News release

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| *Date* | **Wednesday, 5 June 2019** |
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| *Pages* | 4 pages |

Consumer demand for personalisation and tech advances drives innovation in entertainment and media industry

**Wednesday, 5 June 2019 –** Now it’s getting personal. According to PwC’s [*Global Entertainment & Media Outlook 2019–2023*](http://www.pwc.com/outlook), consumers are embracing the expanding opportunities to enjoy media experiences tailored to their needs, and companies are designing offerings and business models to revolve around those personal preferences. In a fundamental shift, they’re leveraging data and usage patterns to pitch their products not at audiences of billions, but at billions of individuals.

The result is an emerging world of media that’s more personal than ever before: one in which empowered consumers control their own media consumption via an expanding range of smart devices, curate their personal selection of channels via over-the-top (OTT) services and bring more media content into their lives by embracing the smart home and connected car. It’s also an increasingly mobile world, soon to be augmented by 5G networks. As personal connections proliferate, however, consumers continue to be concerned about the safety and privacy of the data. With trust at a premium, pressure is intensifying on companies to adapt to new privacy regimes.

**Global industry growth continues to outpace GDP…**

These profound shifts are taking place against a background of ongoing global growth in entertainment & media (E&M) revenues. The [*Outlook*](http://www.pwc.com/outlook) — which provides revenue data and forecasts for 14 industry segments across 53 territories — projects that total global spending on E&M will rise at a compound annual growth rate (CAGR) of 4.3% over the next five years, to 2023. This growth rate will see the industry’s global revenue reach US$2.6tn in 2023, up from US$2.1tn in 2018. Over the forecast period, six segments will exhibit growth above the average, and seven below it. (The 14th segment, data consumption, does not generate revenue.)

**…but with sharp differences in growth rates at the segment level**

Looking at specific E&M segments, virtual reality (VR) maintains its position as the highest-growth segment, but — after a year in which consumers’ take-up continued to lag behind expectations — its lead over the OTT video segment is greatly diminished. Podcasts and esports, which sit within larger segments, have extremely strong growth revenue forecasts at CAGRs of 28.5% and 18.3%, respectively.

At the lower end of the growth spectrum, the traditional TV and home video segment now has negative growth expectations for the first time, as cord-cutting by consumers continues to rise and sales of DVDs keep plummeting. The print-exposed newspapers and consumer magazines segment has the worst forecast through to 2023, with revenues projected to suffer a compound annual decline of 2.3%.

**Innovating for growth in a world of *me* media**

The underlying shift that’s reshaping and reorienting the entire industry is changing human behaviour, with a decisive turn towards personalisation. At one level, the new world of E&M appears more isolated, with growing numbers of people engrossed in their own choice of content. But there’s also a dimension of personalisation that’s inherently social, as people share playlists on music-streaming services, recommend movies to friends on social platforms or engage in multi-user video game battle royales.

Advances in technology and service offerings are finally enabling people to move from passive to active consumption — not just of individual pieces of media, but of media as a whole. Many signs of this change are pinpointed in the *Outlook*. One is the trend for consumers to reject the bundles of channels offered by cable or satellite providers, and instead construct their own ad hoc bundles made up of OTT services. Global OTT revenue hit US$38.2bn in 2018, and is forecast to almost double by 2023. Another sign is the rise of the smart home, with ownership of smart speaker devices set to rise at a 38.1% CAGR to hit 440mn devices globally in 2023.

Wilson Chow, Global Technology, Media and Telecommunications Leader and Partner, PwC China, comments:

“5G’s impact will be felt across the entire technology, media and telecommunications value chain for the next decade. It will hasten existing trends towards personalisation, making it easier, more convenient and cheaper to access more media on phones and other mobile devices. Key impacts of 5G for E&M will include enabling more streaming of high-quality video — including of live events like sports and music — and better use of AI, together with massive opportunities for video games and VR in terms of speed and quality of images.”

**Four priorities shaping companies’ strategies**

As E&M companies reinvent their organisations and offerings for an increasingly personalised world, four priorities are coming to the fore:

* ***One size does not fit all:*** As companies approach both markets of individuals and individual geographic markets, they are finding that it makes sense to present different options: all-you-can-eat offerings with unlimited usage in some areas, tiers of payments for different services in less developed markets, and competing on affordability. Meanwhile, across all markets — mature and developing — PwC’s research finds stark differences in terms of segment growth.
* ***The number of consumer touch points is expanding:*** As media and e-commerce experiences become more personal, gratification for consumers is becoming more instant and immediate. In response, content creators and distributors are devising new ways to appeal to consumers as individuals and marketers are figuring out how to meet consumers at the point of consumption and point them instantaneously towards purchase. Witness the rise of shoppable online advertising, often promoted by ‘influencers.’ Voice is also becoming a key form of interaction for both search and shopping, supported by the rise of smart speakers.
* ***Technological innovation introduces a new era of personalised computing:*** Companies are leveraging AI’s ability to understand people’s individual tastes and consumption habits to offer up the content individual users find most compelling. The combination of AI with 5G will be especially powerful, as it will fuel the rapid growth of segments such as video games and VR. The *Outlook* forecasts show video games' compelling combination of growth and scale, while VR will be the fastest-growing segment overall.
* ***Trust and regulation remain pivotal, as personal data hygiene becomes key:*** With consumers moving to the centre of their own world of media experiences, their personal data — from the music they stream and the news they read to the products they buy — is taking a central role. In the emerging world, maintaining personal data hygiene is becoming key to the overall health of the E&M ecosystem. For companies, this goes beyond regulatory compliance, which is merely table stakes, and extends to building trust by behaving transparently and responsibly with customers’ data, ensuring the accuracy of news, and being sensitive to concerns around issues such as digital addiction.

Ennèl van Eeden, Global Entertainment and Media Leader and Partner, PwC Netherlands, comments:

“The personalisation wave — fuelled by evolving customer behaviour — is set to be amplified by the forces of technology, scale, and aggressive investing and competition. The implications for organisations are profound. As the borders separating former media silos erode, companies need to think more broadly about the areas and segments in which they operate. At the same time, all E&M players must take the need to ‘know your customer’ more seriously, and marketers need to allocate their time and attention to new types of content and platforms — influencers, live events, ads inside apps and more. Finally, companies must focus intently on their core capabilities and geographical markets, while continually scanning the horizon for new developments and regulations, and being agile in responding to technological developments such as 5G. Put simply: it’s time to get personal with consumers — or be left out of the conversation.”

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**Press access to *Global Entertainment & Media Outlook* content online**

To request press access to the online *Global Entertainment & Media Outlook 2019–2023* content, contact Ashley Worley at [ashley.worley@pwc.com](mailto:ashley.worley@pwc.com). This access will allow you to illustrate this and other media stories both by extracting detail from the *Global Entertainment & Media Outlook* dataset and analysis at a segment and territory level, and by creating charts on-screen that can be exported for use with your stories.

**About the *Global Entertainment & Media Outlook***

PwC’s 20th 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 14 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.pwc.com/outlook](http://www.pwc.com/outlook).

**Segments covered by the *Global Entertainment & Media Outlook***

Books; Business-to-business; Cinema; Data consumption; Internet access; Internet advertising; Music, radio and podcasts; Newspapers and consumer magazines; OTT video; Out-of-home advertising; Traditional TV and home video; TV advertising; Video games and esports; Virtual reality

**About *Global Entertainment & Media Outlook* data**

Much of the content in this press release is taken from data in the *Global Entertainment & Media Outlook 2019–2023*. PwC continually seeks to update the online *Global Entertainment & Media 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 & Media Outlook 2019–2023* is the most up-to-date source of consumer and advertising spend data.

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