



Press Release

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Pages 4

A WORLD OF DIFFERENCES: FIVE SHIFTS SET TO SHAPE THE ENTERTAINMENT AND MEDIA FUTURE

As entertainment and media companies seek to tap into pockets of growth and value in an increasingly complex and competitive global marketplace, surging demand from young consumers is opening up fresh areas of opportunity for incumbents and new entrants alike.

Wednesday, 8 June 2016 – Total worldwide entertainment and media revenues will rise at a compound annual growth rate (CAGR) of 4.4% in nominal terms over the coming five years, from US\$1.72 trillion in 2015 to US\$2.14 trillion in 2020, according to PwC’s [Global entertainment and media outlook 2016–2020](#).

This growth rate represents a slowdown from last year’s 5.5% growth in industry revenues, and will lag behind overall global economic growth during the five years. But a closer examination brings a different picture into focus. Entertainment and media is a dynamic, diverse industry with steady and sustainable growth. And while its strong aggregate growth is not shared equally by all participants, impressive growth and opportunities can be found in many areas of the industry. Drastic slowdowns in some areas and stagnation in others coexist with spectacular expansion in “hot” countries, regions, and sectors, creating a multi-shifting global media landscape.

In fact, in 36 out of the 54 countries covered by PwC’s Outlook, entertainment and media spending is growing more rapidly than GDP, often by a factor of more than 50%. Venezuela tops the list; entertainment and media spending growth there is likely to outpace GDP growth by more than 14 percentage points in 2016. Many of the most populous entertainment and media markets—including Brazil, Pakistan, and Nigeria—will also produce comparatively higher entertainment and media growth rates.

[Click here](#) for key insights, data and tipping points for each industry segment covered in PwC’s Outlook.

Spending patterns are changing at multiple levels

The differences in growth rates at a country level are overlaid by wide variations between segments. The fastest-growing segment globally over the five years will be Internet advertising with a CAGR of 11.1%, ahead of Internet access at a 6.8% CAGR.



By contrast, magazine and newspaper publishing will suffer declines. However, even here there will be wide variations between territories: while newspaper publishing revenue will see a compound annual decline of 3.1% in North America, in India it'll rise at a CAGR of 2.7%.

Against this diverse and multifaceted background, profound changes in spending patterns will continue. Revenue across entertainment and media is steadily shifting from publishing businesses to video and Internet businesses—in particular those that provide over-the-top (OTT) services and monetise consumer data. Direct consumer spending models will remain strong, while spending on Internet access, including mobile data, will rival advertising. This development creates more fertile ground for new entrants and traditional players alike to jump directly into new markets and segments, like OTT video and new e-commerce offerings.

Deborah Bothun, PwC Global Entertainment and Media Leader, comments: “Entertainment and media companies are facing an ever more complex global environment—one in which every market has its own unique growth dynamics, shaped by local factors ranging from demographics to content tastes to infrastructure to regulation. To see through the apparent chaos and pinpoint value opportunities, companies need a more intimate understanding than ever before of the forces at play at a local level. Armed with such insights, both established and emerging players are well-positioned to capitalise on the industry shifts and lead the next phase of growth.”

Five key shifts emerge amid the continuing disruption

As these high-level trends play out, our research has pinpointed key shifts occurring in each of five dimensions of the entertainment and media landscape: demography, competition, consumption, geography, and business models. Simultaneous and interrelated, these five shifts influence and play off one another. They should serve as a serious call to action for both industry incumbents and new entrants to seek out growth opportunities in markets worldwide.

Shift 1. Demography: Youth will be served

Our analysis of national entertainment and media markets globally reveals an almost perfect correlation between the relative size of the under-35 population and growth in entertainment and media spending—confirming that younger consumers are now the primary drivers of global growth. Our analysis of total entertainment and media revenue growth in the world's 10 youngest and 10 oldest markets in demographic terms reveals that, on average, entertainment and media spending in the 10 youngest markets is growing three times as rapidly as in the 10 oldest markets. This principle applies irrespective of a country's wealth—so age may be a bigger influence on growth.

Shift 2. Competition: Content is still king

In a world where Netflix can launch in 130 new countries in a single day, it's easy to assume that content is becoming more globally homogeneous. But the reality is that content is being redefined by forces of globalisation and localisation simultaneously—and that while much of the industry is growing more global, content tastes and cultures remain steadfastly local. The international opening weekend of *Batman v Superman: Dawn of Justice* in March 2016 grossed US\$254 million in 66 markets outside the US, the fifth most successful international opening in history.¹ But the year's biggest opening in China thus far, the Hong Kong-produced fantasy comedy, *The Mermaid*, grossed US\$122 million on its opening weekend in February 2016.²

¹ Mendelson, Scott, “‘Batman v Superman’ Worldwide Box Office: ‘Dawn Of Justice’ Tops \$400M In Global Debut,” *Forbes*, 27 March, 2016.

² Strowbridge, C.S., “International Box Office: Deadpool and Mermaid Crack \$100 Million Milestones,” *The Numbers*, 18 February, 2016.



Shift 3. Consumption: The joy of bundles

The ability for consumers to design and curate their own media diet has been one of the most powerful trends to emerge in the industry. But the bundle is far from dead, with video and cable incumbents—which were initially slow off the mark—now fighting back by offering their content on an integrated omnichannel basis, on TV, laptop, tablet, and smartphone. As take-up of these new-style bundles grows, we believe the bulk of digital OTT mass-market services will gradually be reabsorbed into aggregated offerings that will echo the traditional analogue-style bundle, but that will be more flexibly priced and available on a full range of devices. When this happens, the competitive battle may move up a notch, as cable, technology, and telecom players fight over gaining access to distribution.

Shift 4. Geography: Growth Markets

Generally, entertainment and media companies had one set of expectations about developed markets (slow growth, low regulation, easier to access) and another about developing markets (rapid growth, high regulation, harder to access). But the dynamics are shifting rapidly as disruption pushes markets to develop in different ways, meaning “opportunity” economies—even within the same region—can display significantly varied growth patterns. So, beyond zeroing in on the fastest-growing markets, such as Indonesia, India and Peru, entertainment and media companies must continue to focus on those that are generating the greatest absolute dollar growth—such as the US and China.

Shift 5. Business models: Transforming with trust

Today’s entertainment and media market includes technology companies racing to become hybrid content companies, and traditional publishers evolving the other way to emerge as hybrid technology companies. This underlines how the growth of technology and digitisation is acting as a centripetal force—breaking up existing relationships; pushing large, generalist entities to give way to smaller specialists; and allowing smaller, nimble competitors to beat out incumbents. For incumbent advertising agencies, this opens up an opportunity to reorient themselves to become invaluable to markets, by bringing together programmatic capabilities, analytics, data aggregation, and native content to create the new “super” agency.

A new level of agility and local insight for a new reality

As these five shifts play out, companies will need to combine responsiveness and local insight to drive value and maximise growth. Deborah Bothun sums up: “Amid an ever more diverse and multifaceted entertainment and media landscape, the industry is learning from experience and striving to build agility to target and seize opportunities as they appear. To do this, companies must capture the attention of consumers with experiences—whether delivered digitally or non-digitally—that engage and resonate with them at a local level. For those global players that succeed in doing it, the opportunities are legion.”

Press access to Outlook content online

To request press access to the online [Global entertainment and media outlook 2016-2020](#), contact Nicholas Braude at nicholas.braude@us.pwc.com. This will allow you to illustrate this and other media stories both by extracting detail from the Outlook dataset and analysis at a segment and country level, and by creating charts on-screen that can be exported for use with your stories.

Segments covered by the Outlook

TV and video, TV advertising, Internet advertising, Internet access, Radio, Out-of-home advertising, Video games, Cinema, Newspaper publishing, Magazine publishing, Business-to-business, Book publishing and Music. [Click here](#) for key insights, data and tipping points for each industry segment covered in PwC’s Outlook.



About the Outlook

PwC's 17th annual edition of the [Global entertainment and media outlook 2016-2020](#), is a comprehensive online source of global analysis for consumer and advertising spend. With like-for-like, five-year historical and five-year forecast data and commentary across 13 industry segments in 54 countries, the Outlook makes it easy to compare and contrast consumer and advertising spend across segments and countries. Find out more at www.pwc.com/outlook.

About Outlook data

Much of the content in this press release is taken from data in the *Global entertainment and media outlook 2016-2020*. PwC continually seeks to update the online Outlook data. Therefore, please note that the data in this press release may not be aligned with the data found online. The online [Global entertainment and media outlook 2016-2020](#) is the most up-to-date source of consumer and advertising spend data.

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