Global Entertainment & Media Outlook: 2019-2023
## Contents

1. Perspectives from the 2019 Outlook 04
2. Overview – Global E&M macro trends 07
3. Segment review – Spotlight on India 12
4. Q & A
1 Perspectives from the 2019 Outlook
Getting personal: Putting the me in entertainment and media

Global Entertainment & Media Outlook perspectives

• The rise of increasingly personal and personalized media interactions, as today’s consumers—eager, highly selective, and voracious—seize the opportunity to enjoy media experiences uniquely tailored to their own preferences, contexts, and schedules.

• Consumers are using an expanded array of connected devices to organize, curate and discover their own unique world of media. In response, companies are tailoring their offerings to revolve around personal preferences, using data and usage patterns to pitch their products not at audiences of billions, but separately at billions of individuals.

• The increasingly individualized world brings major implications for every E&M business across every segment.
The rise of instant gratification: Need to engage consumers in the moment, meet them where they are

Customers are increasingly preferring to construct their own media menus and consume content at their own pace.

Shifting behaviors are forcing content creators and distributors to devise new ways of engaging with consumers.

Meet consumers where they spend time…

- **In voice**, voice-commerce (V-commerce)
- **In games**, marketing on esports and gaming
- **On audio**, audio streaming service providers
- **Online**, shoppable ads
- **On social media**, influencers and social media ads
- **On OTT**, blending OTT and e-commerce

2019 Outlook perspectives
The value of personal data is rising as we are entering an era of increasing personalized content.

Trust has become a central theme in this age of personalisation.

- **AI is on the rise**
- **Boosting the value of personal data**
- **4G is impacting across TMT value chain**
- **VR/Cloud Gaming and similar other business - introduction of 5G**
Overview – Global E&M macro trends

Global summary and macro trends
Global summary and macro trends

Global trends shaping the E&M market: seven key trends

1. In 2018, mobile Internet advertising revenue outweighed its wired equivalent for the first time.

2. Mobile video Internet advertising is becoming increasingly important vs. total wired display.

3. Mobile soars, with smartphone data consumption overtaking that of fixed broadband in 2020.

4. By 2023, marketers will allocate more than 50% of their budgets to digital advertising.

5. Over the next five years, China’s absolute growth will exceed that of the US for the first time.

6. China will overtake the US to become the world’s largest smart speakers market by 2021.

7. Asia Pacific will overtake North America as the largest OTT region by 2021.

The Global E&M market to reach US$2.6trn by 2023, Digital to account for a larger share of the industry’s income

Global E&M revenue and nominal growth forecast for next 5 years*

Note: All figures are reported in nominal terms reflecting actual spending transactions and therefore include the effects of inflation

Reaching over 60% in 2022
In terms of individual segment market size as % of global E&M revenue, Internet advertising will see the largest gain

Share of E&M revenue by segment: 2018 vs. 2023

<table>
<thead>
<tr>
<th>Segment</th>
<th>2018 actual</th>
<th>2023 forecast</th>
<th>2018 actual</th>
<th>2023 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet Advertising</td>
<td>12.3%</td>
<td>15.8%</td>
<td>3.1%</td>
<td>4.1%</td>
</tr>
<tr>
<td>TV and Video</td>
<td>11.6%</td>
<td>9.1%</td>
<td>26.6%</td>
<td>27.3%</td>
</tr>
<tr>
<td>B2B</td>
<td>8.9%</td>
<td>8.3%</td>
<td>3.3%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Newspapers and consumer magazines</td>
<td>8.5%</td>
<td>6.2%</td>
<td>10.6%</td>
<td>7.2%</td>
</tr>
<tr>
<td>TV Advertising</td>
<td>7.5%</td>
<td>6.6%</td>
<td>10.6%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Books</td>
<td>5.6%</td>
<td>4.8%</td>
<td>14.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Video games and esports</td>
<td>5.4%</td>
<td>6.0%</td>
<td>2.8%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Music, radio and podcasts</td>
<td>4.6%</td>
<td>4.3%</td>
<td>2.2%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Cinema</td>
<td>2.0%</td>
<td>2.1%</td>
<td>4.5%</td>
<td>3.9%</td>
</tr>
<tr>
<td>OOH</td>
<td>1.8%</td>
<td>1.7%</td>
<td>1.2%</td>
<td>1.0%</td>
</tr>
<tr>
<td>OTT Video</td>
<td>1.7%</td>
<td>2.7%</td>
<td>1.7%</td>
<td>2.7%</td>
</tr>
<tr>
<td>VR</td>
<td>0.1%</td>
<td>0.2%</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Global summary and macro trends

Note: The above table does not include Internet access data. 2018 is the latest available data. 2019-2023 values are forecast projections.

## Segment overview: India v/s Global summary

All segments in India are growing faster than Global; OTT video to be the fastest growing at ~22% CAGR through 2023

### Segment wise Growth rate (%) CAGR 2018 - 2023

<table>
<thead>
<tr>
<th>Segment</th>
<th>India 2018-2023 CAGR (%)</th>
<th>Global 2018-2023 CAGR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VR</td>
<td>22.2</td>
<td>21.82</td>
</tr>
<tr>
<td>OTT</td>
<td>11.83</td>
<td>9.5</td>
</tr>
<tr>
<td>Internet advertising</td>
<td>17.75</td>
<td>16.02</td>
</tr>
<tr>
<td>Video games and e-sports</td>
<td>18.89</td>
<td>16.93</td>
</tr>
<tr>
<td>Internet access</td>
<td>13.54</td>
<td>13.51</td>
</tr>
<tr>
<td>Cinema</td>
<td>8.51</td>
<td>8.51</td>
</tr>
<tr>
<td>Out-of-home</td>
<td>8.09</td>
<td>8.09</td>
</tr>
<tr>
<td>Music, radio and podcasts</td>
<td>6.93</td>
<td>7.01</td>
</tr>
<tr>
<td>Business-to-business</td>
<td>10.71</td>
<td>10.71</td>
</tr>
<tr>
<td>TV advertising</td>
<td>3.2</td>
<td>3.04</td>
</tr>
<tr>
<td>Books</td>
<td>2.7</td>
<td>2.5</td>
</tr>
<tr>
<td>Traditional TV and home video</td>
<td>1.2</td>
<td>1.0</td>
</tr>
<tr>
<td>Newspaper and consumer magazines</td>
<td>3.1</td>
<td>2.7</td>
</tr>
</tbody>
</table>

*Note: 2018 is the latest available data. 2019-2023 values are forecast projections.*

Source: PwC Global Entertainment & Media Outlook 2019-2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

Unlike in India, Traditional TV and home video globally is showing negative growth for the first time.
Segment review – Spotlight on India
India to remain the fastest growing territory, surging at a CAGR of 11.28% to reach US$64 Billion by 2023

Overall sector vs Top 4 segments in terms of CAGR % (excludes internet access)

- Overall E&M sector in India: 11.3%
- OTT video: 21.8%
- Video games and esports: 18.9%
- Internet advertising: 17.8%
- Music, radio and podcasts: 13.5%

Revenue growth (2018-23 % CAGR)

Key highlights - India

- India’s OTT segment set for rapid growth as North America, the world’s biggest OTT market becomes increasingly mature
- India to move into the top ten global gaming markets by consumer revenue by 2023.
- Backed by a rapid growth in Internet and smartphone penetration, India is set to be the second fastest growing internet advertising market after Indonesia.
- India’s music, radio and podcasts market is ripe for growth. The growing adoption of smartphones and smart speakers will make all forms of audio increasingly accessible to listeners in the coming years.
India’s OTT video market will nearly triple in size and surpass South Korea to become the eighth-biggest market by 2023

- Improving data affordability and accessibility has made India an attractive destination for international players.
- Backed by attractive subscription rates, localized content and bundled packages, Subscription video on demand (SVOD) witnessed a 64% YoY growth in 2018.
- This segment is further expected to grow at a 23.3% CAGR from US$537mn in 2018 to US$1.5bn in 2023.
While OTT video market is rapidly growing in significance, TV subscription will remain by far the biggest market in India.

- In India, cord cutting is not happening as much as it is in the US.
- Growth in OTT video will continue to outstrip the growth rate of TV subscription and cinema, as major players such as Netflix and Amazon set sights on India for their next cycle of subscriber growth.

- The rise of OTT services has galvanised operators into launching premium products and enticements such as Ultra HD, 4K, video-on-demand services and next-generation set-top boxes.

Internet advertising continues to grow as media players and advertisers shift greater attention to online distribution

Internet advertising revenues vs other advertising revenues, 2014 vs. 2023 (% share)

- Total Internet advertising revenue for India in 2018 was US$1.2bn, expected to reach US$2.6bn by 2023.
- While in India, Internet advertising happens to be the fastest growing ad segments, TV advertising will still hold the largest share of ad revenues throughout the Outlook period.
- India’s TV advertising will become the world’s top TV advertising markets overtaking the UK, Germany, France and Brazil during this period.

Note: 2018 is the latest available data. 2019-2023 values are forecast projections
Music, radio and podcasts an “emerging” segment in India; to surpass US$1.5 Billion by 2023

- With streaming services finally germinating, music to be a fast growing segment at a 13.8% CAGR, to hit US$0.7bn by 2023.
- According to the International Federation of the Phonographic Industry (IFPI), 96% of smartphone users in India are using their devices to listen to music, highest rate in the world. This figure climbs to 99% for 16–24-year-olds.
- Ease of voice search coupled with increasing penetration of smart speakers will further drive revenues over the next 5 years.

Note: * defined as people who listened to at least one podcast in the last month
By 2023, App-based social/casual gaming to account for 85% of India’s US$2.5 Billion video games & esports market

% Share of sub-segment revenue: Global vs. India

- The growth in social/casual gaming is attributable to app-based gaming, as browser-based games continue their decline.
- Growth will continue for the category as the smartphone user base expands.

Video game consumer revenue (US$ Mn): India

- Data usage is expected to rise from 1.4GB for each active phone a month in 2016 to 7GB by 2021.
- India’s esports segment is small at present. However, improving online infrastructure and rising sponsorships may provide impetus for growth.

Thank you.