

Global Entertainment & Media Outlook: 2020-2024



October 2020



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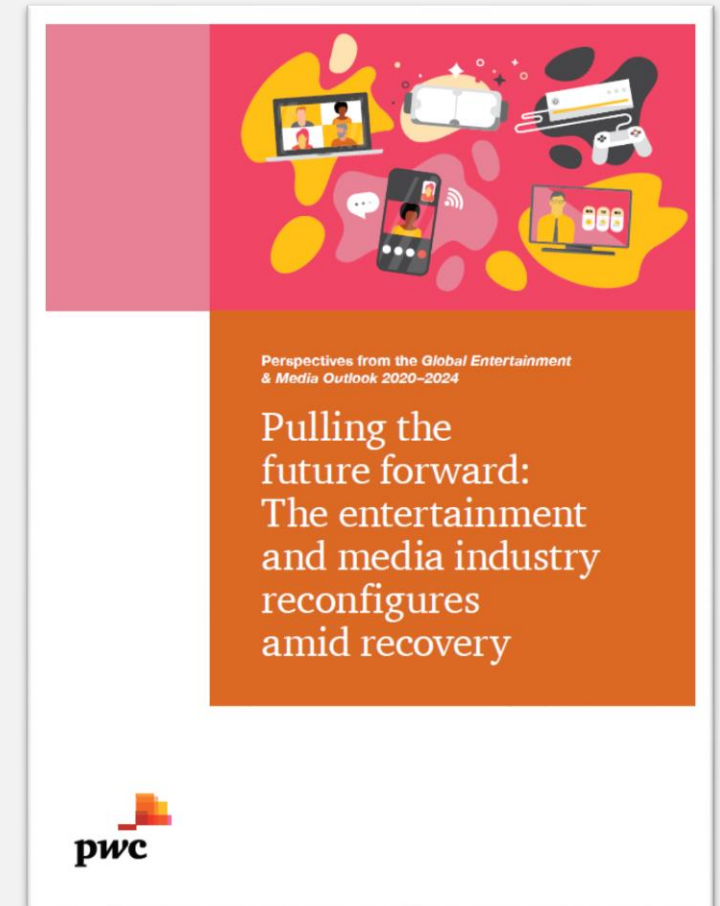
Perspectives from the 2020 Entertainment & Media outlook

Pulling the future forward: The entertainment
and media industry reconfigures amid recovery

Pulling the future forward: The entertainment and media industry reconfigures amid recovery

Global Entertainment & Media Outlook perspectives

- **Consumer habits can take a lifetime to learn—but just a lockdown to lose.** In only a few short months, COVID-19 accelerated ongoing changes in consumers' behaviour, pulling forward a series of digital disruptions that would have occurred in future years
- **New opportunities for new business models present themselves** to meet consumers who are predominantly at home and online – businesses are creating new arrangements and combinations aimed at opening up new revenue opportunities
- **Consumer spending to grow faster than advertising** – E&M companies are increasingly in the business of delivering experiences and content directly to consumers, not delivering audiences and eyeballs to advertisers
- **Reconfiguration is underway** as consumers and businesses adapt. Although there will still be challenges for E&M companies as we move beyond the pandemic, the digital migration that has been pulled forward will also generate opportunities in most segments



Shifting patterns of consumer behavior...

The pandemic has propelled consumers even faster towards digital behaviours in many areas of their lives

From



Attending live music events (e.g., concerts, festivals)



To

- Live performances streamed online
- Viewing concerts on gaming platform event



Viewing movies in the cinema



- Viewing films on over-the-top (OTT) platforms (e.g., Netflix, Disney Hotstar)



Attending fitness classes at studios



- On-demand online fitness classes
- Live-streamed fitness classes



Attending B2B trade shows



- Virtual events, online digital tours and multimedia

... had led to E&M companies adopting new ways to drive growth and match consumer preferences

Companies shift from advertisers to subscriptions

- Drive towards subscriptions reflects a wider attribute of the accelerated digital future: the power of direct-to consumer connections

Digital event spaces present new opportunities

- Companies are exploring different ways to bring live experiences into the home in a more personalized and engaging way. Eg. Virtual events, online digital tour and esports

Pandemic boosts virtualization

- Connected studios: From production to sound and graphics have an opportunity to leverage cloud infrastructure enabling virtual production capabilities.
- Advances in tech such as 5G roll-outs combined with the aftereffects of COVID-19 may help immersive tech like AR/VR to realize their true potential

Marketers are redirecting spend to Digital

- Media budgets are shifting to Digital channels in tandem with the spike in media consumption since lockdown. Cross-platform strategies (OTT + CTV) are becoming critical to improve monetization and advertiser ROI.
- Though still nascent, many brands and businesses are looking to utilize Podcasts as a channel to deliver vs their normal advertising channel of choice such as OOH

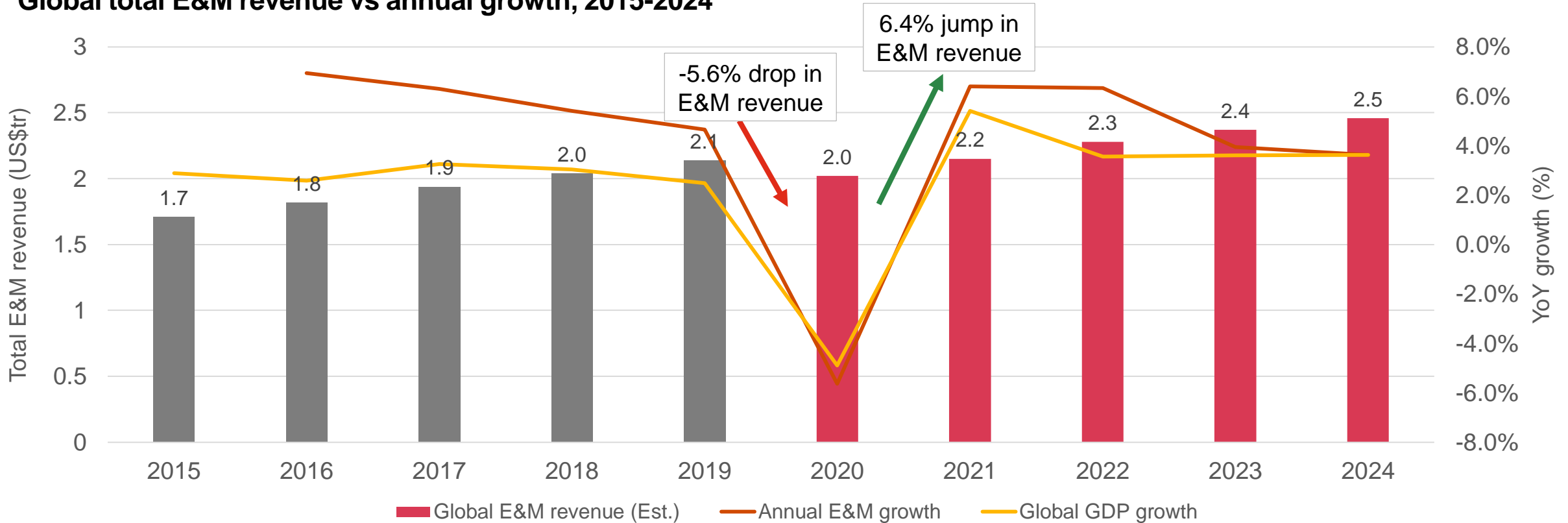
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Overview – Global Entertainment & Media macro trends

Global summary and macro trends

Total E&M revenue is set to fall more than US\$120bn on 2019

Global total E&M revenue vs annual growth, 2015-2024

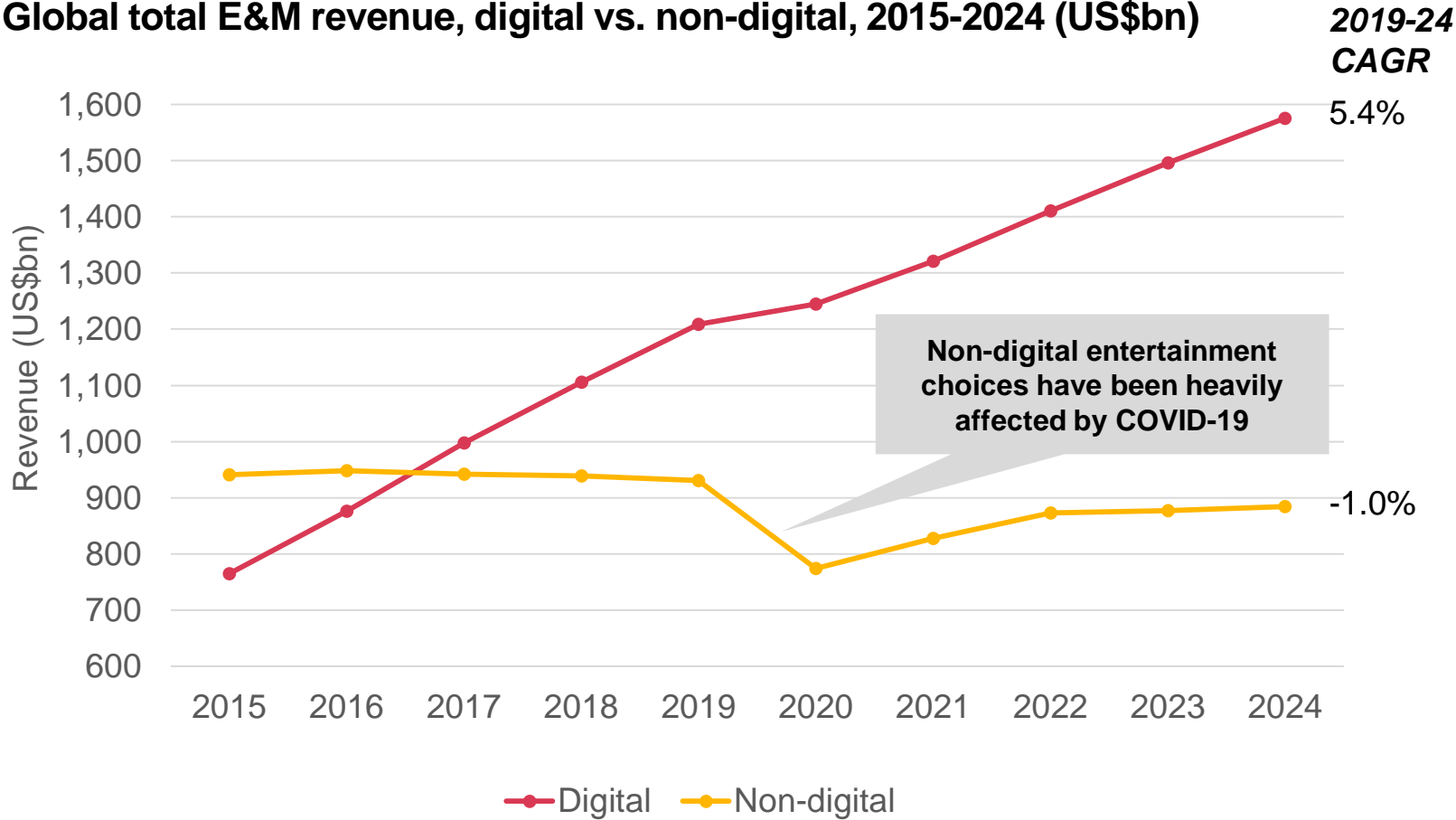


...In 2009, the last year the global economy shrank, total global E&M revenue fell by just 3.0%

Note: All figures are reported in nominal terms reflecting actual spending transactions and therefore include the effects of inflation
 Source: PwC Global Entertainment & Media Outlook 2020-2024, www.pwc.com/outlook, World Bank, IMF

However, Digital will see its share of total E&M revenue jump in 2020

Global total E&M revenue, digital vs. non-digital, 2015-2024 (US\$bn)



Digital revenue accelerates

- Digital revenue to touch 60% share of total E&M revenue by 2020. Pre-COVID forecast was 58.5%
- Non-digital revenue segments heavily impacted: cinema, sales of print newspaper and magazines
- Digital revenue segments that have benefited: OTT, video games, internet advertising

Note: 2019 is the latest available data. 2020-2024 values are forecast projections
 Source: PwC Global Entertainment & Media Outlook 2020-2024, www.pwc.com/outlook

In terms of individual segment market size as % of global E&M revenue, OTT video will see the largest gain

Share of E&M revenue by segment: 2019 vs. 2024

Segment	2019 actual - Global	2024 forecast	2019 actual - India	2024 forecast
Internet Advertising	14.5%	15.9%	4.1%	6.8%
TV and Home Video	11.3%	9.4%	33%	29.2%
B2B	8.5%	8.0%	3.9%	3.2%
Video games and esports	6.1%	7.3%	3.9%	5.7%
TV Advertising	7.2%	6.1%	9.4%	6.4%
Newspapers and consumer magazines	7.4%	4.9%	11.8%	7%
Music, radio and podcasts	4.3%	4.2%	2.7%	3.1%
OTT video	2.2%	3.5%	2.4%	5.2%
Books	2.8%	2.6%	2.7%	2.6%
OOH	1.8%	1.8%	1.4%	1.2%
Cinema	2.1%	1.6%	5.1%	2.8%
VR	0.1%	0.2%	-	-

COVID impact on market size

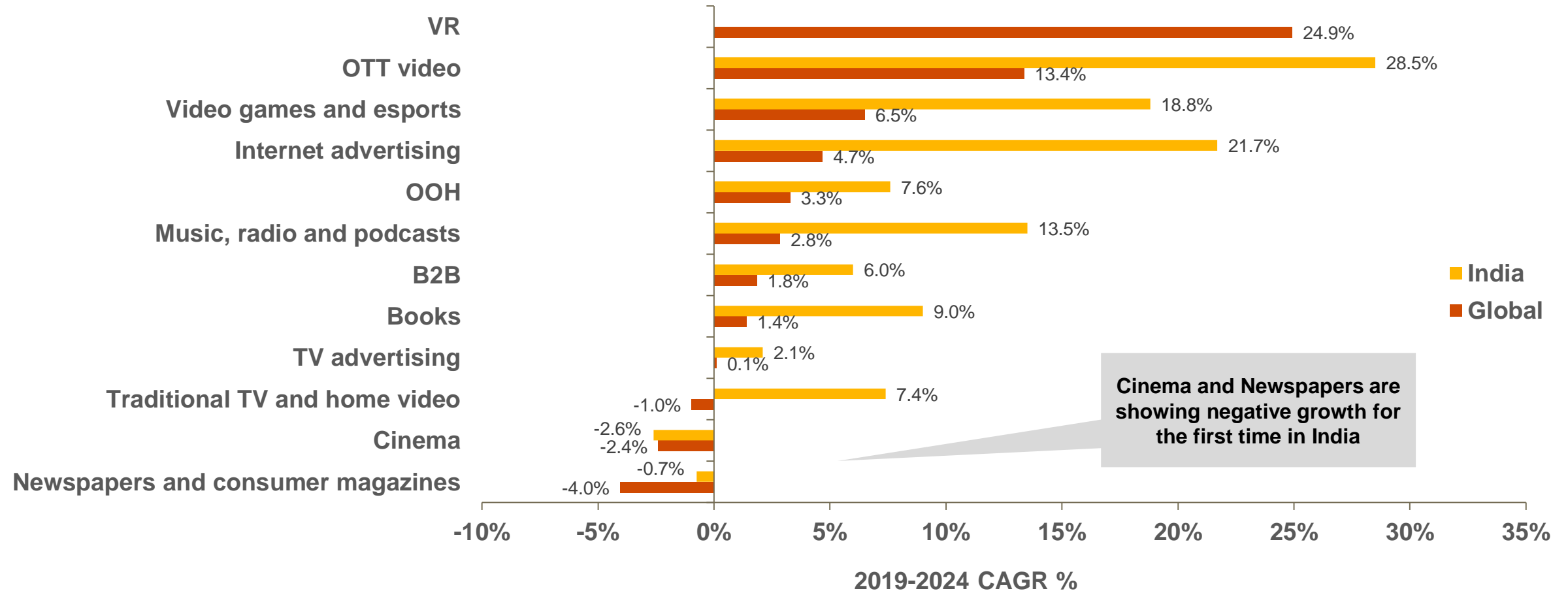
- Fast trackers: OTT, Internet Advertising, Video games and esports, music, radio and podcasts
- Slow trackers: Cinema, Newspapers and consumer magazines, Traditional TV and advertising

Note: 2019 is the latest available data. 2020-2024 values are forecast projections | Above table excludes figures for Internet access.

Source: PwC Global Entertainment & Media Outlook 2020-2024, www.pwc.com/outlook

Looking at growth across segments, OTT continues to top the list, followed by Internet advertising

Segment CAGR % 2019 - 2024

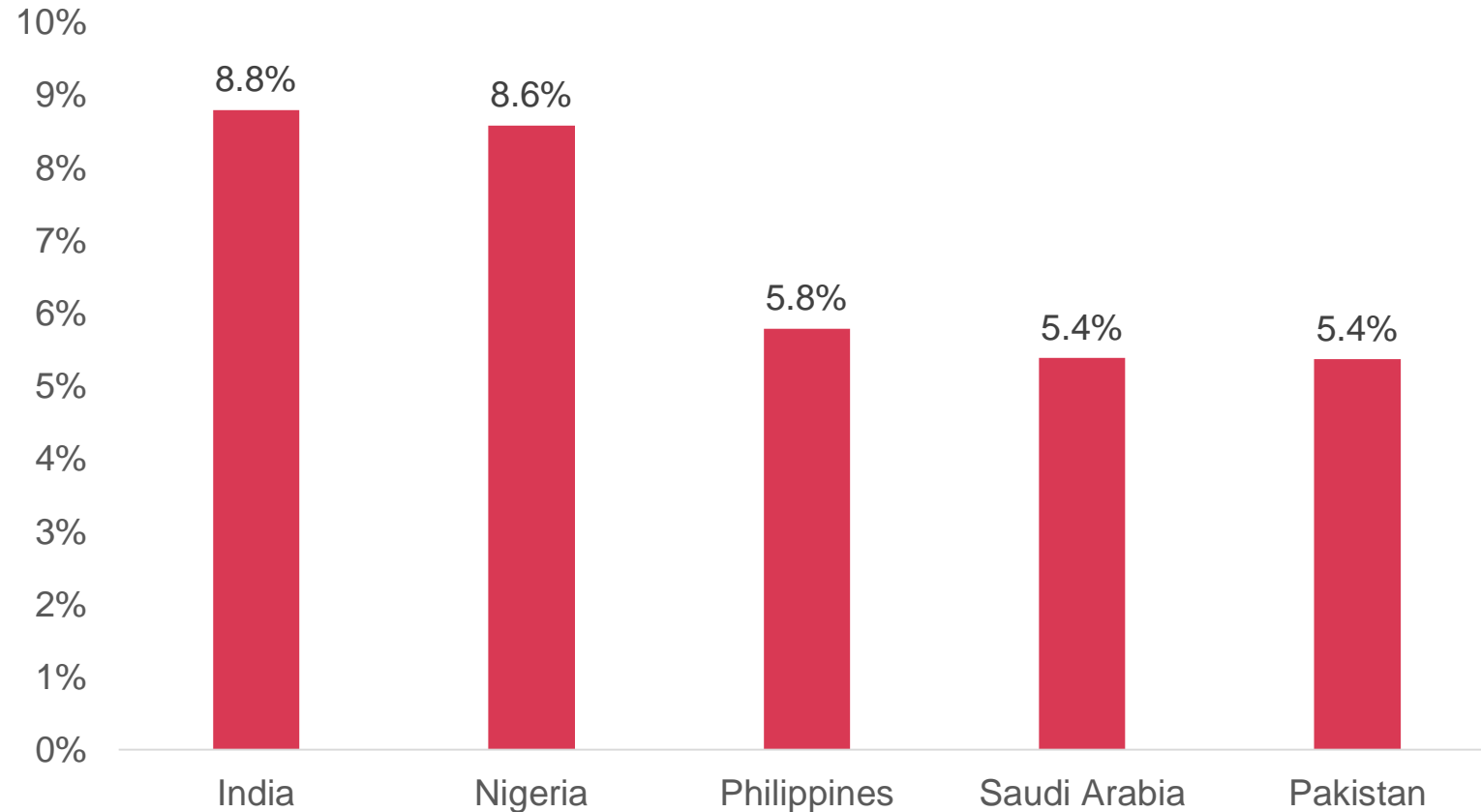


Note: Data consumption is not included

Source: PwC Global Entertainment & Media Outlook 2020-2024, www.pwc.com/outlook

India leads as the fastest-growing consumer market when looking at pure consumer E&M revenue*

Five fastest-growth consumer markets, CAGR 2019-2024 (%)



*Note: 2019 is the latest available data. 2020-2024 values are forecast projections | * Includes only subscription revenue
Source: PwC Global Entertainment & Media Outlook 2020-2024, www.pwc.com/outlook*

E&M consumer revenue leaders

- Overall E&M total revenue by territories has Egypt leading the way with a 17.3% CAGR and total revenue set to double in 2024
- However, looking at pure consumer revenue has India leading the pack with a 8.8% CAGR through 2019-2024
- Overall global consumer revenue is forecasted to rise 2.2% in the forecasted period

Industry Global Mega trends

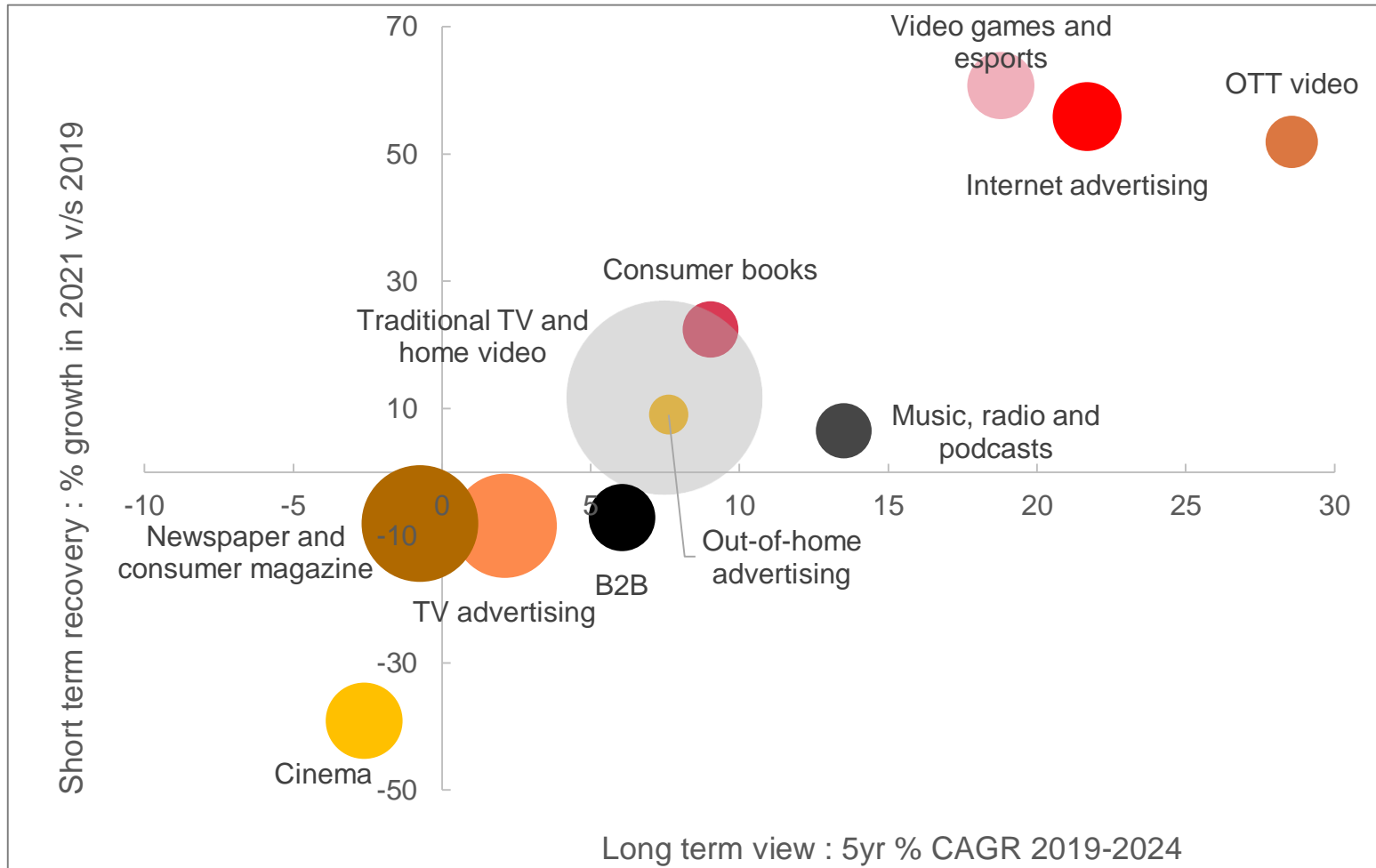
- 1** In 2019, data consumed by smartphones overtook fixed broadband ; to accelerate as 5G becomes more accessible
- 2** Asia Pacific overtakes North America as the leader in smart speaker ownership in 2019
- 3** Digital advertising revenue surpassed traditional advertising in 2019
- 4** COVID-19 has accelerated OTT platform adoption. Global SVOD revenue will overtake box office spend in 2020.
- 5** Globally, Digital consumer magazine advertising will overtake print magazine by 2023.
- 6** Mobile display will overtake wired Internet advertising in 2022. Led by mobile video consumption and social media.
- 7** Games category is set to become the third-largest consumer of data by 2024

Source: PwC Global Entertainment & Media Outlook 2020-2024, www.pwc.com/outlook

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Segment review –
Spotlight on India

Expect a K-shaped bifurcated recovery, in which some sectors rise while others fall



Digital businesses to gain

- Segments linked to advertising and those where consumption happens in physical spaces are likely to be negatively impacted
- Digital E&M spending — OTT subscription or mobile data allowance is being increasingly regarded as a utility and therefore a non-discretionary expense
- Top 4 segments in terms of % CAGR growth (2019-24)
 1. OTT Video
 2. Internet Advertising
 3. Video games and esports
 4. Music, radio and podcasts
- The industry's longer-term outlook remains robust, growing at a CAGR of 10.1% to reach US\$55 Bn by 2024
- Changing consumer behaviors will clearly impact Cinema and Print segment.

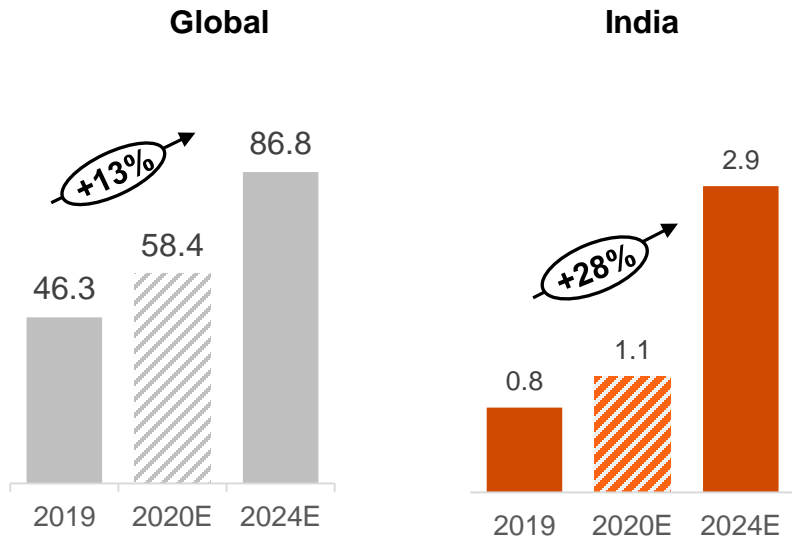
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Source: PwC Global Entertainment & Media Outlook 2020-2024, www.pwc.com/outlook

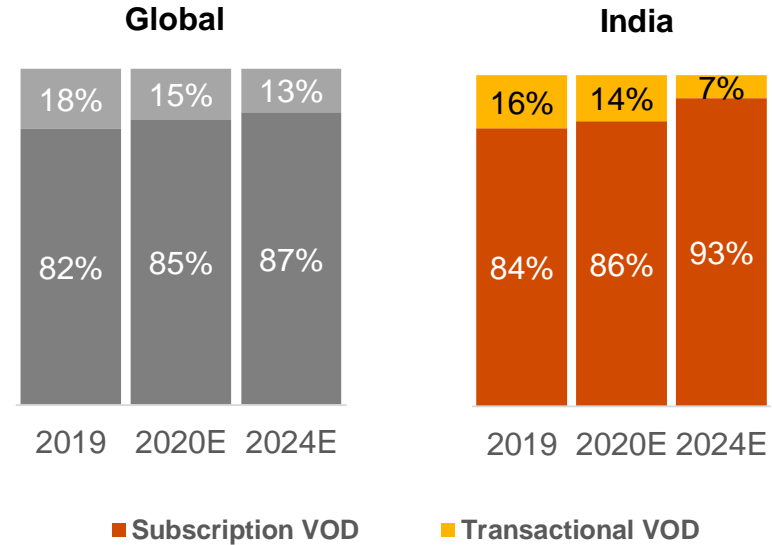
○ Size proportional to segment revenue in 2019

India is the fastest growing OTT market at 28.6 % CAGR ; to become the sixth-largest market in 2024

OTT video segment revenue 2019-2024 (US\$ Bn)



Subscription VOD vs transaction VOD (% share of overall OTT market)



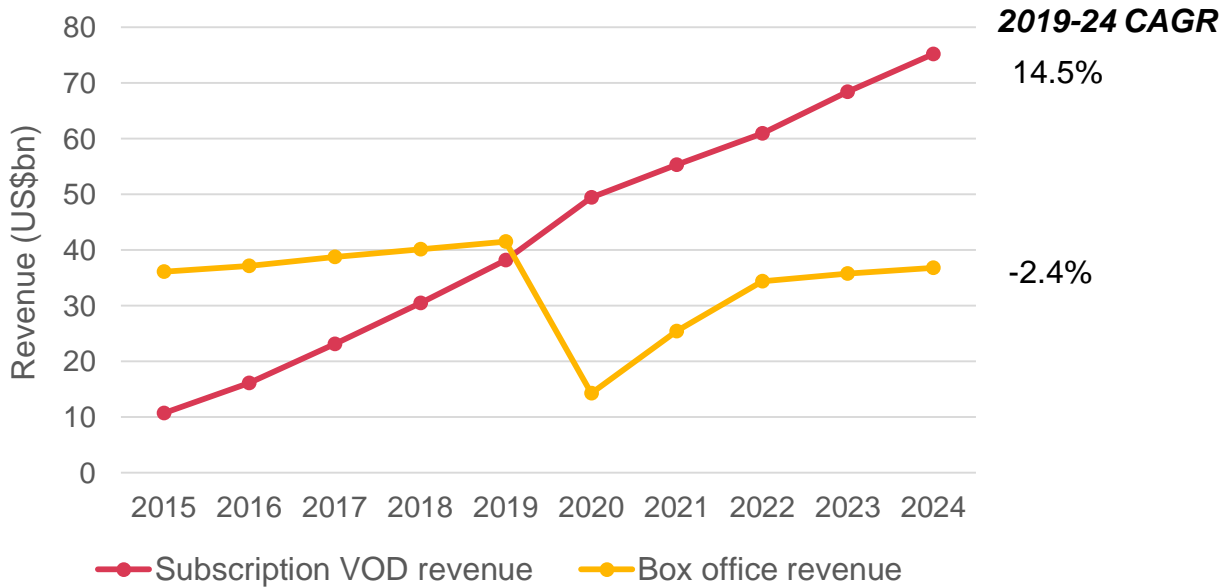
- India’s OTT market to overtake South Korea, Germany and Australia and become the sixth-largest market in 2024.
- OTT video growth is coming from both inside and outside the home as Internet-connected devices proliferate, notably new smartphones and connected TVs.

- Subscription VOD will be the prime driver of revenue, increasing at a 30.7% CAGR from US\$708mn in 2019 to US\$2.7bn in 2024
- The new at-home environment has led to the rise of new direct-to-consumer apps, local ‘bite-sized’ entertainment platforms and user-generated content (UGC) formats.

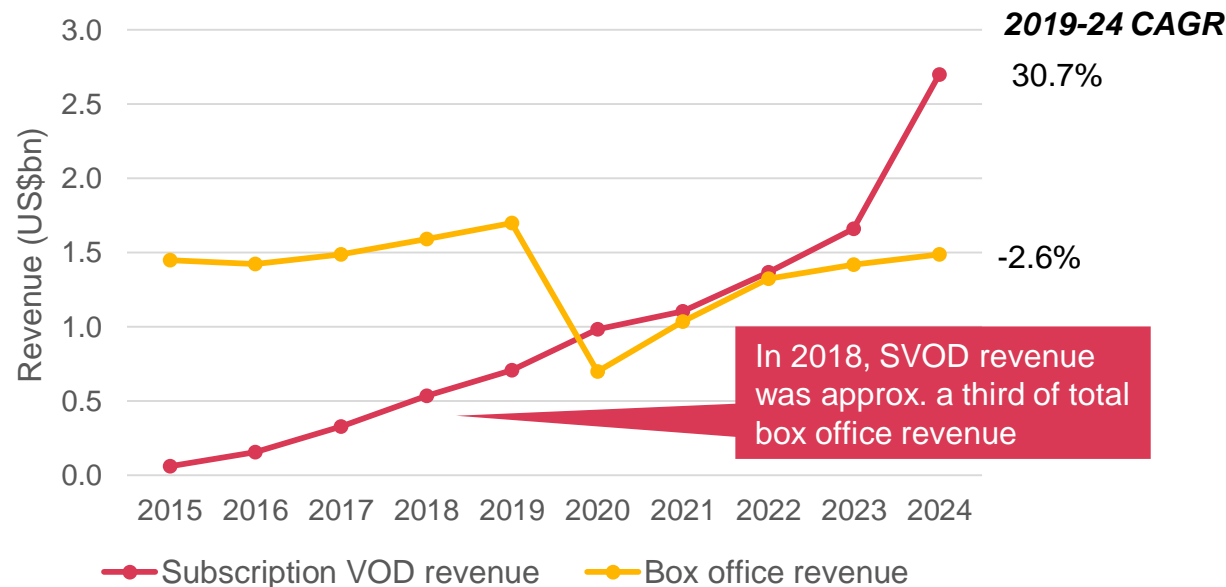
Source: PwC Global Entertainment & Media Outlook 2020-2024, www.pwc.com/outlook

OTT to gain as cinema degrows; SVOD revenue to overtake box office spend in 2020

Global SVOD vs box office revenue, 2015-2024 (US\$bn)



India SVOD vs box office revenue, 2015-2024 (US\$bn)



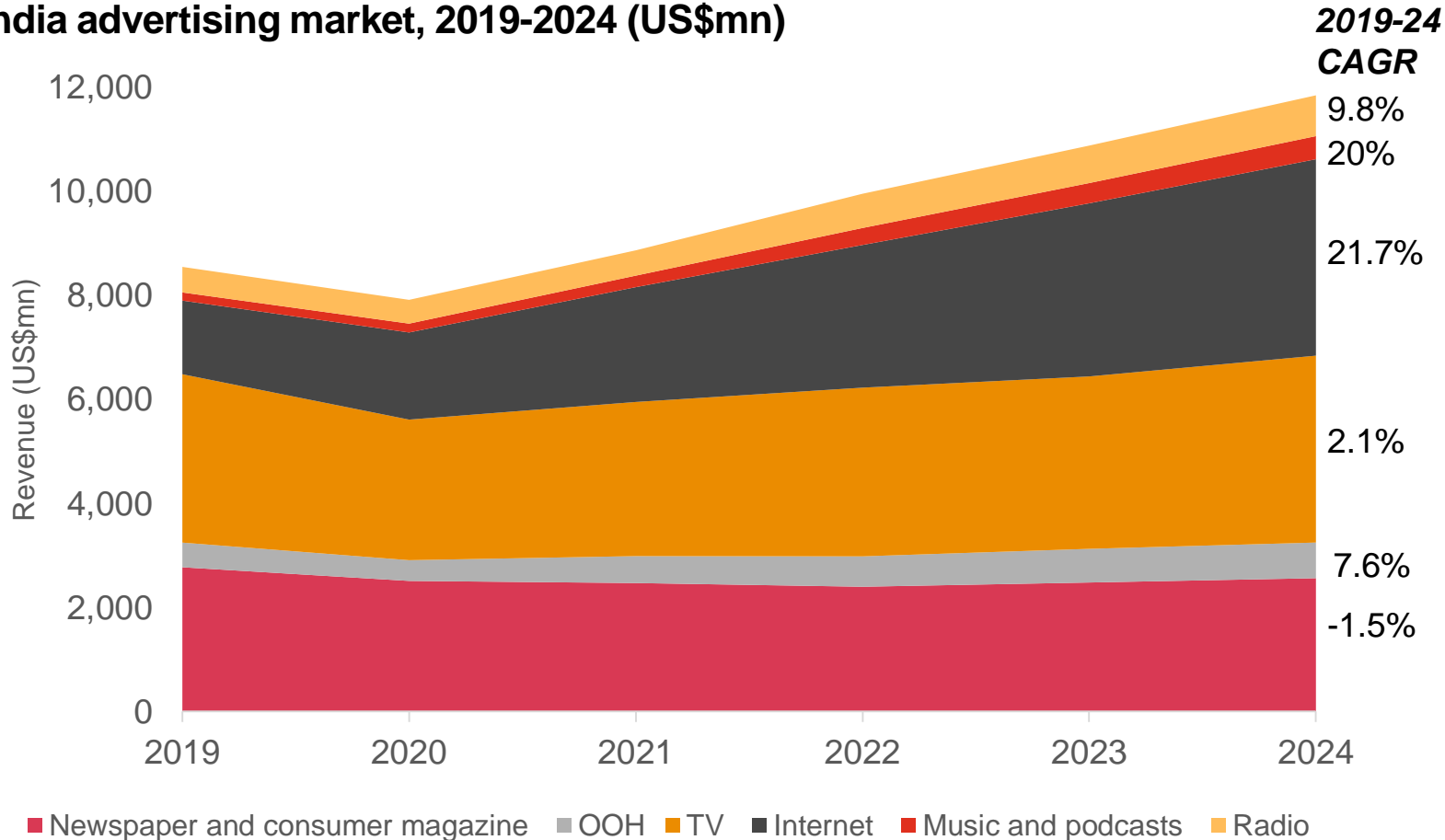
SVOD slides past box office

- COVID-19 has accelerated OTT platform adoption
- A key tipping point will be reached in 2020 when SVOD revenue will overtake box office spend. This event highlights the speed at which OTT platforms have been accepted by consumers.
- OTT to benefit from the degrowth of cinemas, as some film studios choose to fast-track new releases to home video platforms.

Note: 2019 is the latest available data. 2020-2024 values are forecast projections
 Source: PwC Global Entertainment & Media Outlook 2020-2024, www.pwc.com/outlook

While COVID impacted overall advertiser confidence, Internet advertising segment emerged comparatively unscathed

India advertising market, 2019-2024 (US\$m)



Internet adv - US\$3.8bn by 2024

- India is now the sixth-largest Internet ad market in the Asia Pacific, having surpassed Taiwan in 2019.
- Mobile will continue to be the primary driver of revenue due to increased data affordability, new mobile-first formats, ability to measure, and strategic targeting (i.e. geolocation).
- TV advertising model continues to be impacted by the ongoing shift in the consumers' media consumption habits
- Traditional media such as newspapers are investing heavily in their own digital services and looking to monetize through a hybrid of subscriptions and ad based models.

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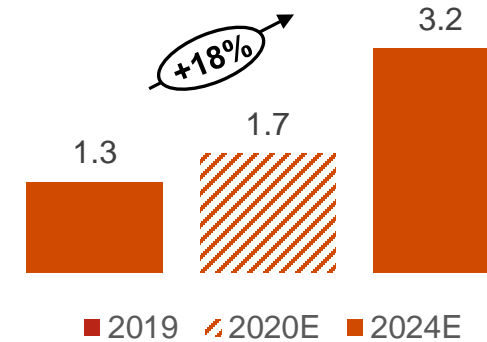
India's billion-dollar gaming market to reach US\$3.2bn in 2024, increasing at an impressive 18.8% CAGR

Gaming content sees rapid growth

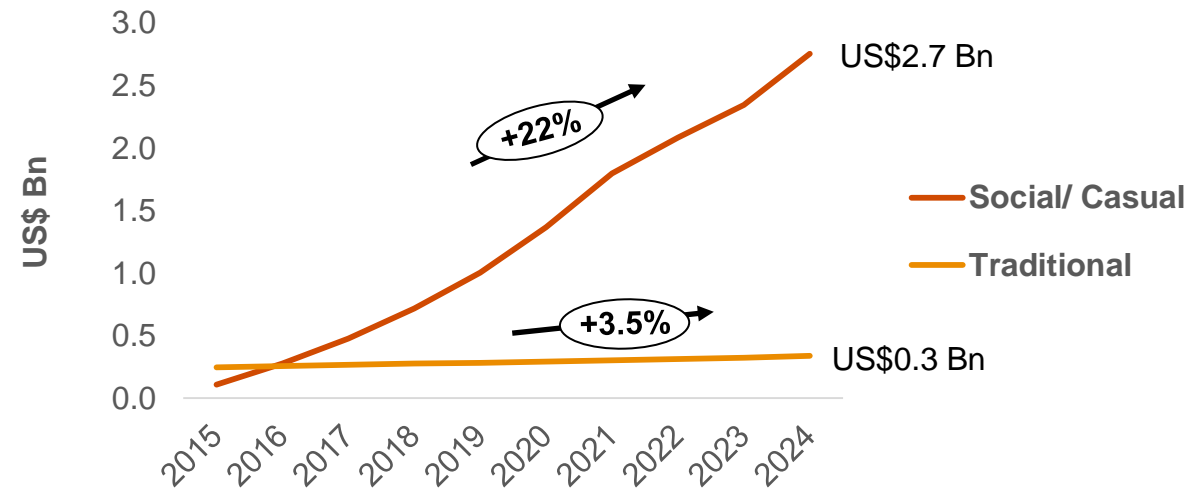
- Gaming and esports is capitalizing on the need to bring live experiences into the home in more personalized and engaging ways. Players are increasingly experimenting with cloud, virtual reality (VR) and mixed reality (MR)
- Esports represents less than 1.0% of overall market in 2019, but will be the faster growing segment with a projected 33% CAGR to 2024
- As per category, social/casual games to become even more dominant over the forecast period, accounting for 86.7% of the market in 2024.
- Despite surging growth and enormous potential, the challenge that remains is of relatively low levels of app monetization.

Note: 2019 is the latest available data. 2020-2024 values are forecast projections
 Source: PwC Global Entertainment & Media Outlook 2020-2024, www.pwc.com/outlook

Video games and Esports segment revenue 2019-2024 (US\$ Bn)

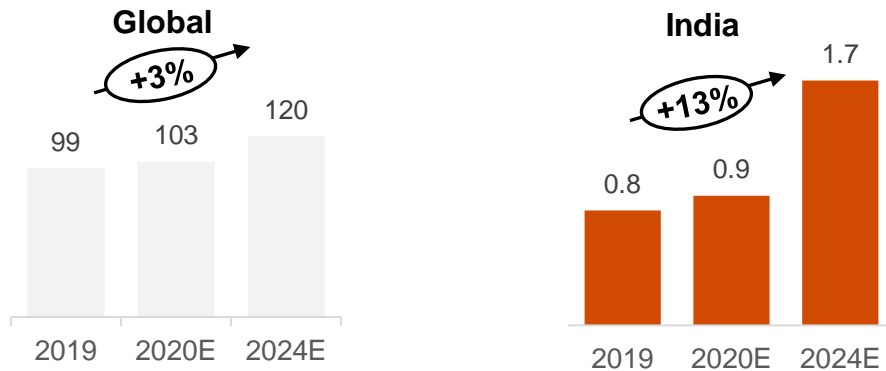


Consumer spend by gaming category (US\$ Bn)



With 57.6mn monthly listeners*, India is the third largest podcast listening market in the world after China and the US

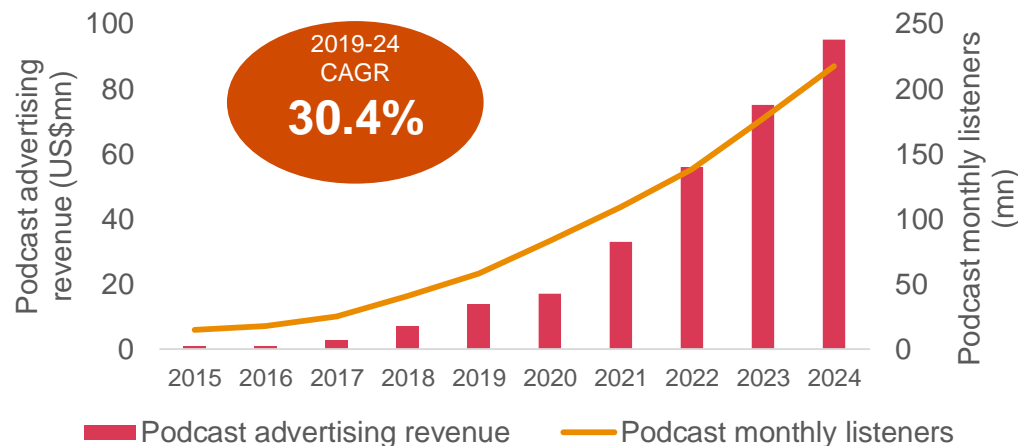
Music, radio and podcasts segment revenue (US\$bn) 2019-2024



India the sleeping giant of the global podcast market

- Fuelled by the uptake of music-streaming brands, the overall space is forecast to expand to total revenue of nearly US\$1.7bn in 2024, at a 13.5% CAGR.
- The music industry is seeing increasing value in partnerships with Esports and social media companies as they look to strengthen their music library for integration with gaming events, videos, messages etc.
- India will also see strong increase at a 30.4% CAGR in its monthly podcast listener base over the next five years, supported by entry of foreign players and original content on topics including news, society, culture and sports.
- Ease of voice search coupled with increasing penetration of smart speakers will further drive segment revenues over the next 5 years.

India podcast ad revenue (US\$m) and monthly listeners (mn), 2015-2024



Note: 2019 is the latest available data. 2020-2024 values are forecast projections | *people who listened to at least one podcast in the last month
 Source: PwC Global Entertainment & Media Outlook 2020-2024, www.pwc.com/outlook

Preparing for the new normal

As the industry navigates into the post-pandemic world, six long-term growth opportunities are emerging.

Changing patterns of media consumption will clearly affect business models – but will also open up new opportunities for capturing growth.

Offer convenience & accessibility, as consumers are likely to hold on to some of their newly acquired habits

Create new (digital) content propositions, realize new revenue streams

Data, Personalization of content & advertising, to capture a bigger share of wallet.

Optimize revenue mix or pricing models to emerge more resilient.

Digital Acceleration led by cloud to increase flexibility, lower costs and minimize disruptions

Strategic investments & Alliances in search of scale and growth

Source: PwC analysis, Secondary research., PwC Global Entertainment & Media Outlook 2020-2024, www.pwc.com/outlook

Thank you

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Methodology

- A base line of historic data was collected from publicly available information including from trade associations and government agencies.
- In addition to this, interviews with relevant associations, regulators and leading players have been conducted to gather insights and estimates not available in the public domain.
- This year, we've delayed publication of the Outlook to get a clearer view of the pandemic's impacts. And we'd like to make highlight that while our projections are robust, their future accuracy could clearly be affected by the continued rapid changes related to the pandemic, including policy responses from the Government.
- The data was sourced from both primary and secondary research from a variety of sources.
- A total of 53 countries are represented within this year's Outlook covering a list of 14 segments covered as below:
 - Traditional TV and home video
 - OTT video
 - VR
 - Data consumption
 - TV advertising
 - Internet access
 - Newspapers and consumer magazines
 - OOH
 - Business-to-business
 - Video games and esports
 - Cinema
 - Music, radio and podcasts
 - Books
 - Internet advertising
- All revenues are estimated in US dollars. The 2019 exchange rates have been applied to all historic and future years to eliminate fluctuating currencies. (1\$ = 70.031 INR)