



Jun 03, 2015 08:30 +08

Beyond Digital: Empowered Consumers Seek Out Tailored, Inspiring Content Experiences that Transcend Platforms

<i>Date</i>	3 June 2015 (No embargo)
<i>Contact</i>	Candy Li Tel: +65 6236 7439 Mobile: +65 8613 8820 E-mail: candy.yt.li@sg.pwc.com Natalie Choo Tel: +65 6263 4309 Mobile: +65 9738 1415 E-mail: natalie.yl.choo@sg.pwc.com
<i>Pages</i>	3

Beyond Digital: Empowered Consumers Seek Out Tailored, Inspiring Content Experiences that Transcend Platforms

It's increasingly clear that consumers see no significant divide between digital and traditional media: what they want is more flexibility, freedom and convenience in when and how they consume their preferred content.

Singapore, 3 June 2015 -- Total worldwide entertainment and media revenues will rise at a compound annual growth rate (CAGR) of 5.1% over the coming five years, from US\$1.74trn in 2014 to US\$2.23trn in 2019, according to PwC's *Global entertainment and media outlook 2015–2019*.

While the pace of industry growth will vary widely in different markets—with Japan seeing the slowest growth at a CAGR of 0.9%, and Nigeria the fastest at 15.1%—it's apparent that when consumers around the world become connected their behaviour becomes more similar, subject to two

differentiators. The first is the quality of the available infrastructure for consuming content. The second is consumers' common desire for content experiences that are relevant to them personally – which is why, even in a globalised world, meeting local preferences remains critical.

In Singapore, entertainment, media and media revenues are expected to rise at a CAGR of 5.4% over the next five years, from US\$5.2 bn in 2014 to US\$6.8bn in 2019.

Consumers call the shots, as content experience trumps delivery platforms

Overall, what's emerging is an environment where consumers regard any distinction between 'digital' and 'non-digital' as irrelevant. Instead of favouring one or the other, they've taken on board the proliferation of content and access options enabled by digital, and are exploiting it to seek more flexibility and freedom in what, when and how they consume. In making these choices, they're migrating to offerings that combine relevance and convenience—attractive content, easy discovery, social community—with an inspiring, personalised experience, however it's delivered.

As a result, while global revenue from digital media will continue to exhibit stronger growth, non-digital media will still contribute well over 80% of global consumer revenues in 2019. A key feature of this multifaceted environment is the resilience—and in some cases resurgence—of aspects of 'traditional' media, including the shared, live experiences that consumers still love. Spending on live music ticket sales and cinema box office will rise at a combined global CAGR of 4.7% to 2019, outpacing overall consumer spending at 2.9%. In Singapore, live music revenue will rise at a CAGR of 3.3%.

Said Greg Unsworth, Technology, Media & Telecommunications Leader, PwC Singapore:

“Digital or non-digital—for consumers it's all about content experiences. Given the wide variations in consumer preferences, the challenge for entertainment and media companies is to blend data insights and consumer intuition to maximise the value of the experiences they offer. The prize for achieving this is heightened by the fact that the consumer has never been more up for grabs than today.”

Advertising growth is primarily digital—driven by mobile and video

Turning to advertising, total global advertising revenues will rise at a CAGR of 4.7% to 2019. Again there will be wide variations by territory. Like consumer revenues, advertising will see digital growth and non-digital resilience: while global digital advertising revenue will rise at a 12.2% CAGR against just 1.2% for non-digital advertising, non-digital will still contribute over 60% of global ad spend in 2019. In Singapore, digital advertising is expected to rise from US\$270 mn in 2014 to US\$609 mn in 2019 at a CAGR of 17.7%.

That said, the clear direction of travel is toward digital—a fact underlined by Internet advertising's position as the fastest-growing segment of advertising through to 2019, overtaking global broadcast TV advertising. By that year, digital advertising as a whole—including digital out-of-home—will account for 38.7% of total global advertising revenue, up from just 16.6% in 2010. A primary driver of digital advertising throughout the forecast period will be rapid rises in mobile and video Internet advertising.

Interestingly, despite Singapore having one of the highest digital consumption rates, the country has one of the lowest proportions of digital media spend amongst developed countries in the world. Whilst, the proportion of advertising budgets allocated to online has grown rapidly in Singapore over the last few years, climbing from just 7% in 2011 to 15% in 2014 with a CAGR of 35%, this data still puts Singapore far behind the United Kingdom, China, Australia, United Arab Emirates, USA and Japan.

As the *Outlook* also shows, several other trends will continue to reshape the global advertising landscape. One is the rapid expansion in over-the-top (OTT) video services—which are familiarising users with a video experience free from advertising, supporting a shift from ad-supported to subscription-based consumption. In Singapore, online TV advertising revenue could be boosted by the government's plan to make Singapore a Smart Nation, with high investment focussed on extensive infrastructure upgrades. While OTT services are growing and online TV advertising revenue will at a 44.3% CAGR, it will still only represent 4.4% (US\$21mn) of the total TV advertising revenue in 2019.

Alongside Internet advertising, digital out-of-home advertising (DOOH) will be another high-growth area, with revenues rising at a 13.2% CAGR. Given

the high costs of upgrading OOH to digital formats, the most lucrative markets for DOOH advertising will be major cities. By 2019, Singapore will see DOOH advertising account for 60.4% of total OOH advertising revenue.

Consumers migrate to new media consumption behaviours

Underlying the trends in entertainment and media spending detailed in the *Outlook* is the migration by consumers worldwide to new ways of consuming content. One of the clearest shifts is in TV and video consumption, with consumers increasingly demanding high-quality original programming in a flexible, on-demand manner across numerous devices—thus enabling ‘binge viewing’ and greater convenience. OTT services offer the best outlet for this type of consumption, helping to explain why OTT advertising revenues are expected to rise at a CAGR of 44.3% from a low base of US\$3mn in 2014 to US\$21 mn in 2019.

A further shift toward social/casual gaming is underway, spending on which will exceed traditional gaming in nine markets by 2019, including India and South Africa. In contrast, Singapore’s spending on social/casual gaming already exceeded traditional gaming spending in 2011, and is expected to rise from US\$ 201 mn in 2014 to US\$ 263 mn in 2019.

While territories with long-established console and PC game markets continue to be dominated by traditional gaming revenue, the global growth of social/casual gaming will create a US\$22.52bn market by the end of the forecast period.

Newspaper consumption is also changing, with consumers increasingly willing to pay for premium content globally. Online paywalls are now making up for newspapers’ lost print circulation revenues globally, with a wave of subscription offerings boosting newspapers’ digital circulation revenues to nearly US\$2.5bn in 2014. In Singapore, newspapers’ digital circulation is expected to grow at a CAGR of 43.1%, from US\$ 9 mn in 2014 to US\$ 52 mn in 2019.

In aggregate, as digital subscription revenues gain momentum globally and print subscriptions continue to shrink, total global newspaper circulation revenue is set to record year-on-year increases—a pattern that began in 2013.

Three actions for success in the evolving industry landscape

Summing up the implications of this year's *Outlook* for companies, Greg Unsworth, Technology, Media & Telecommunications Leader, PwC Singapore said:

“Against a background of shifting infrastructure and diverse local tastes, entertainment and media companies across the world, including Singapore, need to embrace the consumption experience as their critical success factor. What matters is the ability to combine content with a user experience that’s differentiated and compelling on the consumer’s platform of choice.

“To achieve this blend, companies need to do three things: first, innovate around the product and the user experience; second, develop seamless consumer relationships across distribution channels; and third, put mobile (and increasingly video) at the centre.”

About PwC

PwC helps organisations and individuals create the value they’re looking for. We’re a network of firms in 157 countries with more than 184,000 people who are committed to delivering quality in assurance, tax and advisory services. Tell us what matters to you and find out more by visiting us at www.pwc.com.

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.

© 2014 PricewaterhouseCoopers. All rights reserved.

Contacts



Siew Ling Ong

Press Contact

Manager, Brand and Communications

siew.ling.ong@pwc.com



Candy Li

Press Contact

Team Lead - Brand & Communications

candy.yt.li@pwc.com



Verlynn Heng

Press Contact

Senior Associate

Brand & Communications

verlynn.wy.heng@pwc.com

81251483