

www.pwc.com/outlook

Global entertainment and media outlook 2014-2018

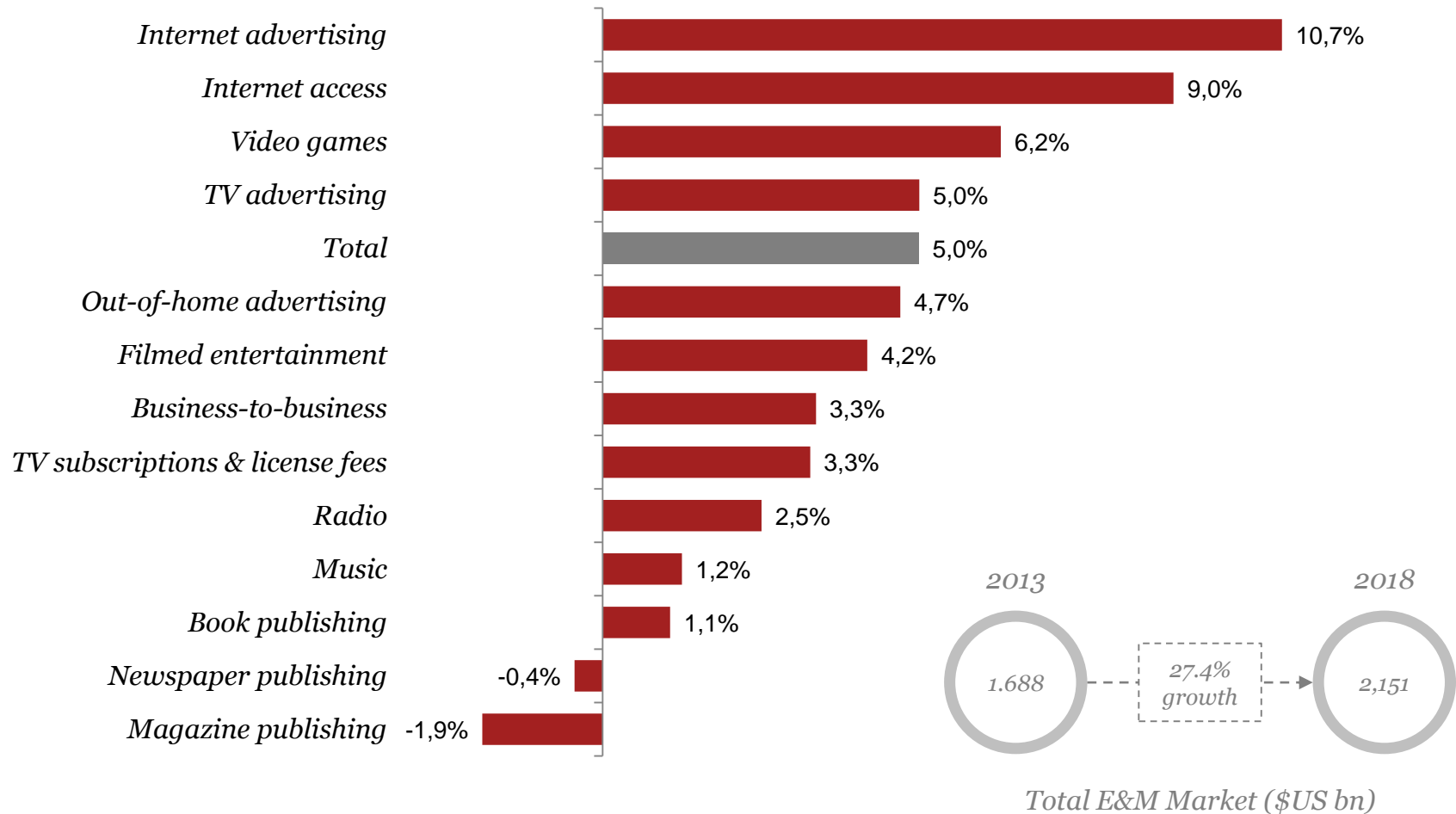
Seizing the initiative...

The industry segments



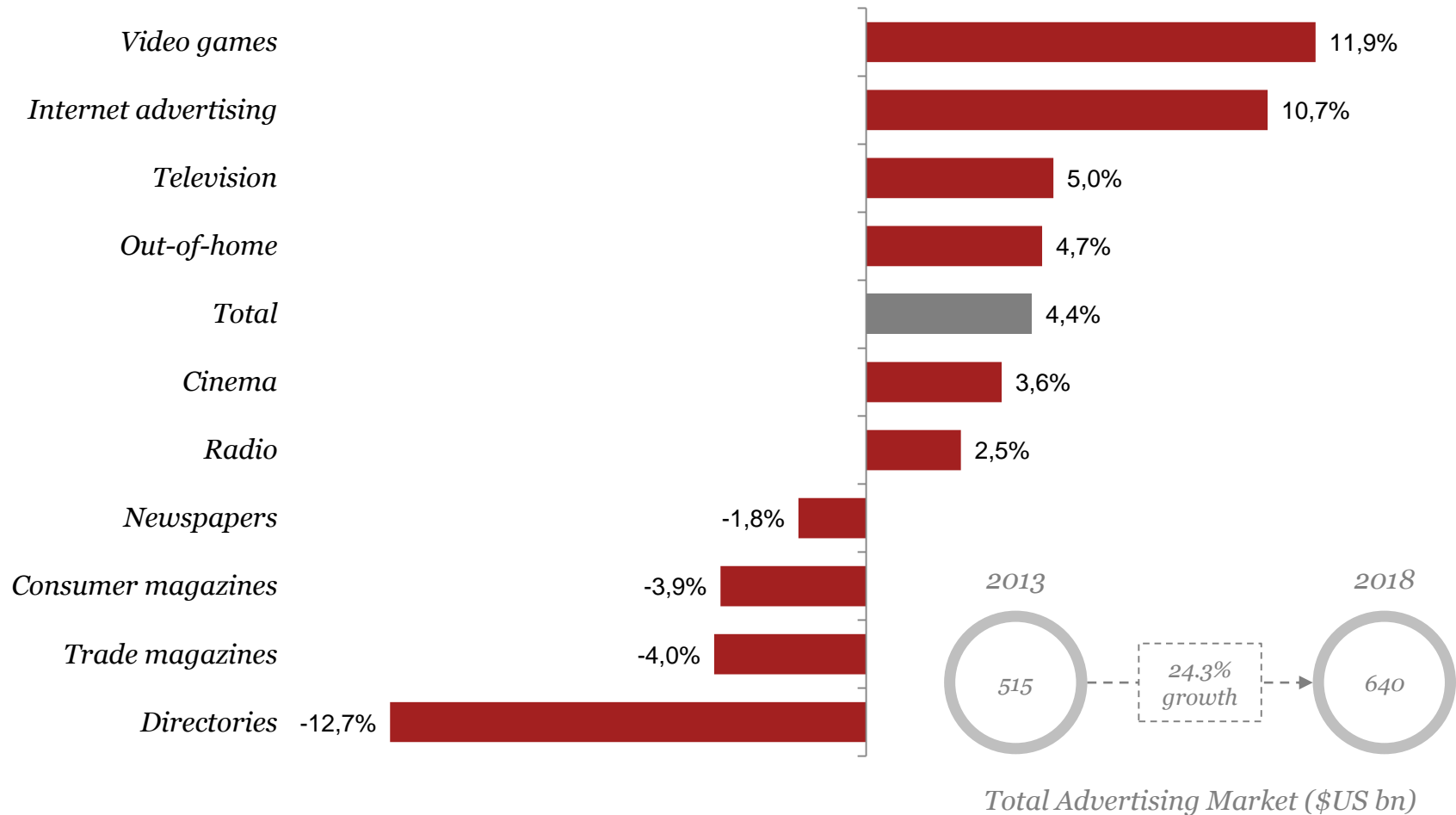
Internet and video games continue to outperform the other sectors....

Global growth in aggregate spending (2013 – 2018 CAGR)



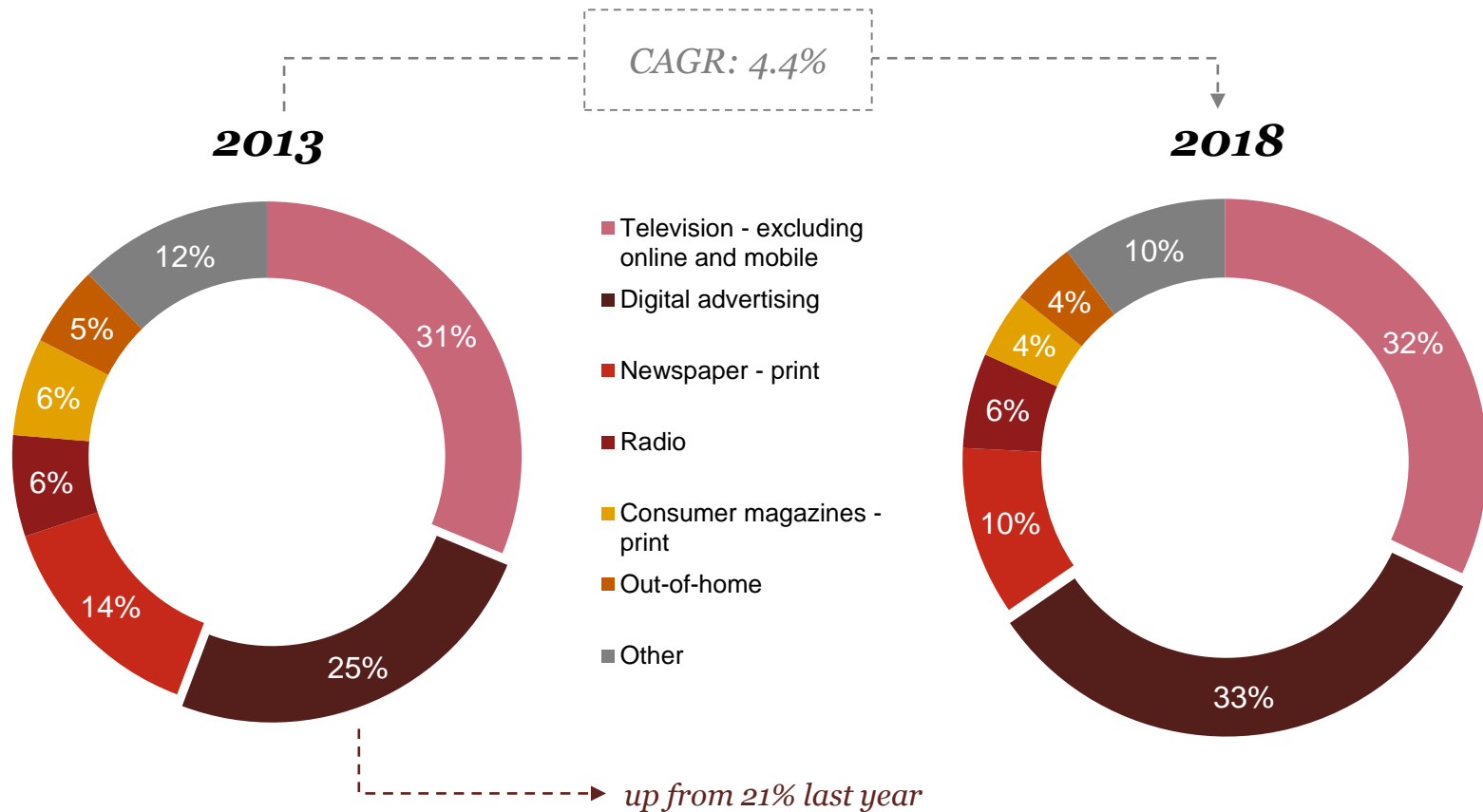
...internet and video games are increasing their relative market share for advertising

Global growth in advertising spending (2013 – 2018 CAGR)



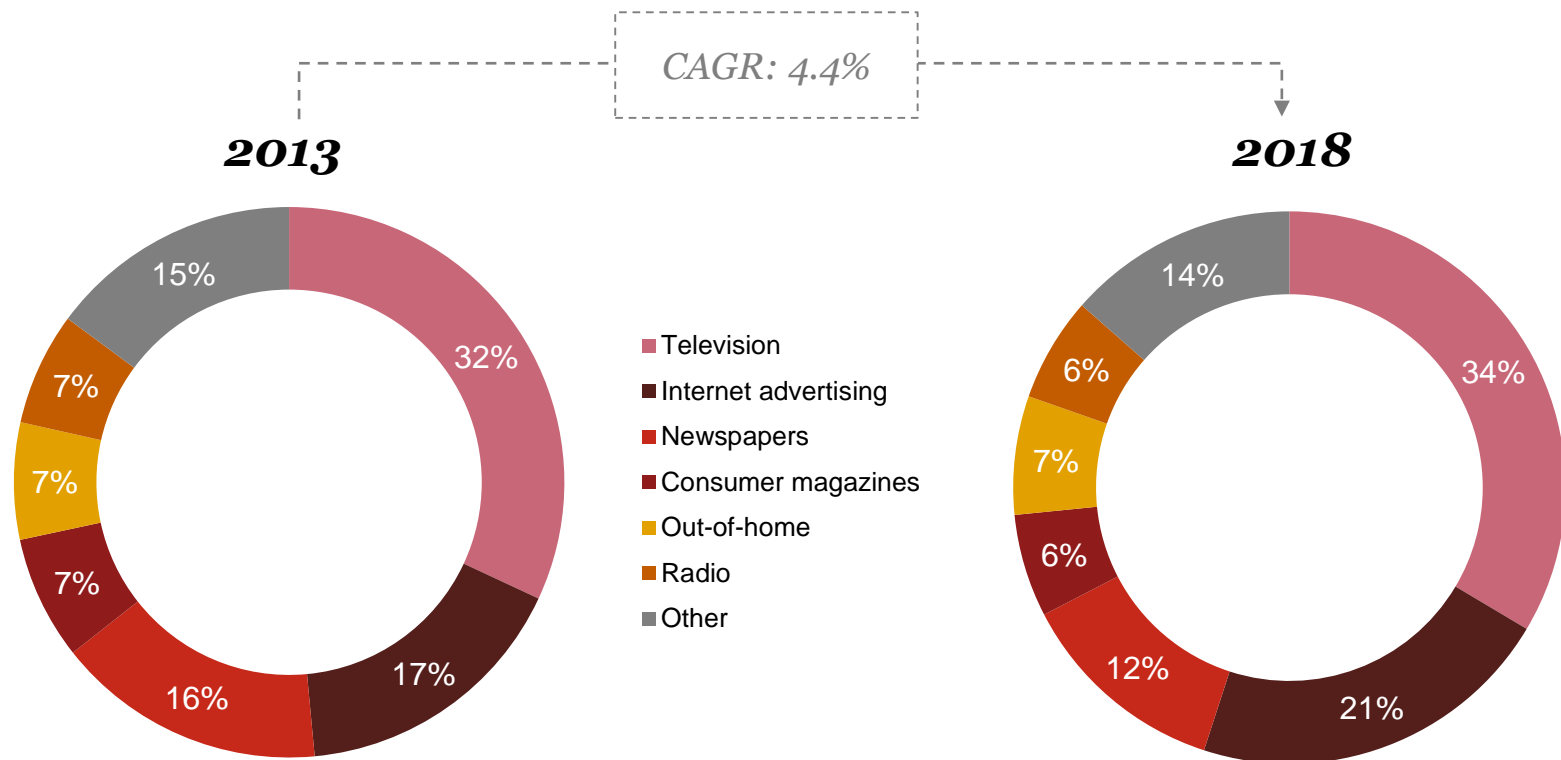
Digital advertising is gaining market share but not at the expense of Television

Global advertising spend by platform (share of total spend)



Television and Internet nearly at 50% market share and growing at the expense of Newspapers

Global advertising spend by ownership (share of total spend)



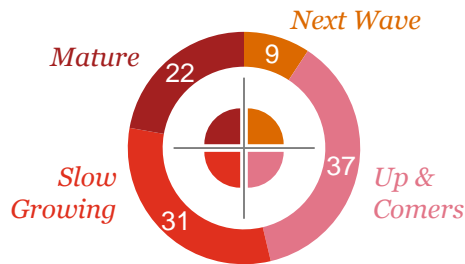
Segment data here **includes** online/mobile advertising in the segments and excludes it from the Internet Advertising total



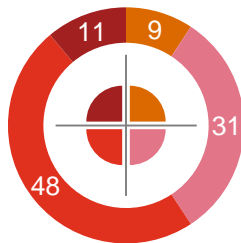
Internet Access

Four Quadrants Geographic Breakdown (%)

Fixed broadband



Mobile Internet



Highest growth country

(2013 – 2018 CAGR)

24.6

Nigeria

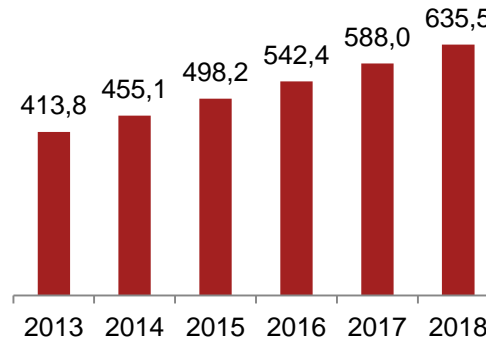
Lowest growth country

(2013 – 2018 CAGR)

-1.0

Japan

Global Aggregate Spending (\$bn)



CAGR (%)

9.0

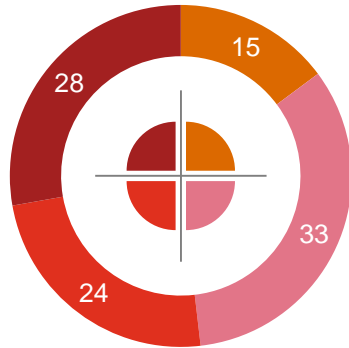
Insights at a Glance

- Internet access will generate more consumer spend than any other media product or service in the next five years.
- Mobile will generate three out of every five dollars spent on Internet access in 2018.
- 3G will drive global mobile Internet growth, despite 4G grabbing the headlines.
- China and India will account for nearly half of new mobile Internet users in the next five years.
- In the near term, penetration will grow at a faster pace than ARPU, but that trend will level out over the projected period.

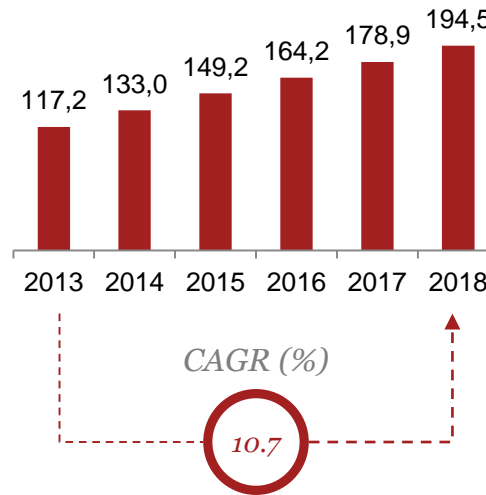


Internet Advertising

Four Quadrants Geographic Breakdown (%)



Global Aggregate Spending (\$bn)



Insights at a Glance

- Internet advertising is closing in on TV (and in some markets already dominating).
- Mobile advertising will overtake classifieds in 2014.
- Search will retain its dominant position.
- Within Internet advertising, video will see the sharpest growth.
- Advertisers are looking to programmatic buying to improve display ad performance.
- Tracking users in a multi-device world presents new challenges.

Highest growth country

(2013 – 2018 CAGR)

34.6

UAE

Lowest growth country

(2013 – 2018 CAGR)

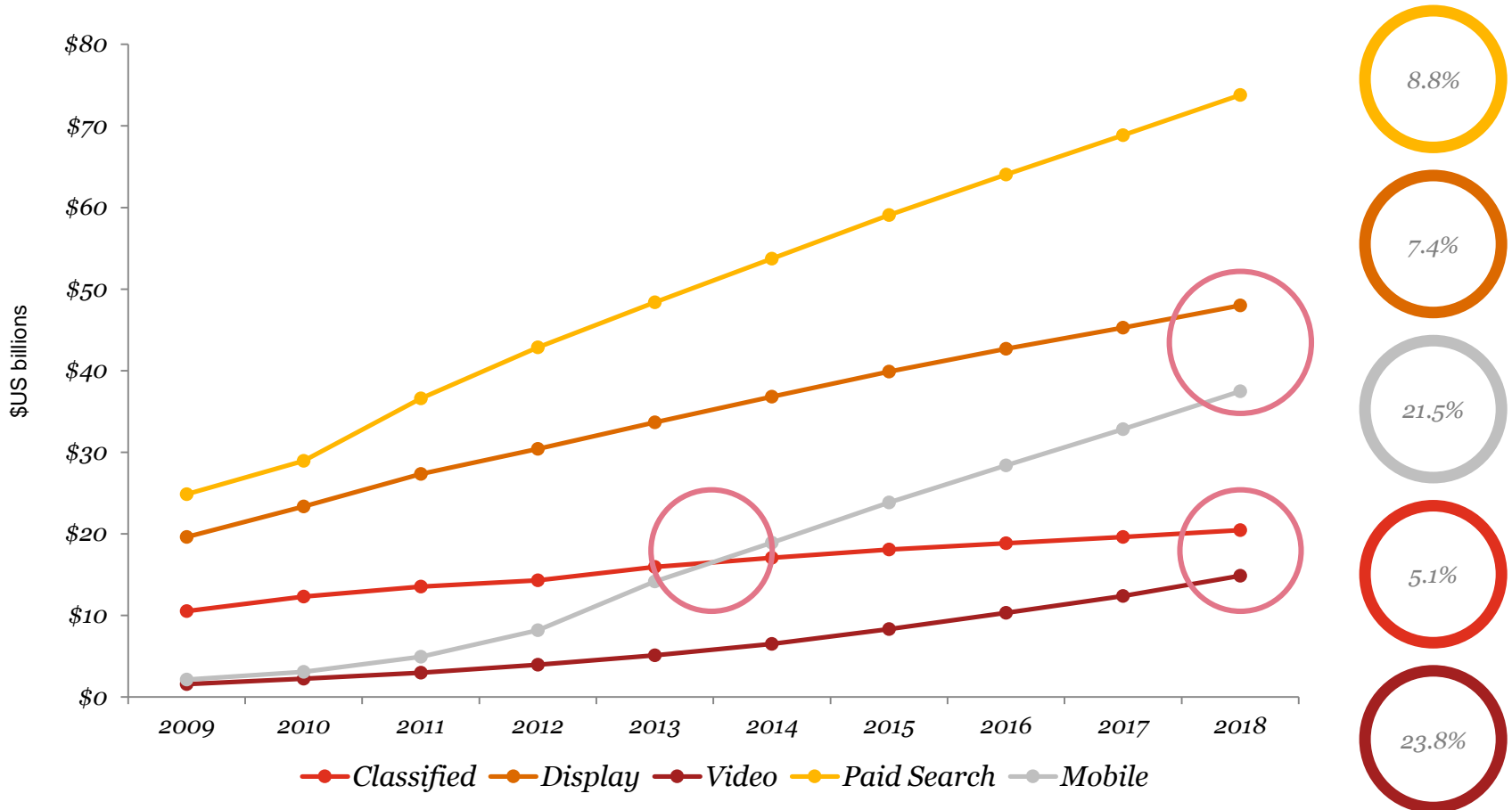
4.2

Japan

Mobile overtakes classified this year. Mobile nears display and video nears classified by 2018.

Global Internet advertising spend by category

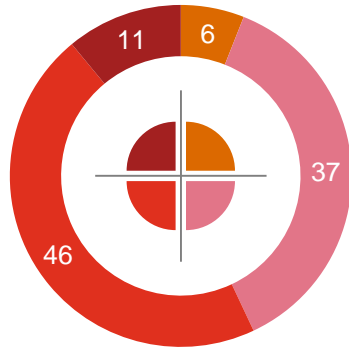
2013 – 2018 CAGR



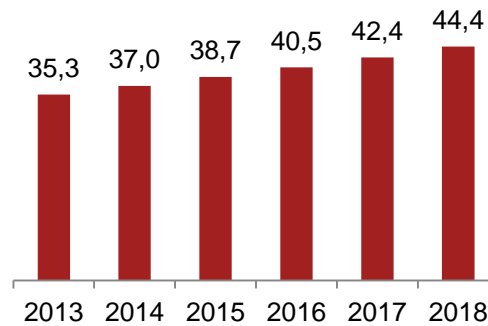


Out-of-Home Advertising

Four Quadrants Geographic Breakdown (%)

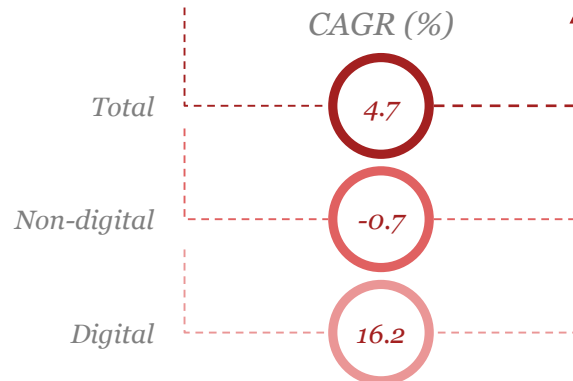


Global Aggregate Spending (\$bn)



Insights at a Glance

- DOOH advertising revenue will see significant growth in emerging markets.
- The increasing sophistication of measurement tools will help drive OOH advertising revenue growth.
- OOH advertising will be part of an m-commerce revolution.
- Rapid expansion of airports in certain key markets will provide new OOH advertising opportunities.
- Growth in OOH advertising is dependent on regulatory challenges over billboards.



Highest growth country

(2013 – 2018 CAGR)



China & Argentina

Lowest growth country

(2013 – 2018 CAGR)

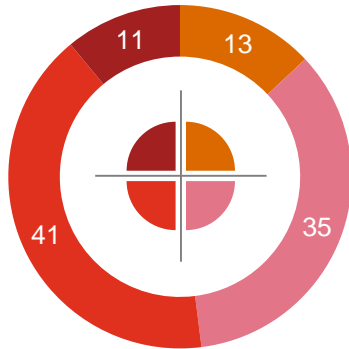


Greece

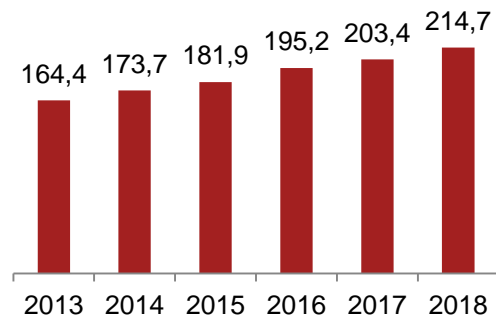


TV Advertising

Four Quadrants Geographic Breakdown (%)

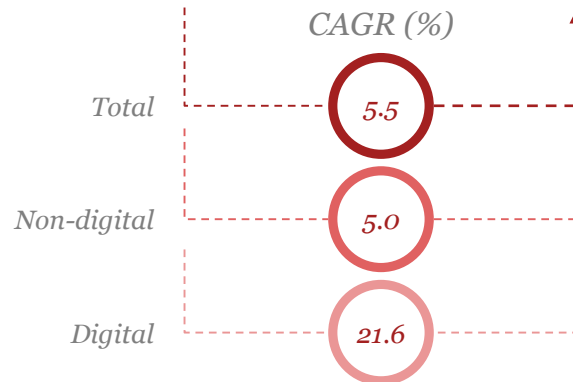


Global Aggregate Spending (\$bn)



Insights at a Glance

- Despite the growth of digital media, TV advertising remains the place to be.
- Online TV advertising will double its share of total TV advertising revenue in the next five years.
- Terrestrial's share of advertising will fall as multichannel and online grow.
- Failure to embrace new audience measurement metrics will see TV lose advertising revenue to other digital media players.



Highest growth country

(2013 – 2018 CAGR)

15.2

Kenya

Lowest growth country

(2013 – 2018 CAGR)

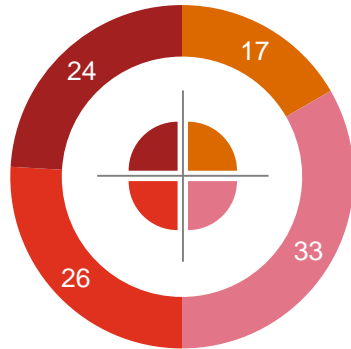
-2.3

Spain

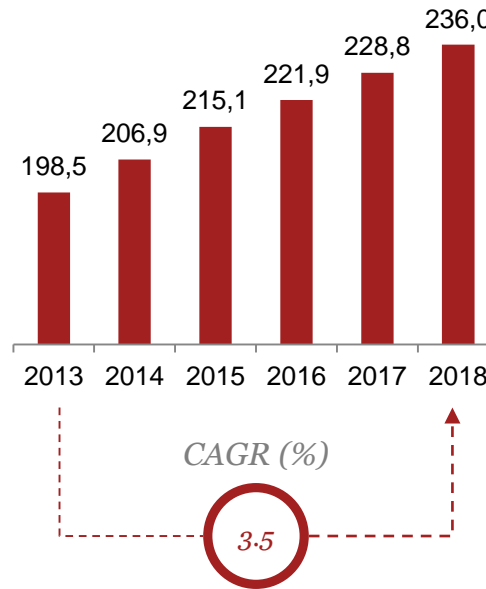


TV Subscriptions

Four Quadrants Geographic Breakdown (%)



Global Aggregate Spending (\$bn)



Insights at a Glance

- Subscription TV will not be fazed by the rise of OTT.
- Cable TV will fight back in the next five years, boosted by the switch to digital.
- China will become the second-largest TV market in 2016.
- BRIC investment in sophisticated subscription TV technologies creates big gains over the next five years . . .
- . . . but smaller emerging markets will see double-digit growth rates.

Highest growth country

(2013 – 2018 CAGR)



Saudi Arabia

Lowest growth country

(2013 – 2018 CAGR)

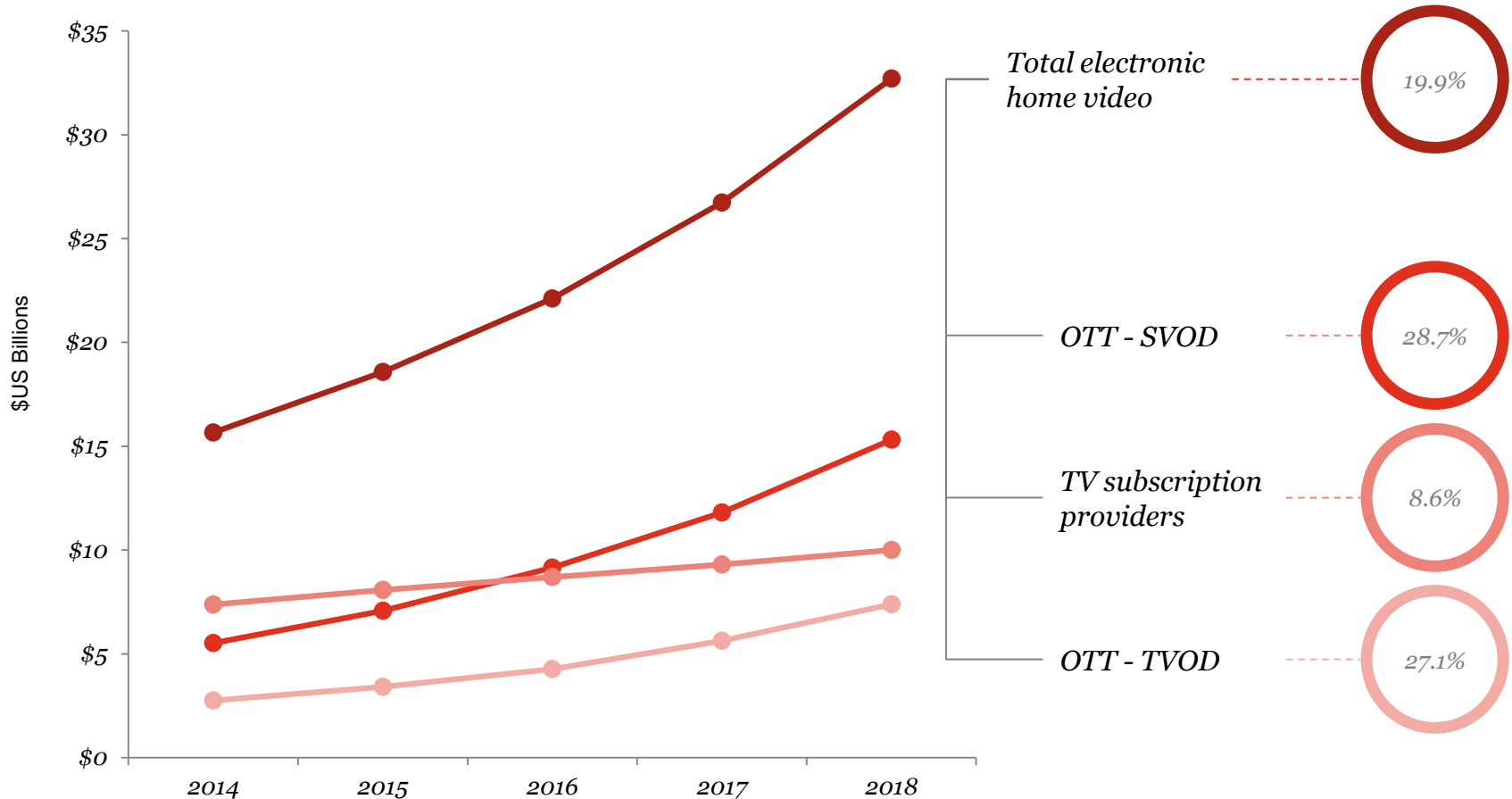


Taiwan

OTT / Streaming revenue will drive the vast majority of growth in electronic home video

Global total electronic home video spending

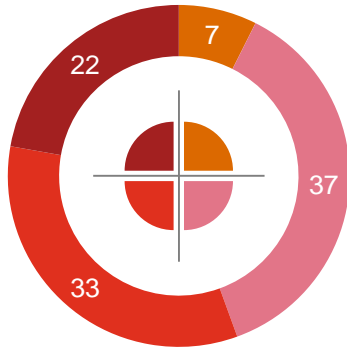
2013 – 2018 CAGR



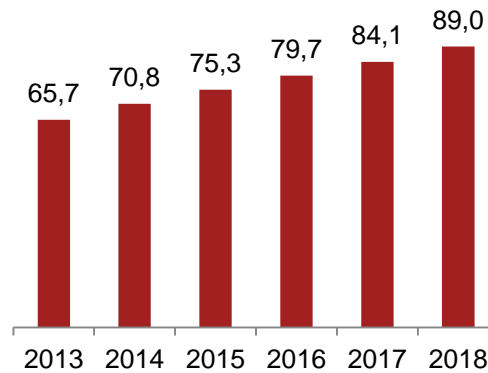


Video Games

Four Quadrants Geographic Breakdown (%)

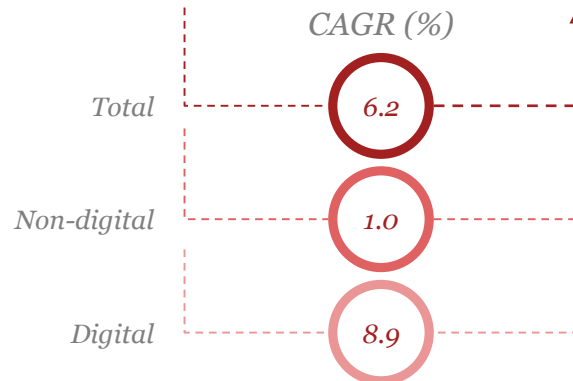


Global Aggregate Spending (\$bn)



Insights at a Glance

- Mobile is delivering a new generation of gamers.
- New features will sustain interest in console gaming.
- Improved online offerings will drive digital console games revenue.
- Social and casual gaming will continue to attract non-gamers, but the market is difficult to monetise.
- Microtransactions are widening gaming participation.



Highest growth country

(2013 – 2018 CAGR)

23.7

Saudi Arabia

Lowest growth country

(2013 – 2018 CAGR)

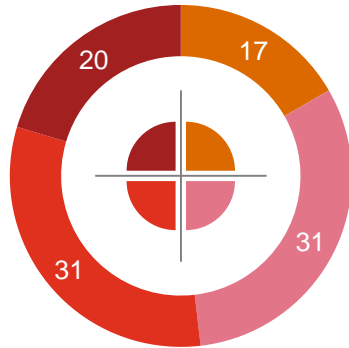
1.8

Switzerland

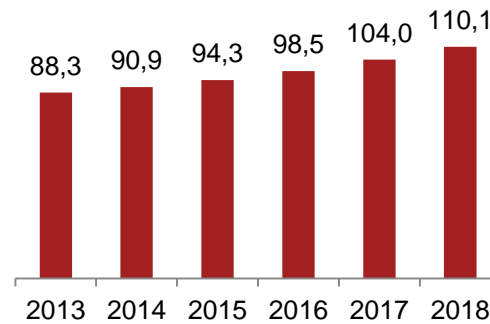


Filmed Entertainment

Four Quadrants Geographic Breakdown (%)

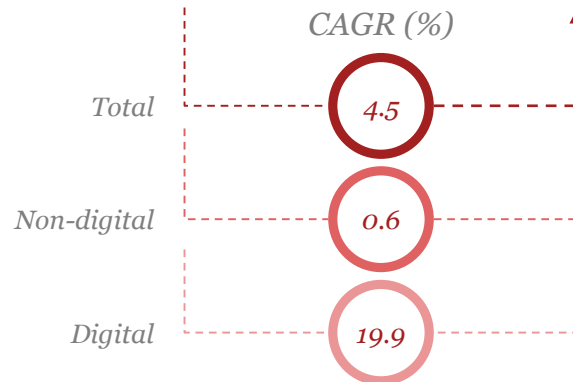


Global Aggregate Spending (\$bn)



Insights at a Glance

- Global electronic home video revenue will exceed physical home video revenue in 2018.
- OTT/streaming services will deliver the fastest rates of growth.
- China will provide a challenge and an opportunity.
- Though Hollywood films will still dominate . . . we expect the distribution of video content will continue to evolve.



Highest growth country
(2013 – 2018 CAGR)



Saudi Arabia

Lowest growth country
(2013 – 2018 CAGR)

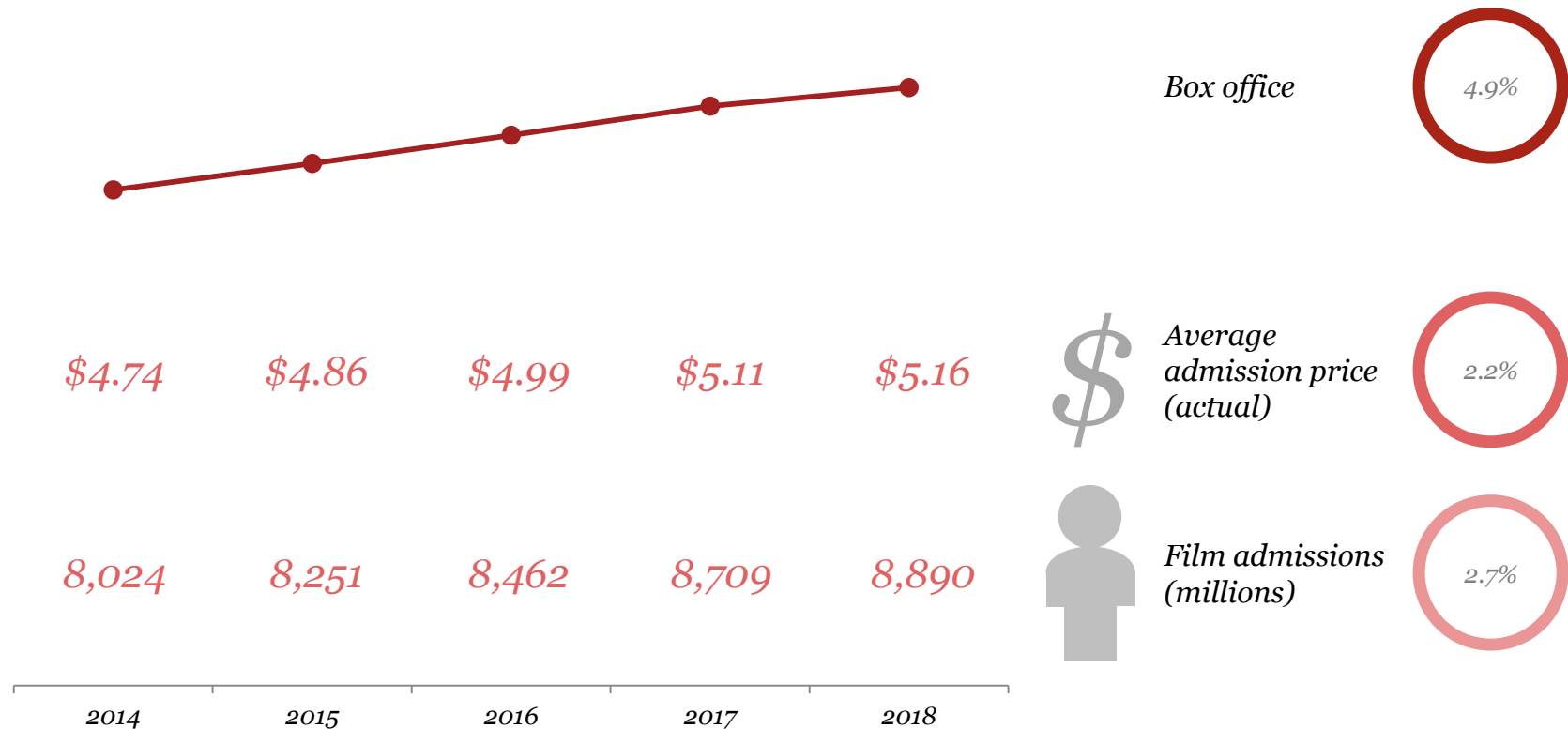


Ireland

Box office resilience underscores the continuing popularity of the cinematic experience

Global box office spending

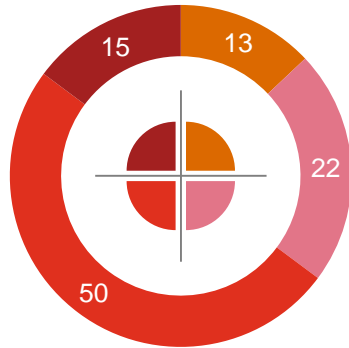
2013 – 2018 CAGR



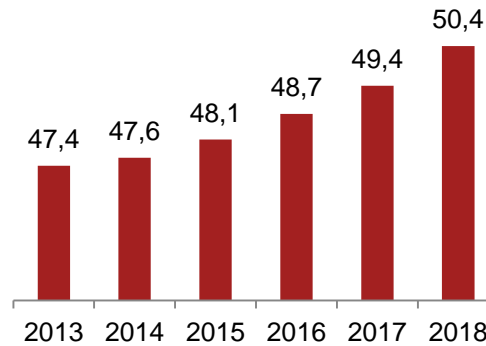


Music

Four Quadrants Geographic Breakdown (%)

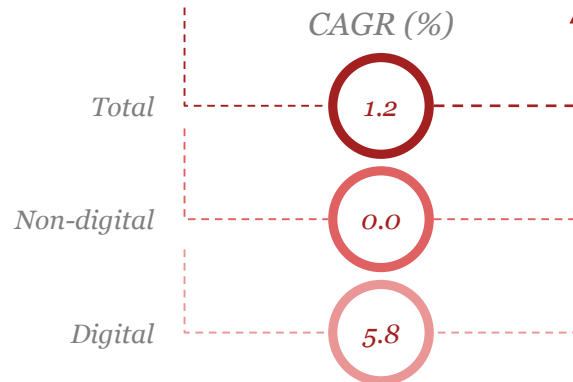


Global Aggregate Spending (\$bn)



Insights at a Glance

- Digital growth is powered by streaming
- Digital recorded music revenue will surpass physical recorded revenue in 2014.
- Download sales growth may be slowing, but the format remains strong.
- Mobile music will see major gains in emerging markets.
- Live music is extending its geographical reach, growing at 2.7% CAGR.
- The music industry is starting to use 'big data' to better engage with consumers.



Highest growth country

(2013 – 2018 CAGR)



Nigeria

Lowest growth country

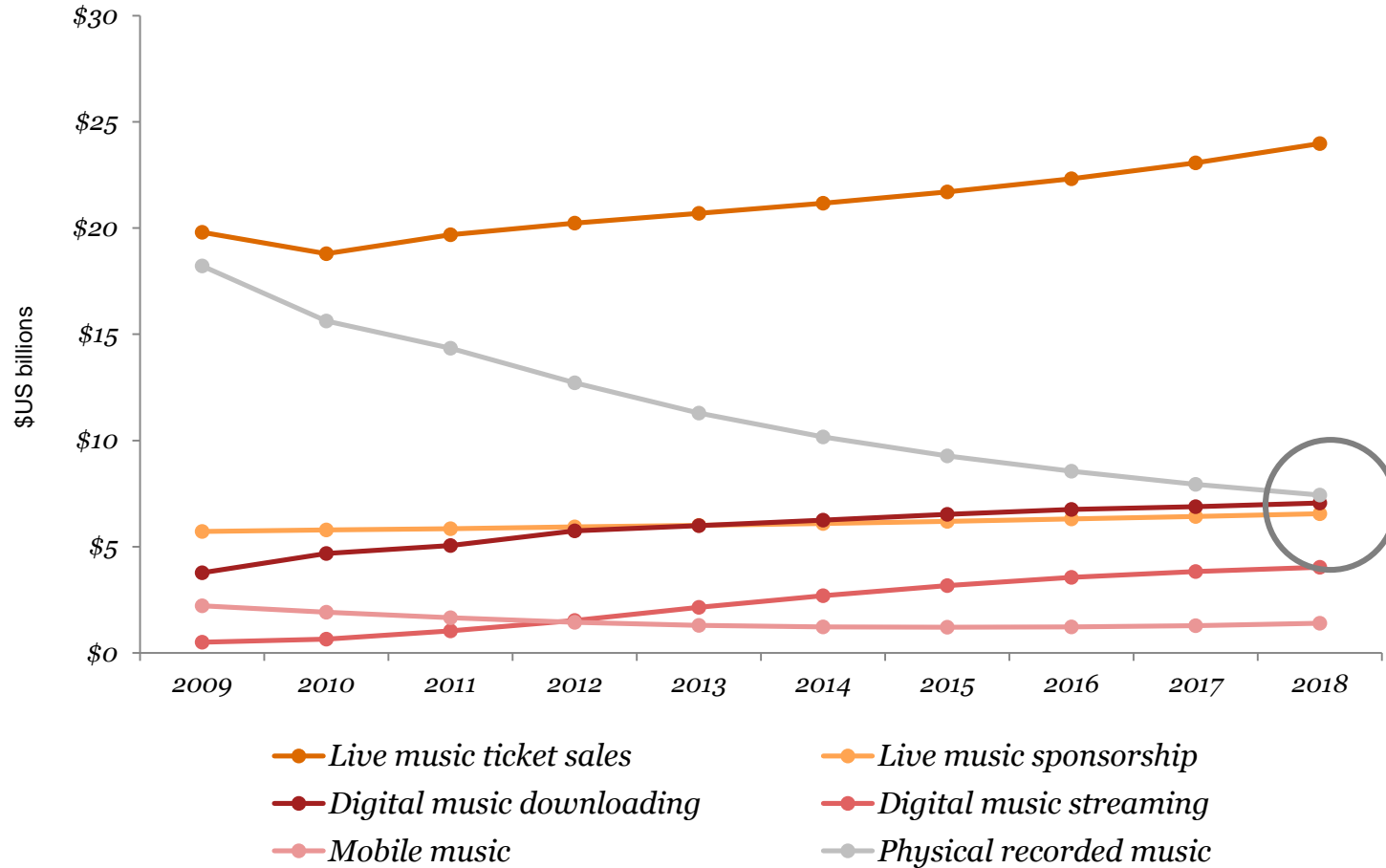
(2013 – 2018 CAGR)



Romania

Digital music downloading nears physical recorded music by 2018

Global music spending by category



2013 – 2018 CAGR

3.0%

-8.0%

3.3%

1.7%

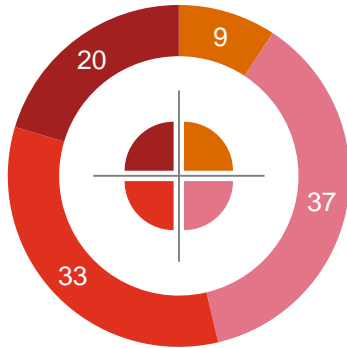
13.4%

1.5%

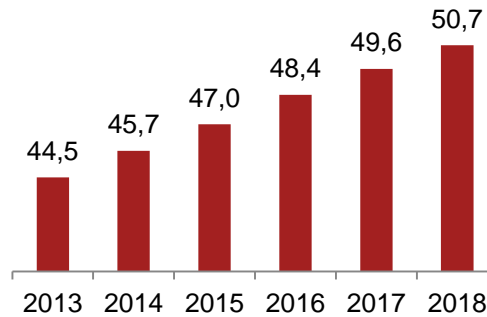


Radio

Four Quadrants Geographic Breakdown (%)

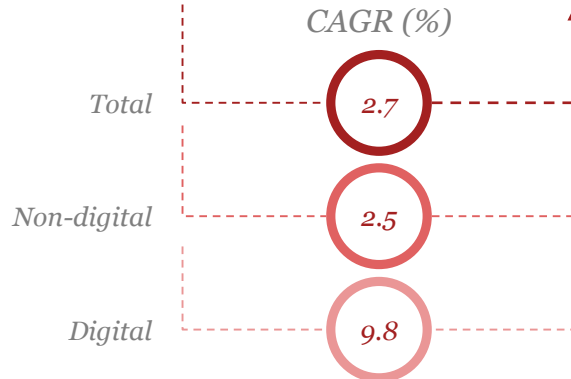


Global Aggregate Spending (\$bn)



Insights at a Glance

- Total radio revenue will surpass US\$50bn in 2018, but growth will slow as music streaming continues to pose challenges.
- The US leads the way, despite China's gains.
- Free music has implications for radio advertising revenue.
- In-car convergence will impact upon the 'heartland' of radio.
- The innovators of digital radio are under threat.



Highest growth country

(2013 – 2018 CAGR)



Venezuela

Lowest growth country

(2013 – 2018 CAGR)

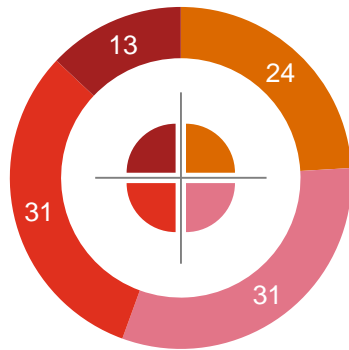


Netherlands

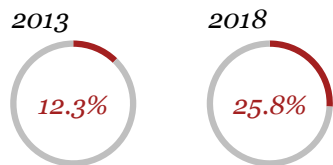


Book Publishing

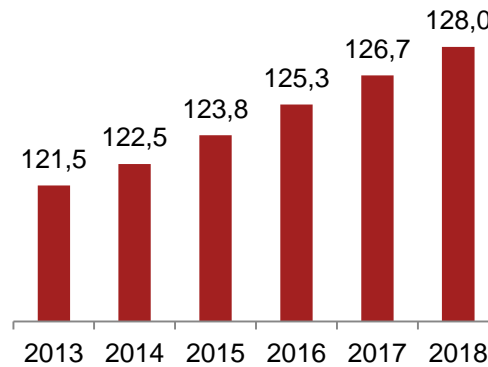
Four Quadrants Geographic Breakdown (%)



Digital Revenue—Share of Total (%)

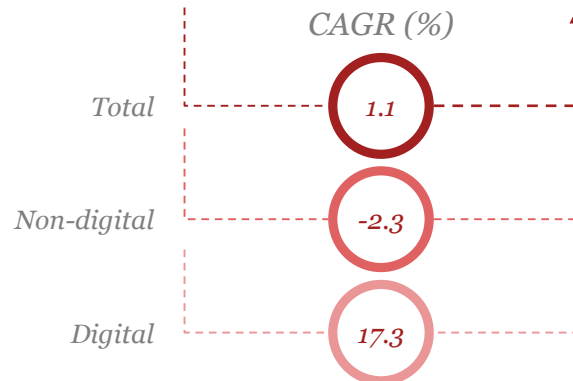


Global Aggregate Spending (\$bn)



Insights at a Glance

- Digital gains returned global consumer books revenue to growth in 2013.
- China will become the second-largest book market in 2017.
- Growth in consumer e-books is strong, but slowing.
- Educational e-books have yet to gain traction.
- But educational publishers continue to invest in digital publishing.
- Professional books will see the fastest migration to digital.



Highest growth country (2013 – 2018 CAGR)



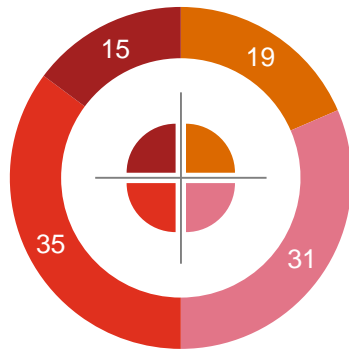
Lowest growth country (2013 – 2018 CAGR)



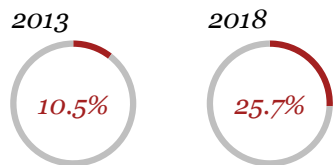


Magazine Publishing

Four Quadrants Geographic Breakdown (%)



Digital Revenue—Share of Total (%)



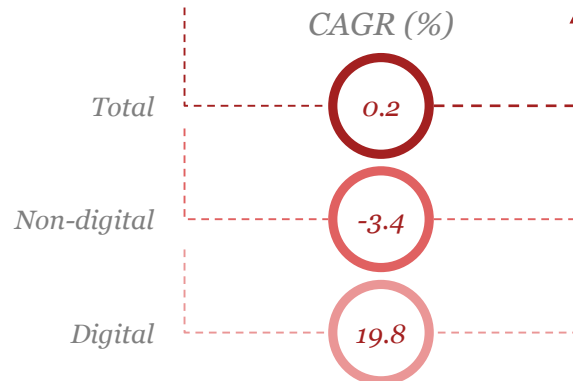
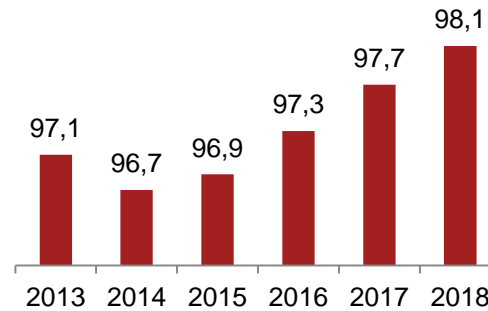
Highest growth country (2013 – 2018 CAGR)



Lowest growth country (2013 – 2018 CAGR)



Global Aggregate Spending (\$bn)



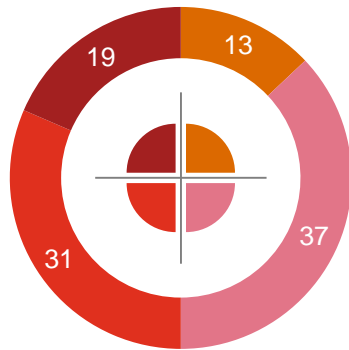
Insights at a Glance

- Globally, total magazine revenue will resume growth in 2015.
- While digital consumer magazine circulation revenue will see the fastest growth, digital consumer magazine advertising revenue is much larger.
- All-you-can-read subscription services are yet to take off but will be transformational.
- But total consumer magazine circulation revenue will continue to decline.
- Emerging economies will see fastest growth in trade magazines.

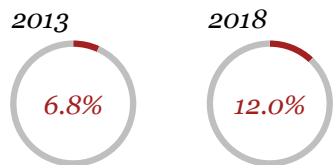


Newspaper Publishing

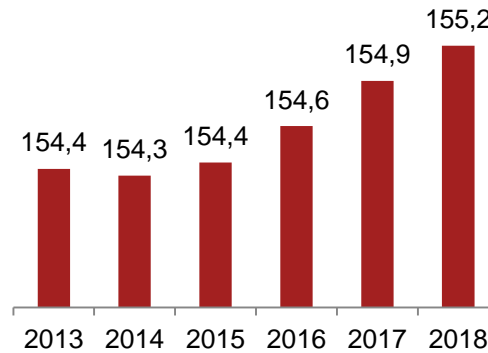
Four Quadrants Geographic Breakdown (%)



Digital Revenue—Share of Total (%)

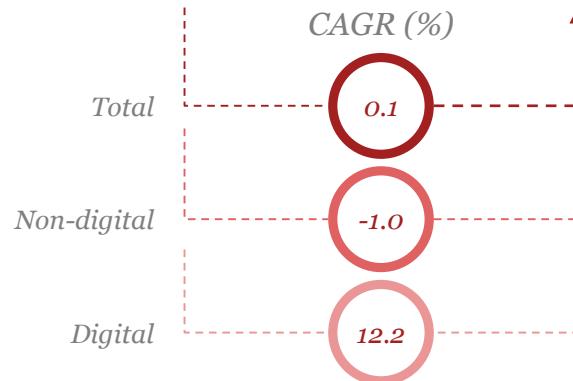


Global Aggregate Spending (\$bn)



Insights at a Glance

- Globally, the newspaper industry's revenue decline will finally end in 2015.
- But the future of newspapers will vary significantly by market.
- Circulation revenue will almost match advertising revenue by 2018.
- Digital payments are taking off, but won't prove transformational.
- Growth in digital advertising revenue is slowing down.



Highest growth country (2013 – 2018 CAGR)



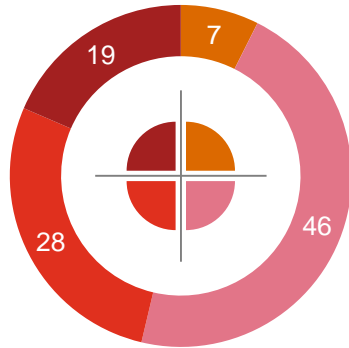
Lowest growth country (2013 – 2018 CAGR)



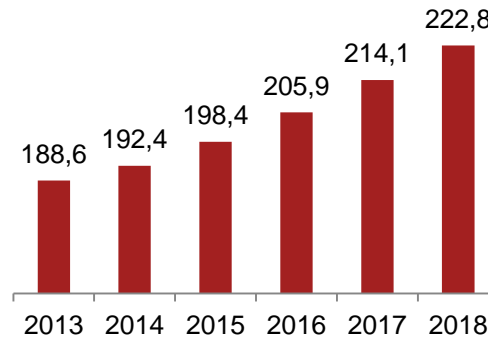


Business-to-Business

Four Quadrants Geographic Breakdown (%)

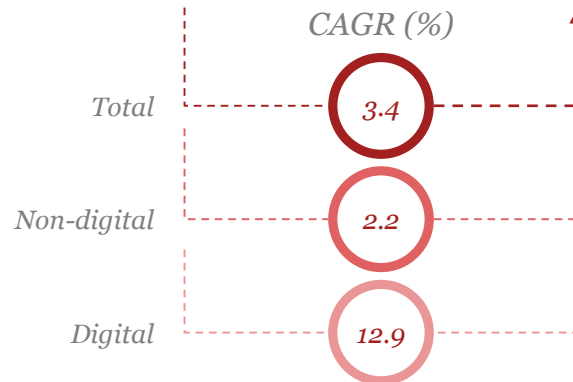


Global Aggregate Spending (\$bn)



Insights at a Glance

- Professional books revenue will surpass directories in 2015 as digital spurs growth
- And directories providers need to adapt.
- Trade shows will grow at a 4.4% CAGR by using social media to complement the sustained appeal of face-to-face meetings.



Highest growth country

(2013 – 2018 CAGR)



Peru

Lowest growth country

(2013 – 2018 CAGR)



UK