

Digital Marketing & Multimedia

“ In Hong Kong, you always feel this relentless push to move ahead. This is a very high-energy city. Hong Kong companies are brave and they are keen to be the first to try new things.

Win Mak, CEO of Mirum Hong Kong

Hong Kong Advantages and Opportunities

The robust growth of the Internet and mobile economy in Asia has led to an upsurge in demand for digital marketing and multimedia services in Hong Kong. Centrally located in Asia, Hong Kong is the ideal platform for international marketers to access the market, service clients and develop partnership in the APAC region.

Hong Kong is highlighted by the Central Government as one of the four key cities of the Guangdong-Hong Kong-Macao Greater Bay Area, a national strategy of China to foster deeper cooperation and coordinated economic development with the goal of developing the region into an international innovation and technology hub. The Greater Bay Area, consisting of Hong Kong, Macao and nine cities of Guangdong Province, covers a total area of 56,000 square kilometers with a combined population of about 70 million. The region offers enormous growth potential for brands as well as digital transformation companies.

Marketing Services Capital in Asia

- Hong Kong continues to attract a growing number of international and Mainland companies to set up their regional headquarters and offices. Marketing companies are able to work closely with the key decision makers to formulate and implement strategies for the APAC market.
- With the increasing number of Mainland Chinese companies going global, Hong Kong is the ideal location to access potential Chinese clients and assist them in their global marketing activities.
- Hong Kong is a free port without sales tax, VAT or import/export tariff for general merchandises. This incentivises free flow of goods and information, making Hong Kong a leading retail capital in the world.
- Traders in Hong Kong service a local population of 7.48 million and overseas visitors of more than 65 million with 78 percent coming from Mainland China (HKTB, 2018). Hong Kong is a good location for brands and marketers to test their products and campaigns targeted at Chinese shoppers before launching in Mainland China.
- Brands are seen to increasingly adopting technology applications to improve customer experiences and ROIs, which presents enormous opportunities to innovative solutions companies including VR/AR, gaming, programmatic tools, artificial intelligence and data analytics driven businesses.
- Driven by high mobile consumption (penetration rate 256 percent), supreme Internet connection speed (4th fastest in the world) and almost 90 percent mobile internet penetration, mobile advertising is estimated to lead Internet advertising growth in Hong Kong. The growth drivers include video-on-demand, live streaming, and online shopping, etc (PwC's Global entertainment and media outlook, 2018-2022).
- 78 percent of Hong Kong's population are active social media users with Facebook, YouTube, WhatsApp, Instagram and WeChat being ranked as the most active social media platforms (WeAreSocial, 2019). Hong Kong offers rich supply of talents who are multi-cultural and multi-lingual, with competency to manage marketing campaigns on both Western and Chinese social media platforms.

Opportunities in Asia Pacific

Asia Pacific - the Main Engine of Global Ad-Spend Growth

- The Asia Pacific region is forecast to be the leading contributor to global ad-spend growth in 2019, contributing 42 percent of the total global increase. Growth continues to be dominated by digital channels, with digital dominating close to half of Asia Pacific's share of total ad-spend (Dentsu Aegis Network 2019).
- Asia Pacific's digital share (49 percent) remains ahead of the digital share of total global ad-spend (41 percent). Mobile continues to dominate growth with over half of Asia Pacific spend (58 percent) delivered through mobile devices (Campaignbriefasia.com / Dentsu Aegis Network, 2019).

China - Second Largest Advertising Market in the World

- UK and China are forecast to have the world's largest shares of digital ad-spend (64 percent and 63 percent respectively in 2019). 76 percent of digital spend in China is through mobile. China also has the highest digital share in Asia Pacific (63 percent), followed by Australia (52 percent), New Zealand (49 percent) and Hong Kong (48 percent) (Campaignbriefasia.com / Dentsu Aegis Network, 2019).
- China remains the world's largest contributor for new ad dollars. Its US\$90 billion ad market is second only to the USA. Cashless lifestyles and heavy reliance on mobile phones have given birth to "Social e-Commerce," "Live Stream and Short Video," "New Retail," "e-Sports Marketing" and other business models that are leaping ahead of other markets. This presents new ways to reach consumers (GroupM, 2019).



Hong Kong - a Wonderland for Marketers

The Trade Desk empowers advertising buyers with data driven insight for more targeted media purchases.

“ Hong Kong is home to many multinational iconic brands, which makes it a centre of gravity for advertisers and marketers. ”

Troy Yang
Senior Vice President, North Asia
The Trade Desk



The swift pace of technological advancement impacts every industry, including traditional ones such as advertising. The Trade Desk was established to empower ad buyers through a demand side platform tool, allowing them to use data driven insights to effectively plan, forecast and purchase digital media. In just a decade, it has become a leader in programmatic advertising, facilitating advertisers to target specific customers across different media channels and devices. Since it listed on NASDAQ in 2017, it has become one of the world's fastest growing and most profitable advertising technology companies.

With 23 global offices, the Hong Kong office opened in 2015 and concentrates on business development, sales, marketing and technical support with a team of 45 members now. "Hong Kong is home to many multinational iconic brands, which makes it a centre of gravity for advertisers and marketers," said Troy Yang, The Trade Desk's Senior Vice President for North Asia. "The largest global agencies are all here. Hong Kong is also a gateway to Mainland China. Brands and agencies here have been keen to learn more following the general

availability of our Chinese inventory with Baidu, Alibaba and Tencent, which lets brands outside buy advertising inside Mainland China."

A Media and Creative Centre

Yang, himself a native of Hong Kong, feels that the city is conducive to The Trade Desk flourishing. "The city's role as a media and creative centre relies upon openness to ideas and talent, and the interplay and connection with cities and countries across the region," he stated. "There is a wealth of talented Hong Kongers, thanks in no small part to the universities, but there is also openness to expertise from outside the city. For colleagues who moved to Hong Kong, the view from our office in Pacific Place is a persuasive argument in itself that the city is a great place to live and work."

With plans to expand its engineering and client facing teams, The Trade Desk offers regular events and open days to anyone interested in learning more about programmatic advertising. "Hong Kong has a crucial role to play in the growth of our company," affirmed Yang. "It is an important market in its own right, as a hub for regional marketing. It is well connected with Japan

and Korea, which makes it a logical choice to base operations for North Asia. This role is redoubled in the context of Mainland China, given the value of Hong Kong as a gateway for all our activities in Mainland China."

The Trade Desk

- Founded in 2009 in Ventura, California, its Hong Kong office opened in 2015 and serves as a hub for Greater China and North Asia as well as its regional marketing base
- The NASDAQ traded company has 23 global offices and more than 800 employees dedicated to empowering buyers of advertising through a cloud-based demand side platform

 [thetradedesk.com](https://www.thetradedesk.com)

The Perfect Launch Pad for Creative and Technology Business

Deep talent pool, dynamic market, mature IT and legal infrastructure make Hong Kong the global headquarters for VR company Shadow Factory.



Shadow Factory is a full-stack digital media production studio specialised in providing story-driven immersive experience solutions for commercial customers, including virtual, augmented, and mixed reality experiences, 360 degree videos, web & mobile applications, game development, and digital media partnerships. Since its inception in 2016, the company has experienced rapid growth and is now a medium-sized agency comprising creative and technology professionals in Hong Kong. Centrally located in Asia, the company serves a portfolio of international clients based in Hong Kong, Macao, North America and Japan ranging from entertainment and retail to industrial industries.

"Hong Kong is an ideal location where one can comfortably reach entertainment and industrial markets regionally in Asia as well as global brands and corporates, all from the same place. With such market dynamic, together with other perks such as high-speed internet and mature legal and IP infrastructure, Hong Kong offers a unique opportunity for us," said Devin Ehrig, Co-founder.

Coming from film and animation background in the US and seeing VR as one of the most powerful mediums of audience engagement, the founders realised that Hong Kong is the perfect launch pad for their VR business, and decided to make the city their global headquarters.

"Hong Kong is where we started," he added, "we have fantastic people here as there is such a sophisticated creative industry in Hong Kong. Our team is majority Hong Kong born and raised, multi-cultural and well-trained professionals. The diversity from Hong Kong is what gives us the global edge."

Ehrig also believes that the fast-growing gaming industry in Asia has created ample opportunities. Last year the company made a foray into VR games after the success of developing VR gaming applications for clients. "We have developed and published our original games and will be organising a South East Asian regional eSports tournament for a client this summer. With in-house specialists to design and

develop games and regional campaigns for developers, publishers, and sponsors, we are confident that gaming will be a new revenue stream for us," Ehrig enthused.

In just a few years' time, Shadow Factory has grown from four staff members to a team of 60 in Hong Kong. The team is comprised of major functions such as technical production, brand & marketing, business development, and project management. The company recently expanded its operations to Canada and the United States, and is looking to developing the South East Asian market.

Invest Hong Kong has been assisting Shadow Factory to expand its business network, facilitating business collaboration between the company, potential clients and business partners from Hong Kong and overseas.

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**Devin Ehrig
Co-founder
Shadow Factory**

Shadow Factory

- Established in 2016 and headquartered in Hong Kong
- A creative media production studio specialised in providing story-driven immersive experience solutions for commercial customers
- All immersive content and technology development produced in Hong Kong

🌐 shadowfactory.io

Highlight of Tax and Funding Initiatives

- The HKSAR Government has implemented a two-tiered profits tax rates regime from April 2018. Profits tax rate for the first HK\$2 million of profits of corporations is lowered to 8.25 percent.
- To encourage R&D in Hong Kong, enterprises will be offered a 300 percent tax deduction for the first HK\$2 million qualifying R&D expenditure and a 200 percent deduction for the remainder.
- Aiming to attract quality people from around the world, the Government promulgated the first Talent List which contains 11 professions needed most for Hong Kong's economic development, including creative industries professionals and innovation & technology experts.
<https://www.talentlist.gov.hk>
- **Cyberport Funding & Incubation Programmes** – Cyberport offers seed to Series A funding, and incubation programme with financial assistance for innovative digital entrepreneurs.
https://www.cyberport.hk/en/about_cyberport/cyberport_entrepreneurs/cyberport_incubation_programme
- **Hong Kong Science & Technology Parks (HKSTP) Funding & Incubation Programmes** – HKSTP offers seed to Series A funding and incubation programmes for startups involved in web and mobile technology, etc.
<https://www.hkstp.org/en/how-we-serve/incubation-programmes/>
- **Technology Voucher Programme** – a funding scheme to subsidise SMEs in using technological services and solutions to improve productivity, upgrade or transform business processes.
<https://www.itf.gov.hk/l-eng/TVP.asp>
- **BUD Fund** – a dedicated fund provided on a matching basis to help private enterprises develop brands, upgrade and restructure their business operations and promote sales in the Mainland and ASEAN markets.
<http://www.bud.hkpc.org/en>
- **SME Export Marketing Fund** – a funding scheme to subsidise SMEs' participation in export marketing activities targeted at markets outside Hong Kong.
https://www.smefund.tid.gov.hk/english/emf/emf_objective.html
- **Enterprise Support Scheme** – a major funding initiative under the Innovation and Technology Fund, which is designed to encourage the private sector to invest in research and development.
<https://www.itf.gov.hk/l-eng/ESS.asp>

Useful Links

Create Hong Kong
<http://www.createhk.gov.hk/>

Digital Entertainment Leadership Forum
<http://delf.cyberport.hk/>

Hong Kong Advertisers Association
<http://hk2a.com/>

Hong Kong Association of Interactive Marketing
<http://www.hkaim.org/>

Hong Kong Design Centre
<https://www.hkdesigncentre.org/>

IAB Hong Kong powered by HKDMA
<https://www.iabhongkong.com/>

MarketingPulse
<http://www.hktdc.com/ncs/marketingpulse2019/en/main/>

RISE Conference
<https://riseconf.com/>

The Association of Accredited Advertising Agencies of Hong Kong
<http://aaaa.com.hk>

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Invest Hong Kong is the department of the Hong Kong Special Administrative Region (HKSAR) Government responsible for attracting foreign direct investment, supporting overseas and Mainland businesses to set up and expand in Hong Kong. We partner with clients on a long-term basis and are available at any stage of their business development process.

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