID level set for 2025, and on course to rise to US\$273 mn in 2027

Year on year revenue (US\$ mn) 2019-2027



- Hong Kong recorded an increase in COVID-19 cases at the beginning of 2022 and as such, cinemas were required to close for several months.
- Some cinemas close permanently, such as Broadway Circuit’s Diamond Hill branch and Cinema City Victoria in Causeway Bay.
- During 2022, a variety of high quality local films were broadcasted. These accounted for a healthy market share of 29.5% such as Table For Six and Warriors of Future
- Sci-fi drama Warriors of Future grossed a record-breaking US\$10 mn in Hong Kong in 2022

Note: 2022 is the latest available data. 2023-2027 values are forecast projections
 Source: PwC Global Entertainment & Media Outlook 2023-2027, www.pwc.com/outlook

Hong Kong remains a major film distribution hub in the Asia-Pacific region

Top ten highest-grossing movies of 2023 (as of 10 July 2023)

Ranking	2023 Hong Kong's box office	2023 Global' s box office
1.	A Guilty Conscience	The Super Mario Bros. Movie
2.	The Super Mario Bros. Movie	Guardians of the Galaxy Vol. 3
3.	Guardians of the Galaxy Vol. 3	Fast X
4.	Avatar: The Way of Water	Full River Red
5.	John Wick: Chapter 4	Spider-Man: Across the Spider-Verse
6.	The First Slam Dunk	The Wandering Earth 2
7.	Fast X	The Little Mermaid
8.	Ant-Man and the Wasp: Quantumania	Ant-Man and the Wasp: Quantumania
9.	The Flash	Lost in the Stars
10.	Suzume	John Wick: Chapter 4

Source from: Box Office Mojo by IMDbPro (艺恩中国年度票房)

Hong Kong cinema globalisation and localisation

- In 2023, a local movie **A Guilty Conscience** grossed US\$14.6 million. Due to the impact of the pandemic, Hong Kong audiences have started to support local film production.
- Another positive sign is the government's commitment to funding local production through new schemes set up by the Hong Kong Film Development Council to promote co-production with other Asian partners.

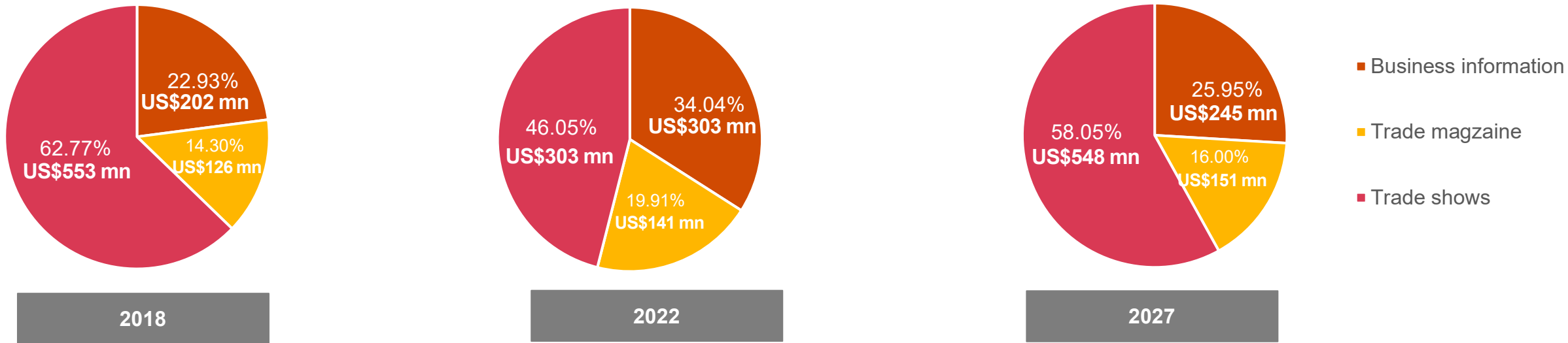
2.2

Business-to-business



Trade shows in Hong Kong comprised nearly two-thirds of business-to-business market in 2018, yet hard hit by the COVID-19 pandemic

Hong Kong revenue by segments, 2018 vs. 2022 vs. 2027

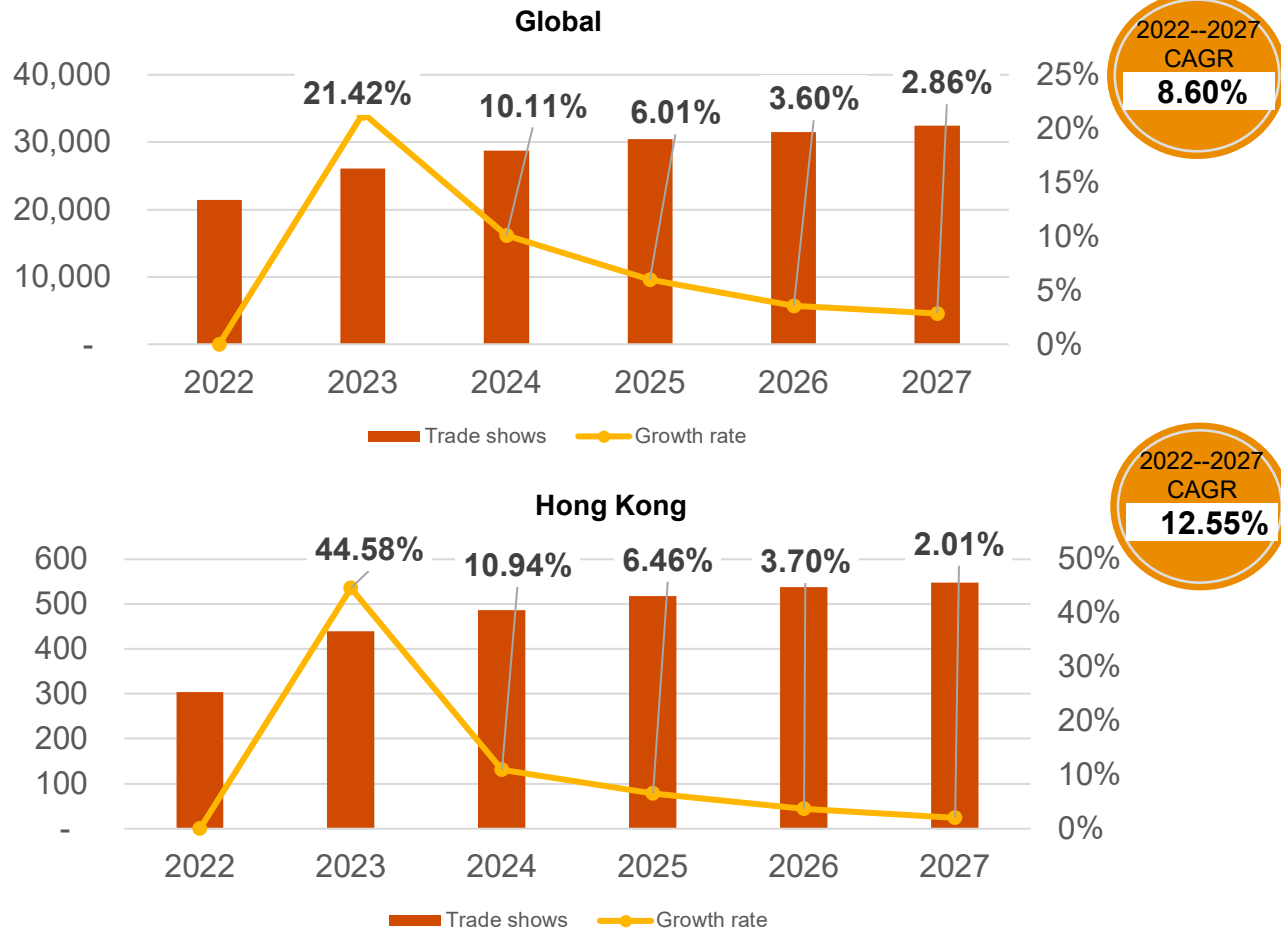


Trade shows is having a turbulent recovery since 2022, but can only resume to pre-COVID level in 2027 with expected revenue of US\$548 mn.

Note: 2022 is the latest available data. 2023-2027 values are forecast projections
 Source: PwC Global Entertainment & Media Outlook 2023-2027, www.pwc.com/outlook

Hong Kong business-to-business 2022-2027 CAGR reaches 7.16%, which outperforms Global's 2.93%, as driven by trade shows

Trade shows, revenue in US\$ mn and year-on-year growth (%) from 2022 - 2027



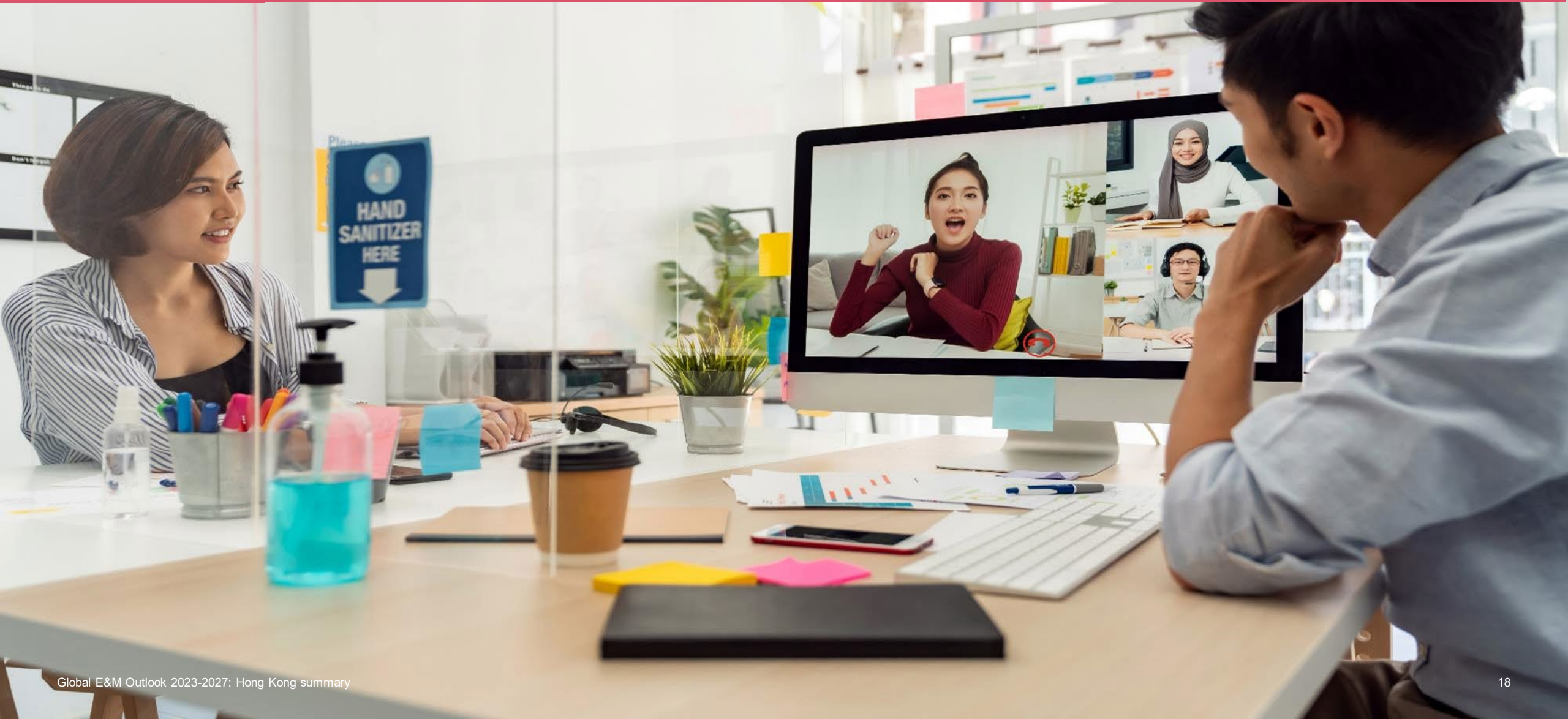
Hong Kong trade shows' revenue growth at 12.55% CAGR

- Hong Kong's B2B market growth slowed markedly in 2022 due to continued disruption of trade shows. The annual growth in 2022 was only 10.7% due to the reintroduction of COVID-19 restrictions at the start of the year following a wave of Omicron infections.
- After the quarantine measures for inbound travellers were lifted in September 2022, a fast-paced growth is expected in coming year.
- Hong Kong trade shows' revenue will grow at 12.55% CAGR, to reach US\$548 mn in 2027 from US\$303 mn, mainly driven by the growth in 2023

Note: 2022 is the latest available data. 2023-2027 values are forecast projections
 Source: PwC Global Entertainment & Media Outlook 2023-2027, www.pwc.com/outlook

2.3

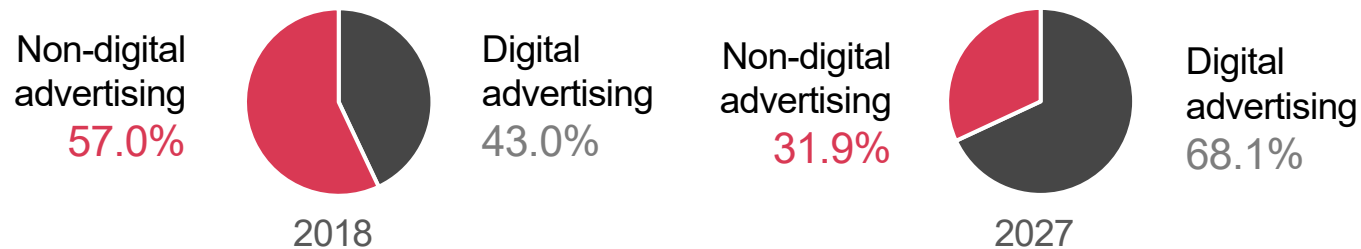
Internet advertising



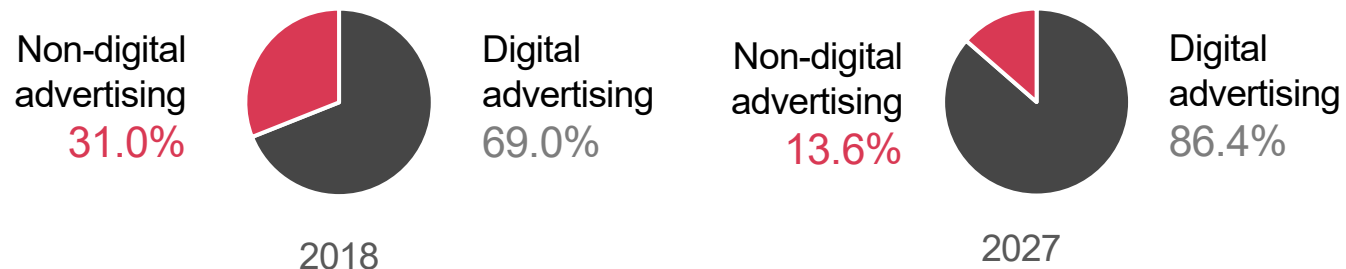
Hong Kong’s advertising will be dominated by digital, the conversion trend is in line with Global (excluding Mainland China)

Advertising revenues (Global (excl. Mainland China vs. Mainland China vs. Hong Kong) (in terms of digital and non digital, 2018 vs. 2027 (%))

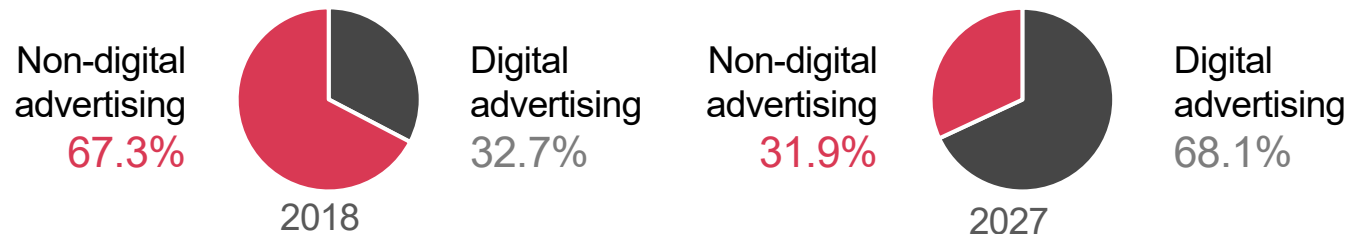
Global (exclude Mainland China)



Mainland China



Hong Kong



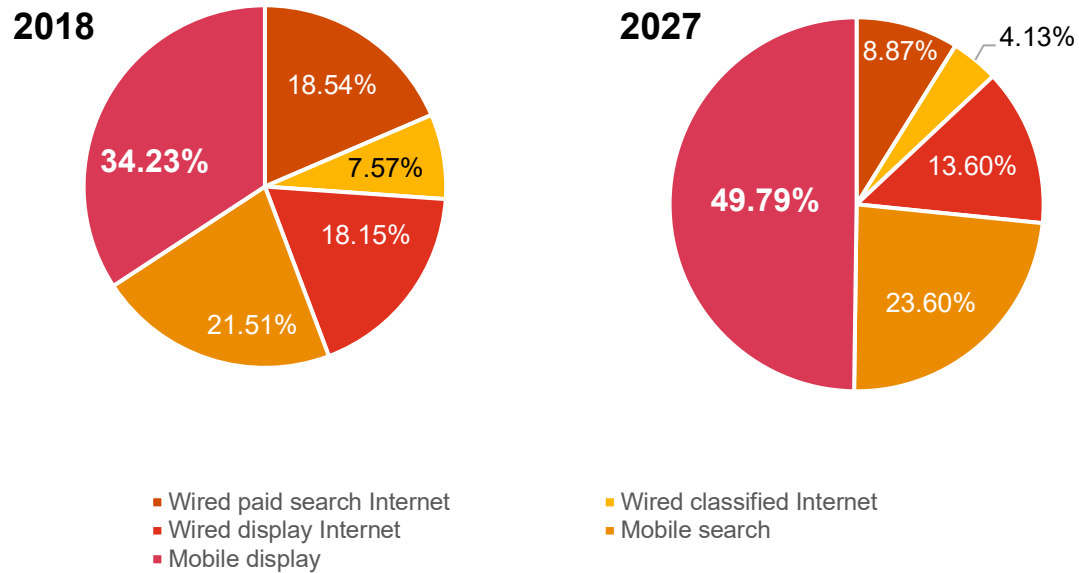
Shifting of traditional advertising to the digital advertising

- **Internet advertising in Hong Kong** continues to grow at 6.44% CAGR, at US\$2.12 bn in 2027 from US\$1.55 bn in 2022.
- The advertising market is shifting further towards mobile, as the acceleration of 5G application and usage continue to shift the trend to digital advertising.
- With the technology advancements and social media, people become more accustomed to digital platforms and on-demand content. This drives the entertainment and media industries to adapt their offerings and move more digitalised.

Note: 2022 is the latest available data. 2023-2027 values are forecast projections
 Source: PwC Global Entertainment & Media Outlook 2023-2027, www.pwc.com/outlook

Hong Kong’s Mobile display advertising will reach 61.28% of the market by 2027

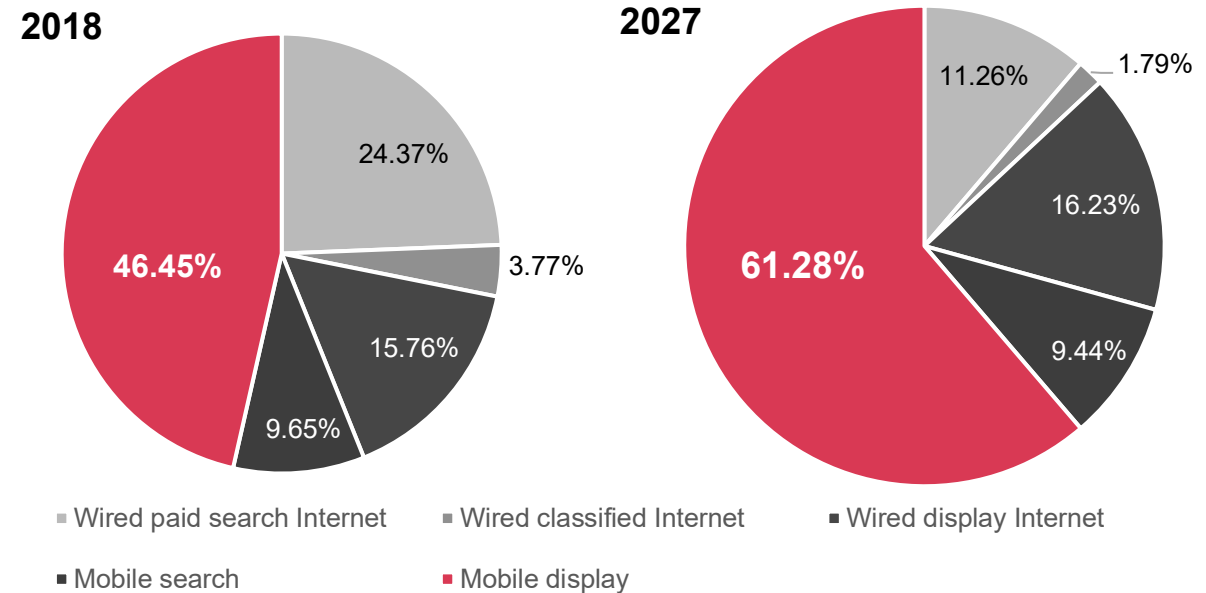
Global – Internet advertising revenue, % of total



- **Mobile display advertising revenues will grow at a CAGR of 8.8% for 2022-2027, comparing to 7.2% of the whole internet advertising segment**

Note: Not all figures add up to 100%, as a result of rounding percentages.

Hong Kong – Internet advertising revenue, % of total

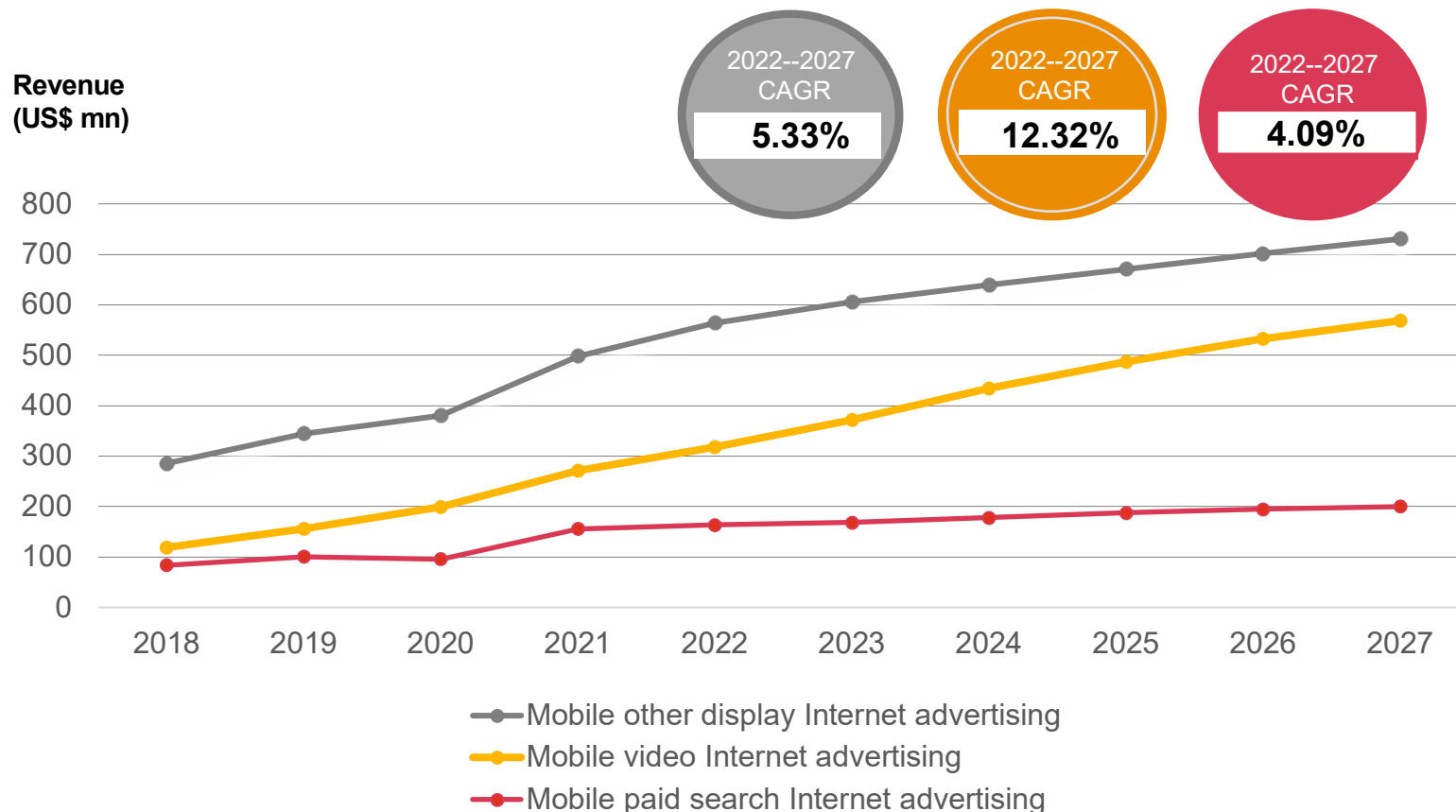


- **Mobile display advertising revenues will grow at a CAGR of 8.1% for 2022-2027, comparing to 6.4% of the whole internet advertising segment**

Note: 2022 is the latest available data. 2023-2027 values are forecast projections

Mobile video remains the key driver in the growth in the Internet advertising

Hong Kong mobile video Internet advertising 2018-2027 (US\$ mn)



Drivers of mobile video advertising

- Mobile video internet advertising will growth at 12.32% in 2022 to 2027.
- The acceleration of 5G application and increase in data usage drive the growth
- More and more content creators in **social media platforms**

Note: 2022 is the latest available data. 2023-2027 values are forecast projections

Source: PwC Global Entertainment & Media Outlook 2023-2027, www.pwc.com/outlook

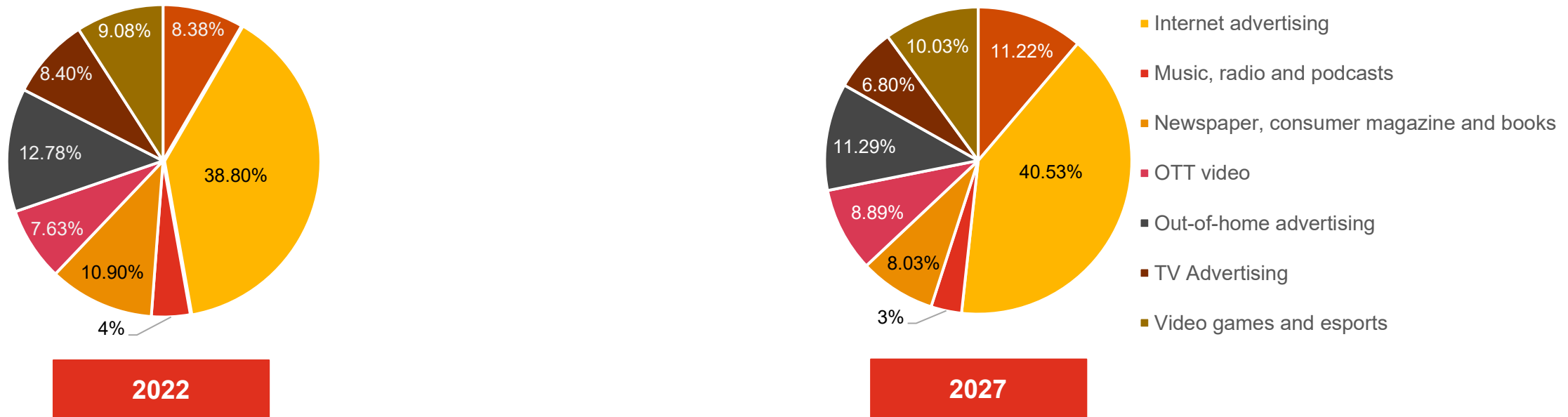
2.4

Traditional media



Hong Kong advertising revenue contributed by TV and newspaper continues to diminish and digital advertising dominates the market

Hong Kong advertising revenue by segments, 2022 vs. 2027

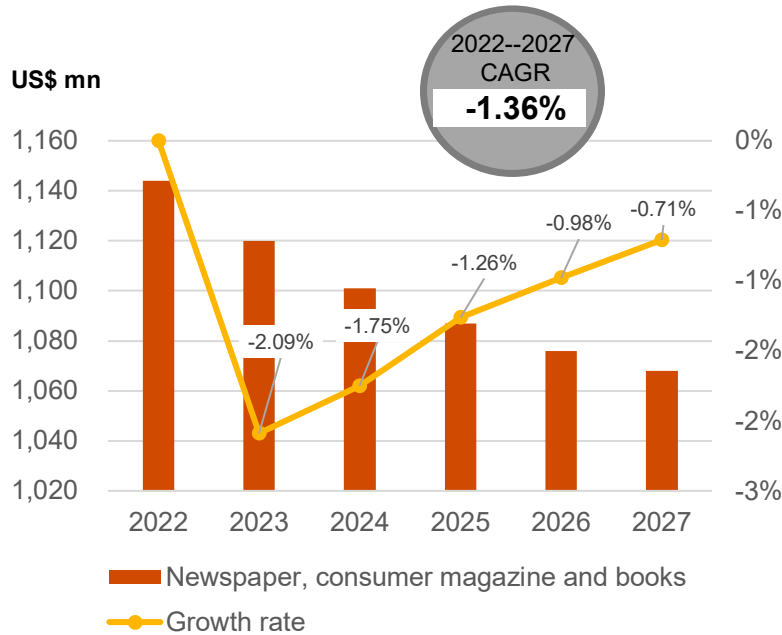


Note: Not all figures add up to 100%, as a result of rounding percentages.

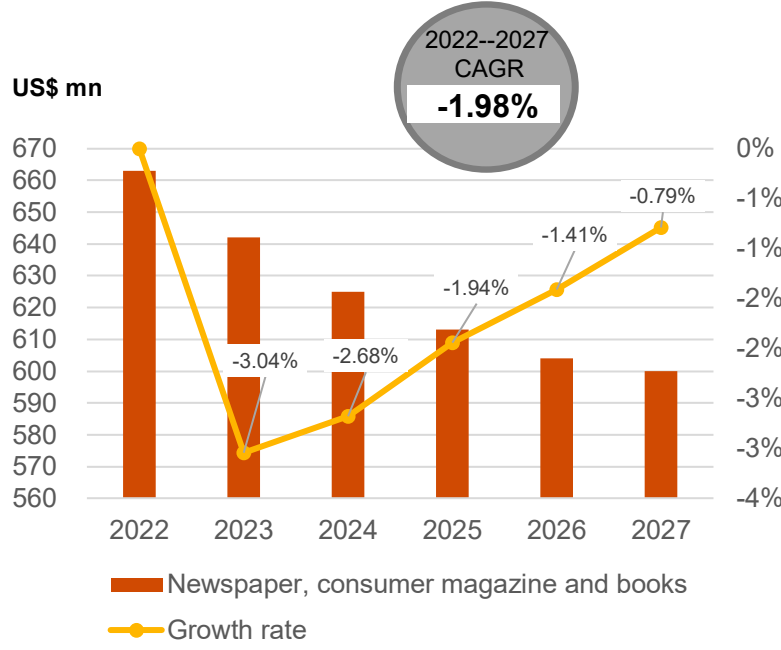
Note: 2022 is the latest available data. 2023-2027 values are forecast projections
 Source: PwC Global Entertainment & Media Outlook 2023-2027, www.pwc.com/outlook

Printed publications are expected to see a decline as digital media overtakes the trend

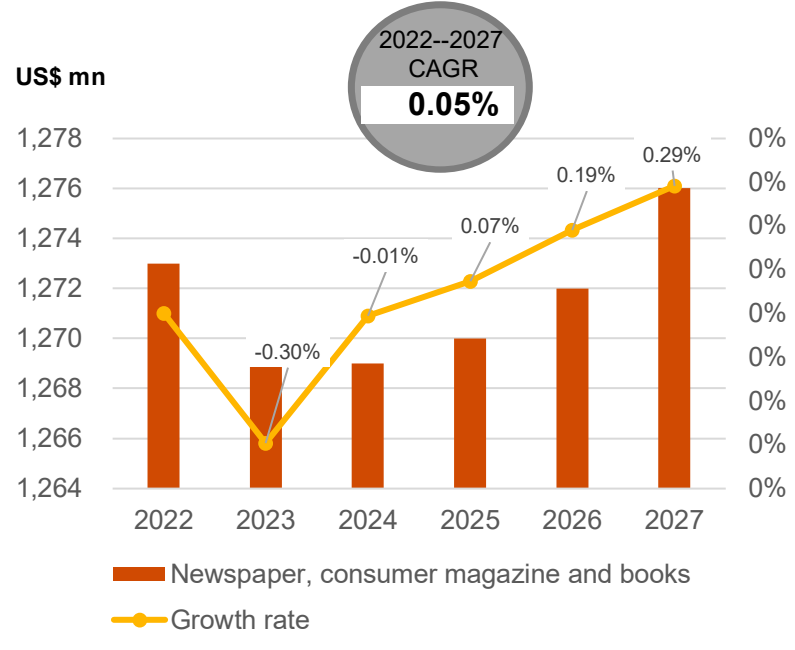
Hong Kong, Singapore and Taiwan revenue in US\$ mn and year-on-year growth (%) from 2022-2027



Hong Kong



Singapore



Taiwan

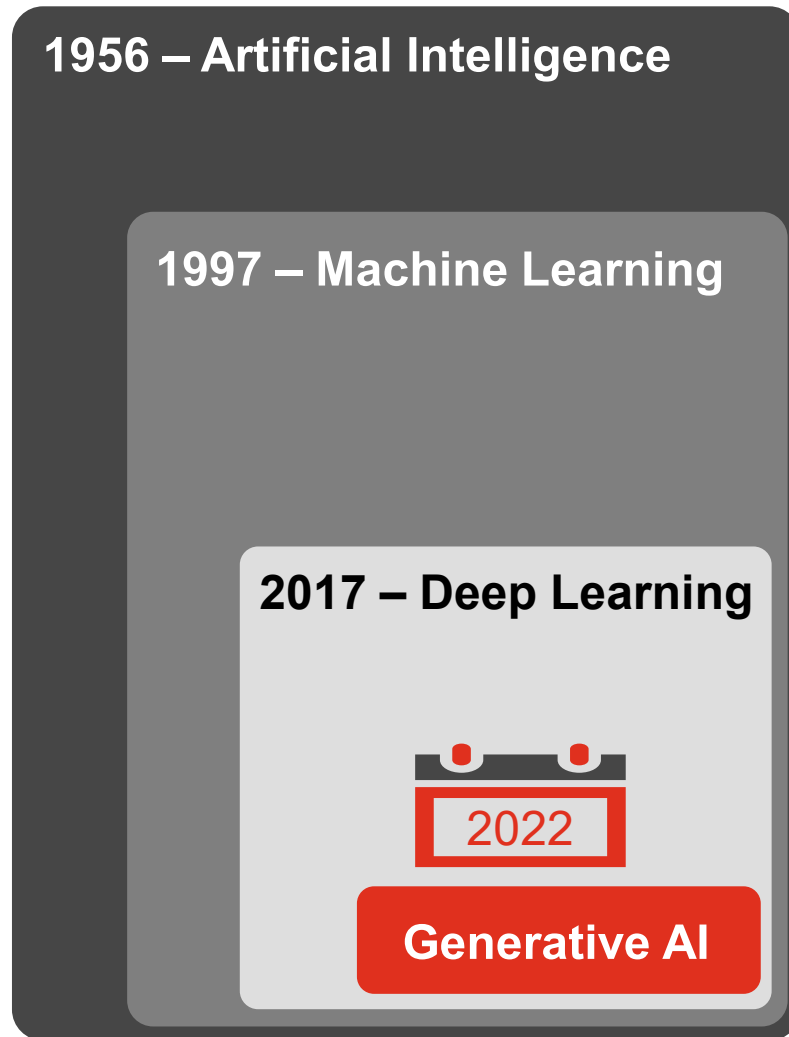
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 Source: PwC Global Entertainment & Media Outlook 2023-2027, www.pwc.com/outlook

04

Generative AI



What is Generative AI?



Expedia launches ChatGPT-powered travel planning tool

Microsoft CEO Satya Nadella says OpenAI will democratise artificial intelligence

PwC is also establishing a strategic taskforce for scale capabilities in AI

Generative AI

Create new written, visual, and auditory content given prompts or existing data

ChatGPT is just one example of Generative AI models, and OpenAI is just one of multiple players in this market

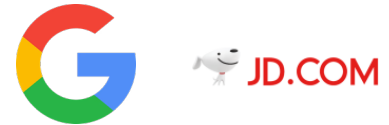
Generative AI

- Generative AI learns patterns of existing data and applies them to generate new data, images, or text based on user's prompt
- These AI models are capable to interact with the user and generate content in a human-seeming way



Generate

	OpenAI
Text	ChatGPT GPT-4
Code	Codex
Audio	Whisper Jukebox
Images	DALL-E
Video	Point-E ...
	& Microsoft



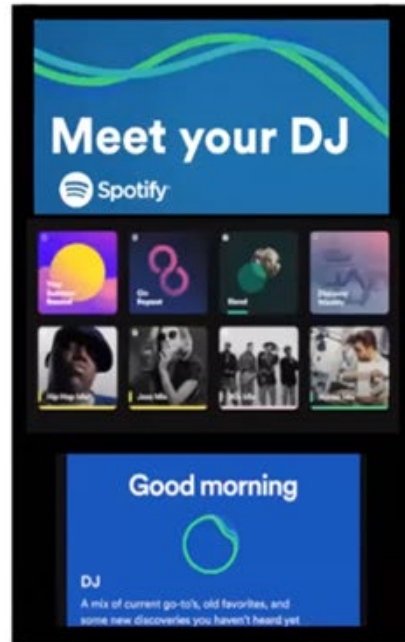
Global & local companies are already using Generative AI

Marketing transformation using GPT-4 and DALL-E



We've always tried to stay on the front edge of what's new and engaging with consumers and OpenAI is a unique opportunity [...]. If you stand still, you're going to fall behind. [...] We need to embrace risks intelligently, experiment, build on those experiments, drive scale [...].

Personalized listening experience through AI DJ



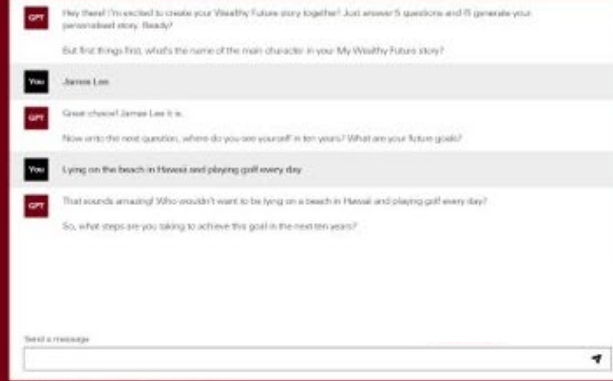
My Wealthy Future

由Microsoft Azure OpenAI Service
全力推動

立即與GPT對話，
開始編寫你的
Wealthy Future

開始

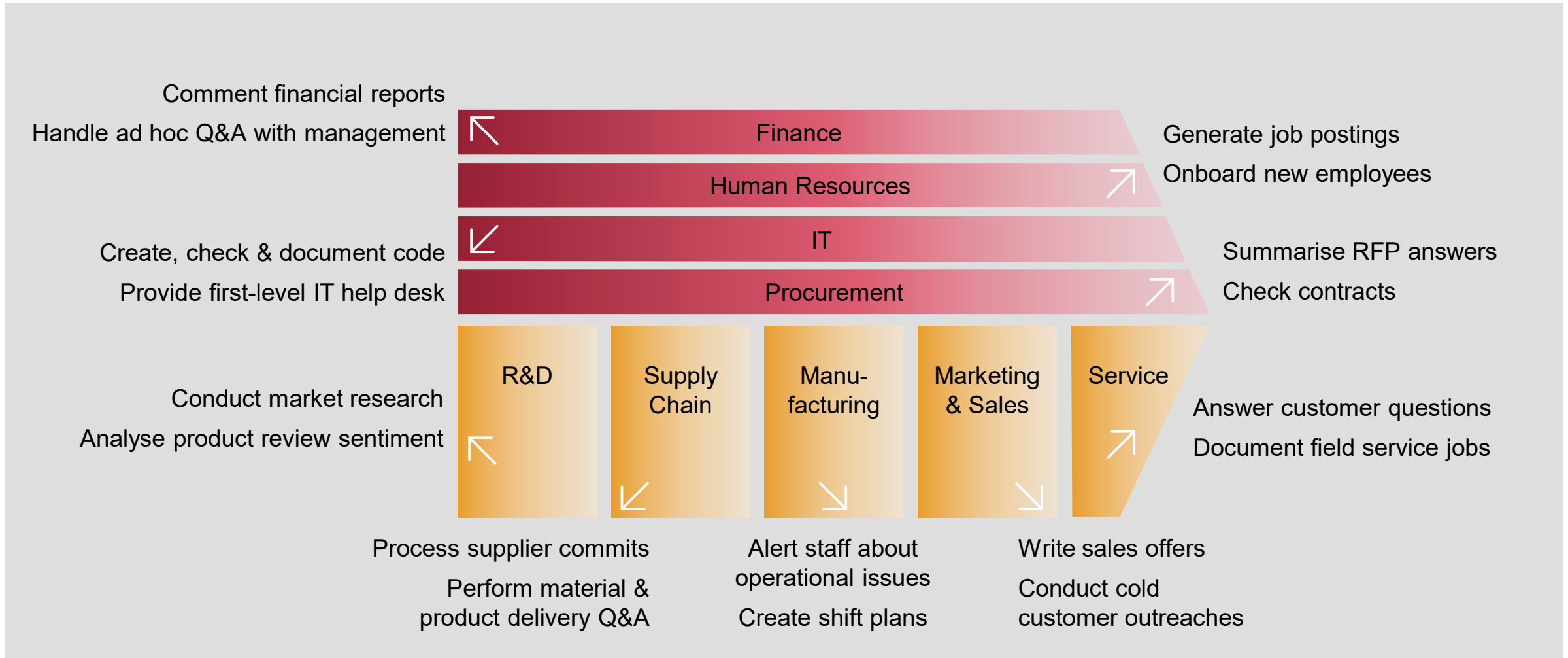
My Wealthy Future



Powered by Microsoft Azure OpenAI Service

*GPT還在學習中文... 建議你揀選英文以享受最佳體驗
所有畫面均由AI人工智能產生

Generative AI use cases are manifold across all business domains



Responsible AI should not be an afterthought for Generative AI

Strategy

Data & AI Ethics

Consider the moral implication of uses of data and AI and codify them into your organization's values.

Policy & Regulation

Anticipate and understand key public policy and regulatory trends to align compliance processes.



Responsible Practices

Interpretability & Explainability

Enable transparent model decision-making.

Sustainability

Minimize negative environmental impact and empower people

Robustness

Enable high performing and reliable systems.

Bias & Fairness

Define and measure fairness and test systems against standards.

Security

Enhance the cybersecurity of systems.

Privacy

Develop systems that preserve data privacy.

Safety

Design and test systems to prevent physical harm.



1 minute read · May 19, 2023 6:29 PM GMT+8 · Last Updated 2 days ago



G7 leaders confirm need for governance of generative AI technology

Reuters



U.S. President Joe Biden and other G7 leaders visit the Itsukushima Shrine on Miyajima Island in Hatsukaichi, Japan, Friday, May 19, 2023. Kenny Holston/Pool via REUTERS

Key considerations for adopting Generative AI

Set risk-based priorities

Revamp cyber, data and privacy protections

Stay close to the regulatory landscape

Start small, pick a quick win use case!

About the Global Entertainment & Media Outlook and glossary

Global Entertainment & Media Outlook

- PwC's 24th 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 13 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.pwchk.com/emoutlook.
- A total of 53 territories 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).

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Thank you.

[pwchk.com/emoutlook](https://www.pwchk.com/emoutlook)

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