

*An in-depth analysis of the trends shaping the entertainment and media industry in South Africa, Nigeria and Kenya*



# *Entertainment and media outlook: 2016–2020*

*7th annual edition  
September 2016*



[www.pwc.co.za/outlook](http://www.pwc.co.za/outlook)

# How do you stand out from the crowd in a fragmented and multi-speed world?



To capture attention and build value, companies need to understand how local and global markets are impacted by the changing pace of the media industry. For 17 years, PwC's Global entertainment and media outlook has been providing expert commentary and insights centred on the shifts in advertising and consumer spending. Regardless of how you influence business decisions, the Outlook can help you understand industry trends so you can capitalise on new opportunities.

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# Editor's letter



## *Navigating the ever-evolving media landscape with confidence*

*I am delighted to once again bring you our annual Entertainment and media outlook: South Africa – Nigeria – Kenya (Outlook) 2016-2020.*

To capture attention and build value, companies need to understand how local and global markets are impacted by the changing pace of the entertainment and media (E&M) industry. For 7 years, PwC's Outlook has been providing expert commentary and insights centred on the shifts in advertising and consumer spending. The Outlook is a compendium of data and perspective about our extraordinarily vibrant industry.

Every sector has experienced significant technological disruption over the past decade, but only now are these major changes coming together enough for us to start to make sense of them. The challenge for industry is not simply to react to this disruption and change, but to find a path that will successfully allow companies to confidently look ahead.

### *We have moved our publication almost exclusively online...*

This year, for the first time we have moved our publication almost exclusively online. So in addition to reading this "at a glance" summary publication highlighting the key themes and trends, I encourage you to visit our online Outlook on [www.pwc.co.za/outlook](http://www.pwc.co.za/outlook) to explore further trends and insights and know what this transformation has in store for you. A detailed tour of our online Outlook is included on page 67. Regardless of how you influence business decisions, our trusted analysis can help you discover how shifts in spending are likely to shape the future of the E&M industry over the next five years.

### *New strategy+business Outlook special report...*

And this year we're launching a joint effort with strategy+business, to bring you forward-looking articles and incisive thinking to help you navigate the ever-evolving media landscape with confidence. The strategy+business Outlook special report features articles which explore tipping points and themes from the Global entertainment and media outlook 2016-2020. In addition, the publication includes interviews and expert perspectives on trends and hot topics shaping the industry. To view the special report online, please visit our website at [www.pwc.co.za/outlook](http://www.pwc.co.za/outlook).

### *Let us analyse the forecast consumer and advertising spending data for you...*

From Cinema to Internet advertising, we uncover how shifts in spending are shaping the future of the industry and 11 individual entertainment and media segments. As spend migrates from physical to digital and from developed to developing markets, we identify, and look at the impact of, key insights and provide our perspective on those hot topics transforming the industry.

### *Want to better understand what the Outlook findings mean for your business?*

I hope you enjoy this edition of the Outlook. Our PwC E&M professionals continue to track the trends explored in this publication; if you would like to discuss anything covered, please contact one of them, using the details overleaf. We'd love to hear from you.

#### **Vicki Myburgh**

Entertainment and Media Leader  
PwC Southern Africa

# Acknowledgements



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Many other professionals from the PwC Entertainment and media practice, across 3 countries, reviewed and added local expertise to this publication.

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# Industry overview



## South Africa

### Entertainment and media by segment

Growing Internet access maturity puts brakes on growth

Entertainment and media spending by segment (R millions), 2011–2020

South Africa	Total E&M (R millions)										
	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015-20
Books	3 820	3 807	3 832	3 828	3 832	3 839	3 854	3 899	3 947	3 991	
YOY growth (%)		-0.3%	0.6%	-0.1%	0.1%	0.2%	0.4%	1.2%	1.2%	1.1%	0.8%
Business-to-business	7 328	8 103	8 625	9 203	9 504	9 842	10 212	10 615	11 061	11 553	
YOY growth (%)		10.6%	6.4%	6.7%	3.3%	3.5%	3.8%	4.0%	4.2%	4.5%	4.0%
Cinema	1 369	1 437	1 539	1 580	1 797	1 774	1 854	1 940	2 032	2 123	
YOY growth (%)		5.0%	7.1%	2.6%	13.7%	-1.3%	4.5%	4.6%	4.7%	4.5%	3.4%
Internet	14 080	19 328	27 628	35 588	43 177	49 558	56 160	62 946	69 858	76 720	
YOY growth (%)		37.3%	42.9%	28.8%	21.3%	14.8%	13.3%	12.1%	11.0%	9.8%	12.2%
Magazines	7 572	8 386	8 865	9 446	9 761	9 965	10 108	10 101	10 011	9 882	
YOY growth (%)		10.8%	5.7%	6.6%	3.3%	2.1%	1.4%	-0.1%	-0.9%	-1.3%	0.2%
Music	2 011	1 984	1 884	1 988	1 964	2 013	2 096	2 208	2 316	2 431	
YOY growth (%)		-1.4%	-5.0%	5.5%	-1.2%	2.5%	4.1%	5.3%	4.9%	5.0%	4.4%
Newspapers	8 984	9 139	9 287	9 076	9 124	8 987	8 821	8 624	8 396	8 134	
YOY growth (%)		1.7%	1.6%	-2.3%	0.5%	-1.5%	-1.8%	-2.2%	-2.6%	-3.1%	-2.3%
Out-of-home	3 297	3 737	4 105	4 125	4 202	4 325	4 449	4 571	4 686	4 788	
YOY growth (%)		13.3%	9.9%	0.5%	1.9%	2.9%	2.9%	2.7%	2.5%	2.2%	2.6%
Radio	3 243	3 612	4 170	4 320	4 344	4 429	4 578	4 803	5 041	5 295	
YOY growth (%)		11.4%	15.4%	3.6%	0.6%	2.0%	3.4%	4.9%	5.0%	5.0%	4.0%
TV and video	26 954	29 119	31 159	33 447	37 162	39 685	42 005	44 101	45 961	47 485	
YOY growth (%)		8.0%	7.0%	7.3%	11.1%	6.8%	5.8%	5.0%	4.2%	3.3%	5.0%
Video games	1 810	2 029	2 365	2 619	2 823	3 028	3 226	3 410	3 573	3 707	
YOY growth (%)		12.1%	16.6%	10.7%	7.8%	7.2%	6.5%	5.7%	4.8%	3.8%	5.6%
<b>Total</b>	<b>79 342</b>	<b>89 347</b>	<b>101 922</b>	<b>113 467</b>	<b>125 723</b>	<b>135 276</b>	<b>145 005</b>	<b>154 689</b>	<b>164 195</b>	<b>173 289</b>	
<b>YOY growth (%)</b>		<b>12.6%</b>	<b>14.1%</b>	<b>11.3%</b>	<b>10.8%</b>	<b>7.6%</b>	<b>7.2%</b>	<b>6.7%</b>	<b>6.1%</b>	<b>5.5%</b>	<b>6.6%</b>

Notes: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Newspaper, directory, consumer magazine, trade magazine and online TV advertising are included in their respective segments and also in Internet advertising, but only once in the overall total.

Professional books is counted in business-to-business and books, but only once in the overall total.

Trade magazines is counted in business-to-business and magazines, but only once in the overall total.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

## E&M revenue growth in 2015, rising 10.8% to R125.7 billion



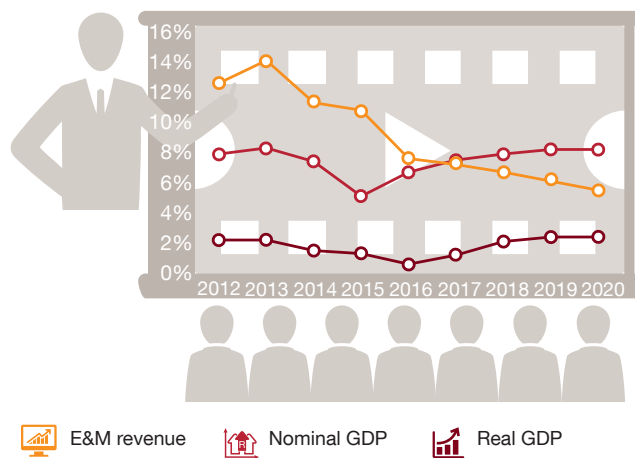
Entertainment and media (E&M) companies in South Africa enjoyed another year of double-digit growth in 2015, 10.8% to R125.7 billion. Once again, it was a strong year for Internet access revenue, which led the rises, but TV and video, other major contributors, also outperformed previous figures.

Thereafter, the prognosis is not quite as optimistic as before, even if the predicted rates of growth far outstrip those seen in Western Europe or North America. Twin factors account for this. First, with mobile Internet penetration in particular now being more mature – at 44.8% in 2015, from just 14.6% in 2011 – Internet access revenue growth will slow. Second, less positive macroeconomic news for South Africa will have a concomitant hit on those sectors most closely dependent on a sound economy, particularly Business-to-business revenues. These factors combined will lead to a reduced forecast CAGR of 6.6% to 2020, when total E&M revenue is set to reach R173.3 billion.

The reduced growth in E&M means that while historically it had exceeded nominal GDP growth, the deceleration in Internet access revenue in particular – wedded to the disruptive effect of the Internet on a range of sectors – will see E&M growth tail nominal GDP over the forecast period. Real GDP growth, however, is far exceeded each year.

### Growing but slowing E&M growth places it between real and nominal GDP

Entertainment & media, nominal and real GDP growth (%), 2012-2020

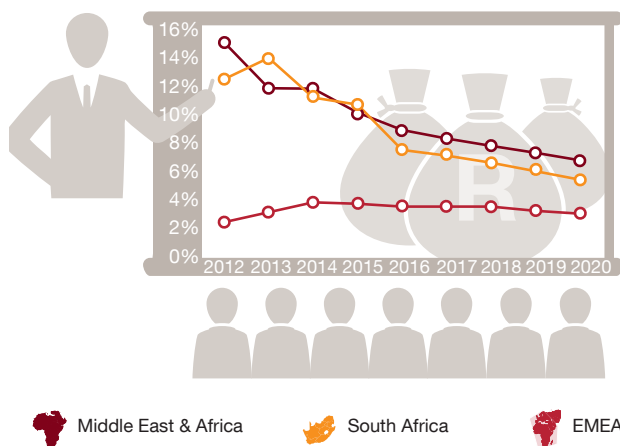


Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

Over the historic period, South Africa’s year-on-year growth has twice been above the Middle East and Africa (MEA) average, and twice below it. However, over the forecast period year-on-year growth will consistently track below that of MEA by at least one percentage point. The picture is very different for Europe, the Middle East and Africa (EMEA), with South Africa’s growth far exceeding the rates seen in this wider area – the still-shaky Western European growth, in particular, accounting for the difference.

### MEA growth to better South Africa over forecast period

E&M revenue growth vs EMEA and Middle East & Africa, (%), 2012-2020

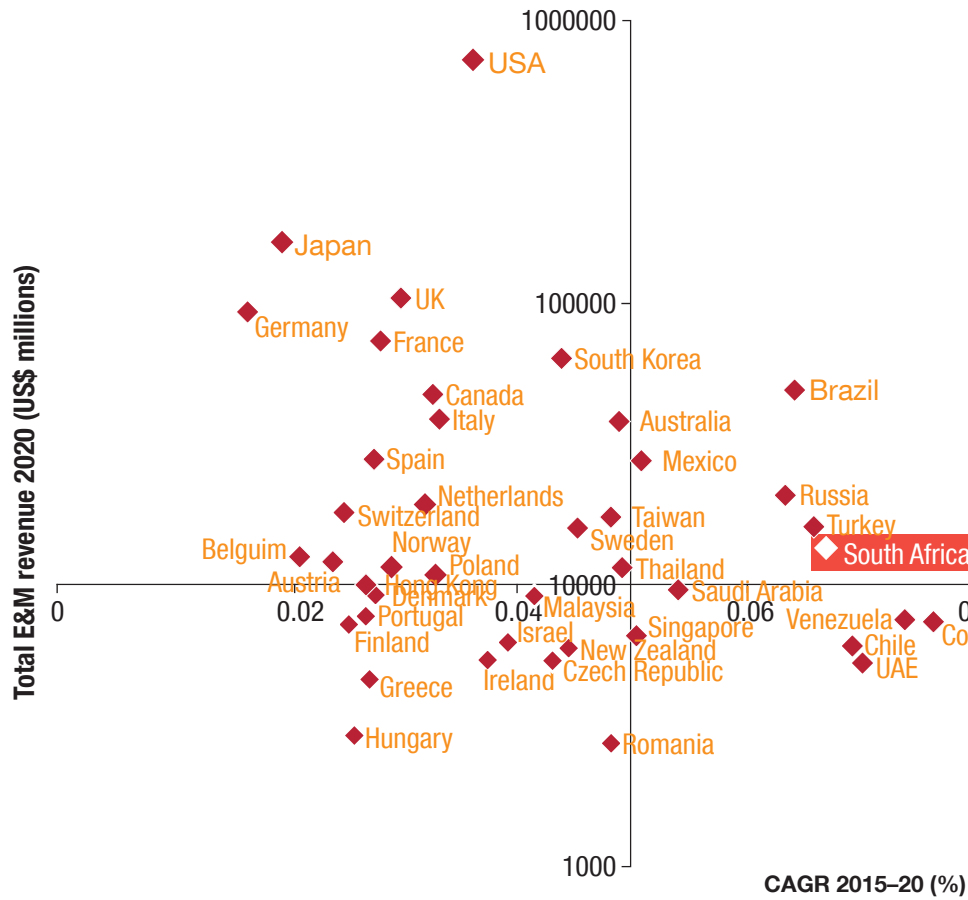


Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

In terms of South Africa’s place within the wider E&M ecosystem, the country retains much promise, coming from a position of reasonable scale and above-average growth. Its position in the top-right of the global growth graphic makes it an appealing prospect for internationally minded companies with an eye on expansion.

**South Africa has appealing fundamentals of growth and scale**

Total E&M revenue in 2020 vs 2015-2020 CAGR



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

**Digital as a share of E&M spending will not quite have exceeded 50% in 2020**



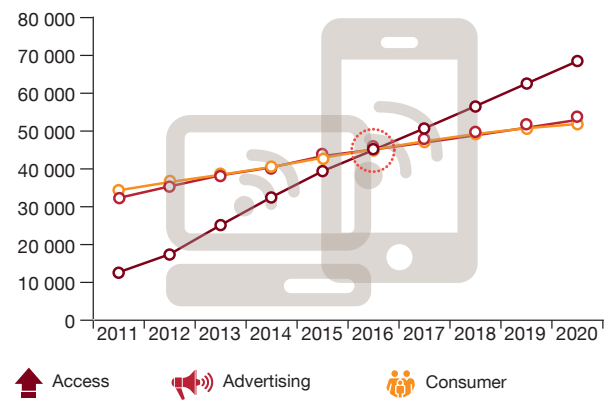
Downward revisions to the growth forecast for Internet access in particular mean that digital spending as a proportion of E&M spending will not quite have exceeded 50% by 2020. Nevertheless, the direction of travel is evident and impossible to ignore, in keeping with the increasing time spent by South Africans online.

When the various E&M revenue streams are grouped into overarching categories, those benefitting – and suffering – most from the last five years of digital disruption are revealed. In 2011, little separated video entertainment and publishing in terms of overall revenue, with Internet revenue at this point being just half as much again. But as Internet revenues streak upwards, it is publishing revenues that begin to flatline, while video entertainment will retain its strong pull over the next five years.



**Internet's rise creates winners and losers**

Spending by sector (R millions), 2011-2020

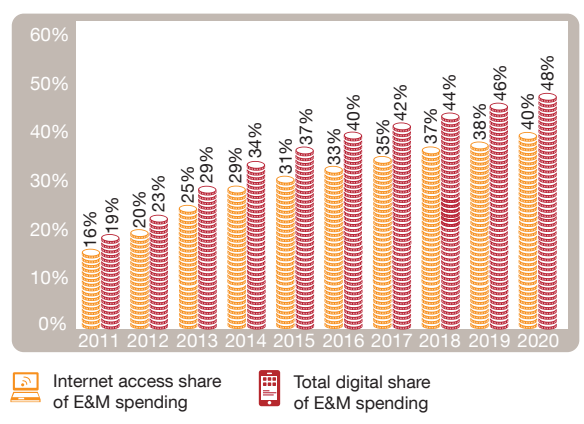


Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

Note: Internet includes Internet access and Internet advertising. Video entertainment includes TV/video, TV advertising and cinema. Publishing includes magazines, newspapers, business-to-business and books. Music includes music and radio.

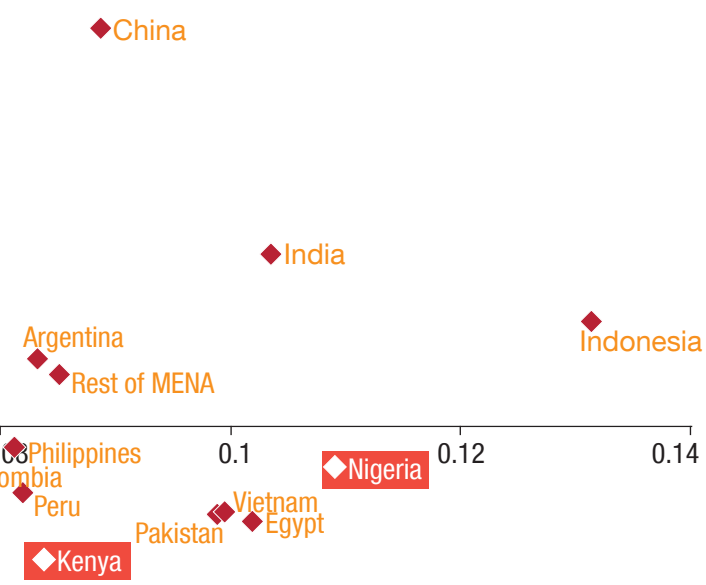
**Internet access increases its share of spending**

Internet access share, and total digital share, of E&M spending (%), 2011-2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

This increase in digital spend is being led by advertisers, even if consumers don't quite convert hours spent online into similar revenue. Internet advertising revenue is taking an increasing share of the overall advertising market, while its rate of growth nearly quadruples the overall CAGR.



While combined Internet revenues will soar at a 12.2% CAGR to 2020, video entertainment will still see a healthy 4.9% CAGR rise. But publishing's CAGR of 0.8% indicates just how hard traditional publishers are having to work to make headway. By contrast, the Internet's effect on broad-based music is more nuanced, with radio still perhaps the most effective way of reaching the largest population, and streaming music revenue now making significant strides thanks to faster and more widespread Internet access, even as the Web helps to reduce the sale of CDs. Video games too have benefitted greatly from Internet access, with Web-enabled microtransaction revenue catching on in both traditional and mobile games. On the whole, then, the precipitous rise of the Internet has been a positive for E&M companies, but as ever there are winners and losers.

## Consumer spending

South Africa's consumer spending table presents a mixed picture, although again it should be noted that a CAGR of 7.9% represents a strong picture for the next five years. While greater optimism can be held for music revenues after the emergence of streaming as a popular paid-for form of digital music consumption, the print sector in the form of magazines and newspapers is set for decline – a direct effect of the huge pressure being put on these segments by ubiquitous Internet access.

### Newspapers and magazines set to decline

#### Consumer E&M spending (R millions), 2011–2020

South Africa	Total consumer market (R millions)										
	Historical data				Forecast data						CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015-20
Books	3 820	3 807	3 832	3 828	3 832	3 839	3 854	3 899	3 947	3 991	
YOY growth (%)		-0.3%	0.6%	-0.1%	0.1%	0.2%	0.4%	1.2%	1.2%	1.1%	0.8%
Business-to-business	3 616	3 946	4 174	4 515	4 620	4 753	4 929	5 152	5 425	5 755	
YOY growth (%)		9.1%	5.8%	8.2%	2.3%	2.9%	3.7%	4.5%	5.3%	6.1%	4.5%
Cinema	858	885	945	941	1 113	1 044	1 077	1 113	1 153	1 193	
YOY growth (%)		3.1%	6.8%	-0.4%	18.3%	-6.2%	3.1%	3.4%	3.7%	3.4%	1.4%
Internet	12 679	17 443	25 154	32 533	39 402	45 004	50 729	56 581	62 546	68 471	
YOY growth (%)		37.6%	44.2%	29.3%	21.1%	14.2%	12.7%	11.5%	10.5%	9.5%	11.7%
Magazines	4 157	4 724	5 006	5 423	5 609	5 708	5 747	5 735	5 664	5 524	
YOY growth (%)		13.7%	6.0%	8.3%	3.4%	1.8%	0.7%	-0.2%	-1.2%	-2.5%	-0.3%
Music	1 813	1 780	1 665	1 752	1 711	1 739	1 799	1 885	1 967	2 054	
YOY growth (%)		-1.9%	-6.4%	5.2%	-2.4%	1.7%	3.5%	4.8%	4.4%	4.4%	3.7%
Newspapers	2 587	2 635	2 644	2 667	2 669	2 655	2 628	2 589	2 538	2 476	
YOY growth (%)		1.9%	0.3%	0.9%	0.1%	-0.5%	-1.0%	-1.5%	-2.0%	-2.4%	-1.5%
TV and video	16 020	17 080	18 217	19 195	21 007	22 858	24 536	25 951	27 022	27 703	
YOY growth (%)		6.6%	6.7%	5.4%	9.4%	8.8%	7.3%	5.8%	4.1%	2.5%	5.7%
Video games	1 789	2 004	2 332	2 581	2 780	2 979	3 171	3 350	3 508	3 637	
YOY growth (%)		12.0%	16.4%	10.7%	7.7%	7.1%	6.5%	5.6%	4.7%	3.7%	5.5%
<b>Total consumer</b>	<b>47 016</b>	<b>53 967</b>	<b>63 608</b>	<b>73 059</b>	<b>82 337</b>	<b>90 157</b>	<b>98 032</b>	<b>105 806</b>	<b>113 312</b>	<b>120 336</b>	
<b>YOY growth (%)</b>		<b>14.8%</b>	<b>17.9%</b>	<b>14.9%</b>	<b>12.7%</b>	<b>9.5%</b>	<b>8.7%</b>	<b>7.9%</b>	<b>7.1%</b>	<b>6.2%</b>	<b>7.9%</b>

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

Subtracting Internet access revenue from this table would bring the consumer revenue CAGR down to 3.8%, but that is still a reasonably strong position to be in given that the Internet access' disruptive effects are more or less fully established. Thus pay-TV revenue continues to be strong, fuelled by both organic growth and the upselling of consumers to premium packages. The consumer elements of B2B revenue, such as business information, also remain essential in a fast-developing world. On the flip side,

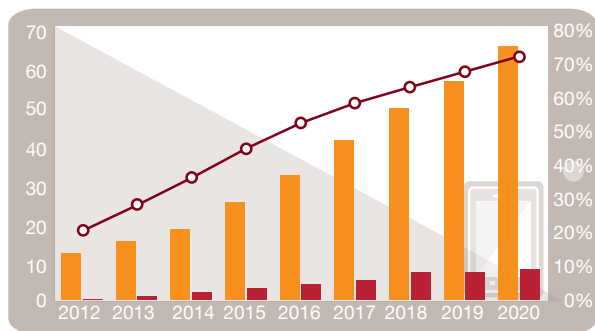
newspaper and magazine circulation's forecast decline comes as consumers migrate from print copies to free online alternatives, and aren't as yet moving to paid digital formats in great numbers. More worrying still for publishers is the fact that digital advertising revenue in these sectors, once thought to be the great saviour, is under more threat than ever due to the rise of digital natives and especially the competition from non-publishers for revenue – Facebook and Google are increasingly vying for advertisers' online budgets.

But despite legitimate fears that a monthly fee for Internet access is seen by some consumers as the sole outlay required for a world of print, audio and visual entertainment, widespread digital access is having a positive, and at times transformative, effect on a variety of consumer segments. The digital aspects of the video game segment in particular – social/casual games, the burgeoning online/microtransaction model, as well as the rapidly developing e-sports arena – are only made possible by the increasing availability and speed of Internet connections. The breakneck evolution of app-based social/casual gaming in particular has resulted in thousands more South Africans considering themselves to be ‘gamers’ – game-changing in its truest sense – and manufacturers of more expensive gaming experiences will be enthused by the potential of this new demographic.

With smartphone and tablet ownership all on a steep upward curve, the foundations behind this continued growth are set for the next five years.

**Mobile Internet penetration to exceed 70% by 2020**

Smartphone connections, active tablet devices (millions) and mobile Internet penetration (%), 2012-2020



-  Smartphone connections
-  Mobile Internet penetration
-  Active tablet devices

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

**Subscription video-on-demand revenue saw year-on-year growth of 106.3% to R46 million, and further growth of 53.7% CAGR is predicted to 2020**

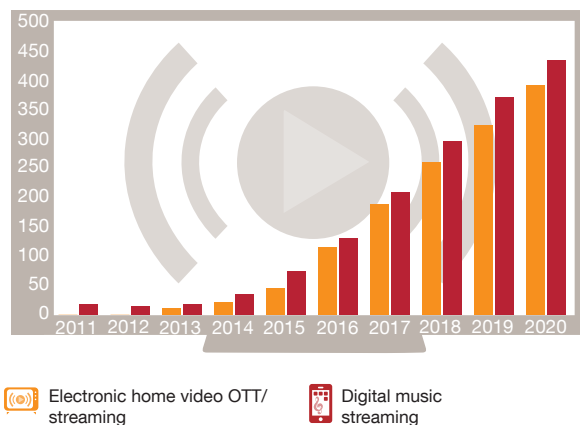


**Digital subscription is the best model for consumer growth across many segments**

Many of the best-performing consumer revenue models in terms of growth and, increasingly, scale have come through digital subscription, and 2015 saw further proof of this trend. Subscription video-on-demand (SVOD) revenue from the likes of Netflix saw year-on-year growth of 106.3% to R46 million, and further growth of 53.7% CAGR is predicted to 2020. The launch of Apple Music provided a major boost to digital music streaming revenue, both in terms of the company’s uptake and the wider sub-segment, with all streamers thought to have seen a boost due to the enhanced awareness that Apple’s launch seemed to create among consumers. Another year-on-year rise above 100%, to R74 million, was the result.

**Streaming services gaining ever greater traction**

Electronic home video OTT/streaming – SVOD revenue and digital music streaming revenue (R millions), 2011-2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

Within video games, too, online/microtransaction revenue is boosted by the healthy recurring payments of the subscription models espoused by the likes of Playstation Plus, Xbox Live and Steam. But compelling content for this type of model is critical; one of the reasons why many attempts to emulate a subscription service for books have yet to take off is because rights to key content couldn’t be secured. This remains an issue even in sectors where the subscription model has taken off, with Taylor Swift having a high-profile dispute with Apple Music over royalties, and Adele making her most recent album unavailable for streaming services upon release in November 2015.

Meanwhile, the availability of free alternatives is also an inhibitor of further growth in subscription services, particularly for the likes of newspapers and magazines.

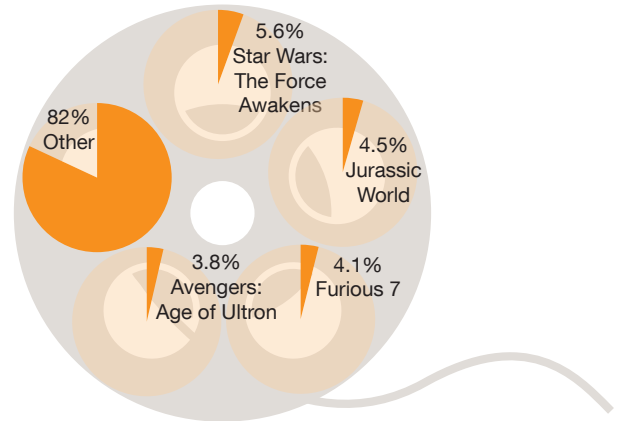
### Live experiences remain a key differentiator in an instant-access world

With consumers now having an astonishing array of choice delivered to their hands via the content available on a smartphone, an increasing premium is placed upon the live experience: be that watching the national team on TV, going to the cinema or a gig, or, increasingly, tuning in to e-sports tournaments. Last year saw box office revenue, in particular, undergo a staggering 18.3% year-on-year rise. The continued rise of e-sports had positive repercussions too: 2015's iteration of *The International*, a hugely popular tournament for the game *Defense of the Ancients 2 (Dota 2)*, saw players contributing more than US\$16 million to the prize pot through the purchase of an interactive compendium of in-game items and characters. The allure of such tournaments is a major reason why *Dota 2* developer Valve is thought to make more than US\$18 million from the game each month. The lure of games such as this in turn helped to push South African online/microtransaction PC games revenue up by 15.1% in 2015.

But ultimately, the lesson to learn is that consumers just want the best content, and will happily pay to receive it. They don't discriminate between digital and non-digital delivery systems. Instant access to content in return for a regular subscription is seeing great take-up, but this can only be facilitated by having the content to justify this. Box office revenue's growth in 2015 was propelled by key films. Indeed, as of April 2016, releases from 2015 currently account for the third-, fourth-, sixth- and seventh-highest grossing films of all time – those four films were utterly integral to the 18.3% rise in box office revenue last year.

### Killer content can have transformative effect on yearly performance

2015 Global box office revenue by selected film (%)



NB: The bulk of Stars Wars' revenue was taken in 2015, but a small percentage derived from 2016.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, Box Office Mojo, PwC, Ovum

For content providers, the message is clear: seamless delivery and a focus on the consumer experience are the integral groundwork for growth. But on top of that must then come truly compelling content – the *Narcos* that draws consumers into Netflix, the *Star Wars* that demands to be seen in an IMAX theatre, or the local favourite music act that continues to outperform international alternatives.

Last year saw box office revenue, in particular, undergo a staggering 18.3% year-on year rise



## Advertising

Total advertising revenue in South Africa is forecast to increase from R43.4 billion in 2015 to R53.0 billion in 2020, a CAGR of 4.1%, with only newspaper advertising forecast to take a downward turn. TV advertising continues to dominate the market, but Internet advertising is combining scale with a great pace of expansion, and will become the second-largest contributor to revenue by 2020.

### Internet advertising drives growth

#### Advertising E&M spending (R millions), 2011–2020

South Africa	Total advertising market (R millions)										CAGR %
	Historical data					Forecast data					
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015-20
Business-to-business	3 712	4 157	4 451	4 688	4 885	5 089	5 283	5 463	5 636	5 798	
YOY growth (%)		12.0%	7.1%	5.3%	4.2%	4.2%	3.8%	3.4%	3.2%	2.9%	3.5%
Cinema	511	552	594	639	684	730	778	827	879	930	
YOY growth (%)		8.0%	7.7%	7.5%	7.1%	6.7%	6.6%	6.4%	6.2%	5.9%	6.4%
Internet	1 401	1 885	2 474	3 055	3 774	4 554	5 431	6 365	7 312	8 249	
YOY growth (%)		34.6%	31.3%	23.5%	23.6%	20.7%	19.2%	17.2%	14.9%	12.8%	16.9%
Magazines	3 416	3 662	3 859	4 023	4 152	4 257	4 361	4 365	4 346	4 358	
YOY growth (%)		7.2%	5.4%	4.3%	3.2%	2.5%	2.5%	0.1%	-0.4%	0.3%	1.0%
Music	198	204	219	235	253	274	297	323	349	376	
YOY growth (%)		3.3%	7.2%	7.5%	7.8%	8.1%	8.5%	8.6%	8.1%	8.0%	8.2%
Newspapers	6 397	6 504	6 644	6 408	6 455	6 332	6 193	6 035	5 858	5 658	
YOY growth (%)		1.7%	2.1%	-3.5%	0.7%	-1.9%	-2.2%	-2.6%	-2.9%	-3.4%	-2.6%
Out-of-home	3 297	3 737	4 105	4 125	4 202	4 325	4 449	4 571	4 686	4 788	
YOY growth (%)		13.3%	9.9%	0.5%	1.9%	2.9%	2.9%	2.7%	2.5%	2.2%	2.6%
Radio	3 243	3 612	4 170	4 320	4 344	4 429	4 578	4 803	5 041	5 295	
YOY growth (%)		11.4%	15.4%	3.6%	0.6%	2.0%	3.4%	4.9%	5.0%	5.0%	4.0%
TV and video	10 934	12 039	12 942	14 252	16 155	16 827	17 469	18 150	18 939	19 782	
YOY growth (%)		10.1%	7.5%	10.1%	13.4%	4.2%	3.8%	3.9%	4.3%	4.5%	4.1%
Video games	21	25	33	38	43	49	54	60	65	70	
YOY growth (%)		19.9%	34.3%	15.1%	13.9%	12.7%	11.4%	10.1%	8.8%	7.5%	10.1%
<b>Total advertising</b>	<b>32 326</b>	<b>35 381</b>	<b>38 314</b>	<b>40 408</b>	<b>43 386</b>	<b>45 119</b>	<b>46 973</b>	<b>48 882</b>	<b>50 883</b>	<b>52 953</b>	
<b>YOY growth (%)</b>		<b>9.4%</b>	<b>8.3%</b>	<b>5.5%</b>	<b>7.4%</b>	<b>4.0%</b>	<b>4.1%</b>	<b>4.1%</b>	<b>4.1%</b>	<b>4.1%</b>	<b>4.1%</b>

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

TV advertising saw a surprisingly strong 2015 growth of 13.4% year-on-year, reflecting the fact that even as the country moves towards digital transition, advertisers have been reluctant to allocate significant portions of their budgets away from this more traditional medium. Nevertheless, the rise of time-shifted viewing and increasingly fragmented audiences means future growth prospects are more cautious, with a 4.1% CAGR predicted to 2020.

For Internet advertising, meanwhile, strong double-digit growth is anticipated throughout the forecast period. Almost two-thirds of online ad spend goes to paid search, where Google’s AdWords uses a cost-per-click (CPC) bid-based pricing model and is popular among advertisers due to its transparent and efficient nature – advertisers only pay for visitors directed to their websites, and can target customers locally or globally. The ever-increasing time spent on social media is also driving growth, with Facebook reported to have 24% of South Africans using the site, and the increasingly popular Instagram opening up for advertising at the end of 2014. Although ad blocking remains a concern, it is also an opportunity to improve the format, design and content of ads so as to discourage future adoption of ad blocking. Native advertising, for example, blends into the style and content of the site and has been shown to generate higher consumer engagement than traditional display ads.

## TV advertising saw a surprisingly strong 2015 growth of 13.4% year-on-year



Another concern is fraudulent viewing of digital ads, for example by automated computer programmes or bots, which results in marketers paying for ads that may have never been seen by real people. Combating ad fraud is challenging, but improving the ‘hygiene’ and credibility of digital advertising measurement is being increasingly addressed by a range of providers. There is a growing consensus across the industry that all parties – agencies, publishers and advertisers – have to work together to address the problem and thereby fulfil the potential of digital advertising.

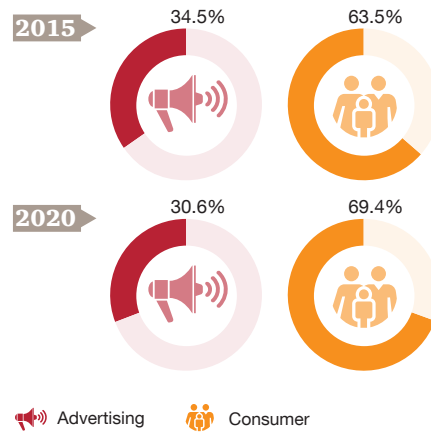
Elsewhere, radio continues to show solid growth due primarily to its reach, ability to target local communities and capacity to reach speakers of many different languages. With listening holding more or less steady, the medium will continue to attract both international and local advertisers.

### Advertising vs consumer vs access

With Internet access being considered to form part of the consumer revenue landscape, it will continue to accelerate away from advertising revenue, leading to an increasingly lopsided pie in 2020.

#### Consumer share of E&M spend continues to rise

Advertising vs consumer (%), 2015 vs 2020

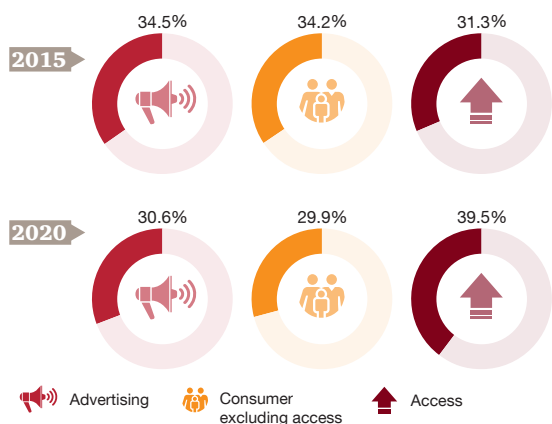


Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

With Internet access broken out, however, it is clear that the consumer share, absent this, is in decline – further evidence of consumer unwillingness to spend online. Nearly 40% of total E&M revenue will be accounted for by Internet access in 2020.

**Internet access nudges 40% of the market**

Advertising vs consumer vs access (%), 2015 vs 2020

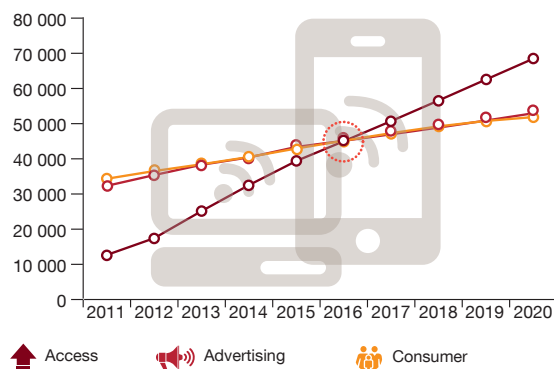


Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

The opportunities afforded by fixed broadband and, particularly, mobile Internet access may have brought a wealth of new E&M experiences into the reach of consumers, but they have also tipped the scale in the latter’s favour. E&M companies and advertisers must work harder than ever to find delivery systems and content that prove irresistible to South Africa’s varied and vibrant consumer market.

**Access to be top-ranked in 2017**

Consumer, advertising and Internet access revenue (R millions), 2011-2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

**Nearly 40% of total E&M revenue will be accounted for by Internet access in 2020**



# Nigeria

Nigeria has one of the fastest-growing markets in the entertainment and media universe. Last year it saw 15.7% growth to reach US\$3.8 billion, and with all segments forecast to rise over the forecast period, an 11.0% CAGR is anticipated – globally, only Indonesia (13.2% CAGR) can exceed this pace of growth.

## Double-digit growth expected throughout forecast period

### Entertainment and media spending by segment (US\$ millions), 2011–2020

Nigeria	Total E&M (US\$ millions)										
	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015–20
Books	37	37	39	41	44	46	48	50	52	55	
YOY growth (%)		1.8%	4.6%	5.9%	5.4%	5.0%	4.8%	4.5%	4.3%	4.0%	4.5%
Business-to-business	15	15	17	19	20	22	23	25	27	29	
YOY growth (%)		3.7%	10.5%	12.0%	6.5%	6.3%	6.6%	7.2%	7.8%	8.1%	7.2%
Cinema	70	75	80	87	95	104	114	123	134	144	
YOY growth (%)		6.6%	7.3%	8.1%	9.4%	9.5%	9.1%	8.7%	8.3%	7.8%	8.7%
Internet	506	826	1 136	1 488	1 919	2 275	2 672	3 115	3 587	4 089	
YOY growth (%)		63.3%	37.5%	31.0%	28.9%	18.6%	17.4%	16.6%	15.1%	14.0%	16.3%
Magazines	160	172	179	185	189	191	194	196	197	198	
YOY growth (%)		7.2%	4.5%	3.2%	2.0%	1.4%	1.1%	1.0%	0.8%	0.5%	1.0%
Music	40	42	42	44	47	51	57	66	75	86	
YOY growth (%)		2.8%	1.6%	3.8%	6.4%	9.0%	12.1%	15.6%	13.5%	14.6%	12.9%
Newspapers	168	166	166	166	166	167	169	172	174	174	
YOY growth (%)		-0.9%	0.0%	-0.4%	0.0%	0.6%	1.4%	1.7%	1.4%	0.1%	1.0%
Out-of-home	134	145	157	170	181	193	206	221	240	263	
YOY growth (%)		8.0%	8.9%	7.9%	6.3%	6.7%	6.7%	7.6%	8.6%	9.4%	7.8%
Radio	66	70	72	76	78	81	83	86	89	91	
YOY growth (%)		5.0%	4.0%	4.5%	3.2%	3.3%	3.3%	3.2%	3.1%	3.0%	3.2%
TV and video	788	829	903	976	1 021	1 054	1 088	1 128	1 162	1 205	
YOY growth (%)		5.1%	9.0%	8.0%	4.7%	3.3%	3.2%	3.7%	3.0%	3.7%	3.4%
Video games	45	54	64	76	88	101	116	134	147	150	
YOY growth (%)		19.1%	19.7%	18.1%	15.5%	15.4%	15.2%	15.4%	9.1%	2.4%	11.4%
<b>Total</b>	<b>2 015</b>	<b>2 414</b>	<b>2 841</b>	<b>3 308</b>	<b>3 826</b>	<b>4 263</b>	<b>4 746</b>	<b>5 290</b>	<b>5 854</b>	<b>6 454</b>	
<b>YOY growth (%)</b>		<b>19.8%</b>	<b>17.7%</b>	<b>16.5%</b>	<b>15.7%</b>	<b>11.4%</b>	<b>11.3%</b>	<b>11.5%</b>	<b>10.7%</b>	<b>10.2%</b>	<b>11.0%</b>

Notes: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Newspaper, directory, consumer magazine, trade magazine and online TV advertising are included in their respective segments and also in Internet advertising, but only once in the overall total.

Professional books is counted in business-to-business and books, but only once in the overall total.

Trade magazines is counted in business-to-business and magazines, but only once in the overall total.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum



## Internet access increasingly dominates revenues

Although South Africa’s market is characterised by a tendency to be overly weighted to Internet access, with that segment’s share approaching 40% by 2020, this is nothing compared to the stranglehold Internet has over Nigeria’s E&M revenue. In 2015, Internet access revenue accounted for just under 50% of the US\$3.8 billion figure and, in 2020, that proportion will rise to 61%.

Fixed broadband in Nigeria remains primarily limited to big cities, with fixed broadband penetration standing at just 3.0% in 2015. The real movement, then, is in mobile Internet subscribers – standing at 19.4 million in 2015, they are forecast to rise to 75.9 million by 2020, a CAGR of 31.3%. This equates to the mobile Internet penetration rate rising from 10.7% to 36.7%.

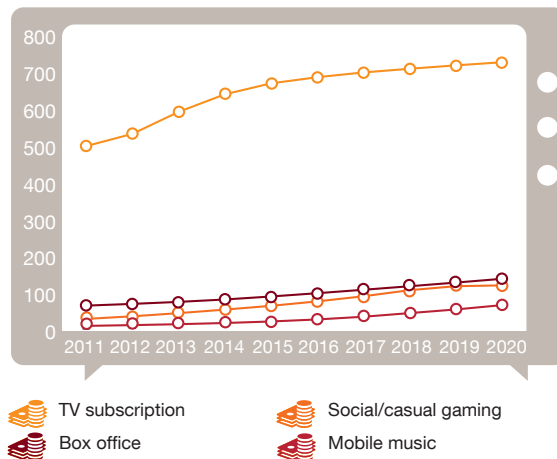
As more and more Nigerians gain access for the first time, so advertisers will increasingly follow them. However, with an effective mobile payment system equivalent to Kenya’s successful M-Pesa yet to become established in Nigeria, digital consumer revenue will be slow to follow – with the notable exception of video games, whose social/casual offerings have successful micropayment models that also ward off piracy, another inhibitor to digital growth.

TV and video revenue became a US\$1 billion-plus industry in 2015, with TV advertising still comfortably the highest-earning ad medium. Meanwhile, although subscription TV growth is sluggish, it still accounted for US\$671 million in 2015, and will add another US\$58 million by 2020. Over-the-top revenue is hampered by poor broadband infrastructure but will become more sizeable as the forecast period progresses.

Cinema, too, is set to see strong growth, as cinema building begins to rebalance an under-screened population and offers the best possible viewing experience of Hollywood content and popular Nollywood fare. And unusually in terms of other countries in the E&M universe, it is mobile music that is driving revenue in the music segment, again benefitting from its piracy-proof nature.

### TV subscriptions lead the way, but key areas account for consumer growth

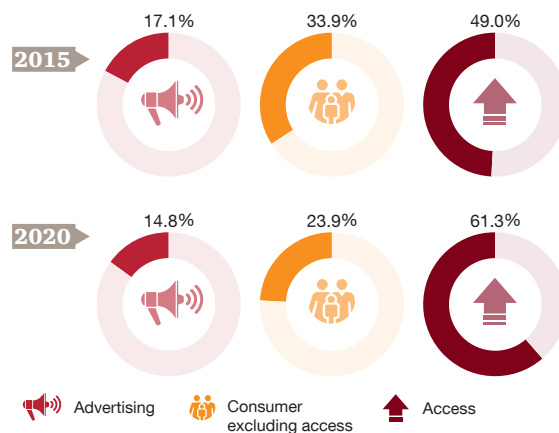
Key consumer revenue lines (US\$ millions), 2011-2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

### Internet access share will dominate in 2020

Advertising vs consumer vs access (%), 2015 vs 2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

Newspaper and magazine circulation revenues are seeing more muted growth, as we begin to witness in Nigeria the revenue shifts experienced in many other markets when the disruptive force of Internet access begins to gain critical mass.

## Internet has grown, but TV and OOH will be larger in 2020

### Advertising E&M spending (US\$ millions), 2011–2020

Nigeria	Total advertising market (US\$ millions)										
	Historical data				Forecast data						CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015-20
Business-to-business	3	3	4	5	5	5	6	6	6	7	
YOY growth (%)		6.3%	16.7%	29.7%	5.4%	5.1%	5.1%	5.7%	8.0%	11.5%	7.1%
Cinema	1	1	1	1	1	1	1	2	2	2	
YOY growth (%)		-7.5%	-8.6%	2.3%	3.4%	7.6%	10.9%	13.5%	15.8%	18.2%	14.6%
Internet	10	13	21	31	43	58	76	94	113	132	
YOY growth (%)		36.0%	60.3%	51.6%	47.8%	34.1%	32.6%	33.7%	34.5%	23.4%	25.1%
Magazines	6	6	6	7	7	8	8	8	8	8	
YOY growth (%)		7.5%	1.1%	9.8%	4.6%	4.3%	3.8%	3.7%	0.7%	-3.5%	1.8%
Music	1	1	1	1	1	1	1	1	1	1	
YOY growth (%)		1.5%	-2.5%	0.1%	0.2%	0.5%	1.0%	1.8%	4.0%	3.8%	3.0%
Newspapers	68	63	60	57	54	52	50	49	48	47	
YOY growth (%)		-6.8%	-7.0%	-5.4%	-4.8%	-4.4%	-4.2%	-3.4%	-3.4%	-3.5%	-2.8%
Out-of-home	134	145	157	170	181	193	206	221	240	263	
YOY growth (%)		6.6%	8.0%	8.9%	7.9%	6.3%	6.7%	6.7%	7.6%	8.6%	7.8%
Radio	66	70	72	76	78	81	83	86	89	91	
YOY growth (%)		2.6%	5.0%	4.0%	4.5%	3.2%	3.3%	3.3%	3.6%	3.4%	3.2%
TV and video	229	237	252	276	292	309	329	359	383	417	
YOY growth (%)		16.2%	3.8%	6.2%	9.8%	5.8%	5.7%	6.7%	9.2%	6.6%	7.4%
<b>Total advertising</b>	<b>512</b>	<b>533</b>	<b>568</b>	<b>616</b>	<b>655</b>	<b>699</b>	<b>751</b>	<b>816</b>	<b>879</b>	<b>957</b>	
<b>YOY growth (%)</b>		<b>4.1%</b>	<b>6.6%</b>	<b>8.5%</b>	<b>6.2%</b>	<b>6.7%</b>	<b>7.4%</b>	<b>8.7%</b>	<b>7.7%</b>	<b>8.9%</b>	<b>7.9%</b>

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

Internet advertising will comfortably see the fastest growth over the forecast period, and that will come predominantly in formats designed for mobiles, in keeping with the prevailing method of Internet access in the country. But although in most countries Internet advertising will be the first or second-largest advertising segment in terms of scale by 2020, in Nigeria it will be third, placed behind TV and OOH advertising.

According to the Advertising Practitioners Council of Nigeria, Nigeria currently has over 150 outdoor firms managing over 20 000 boards. South African provider Primedia has invested heavily in recent times, while

JCDecaux's 2015 purchase of Africa's largest OOH company, South Africa-based Continental Outdoor Media, has given the world's largest OOH provider a substantial presence in the Nigerian market as well. Even if it is concentrated in airports or shopping malls in the likes of Lagos, a forecast CAGR of 7.8% reflects healthy future possibilities.

TV advertising, meanwhile, is benefitting from strong economic growth and an emerging middle class with a higher disposable income, as well as the relative under-penetration of the Internet. The telecoms, banking and beverage industries have been major players here, and they will help boost TV advertising revenue from US\$292 million in 2015 to US\$417 million in 2020.

## Kenya

Kenya's total entertainment and media industry was worth US\$2.2 billion in 2015, a 9.1% rise on the year before. An 8.3% CAGR will lead to nearly 50% growth in absolute terms, with total E&M revenue rising to be worth US\$3.3 billion by 2020.

Internet access will again be the main contributor, if not as dominant in Kenya as in Nigeria, accounting for 43% of the total market in 2020. But the fact that the slowest-growing segment, books, will still rise at a 2.4% CAGR means there is a wealth of opportunities in the overall market.

### Strong growth across the board in Kenya

#### Entertainment and media spending by segment (US\$ millions), 2011–2020

Kenya	Total E&M (US\$ millions)										
	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015-20
Books	30	33	35	38	39	40	41	42	43	44	
YOY growth (%)		8.9%	8.6%	6.7%	2.6%	2.5%	2.5%	2.4%	2.4%	2.3%	2.4%
Business-to-business	7	8	9	11	12	14	15	17	18	20	
YOY growth (%)		9.5%	16.9%	21.7%	11.2%	10.7%	10.2%	9.9%	10.0%	9.8%	10.1%
Cinema	4	4	4	5	5	6	6	7	7	8	
YOY growth (%)		-1.9%	6.5%	7.2%	8.3%	8.7%	8.6%	8.5%	8.5%	7.9%	8.4%
Internet	180	403	629	858	1 003	1 116	1 226	1 336	1 447	1 565	
YOY growth (%)		124.5%	55.8%	36.4%	16.9%	11.3%	9.8%	9.0%	8.3%	8.1%	9.3%
Magazines	52	56	62	69	72	74	77	79	83	88	
YOY growth (%)		7.7%	11.1%	11.8%	3.5%	3.4%	3.3%	3.2%	4.7%	5.9%	4.1%
Music	17	17	17	18	19	20	21	24	26	29	
YOY growth (%)		4.1%	0.3%	2.7%	4.0%	5.8%	8.2%	11.1%	10.0%	11.3%	9.3%
Newspapers	117	147	158	167	175	183	191	199	205	209	
YOY growth (%)		25.3%	7.7%	5.6%	4.9%	4.6%	4.5%	4.0%	3.1%	1.7%	3.6%
Out-of-home	70	75	81	91	98	106	114	123	131	138	
YOY growth (%)		8.0%	8.3%	11.2%	8.8%	8.0%	7.6%	7.6%	6.7%	5.0%	7.0%
Radio	225	239	271	296	319	343	368	393	418	444	
YOY growth (%)		6.2%	13.4%	9.0%	7.8%	7.6%	7.2%	6.8%	6.4%	6.0%	6.8%
TV and video	244	321	364	428	415	479	526	571	613	654	
YOY growth (%)		31.3%	13.6%	17.5%	-3.0%	15.4%	9.7%	8.5%	7.5%	6.7%	9.5%
Video games	25	32	42	53	61	71	81	91	103	115	
YOY growth (%)		27.5%	30.0%	26.3%	16.4%	15.6%	13.7%	13.4%	12.4%	11.7%	13.4%
<b>Total</b>	<b>965</b>	<b>1 328</b>	<b>1 665</b>	<b>2 021</b>	<b>2 205</b>	<b>2 437</b>	<b>2 648</b>	<b>2 861</b>	<b>3 072</b>	<b>3 286</b>	
<b>YOY growth (%)</b>		<b>37.6%</b>	<b>25.4%</b>	<b>21.4%</b>	<b>9.1%</b>	<b>10.5%</b>	<b>8.7%</b>	<b>8.0%</b>	<b>7.4%</b>	<b>6.9%</b>	<b>8.3%</b>

Notes: Figures for 2011 – 2015 have been updated to reflect the most recently available financial information.

Newspaper, directory, consumer magazine, trade magazine and online TV advertising are included in their respective segments and also in Internet advertising, but only once in the overall total.

Professional books is counted in business-to-business and books, but only once in the overall total.

Trade magazines is counted in business-to-business and magazines, but only once in the overall total.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

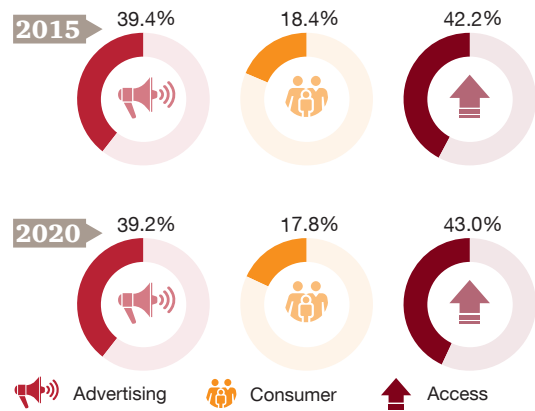
Interestingly, though Internet access’s share of total E&M revenue is rising, this is not at a breakneck pace – it will take just 0.8 percentage points more of the overall market in 2020 than in 2015. Indeed, advertising will scarcely lose share, with consumer revenue’s proportion of the overall pie being the one to decline due to the gradually increasing availability of free online E&M alternatives.

## Internet access’s share of total E&M revenue is rising



### Internet access share is rising, but not dominating

Consumer vs advertising vs access (%), 2015 vs 2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

The foundation behind Internet access revenue is again greater connectivity, again overwhelmingly skewed towards mobile Internet: while fixed broadband penetration will not reach 2% of households by 2020, a forecast 18 million-plus extra Kenyans will gain mobile Internet over the next five years.

A forecast of 18 million-plus extra Kenyans will gain mobile Internet access over the next five years



## Radio to retain slim advertising lead in 2020

Radio leads the advertising market in Kenya, thanks to a healthy market landscape of more than 370 radio stations able to reach a wide range of consumers. However, year-on-year growth is not set to reach the highs of 2013 and 2014 over the forecast period: although 51% of Kenyans reported radio as their main source of entertainment in 2015, beating any other medium, this percentage is anticipated to drop as consumers with increased discretionary income derive their entertainment elsewhere, be that from pay-TV or, increasingly, the Internet.

### 8.2% CAGR expected to 2020

#### Advertising E&M spending (US\$ millions), 2011–2020

Kenya	Total advertising market (US\$ millions)										
	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015-20
Business-to-business	2	2	3	4	4	4	5	5	6	6	
YOY growth (%)		10.9%	20.4%	30.1%	10.1%	9.6%	9.1%	8.4%	9.7%	11.5%	9.7%
Cinema	1	1	1	1	1	1	1	1	2	2	
YOY growth (%)		-28.3%	10.0%	11.6%	13.7%	15.1%	15.6%	16.2%	16.6%	14.2%	15.5%
Internet	18	28	41	55	72	86	101	116	133	151	
YOY growth (%)		54.8%	46.5%	35.6%	30.9%	18.4%	17.6%	15.3%	14.5%	13.5%	15.8%
Magazines	9	9	10	11	11	12	12	12	12	12	
YOY growth (%)		6.8%	8.2%	8.6%	4.0%	3.5%	2.6%	1.3%	1.0%	0.6%	1.8%
Music	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
YOY growth (%)		-3.9%	0.0%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.8%	-0.2%
Newspapers	77	105	115	122	128	134	139	144	147	150	
YOY growth (%)		36.5%	9.2%	6.2%	5.2%	4.4%	3.8%	3.1%	2.5%	1.9%	3.2%
Out-of-home	70	75	81	91	98	106	114	123	131	138	
YOY growth (%)		8.0%	8.3%	11.2%	8.8%	8.0%	7.6%	7.6%	6.7%	5.0%	7.0%
Radio	225	239	271	296	319	343	368	393	418	444	
YOY growth (%)		6.2%	13.4%	9.0%	7.8%	7.6%	7.2%	6.8%	6.4%	6.0%	6.8%
TV and video	152	207	231	276	242	286	315	343	372	401	
YOY growth (%)		36.3%	11.9%	19.2%	-12.2%	18.1%	10.1%	9.1%	8.4%	7.9%	10.6%
Video games	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	
YOY growth (%)			21.7%	14.3%	15.6%	13.5%	16.7%	14.3%	8.9%	8.2%	12.3%
<b>Total advertising</b>	<b>551</b>	<b>663</b>	<b>748</b>	<b>848</b>	<b>868</b>	<b>962</b>	<b>1 044</b>	<b>1 125</b>	<b>1 206</b>	<b>1 287</b>	
<b>YOY growth (%)</b>		<b>20.4%</b>	<b>12.9%</b>	<b>13.3%</b>	<b>2.4%</b>	<b>10.9%</b>	<b>8.4%</b>	<b>7.8%</b>	<b>7.2%</b>	<b>6.7%</b>	<b>8.2%</b>

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

Although TV advertising fell in 2015, with advertisers concerned that analogue switch-off would reduce their addressable market, it should rebound strongly this year, meaning a 10.6% CAGR to 2020 is anticipated, dominated by terrestrial advertising.

As with nearly every market across the globe, Internet advertising is progressing at the fastest pace. Online advertising has opened up new and cost-effective channels for small businesses to advertise their products and services, and thus the Internet advertising market will surpass out-of-home (OOH) advertising in 2019, followed by newspapers in 2020, to become the third-largest platform in Kenya.

More than half of total Internet advertising revenue comes from mobile devices as smartphone-owning Kenyans continue to grow in number, helped by lower data costs coupled with growing 3G and 4G access. Advertisers are embracing this growing and easily accessible audience, raising Internet advertising revenue from US\$72 million in 2015 to US\$151 million in 2020.

But with the advertising skills set in Kenya perceived to be slightly higher than in Nigeria thanks to better exposure to global trends, technology and training, commissions are expected to reduce as the market matures, encouraging further spend. As part of this growth trend, the wider advertising industry is set to expand, with more agencies launching.

## Conclusion



E&M companies, more now than ever, find themselves in a challenging set of circumstances – managing legacy models, while constantly innovating in developing models. Adapting for an audience that now wants instant access to large volumes of content, and that is often accustomed to paying little or nothing for the experience. Competing not just against each other, but against increasingly dominant Internet companies. They are players finding themselves going head-to-head with international behemoths.

But the countries of South Africa, Nigeria and Kenya are blessed with strong fundamentals – high numbers of the desirable younger demographics, growing economies and plenty of room for organic growth. Furthermore, E&M companies in these countries are best placed to know the tastes and preferences of their consumers, and they must exploit this local talent to further their competitive advantage.

As fixed and mobile Internet continue to drive change and opportunity, E&M companies and advertisers must stay ahead of the curve, leveraging their brand and market knowledge and, crucially, ensuring they have the most compelling content, to retain relevancy for their markets. The difficulties are great, but the potential is huge.



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# A world of differences



Entertainment and media companies can tap into many pockets of growth and opportunity. Our intensive analysis of five shifts roiling the industry can help you identify them.

Entertainment and media (E&M) companies are making great strides in pivoting to serve digital consumers around the world. However, at first glance, the outlook for E&M companies worldwide may still seem troubling. Declining pricing power, disinflation, and the trend toward free media and sharing all make it fundamentally challenging to grow organically.

The Global Entertainment and media outlook 2016–2020 projects that E&M will rise at a CAGR of 4.4 % in nominal terms through 2020 – lagging behind overall economic growth.

But a closer examination brings a different picture into focus. E&M is a dynamic, diverse industry with steady and sustainable growth. Although the strong aggregate growth is not shared equally by all participants, impressive growth and opportunities can be found in many areas of the industry. Drastic slowdowns in some areas and stagnation in others coexist with spectacular expansion in ‘hot’ countries, regions and sectors. Which is to say: The global media landscape is multi-shifting.

The biggest shifts are occurring in five dimensions of the global E&M landscape: demography, competition, consumption, geography and business models. Simultaneous and interrelated, they influence and play off one another. We’ll look at each shift in turn.



**Extract from Strategy + business special report:  
Global Entertainment and media outlook 2016 – 2020:  
A world of differences**

## Shift 1. Demography: Youth will be served

A great deal is made of the financial struggles of millennials. But the cultural trope of 20-somethings living in their parents' basement and cutting the cord on cable TV obscures a larger trend. We've all seen the speed at which younger consumers adopt new consumption behaviours and their startling ability to multitask in different media. These same attributes allow them to lead the way in setting trends and driving consumption in E&M markets around the world. Companies may find it easier and more comforting to pitch their products and services at putatively more affluent older people. But our data

suggests that in many countries in many parts of the world, the young will propel E&M growth through 2020.



Our analysis of total E&M revenue growth in the world's ten youngest and oldest markets in demographic terms further underscores the vital importance of youth. On average, E&M spending in the ten youngest markets is growing three times as rapidly as in the ten oldest markets. To put this in another way, growth in E&M spending is more influenced by the age of a country's population than by its comparative wealth. So youth will be served.

## Shift 2. Competition: Content is still king

In 2015, the stocks of many of the world's largest traditional media conglomerates, especially those based in the US and Europe, suffered in comparison to both technology-driven platforms such as Netflix and communications platforms such as Verizon.

In a world in which Netflix can launch its streaming services in 130 new countries in a single day, it's easy to assume that content is becoming more globally homogeneous. But the reality is that content is being redefined by forces of globalisation and localisation simultaneously. Much of the E&M industry is growing more global, but cultures and tastes in content remain steadfastly local.

Content-based business models across the world are being transformed to support this coexistence of global and local content offers. South Africa-based Naspers has an impressive portfolio, including pay-

TV operations that serve 48 African countries, and Nation Media is the biggest media house in East Africa, having expanded from its origins in Kenya to build major operations in Uganda and Tanzania. Such companies thrive by blending international reach and local focus.

These factors carry implications for media companies' strategies. In particular, it's important not to assume that past patterns in spending on 'global' content in mature markets are a valid guide to future spending in emerging markets, which often have their own, even more deeply held tastes in content and cultures, on top of a variety of native languages. As companies tailor their decisions about market entry, they also need to consider the mix of global versus local brands they will deploy in order to build audiences.



## Shift 3. Consumption: The joy of bundles

The ability to design and curate your own media diet has been one of the most powerful trends to emerge in the industry. Whether in the US or Uzbekistan, consumers have never had a greater ability than they do now to curate their own playlists — through apps, You-Tube, streaming services, social media and OTT offerings.

But the bundle isn't dead, not by a long shot. The rapid growth in on-demand streaming revenues is starting from a very low base, and even today on-demand streaming accounts for little more than two per cent of global consumer E&M revenue.

It's clear that some consumers may opt for a set of 'pure' à la carte offerings to keep costs down. And fewer will pay a premium price for a mundane

collection of channels that they can watch only on television. But the traditional bundlers are adapting rapidly, and they have substantial advantages and large customer bases.

The big battles will no longer be fought mainly over networks, cable channels and upstarts gaining access to content. The new battles will be among cable incumbents, technology giants and telecommunications companies, fighting over gaining access to distribution.

We also see bundles popping up, or reappearing, in other sectors. In Europe, newspaper publishers are enabling custom bundles by mashing content onto new digital platforms.





## Shift 4. Geography: Growth markets

Generally, companies have had one set of expectations about developed markets (slow growth, low regulation, easier to access) and another about developing markets (rapid growth, high regulation, more difficult to access). The result was that a company might have one strategy for developed markets, and another, somewhat generic strategy for developing markets. But the dynamics are shifting rapidly.

Disruption is pushing markets to develop in different ways. The divergences are being driven by several factors. One is the differential growth rates among sectors.

The result of these divergences is that ‘opportunity’ economies – even within the same region – can display significantly varied growth patterns.

In addition to understanding the where and how of growth by country, companies must grasp the importance of a third factor: regulation. In the E&M context, regulatory interventions include blocking the entry of international companies, requiring a certain percentage of airtime to be dedicated to local market

content, mandating government review and approval of content before content can be aired, and imposing different tax structures for local and international companies. And once again, the conventional E&M wisdom is often undermined by the facts on the ground. Simply put, some of the most heavily regulated markets are also those with the most growth.

The fundamental and ingrained differences between markets represent a key factor that E&M companies must take into account when planning their global strategies. And it’s clear that despite globalisation, such differences won’t go away anytime soon. The challenge for E&M companies is how to navigate around or through the barriers and thus gain access to these markets’ expanding consumer opportunities and growing revenues. One option is creating new, tailored business models and local joint ventures or partnerships, and then localising content and advertising experiences to comply with local regulations on such issues as decency and public health, as well as to suit local tastes.



## Shift 5. Business models: Transforming with trust

In 2013, Netflix CEO Reed Hastings (now) famously said he wanted to build Netflix into a company that actually resembled a premium cable network. This was a technology company racing to become a new kind of hybrid content company. Meanwhile, traditional publisher Time Inc. is emerging as a hybrid technology company. In March 2016, it acquired the data-driven marketing specialist Viant Technology. Such moves highlight another noteworthy shift. In many areas, the growth of technology and digitisation acts as a powerful centrifugal force — breaking up existing relationships; pushing large, generalist entities to give way to smaller specialists; and allowing smaller, nimble competitors to beat out incumbents. But the reality is that the historic shifts now under way are forging the creation of new business models, and perhaps even new industries. Those that are able to integrate the capabilities and approaches that create value for customers will continue to thrive.

But what if all these changes are creating an opportunity for incumbent agencies to reorient themselves to become invaluable to markets? Let’s take advertising as an example, one might argue that the established agency holding companies are uniquely well positioned to bring together programmatic capabilities, analytics, data aggregation and native

content. And in fact, they’re already doing it. The biggest holding companies are scaling world-class programmatic capabilities, while also developing software to buy digital advertising faster and more efficiently. What they cannot build, they buy or access through partnering. Enter the new ‘super’ agency.

This next-generation marketing strategy offers promise not just to the agencies but to content creators as well. In Australia, the three biggest newspaper publishers – News Corp, Fairfax, and APN News and Media – have all set up or bought a content marketing business in the last couple of years. These organisations may be very well suited to capture this opportunity because of the trust equity that lives in the brands, especially when it comes to assuring consumers who have privacy concerns. Globally, revenues from the creation and provision of content marketing grew 13.3 per cent in 2014 to reach \$26.47 billion, according to PQ Media. E&M companies that embrace technology and combine it with industry-centric assets such as relationships, customers, and knowledge will thrive and evolve.

*Source: Extract from Strategy + business special report: Global entertainment and media outlook 2016 – 2020: A world of differences*  
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# Internet



## South Africa

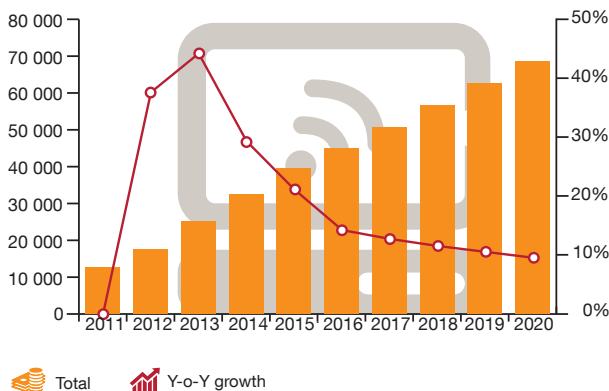
### This segment at a glance

#### Internet access

• **Internet access revenues are expected to increase by 74% in the five years to 2020, accounting for an ever greater proportion of entertainment and media spend.** South Africa's total Internet access revenue will increase from R39.4 billion in 2015 to R68.5 billion in 2020, as broadband – both fixed and mobile – becomes an essential utility. Though the forecast CAGR of 11.7% is lower than previously predicted, this still makes Internet access by far the largest contributor to total E&M spend.

*Internet access revenues are expected to increase by 74% in the five years to 2020*

Total Internet access will see 11.7% CAGR growth – Total Internet access revenue (R millions) and year-on-year growth (%), 2011–2020



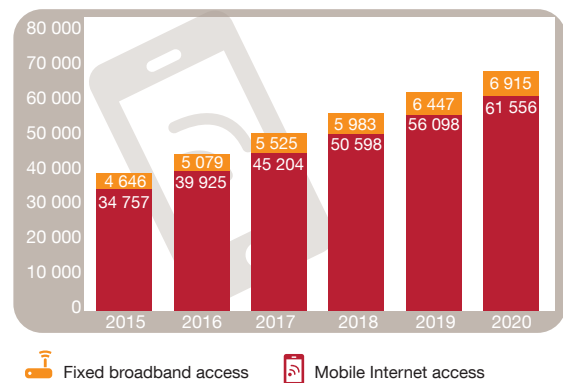
Total
 Y-o-Y growth

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

- **South Africa remains the site of some of the world's fastest growth in Internet access revenue.** South Africa's forecast CAGR of 11.7% in total Internet access revenue is comparable to that of leading developing markets in Asia and Latin America.
- **Mobile Internet access revenue growth will continue to outpace that of fixed broadband.** Coverage and take-up of fixed broadband services will improve considerably in the next few years. However, mobile Internet access adoption will also continue to expand rapidly. As a result, by 2020, mobile Internet access revenues will reach R61.6 billion – around 90% of total Internet access revenues, compared with 88% in 2015.

#### Mobile Internet continues to outpace fixed broadband

Internet access revenues by type (R millions), 2015–2020



Fixed broadband access
 Mobile Internet access

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

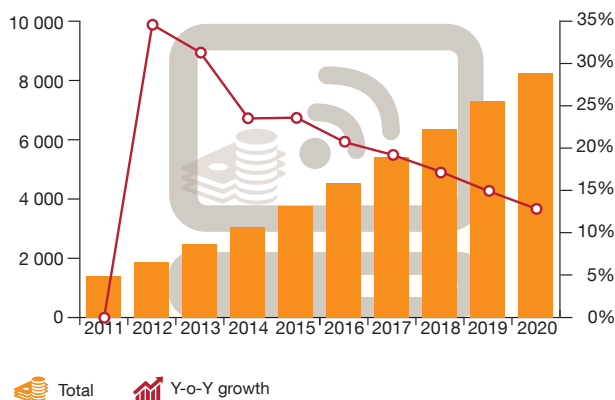
- **Improving network coverage, and cheaper handsets and data plans, boost mobile Internet take-up.** Smartphone connections in South Africa are forecast to grow by around 160% from 24.8 million in 2015 to 64.6 million in 2020, leading to a penetration rate of 60% that will fuel mobile Internet access revenue growth.

### Internet advertising

- **Internet advertising in South Africa continues to grow at a fast rate.** Total online advertising spend grew 23.6% in 2015 to reach R3.8 billion. By 2020, this figure will rise to R8.2 billion, a CAGR of 16.9%.

#### Internet advertising revenue has witnessed exceptional growth

Total Internet advertising revenue (R millions) and year-on-year growth (%), 2011–2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

- **Online advertising is the fastest-growing E&M segment in South Africa.** Internet's share of total advertising spend will increase from around 9% in 2015 to 15.6% in 2020, and at the end of the forecast period, the Internet will be South Africa's second-largest advertising platform, after television.
- **Paid search is the most widespread format in South Africa, comprising 62% of total Internet advertising revenue in 2015.** Paid search advertising on desktop dominates, but mobile is rising fast and will account for more than one-fifth of total paid search revenue in 2020.
- **Inhibitors of Internet advertising market developments include the uptake of ad-blocking software and fraud.** While ad blocking is fairly low in South Africa today, it's a trend to look out for as consumers turn to ad blocking to overcome their frustrations over the impact of ads on their loading times and data consumption. Local publishers should take measures to improve the quality of inventory they sell to prevent the growing uptake of ad-blocking software by users. On a more positive note, globally, programmatic advertising has grown rapidly, with more than half of digital ads in mature markets now being traded automatically – opening the way for better targeting of premium ads.



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## 12.2% combined CAGR for South African Internet market

### South Africa, revenues from Internet access and Internet advertising (R millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015-20
Fixed broadband access	3 297	3 593	3 845	4 243	4 646	5 079	5 525	5 983	6 447	6 915	8.3%
YOY growth (%)		9.0%	7.0%	10.3%	9.5%	9.3%	8.8%	8.3%	7.8%	7.2%	
Mobile Internet access	9 383	13 850	21 309	28 290	34 757	39 925	45 204	50 598	56 098	61 556	12.1%
YOY growth (%)		47.6%	53.9%	32.8%	22.9%	14.9%	13.2%	11.9%	10.9%	9.7%	
<b>Total Internet access</b>	<b>12 679</b>	<b>17 443</b>	<b>25 154</b>	<b>32 533</b>	<b>39 402</b>	<b>45 004</b>	<b>50 729</b>	<b>56 581</b>	<b>62 546</b>	<b>68 471</b>	<b>11.7%</b>
<b>YOY growth (%)</b>		<b>37.6%</b>	<b>44.2%</b>	<b>29.3%</b>	<b>21.1%</b>	<b>14.2%</b>	<b>12.7%</b>	<b>11.5%</b>	<b>10.5%</b>	<b>9.5%</b>	
Wired Internet advertising	1 361	1 844	2 432	3 014	3 736	4 517	5 395	6 332	7 280	8 219	17.1%
YOY growth (%)		35.5%	31.9%	23.9%	23.9%	20.9%	19.4%	17.4%	15.0%	12.9%	
Mobile Internet advertising	40	41	42	40	39	37	35	33	32	30	-5.0%
YOY growth (%)		2.6%	2.5%	-4.1%	-4.3%	-4.5%	-4.7%	-5.0%	-5.2%	-5.5%	
<b>Total Internet advertising</b>	<b>1 401</b>	<b>1 885</b>	<b>2 474</b>	<b>3 055</b>	<b>3 774</b>	<b>4 554</b>	<b>5 431</b>	<b>6 365</b>	<b>7 312</b>	<b>8 249</b>	<b>16.9%</b>
<b>YOY growth (%)</b>		<b>34.6%</b>	<b>31.3%</b>	<b>23.5%</b>	<b>23.6%</b>	<b>20.7%</b>	<b>19.2%</b>	<b>17.2%</b>	<b>14.9%</b>	<b>12.8%</b>	
<b>Total Internet market</b>	<b>14 080</b>	<b>19 328</b>	<b>27 628</b>	<b>35 588</b>	<b>43 177</b>	<b>49 558</b>	<b>56 160</b>	<b>62 946</b>	<b>69 858</b>	<b>76 720</b>	<b>12.2%</b>
<b>YOY growth (%)</b>		<b>37.3%</b>	<b>42.9%</b>	<b>28.8%</b>	<b>21.3%</b>	<b>14.8%</b>	<b>13.3%</b>	<b>12.1%</b>	<b>11.0%</b>	<b>9.8%</b>	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Mobile Internet advertising comprises only advertising campaigns on mobiles via SMS and MMS. Mobile search, display and video advertising revenue is considered within the respective wired sub-segments for South-Africa.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

## Nigeria

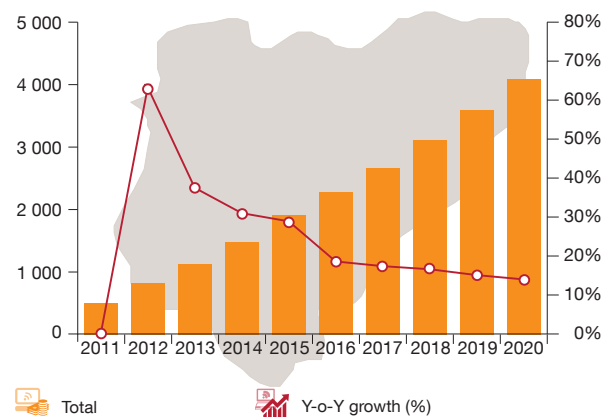
### This segment at a glance

- **Nigeria will have the fastest growth in Internet access revenue in the world.**

Nigeria's CAGR of 16.1% for Internet access revenue means that it is the world's fastest-growing country for that area, making Nigeria a very appealing growth market.

### Combined revenues to rise at 16.3% CAGR

Revenues from total Internet market (US\$ millions) and year-on-year growth(%), 2011–2020

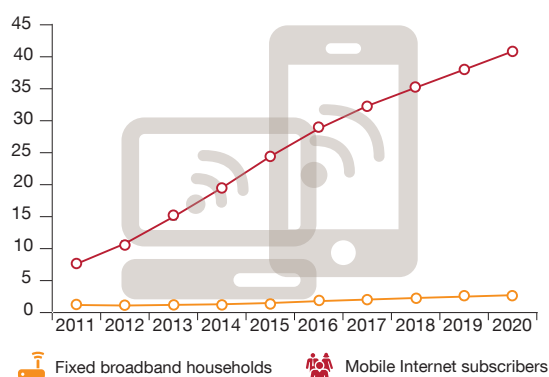


Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

- **Mobile remains the key element.** In both Internet access and advertising, it is mobile formats that are leading the way, with mobile Internet access accounting for US\$3.8 billion of a US\$4.0 billion total Internet access market in 2020, and US\$85 million of a US\$132 million Internet advertising market in the same year.
- **Mobile Internet subscribers soar, while fixed broadband households see slower growth.** While mobile Internet subscribers in Nigeria will rocket from 19.4 million in 2015 to 75.9 million by 2020, the lack of good broadband infrastructure means fixed broadband households will only rise from 695 000 to 847 000 over the same period.

### Mobile Internet subscribers to soar

Fixed broadband households and mobile Internet subscribers (millions), 2011–2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

- **Online advertising is taking off in Nigeria, quickly outperforming other traditional marketing platforms.** Growing at a CAGR of 25.1%, spend on Internet advertising will only be exceeded by out-of-home (OOH) and television in 2020.

### Combined revenues to rise at 16.3% CAGR

Nigeria, revenues from Internet access and Internet advertising (US\$ millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015–20
<b>Internet access</b>	<b>496</b>	<b>813</b>	<b>1 115</b>	<b>1 457</b>	<b>1 876</b>	<b>2 217</b>	<b>2 596</b>	<b>3 020</b>	<b>3 474</b>	<b>3 957</b>	<b>16.1%</b>
Fixed	87	92	83	113	137	131	130	138	146	155	2.4%
Mobile	410	721	1 032	1 344	1 738	2 086	2 466	2 883	3 328	3 802	16.9%
YOY growth (%)		63.8%	37.2%	30.6%	28.8%	18.2%	17.1%	16.3%	15.0%	13.9%	
<b>Internet advertising</b>	<b>10</b>	<b>13</b>	<b>21</b>	<b>31</b>	<b>43</b>	<b>58</b>	<b>76</b>	<b>94</b>	<b>113</b>	<b>132</b>	<b>25.1%</b>
YOY growth (%)		36.0%	60.3%	51.6%	37.2%	34.5%	30.8%	24.2%	19.9%	16.9%	
<b>Total Internet market</b>	<b>506</b>	<b>826</b>	<b>1 136</b>	<b>1 488</b>	<b>1 919</b>	<b>2 275</b>	<b>2 672</b>	<b>3 115</b>	<b>3 587</b>	<b>4 089</b>	<b>16.3%</b>
YOY growth (%)		63.3%	37.5%	31.0%	28.9%	18.6%	17.4%	16.6%	15.1%	14.0%	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Mobile Internet advertising comprises all advertising delivered to mobile devices via formats designed for the specific device. It is split out into the sub-segments of mobile paid search Internet advertising revenue and mobile display Internet advertising revenue. Mobile display Internet advertising revenue is broken down further into mobile video Internet advertising revenue and mobile other display Internet advertising revenue.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

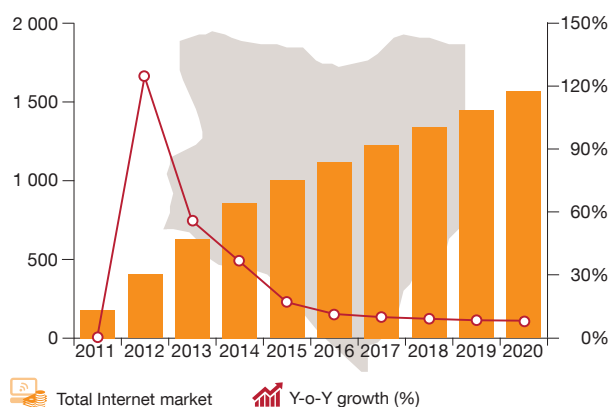
# Kenya

## This segment at a glance

- Mobile drives 8.7% CAGR in total Internet access revenue.** Total Internet access revenue will rise from US\$930 million in 2015 to US\$1.4 billion in 2020, and mobile Internet access will account for more than 97% of this, as Kenyan consumers continue to derive their Internet experience from mobile devices.
- FTTx is making progress.** Such is the demand for FTTx that fixed wireless access and cable modems have been overtaken by the technology.
- More than half of total Internet advertising revenue in Kenya comes from mobile devices.** Mobile is becoming a valuable platform for brands to reach consumers, as Internet subscriber penetration is set to reach 60% by 2020.

### Mobile formats are the runaway leader in Kenya

Revenues from total Internet market (US\$ millions) and year-on-year growth(%), 2011–2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

### Mobile formats are runaway leader in Kenya

#### Kenya, Internet access and advertising revenues (US\$ millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015-20
<b>Internet access</b>	<b>162</b>	<b>376</b>	<b>588</b>	<b>802</b>	<b>930</b>	<b>1031</b>	<b>1125</b>	<b>1220</b>	<b>1 315</b>	<b>1 414</b>	<b>8.7%</b>
Fixed	30	32	33	35	40	43	43	43	44	45	2.4%
Mobile	132	343	555	767	890	988	1 082	1 177	1 271	1 369	9.0%
YOY growth (%)		132.3%	56.5%	36.5%	16.0%	10.8%	9.2%	8.4%	7.7%	7.6%	
<b>Internet advertising</b>	<b>18</b>	<b>28</b>	<b>41</b>	<b>55</b>	<b>72</b>	<b>86</b>	<b>101</b>	<b>116</b>	<b>133</b>	<b>151</b>	<b>15.9%</b>
YOY growth (%)		54.8%	46.5%	35.6%	30.9%	18.4%	17.6%	15.3%	14.5%	13.5%	
<b>Total Internet market</b>	<b>180</b>	<b>403</b>	<b>629</b>	<b>858</b>	<b>1 003</b>	<b>1 116</b>	<b>1 226</b>	<b>1 336</b>	<b>1 447</b>	<b>1 565</b>	<b>9.3%</b>
YOY growth (%)		124.5%	55.8%	36.4%	16.9%	11.3%	9.8%	9.0%	8.3%	8.1%	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Mobile Internet advertising comprises all advertising delivered to mobile devices via formats designed for the specific device. It is split out into the sub-segments of mobile paid search Internet advertising revenue and mobile display Internet advertising revenue. Mobile display Internet advertising revenue is broken down further into mobile video Internet advertising revenue and mobile other display Internet advertising revenue.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

# Television



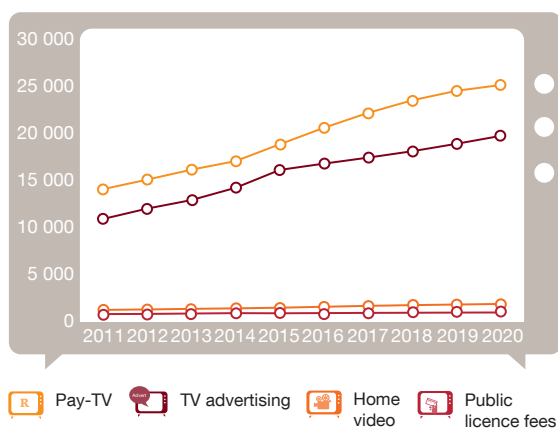
## South Africa

### This segment at a glance

- **South Africa is the largest TV market in Africa** and continues to grow strongly, with pay-TV subscription revenues expected to expand by a 5.9% CAGR to reach R25.2 billion in 2020.

*Pay-TV revenues grow at 5.9% CAGR to stay ahead of TV advertising*

TV revenue by component (R millions), 2011–2020



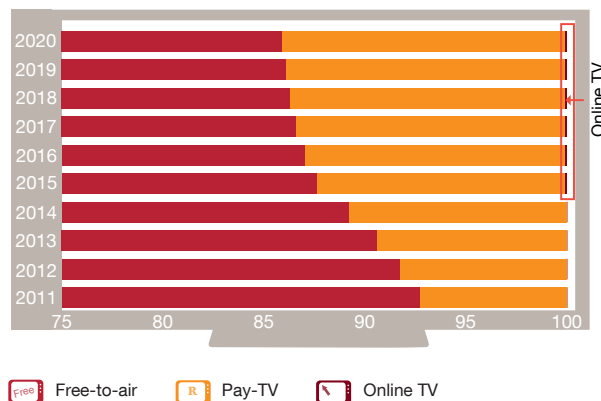
Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

- **Pay-TV penetration will reach 42.1% by 2020** as the country adds an extra 2.1 million households to the market over the forecast period.
- **MultiChoice has had success with GOTv pay-DTT in 11 countries across sub-Saharan Africa**, with the service being launched in South Africa in early 2016. The operator has promoted low-cost packages to entice the many low-income households across the region, offering digital services during the continued delays in analogue switch-offs.

- **Online TV advertising revenues remain in their infancy and will account for just 0.1% of TV advertising revenues in 2020.** Despite a slight shift towards multichannel services, terrestrial advertising will still dominate in 2020.

*Terrestrial's dominance is being squeezed by a burgeoning pay-TV sector*

TV advertising revenues split by platform (%), 2011–2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

- **Broadband penetration of just 14% limits the success of OTT services, which remain focused on premium customers in the largest cities.** Netflix launched in January 2016 but lacks local content, while key rights to its own original content are still held by MultiChoice across much of the region.

• **Public broadcaster SABC continues to dominate the ratings, although losses have been made in recent years.** It is heavily reliant on advertising revenues, which accounted for 74% of total income in 2015. Licence fee revenues were down to just 12%.

• **The SABC is focused on local content and has mandated that 80% of broadcasts on its TV channels must be locally produced from July 2016.**

### Growth in subscriptions and advertising underpins TV market expansion of 5.0% CAGR in South Africa to 2020

#### South Africa, TV revenues (R millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015-20
Pay-TV subscription	14 101	15 115	16 174	17 085	18 870	20 624	22 208	23 544	24 550	25 169	5.9%
YOY growth (%)		7.2%	7.0%	5.6%	10.4%	9.3%	7.7%	6.0%	4.3%	2.5%	
Home video	1 273	1 321	1 383	1 437	1 505	1 608	1 702	1 780	1 842	1 905	4.8%
YOY growth (%)		3.8%	4.7%	3.9%	4.7%	6.8%	5.9%	4.6%	3.4%	3.5%	
Physical home video	1 048	1 054	1 061	1 057	1 047	1 029	1 003	970	930	885	-3.3%
YOY growth (%)		0.7%	0.6%	-0.4%	-0.9%	-1.7%	-2.5%	-3.3%	-4.1%	-4.9%	
Electronic home video	226	267	322	380	457	578	699	810	911	1 020	17.4%
YOY growth (%)		18.2%	20.8%	18.1%	20.3%	26.4%	20.8%	16.0%	12.5%	12.0%	
Public licence fees	826	846	887	928	913	935	953	970	986	999	1.8%
YOY growth (%)		2.4%	4.8%	4.7%	-1.6%	2.4%	2.0%	1.7%	1.7%	1.3%	
<b>End user spending</b>	<b>16 020</b>	<b>17 080</b>	<b>18 217</b>	<b>19 195</b>	<b>21 007</b>	<b>22 858</b>	<b>24 536</b>	<b>25 951</b>	<b>27 022</b>	<b>27 703</b>	<b>5.7%</b>
YOY growth (%)		6.6%	6.7%	5.4%	9.4%	8.8%	7.3%	5.8%	4.1%	2.5%	
% of total TV market	59.4%	58.7%	58.5%	57.4%	56.5%	57.6%	58.4%	58.8%	58.8%	58.3%	
Broadcast TV advertising	10 934	12 038	12 941	14 247	16 146	16 814	17 453	18 132	18 920	19 761	4.1%
YOY growth (%)		10.1%	7.5%	10.1%	13.3%	4.1%	3.8%	3.9%	4.3%	4.4%	
Online TV advertising	0	0	1	5	9	13	16	18	19	21	19.6%
YOY growth (%)		100.0%	146.1%	503.4%	73.6%	51.5%	21.5%	11.0%	10.0%	9.0%	
<b>Total TV advertising</b>	<b>10 934</b>	<b>12 039</b>	<b>12 942</b>	<b>14 252</b>	<b>16 155</b>	<b>16 827</b>	<b>17 469</b>	<b>18 150</b>	<b>18 939</b>	<b>19 782</b>	<b>4.1%</b>
YOY growth (%)		10.1%	7.5%	10.1%	13.4%	4.2%	3.8%	3.9%	4.3%	4.5%	
% of total TV market	40.6%	41.3%	41.5%	42.6%	43.5%	42.4%	41.6%	41.2%	41.2%	41.7%	
<b>Total TV market</b>	<b>26 954</b>	<b>29 119</b>	<b>31 159</b>	<b>33 447</b>	<b>37 162</b>	<b>39 685</b>	<b>42 005</b>	<b>44 101</b>	<b>45 961</b>	<b>47 485</b>	<b>5.0%</b>
YOY growth (%)		8.0%	7.0%	7.3%	11.1%	6.8%	5.8%	5.0%	4.2%	3.3%	

\* Revenue from electronic home video through TV subscriptions forms part of both home video revenue and pay-TV subscription revenue. The total has been adjusted to account for this.

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum



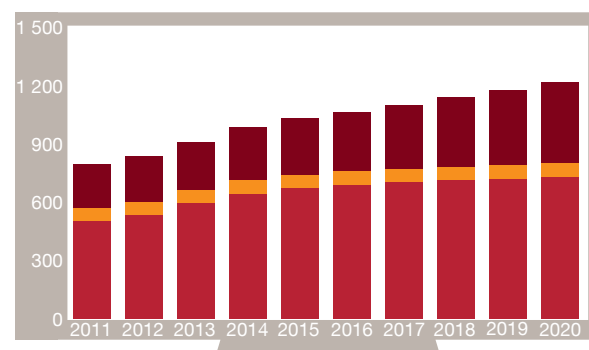
# Nigeria

## This segment at a glance

- **Nigeria will see modest growth in pay-TV revenues of 1.6% CAGR over the next five years**, with advertising revenues driving growth in the wider TV market.
- **MultiChoice is a leading player in Nigeria's pay-TV industry with its DSTv and GOtv services via satellite and pay-DTT.** With access to key sporting content, this is unlikely to change despite competition from StarTimes.
- **The online video and OTT sectors in Nigeria and Kenya are in their infancy and limited by extremely low broadband penetrations of 3% and 2% respectively.** Video streaming is limited to premium customers in major cities and on smartphones. Consequently, online TV advertising has yet to take off.

**Strong growth in advertising revenues will support expansion of 3.4% CAGR in Nigeria's TV market**

TV revenue by component (US\$ millions), 2011-2020



■ Pay-TV subscription 
 ■ Home video 
 ■ TV advertising

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

**Strong growth in advertising revenues will support expansion of 3.4% CAGR in Nigeria's TV market**

Nigeria, TV revenues (US\$ millions) and pay-TV households (millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
<b>TV market (US\$ million)</b>											
Pay-TV subscription	501	535	594	642	671	688	701	711	720	729	1.6%
YOY growth (%)		6.6%	11.1%	8.0%	4.6%	2.5%	1.9%	1.4%	1.3%	1.2%	
% of total TV market	63.1%	64.0%	65.2%	65.1%	65.1%	64.6%	63.8%	62.4%	61.3%	59.8%	
Home video	65	64	65	67	68	68	69	70	71	72	1.2%
YOY growth (%)		-1.0%	1.3%	3.7%	0.4%	0.8%	1.0%	1.2%	1.9%	1.0%	
% of total TV market	8.1%	7.7%	7.1%	6.8%	6.6%	6.4%	6.3%	6.1%	6.0%	5.9%	
TV advertising	229	237	252	276	292	309	329	359	383	417	7.4%
YOY growth (%)		3.8%	6.2%	9.8%	5.7%	5.7%	6.6%	9.1%	6.6%	9.0%	
% of total TV market	28.8%	28.4%	27.7%	28.1%	28.3%	29.0%	30.0%	31.5%	32.6%	34.3%	
<b>Total TV market</b>	<b>795</b>	<b>836</b>	<b>911</b>	<b>986</b>	<b>1 031</b>	<b>1 065</b>	<b>1 099</b>	<b>1 140</b>	<b>1 174</b>	<b>1 218</b>	<b>3.4%</b>
<b>YOY growth (%)</b>		<b>5.2%</b>	<b>9.0%</b>	<b>8.2%</b>	<b>4.6%</b>	<b>3.3%</b>	<b>3.2%</b>	<b>3.7%</b>	<b>3.0%</b>	<b>3.7%</b>	
Pay-TV households (millions)	1.5	2.1	2.5	2.5	2.6	2.7	2.8	2.9	2.9	3.0	2.8%
YOY growth (%)		41.9%	16.6%	3.5%	3.3%	3.2%	2.8%	2.8%	2.8%	2.7%	
Average monthly spending (US\$)	30.72	24.77	21.67	21.36	21.61	21.46	21.23	20.95	20.65	20.34	-1.2%
YOY growth (%)		-19.4%	-12.5%	-1.4%	1.2%	-0.7%	-1.1%	-1.3%	-1.4%	-1.5%	

\* Revenue from electronic home video through TV subscriptions forms part of both home video revenue and pay-TV subscription revenue. The total has been adjusted to account for this.

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

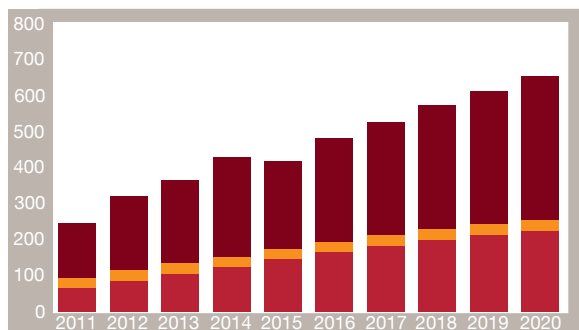
# Kenya

## This segment at a glance

- Kenya’s TV market revenues declined 2.9% in 2015, but the outlook remains positive with growth of 9.5% CAGR over the forecast period.

**Total Kenyan TV market growth of 9.5% underpinned by advertising revenue expansion**

TV revenues by component (US\$ millions), 2011-2020



R Pay-TV subscription 
 H Home video 
 A TV advertising

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

- Kenya’s analogue switch-off took place before the deadline of June 2015 set by the International Telecommunications Union (ITU). However, around 1.3 million Kenyan households were left without access to TV due to insufficient access to digital decoders.

- Around 350 000 additional pay-TV households will be added in the next five years, producing a total of 964 000 in 2020. However, due to high population growth, pay-TV penetration in Kenya will actually fall to 16.3% at that time, compared with 19.1% in 2015.

## Total Kenyan TV market growth of 9.5% underpinned by advertising revenue expansion

Kenya, TV revenues (US\$ millions) and pay-TV households (millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015-2020
Pay-TV subscription	64	86	105	124	145	165	183	199	212	223	9.0%
YOY growth (%)		33.9%	21.9%	18.6%	16.8%	14.1%	10.5%	8.7%	6.9%	5.2%	
% of total TV market	26.2%	26.7%	28.7%	29.0%	34.9%	34.4%	34.7%	34.8%	34.6%	34.1%	
Home video	29	28	28	28	29	29	29	30	30	31	1.4%
YOY growth (%)		-0.8%	0.0%	-0.1%	0.7%	1.1%	0.9%	1.2%	1.6%	2.3%	
% of total TV market	11.7%	8.9%	7.8%	6.6%	6.9%	6.0%	5.5%	5.2%	4.9%	4.7%	
TV advertising	152	207	231	276	242	286	315	343	372	401	10.6%
YOY growth (%)		36.3%	11.9%	19.2%	-12.2%	18.1%	10.1%	9.1%	8.4%	7.9%	
% of total TV market	62.1%	64.4%	63.5%	64.4%	58.2%	59.5%	59.7%	60.1%	60.5%	61.2%	
<b>Total TV market</b>	<b>244</b>	<b>321</b>	<b>364</b>	<b>428</b>	<b>416</b>	<b>480</b>	<b>526</b>	<b>571</b>	<b>614</b>	<b>655</b>	<b>9.5%</b>
<b>YOY growth (%)</b>		<b>31.3%</b>	<b>13.6%</b>	<b>17.5%</b>	<b>-2.9%</b>	<b>15.5%</b>	<b>9.7%</b>	<b>8.5%</b>	<b>7.5%</b>	<b>6.7%</b>	
Pay-TV households (millions)	0.2	0.3	0.6	0.6	0.6	0.7	0.8	0.8	0.9	1.0	9.4%
YOY growth (%)		35.2%	111.5%	-1.0%	1.8%	13.7%	10.9%	8.3%	7.6%	6.9%	
Average monthly spending (US\$)	33.35	28.53	19.43	17.06	19.85	21.00	20.69	20.53	20.34	19.95	0.1%
YOY growth (%)		-14.5%	-31.9%	-12.2%	16.3%	5.8%	-1.5%	-0.7%	-0.9%	-1.9%	

\* Revenue from electronic home video through TV subscription forms part of both home video revenue and pay-TV subscription revenue. The total has been adjusted to account for this.

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

# Cinema



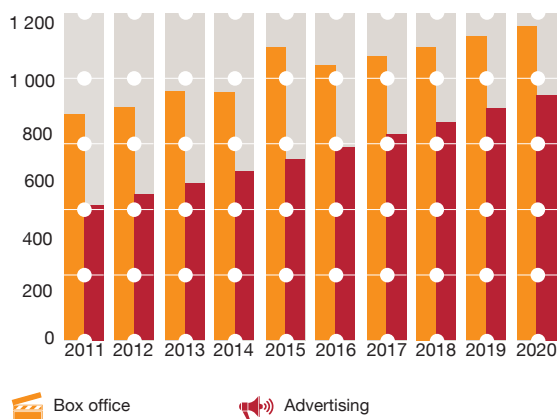
## South Africa

### This segment at a glance

- **Cinema revenues are moving upward.** Total cinema revenue in South Africa is expected to reach R2.1 billion in 2020, up from R1.8 billion in 2015, a CAGR of 3.3%.

#### Strong year for box office in 2015

Cinema revenues (R millions), 2011–2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

- **Admissions on a plateau, but box office revenue still to rise.** Cinema admissions are not forecast to grow from their 2015 base, but revenue will continue to rise thanks to small but consistent increases in admission prices over the forecast period, as well as new formats at higher ticket prices, such as IMAX and 4DX.
- **Weak currency to spur inward investment.** South Africa has obvious attractions for international production – financial incentives, stable weather, attractive locations, top crews and studio facilities – and the current weakness of the Rand is another major added attraction.
- **Ongoing rise of electronic home video intensifying the pressure on release windows.** In the US, total electronic home video revenue exceeded box office revenue for the first time in 2015. And at a global level, electronic home video will continue to narrow the gap on box office throughout the forecast period. This underlines how the rise of Internet streaming companies like Netflix and Amazon Prime is putting growing pressure on traditional “theatrical windows” – the 16- to 17-week period of exclusivity that cinemas demand before films filter through to ancillary platforms. Hollywood studios’ responses include focusing on “tentpole” movies: huge-budget, big-screen offerings that demand to be seen in cinemas.

## Strong year for box office in 2015

### South Africa, cinema revenues (R millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015-20
Box office	858	885	945	941	1 113	1 044	1 077	1 113	1 153	1 193	1.4%
Advertising	511	552	594	639	684	730	778	827	879	930	6.4%
<b>Total</b>	<b>1 369</b>	<b>1 437</b>	<b>1 539</b>	<b>1 580</b>	<b>1 797</b>	<b>1 774</b>	<b>1 854</b>	<b>1 940</b>	<b>2 032</b>	<b>2 123</b>	<b>3.3%</b>
<b>YOY growth (%)</b>		<b>5.0%</b>	<b>7.1%</b>	<b>2.6%</b>	<b>13.7%</b>	<b>-1.3%</b>	<b>4.5%</b>	<b>4.6%</b>	<b>4.7%</b>	<b>4.5%</b>	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Ster-Kinekor, Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

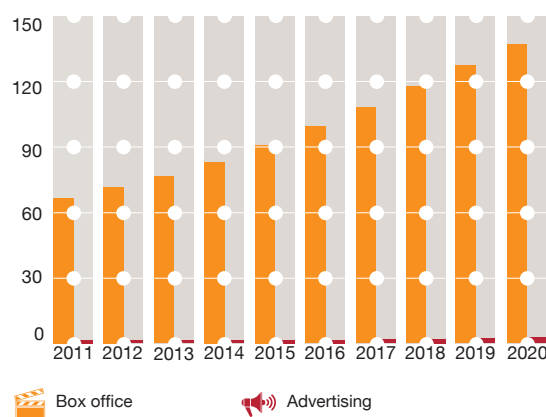
## Nigeria

### This segment at a glance

- Nigerian cinema on the rebound.** With new theatres opening, box office revenue will increase steadily in Nigeria over the forecast period, rising from US\$95 million in 2015 to US\$144 million in 2020 at a CAGR of 8.7%.

Box office revenue will increase steadily in Nigeria over the forecast period

Cinema revenues (US\$ millions), 2011–2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

### Cinema building contributes to swelling revenues

#### Nigeria, cinema revenues (US\$ millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015-20
Box office	69	74	79	86	94	103	112	122	132	142	8.6%
Advertising	1.1	1.0	1.1	1.1	1.2	1.3	1.5	1.7	2.0	2.3	14.6%
<b>Total</b>	<b>70</b>	<b>75</b>	<b>80</b>	<b>87</b>	<b>95</b>	<b>104</b>	<b>114</b>	<b>123</b>	<b>134</b>	<b>144</b>	<b>8.7%</b>
<b>YOY growth (%)</b>		<b>6.6%</b>	<b>7.3%</b>	<b>8.1%</b>	<b>9.4%</b>	<b>9.5%</b>	<b>9.1%</b>	<b>8.7%</b>	<b>8.3%</b>	<b>7.8%</b>	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

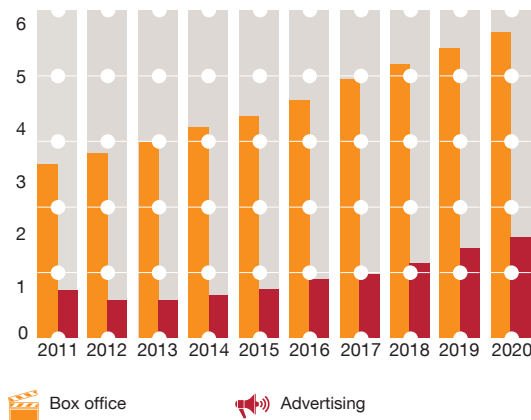
## Kenya

### This segment at a glance

- Kenya courting international productions.**  
 Kenya is planning to introduce a highly competitive new tax incentive of 32% for foreign producers working in the country. Total cinema revenue in Kenya is expected to reach US\$7.7 million in 2020, up from US\$5.2 million in 2015, a CAGR of 8.4%.

### Strong growth from a low base for Kenya

Cinema revenues (US\$ millions), 2011–2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

### Strong growth from a low base for Kenya

#### Kenya, cinema revenues (US\$ millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Box office	3.3	3.5	3.7	4.0	4.2	4.5	4.9	5.2	5.5	5.8	6.6%
Advertising	0.9	0.7	0.7	0.8	0.9	1.1	1.2	1.4	1.7	1.9	15.5%
<b>Total</b>	<b>4.2</b>	<b>4.2</b>	<b>4.4</b>	<b>4.8</b>	<b>5.2</b>	<b>5.6</b>	<b>6.1</b>	<b>6.6</b>	<b>7.2</b>	<b>7.7</b>	<b>8.4%</b>
<b>YOY growth (%)</b>		<b>-1.9%</b>	<b>6.5%</b>	<b>7.2%</b>	<b>8.3%</b>	<b>8.7%</b>	<b>8.6%</b>	<b>8.5%</b>	<b>8.5%</b>	<b>7.9%</b>	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

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Filter digital and nondigital spending data.

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# Video games



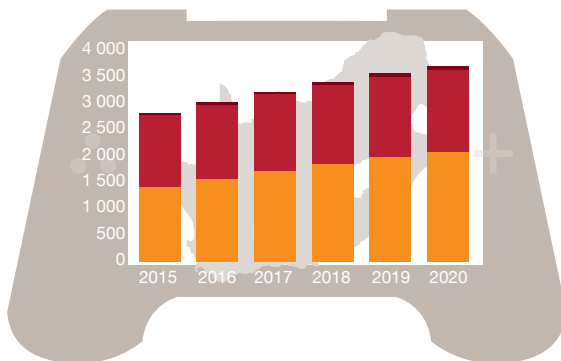
## South Africa



### This segment at a glance

- **The South African video game market is performing well and revenue is forecast to grow at a healthy CAGR of 5.6%** to reach R3.7 billion in 2020, up from R2.8 billion in 2015.

*Social/casual is now the largest segment but traditional gaming continues to grow*

Video games revenue by component (R millions), 2015-2020



 Social/casual gaming
  Traditional gaming
  Video games advertising

- **Social/casual gaming revenue overtook traditional game revenue for the first time in 2015** and will be the key growth area over the next five years, exceeding R2 billion by 2020.
- **Traditional game revenue will nonetheless continue to grow steadily at a CAGR of 2.7%**, assisted by rapidly growing digital sales.
- **Sales of physical copies of games are expected to hold up better than in most markets**, but will have fallen to just 22% of the video game market by 2020 from 51.9% in 2011.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum



**The South African video game market is forecast to grow at CAGR of 5.6%**

## Healthy growth in South African video game market set to continue

### South Africa, video game market (R millions), 2011–2020

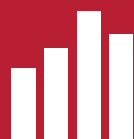
Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2016-20
<b>Traditional game revenue</b>	<b>1 042</b>	<b>1 074</b>	<b>1 223</b>	<b>1 314</b>	<b>1 358</b>	<b>1 403</b>	<b>1 447</b>	<b>1 489</b>	<b>1 525</b>	<b>1 554</b>	<b>2.7%</b>
Physical PC games	281	274	268	258	248	236	224	210	197	183	-5.9%
Digital PC games	-	19	55	90	102	114	126	137	147	157	9.0%
Online /microtransaction PC games	87	114	148	181	209	238	268	298	329	359	11.5%
Physical console games	658	640	701	702	695	686	675	662	648	632	-1.9%
Digital console games	9	17	31	43	56	71	86	101	115	125	17.3%
Online/microtransaction console games	6	11	20	40	49	59	69	80	90	98	15.0%
<b>Social/casual game revenue</b>	<b>747</b>	<b>930</b>	<b>1 110</b>	<b>1 267</b>	<b>1 422</b>	<b>1 576</b>	<b>1 724</b>	<b>1 861</b>	<b>1 983</b>	<b>2 083</b>	<b>7.9%</b>
App-based social/casual	615	796	963	1 107	1 256	1 406	1 553	1 691	1 817	1 924	8.9%
Browser-based social/casual	132	133	146	160	166	170	171	170	166	159	-0.8%
<b>Video game advertising revenue</b>	<b>21</b>	<b>25</b>	<b>33</b>	<b>38</b>	<b>43</b>	<b>49</b>	<b>54</b>	<b>60</b>	<b>65</b>	<b>70</b>	<b>10.1%</b>
<b>Total</b>	<b>1 810</b>	<b>2 029</b>	<b>2 365</b>	<b>2 619</b>	<b>2 823</b>	<b>3 028</b>	<b>3 226</b>	<b>3 410</b>	<b>3 573</b>	<b>3 707</b>	<b>5.6%</b>
<b>YOY growth (%)</b>		<b>12.1%</b>	<b>16.6%</b>	<b>10.7%</b>	<b>7.8%</b>	<b>7.2%</b>	<b>6.5%</b>	<b>5.7%</b>	<b>4.8%</b>	<b>3.8%</b>	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum



**Social/casual gaming revenue overtook traditional game revenue in 2015**



Build personalised data by segment, component, and country.

Visit the online Outlook at [www.pwc.co.za/outlook](http://www.pwc.co.za/outlook)

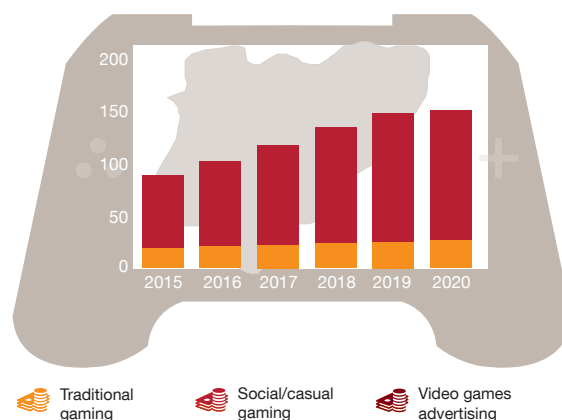
# Nigeria

## This segment at a glance

- Nigeria’s video game market is growing rapidly, driven by strong social/casual game revenue, which will exceed 80% of total revenue by 2017.

The social/casual-dominated Nigerian video games market is growing rapidly

Video games revenue by component (US\$ millions), 2015–2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

## Social/casual games are driving rapid growth in Nigeria

Nigeria, video game market (US\$ millions), 2011–2020

Category	Historical data					Forecast data						CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		
<b>Traditional game revenue</b>	11.8	13.3	15.3	17.4	18.9	20.4	22.0	23.4	24.8	26.1	6.6%	
Physical PC games	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	-8.0%	
Digital PC games	0.0	0.1	0.7	1.1	1.2	1.4	1.6	1.7	1.7	1.7	6.6%	
Online/microtransaction PC games	10.3	11.2	12.1	13.0	14.0	14.9	15.8	16.7	17.7	18.6	5.9%	
Physical console games	0.4	0.5	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6	-2.5%	
Digital console games	0.6	0.9	1.1	1.3	1.5	1.7	1.9	2.2	2.4	2.6	11.6%	
Online/microtransaction console games	0.4	0.6	0.7	1.3	1.5	1.7	2.0	2.2	2.4	2.6	11.3%	
<b>Social/casual game revenue</b>	33	40	49	58	69	81	95	111	122	124	12.6%	
App-based social/casual	27	34	42	52	62	74	88	105	115	118	13.6%	
Browser-based social/casual	6.4	6.5	6.6	6.6	6.6	6.6	6.5	6.5	6.5	6.4	-0.5%	
<b>Video game advertising revenue</b>	-	-	-	-	-	-	-	-	-	-	-	
<b>Total</b>	45	54	64	76	88	101	116	134	147	150	11.4%	
<b>YOY growth (%)</b>		19.1%	19.7%	18.1%	15.5%	15.4%	15.2%	15.4%	9.1%	2.4%		

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum



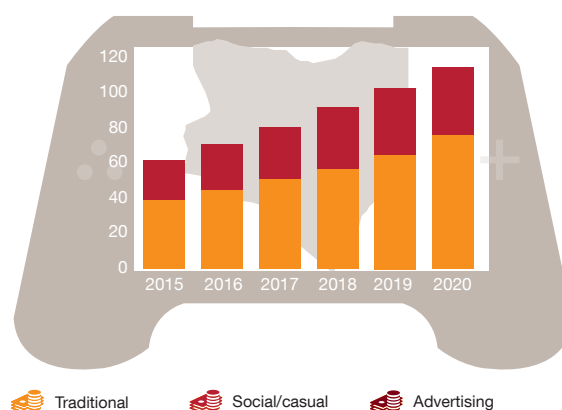
# Kenya

## This segment at a glance

- Kenya is forecast to be the world's fastest-growing video game market over the next five years, with a CAGR of 13.4%. By contrast to Nigeria, most growth will come from online/microtransaction revenue, although social/casual will also grow strongly.

Growth is being driven by both the traditional and social/casual segments

Video games revenue by component (US\$ millions), 2015-2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

## Kenya is seeing exceptional growth in both traditional and social/casual games

### Kenya, video game market (US\$ millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
<b>Traditional game revenue</b>	<b>14.3</b>	<b>18.5</b>	<b>25.4</b>	<b>33.3</b>	<b>38.8</b>	<b>44.8</b>	<b>50.5</b>	<b>56.7</b>	<b>64.8</b>	<b>75.6</b>	<b>14.3%</b>
Physical PC games	1.0	1.0	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.8	-2.9%
Digital PC games	2.2	2.3	2.4	2.4	2.5	2.6	2.6	2.7	2.8	2.8	2.5%
Online/microtransaction PC games	7.1	9.2	12.0	14.9	17.7	20.9	24.3	28.3	34.2	43.0	19.4%
Physical console games	1.7	1.9	2.7	3.8	3.8	3.8	3.8	3.7	3.7	3.7	-0.9%
Digital console games	1.4	2.5	4.4	6.2	7.7	9.1	10.5	11.8	12.8	13.6	12.1%
Online/microtransaction console games	0.9	1.7	3.0	5.1	6.2	7.6	8.5	9.4	10.5	11.9	13.8%
<b>Social/casual game revenue</b>	<b>10.8</b>	<b>13.5</b>	<b>16.3</b>	<b>19.3</b>	<b>22.5</b>	<b>26.1</b>	<b>30.1</b>	<b>34.7</b>	<b>38.0</b>	<b>39.2</b>	<b>11.8%</b>
App-based social/casual	8.7	11.4	13.9	16.8	20.0	23.6	27.6	32.3	35.6	36.8	13.0%
Browser-based social/casual	2.2	2.2	2.4	2.6	2.5	2.5	2.5	2.5	2.5	2.4	-0.9%
<b>Video game advertising revenue</b>	<b>-</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>12.3%</b>
<b>Total</b>	<b>25</b>	<b>32</b>	<b>42</b>	<b>53</b>	<b>61</b>	<b>71</b>	<b>81</b>	<b>91</b>	<b>103</b>	<b>115</b>	<b>13.4%</b>
<b>YOY growth (%)</b>		<b>27.5%</b>	<b>30.0%</b>	<b>26.3%</b>	<b>16.4%</b>	<b>15.6%</b>	<b>13.7%</b>	<b>13.4%</b>	<b>12.4%</b>	<b>11.7%</b>	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

# Newspaper publishing



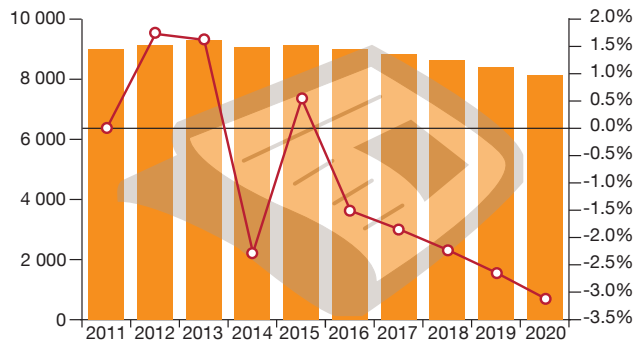
## South Africa

### This segment at a glance

- In 2020, the newspaper market in South Africa is expected to be R1 billion smaller than in 2015. In 2015 total newspaper revenue was worth R9.1 billion, but this figure will drop to R8.1 billion in 2020.

**In 2020, the newspaper market is expected to be R1 billion smaller than in 2015**

Total newspaper revenues (R millions) and year-on-year growth (%), 2011–2020



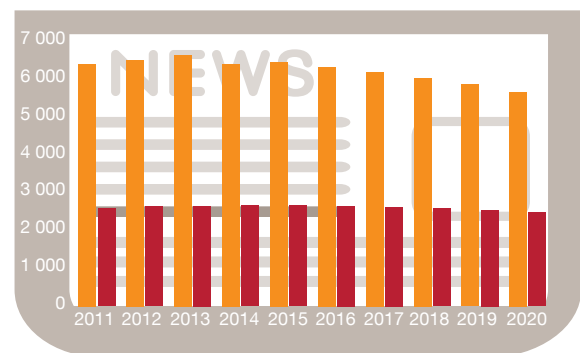
Total Y-o-Y growth

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum, Adex

- Although digital advertising revenues are expected to grow by a CAGR of 13.7% to reach R576 million in 2020, they will not counteract the decline in print advertising.

**Growth in digital advertising will not counteract the falls in print advertising**

Total newspaper circulation and advertising revenue (R millions), 2011–2020



Advertising Circulation

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum, Adex

- Circulation revenues are also forecast to start declining, as price rises are unable to compensate for declining numbers of copies sold.

## Print declines will be a drag on the market

### South Africa, newspaper publishing market (R millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015-20
<b>Advertising</b>	<b>6 397</b>	<b>6 504</b>	<b>6 644</b>	<b>6 408</b>	<b>6 455</b>	<b>6 332</b>	<b>6 193</b>	<b>6 035</b>	<b>5 858</b>	<b>5 658</b>	<b>-2.6%</b>
Print	6 277	6 350	6 450	6 162	6 152	5 968	5 767	5 551	5 322	5 082	-3.8%
Digital	120	154	194	246	303	364	426	484	536	576	13.7%
<b>Circulation</b>	<b>2 587</b>	<b>2 635</b>	<b>2 644</b>	<b>2 667</b>	<b>2 669</b>	<b>2 655</b>	<b>2 628</b>	<b>2 589</b>	<b>2 538</b>	<b>2 476</b>	<b>-1.5%</b>
Print	2 587	2 622	2 628	2 646	2 640	2 618	2 583	2 536	2 477	2 408	-1.8%
Digital	0	13	16	21	29	37	45	53	61	69	18.7%
<b>Total</b>	<b>8 984</b>	<b>9 140</b>	<b>9 288</b>	<b>9 075</b>	<b>9 124</b>	<b>8 987</b>	<b>8 821</b>	<b>8 624</b>	<b>8 396</b>	<b>8 134</b>	<b>-2.3%</b>
<b>YOY growth (%)</b>		<b>1.7%</b>	<b>1.6%</b>	<b>-2.3%</b>	<b>0.5%</b>	<b>-1.5%</b>	<b>-1.9%</b>	<b>-2.2%</b>	<b>-2.7%</b>	<b>-3.1%</b>	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum



**Circulation revenues  
are forecast to start  
declining**



Access additional individual country (South Africa, Nigeria and Kenya) commentary.

Visit the online Outlook at [www.pwc.co.za/outlook](http://www.pwc.co.za/outlook)

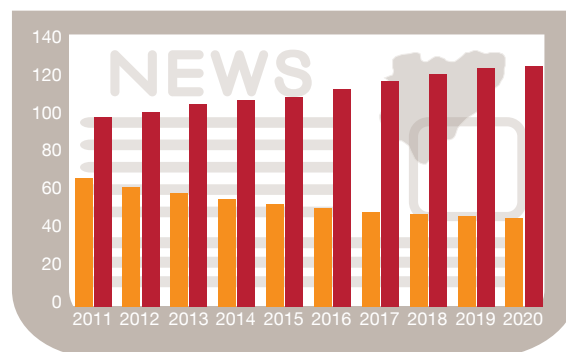
# Nigeria

## This segment at a glance

- **The Nigerian newspaper market is forecast to grow gradually, but advertising and circulation revenues are moving in opposite directions.** Advertising revenues are forecast to fall from US\$68 million in 2011 to US\$47 million in 2020, while circulation revenues are expected to continue their rise and grow by a CAGR of 2.7%, reaching US\$127 million in 2020.

### Advertising on a downward trend

Newspaper circulation and advertising revenues (US\$ millions), 2011–2020



Advertising Circulation

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

## Growth slows in Nigerian market

### Nigeria, newspaper publishing market (US\$ millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
<b>Advertising</b>	68	63	60	57	54	52	50	49	48	47	-2.8%
Print	67	62	58	55	52	50	48	46	44	43	-3.8%
Digital	1	1	1	2	2	2	2	3	3	4	15.5%
<b>Circulation</b>	100	103	107	109	111	115	119	123	126	127	2.7%
Print	100	103	106	107	108	109	109	109	109	109	0.2%
Digital	0	0	1	2	3	6	10	14	17	18	40.4%
<b>Total</b>	168	166	166	166	166	167	169	172	174	174	1.0%
<b>YOY growth (%)</b>		-0.9%	0.0%	-0.4%	0.0%	0.6%	1.4%	1.7%	1.4%	0.1%	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

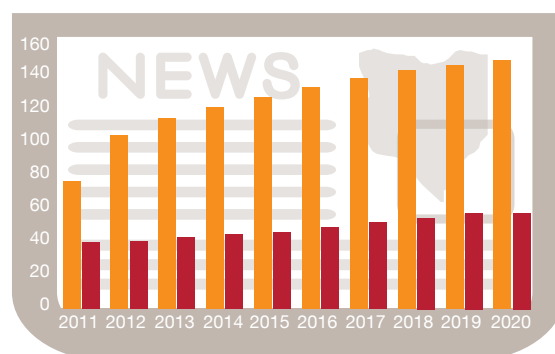
# Kenya

## This segment at a glance

- **The Kenyan newspaper market is maturing and remains healthy**, with total newspaper revenue growing by a CAGR of 3.6% and expected to reach US\$209 million by 2020.

### The Kenyan newspaper market remains healthy

Newspaper advertising and circulation revenues (US\$ millions), 2011–2020



Advertising Circulation

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

## Relatively strong growth in Kenyan market

Kenya, newspaper publishing market (US\$ millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
<b>Advertising</b>	<b>77</b>	<b>105</b>	<b>115</b>	<b>122</b>	<b>128</b>	<b>134</b>	<b>139</b>	<b>144</b>	<b>147</b>	<b>150</b>	<b>3.2%</b>
Print	76	103	112	119	124	129	132	135	137	138	2.1%
Digital	1	2	3	4	4	6	7	8	10	12	22.8%
<b>Circulation</b>	<b>40</b>	<b>41</b>	<b>43</b>	<b>45</b>	<b>46</b>	<b>49</b>	<b>52</b>	<b>55</b>	<b>58</b>	<b>58</b>	<b>4.8%</b>
Print	40	41	43	43	44	44	44	44	44	44	0.2%
Digital	0	0	0	1	3	5	8	11	14	14	39.3%
<b>Total</b>	<b>117</b>	<b>147</b>	<b>158</b>	<b>167</b>	<b>175</b>	<b>183</b>	<b>191</b>	<b>199</b>	<b>205</b>	<b>209</b>	<b>3.6%</b>
<b>YOY growth (%)</b>		<b>25.3%</b>	<b>7.7%</b>	<b>5.6%</b>	<b>4.9%</b>	<b>4.6%</b>	<b>4.5%</b>	<b>4.0%</b>	<b>3.1%</b>	<b>1.7%</b>	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

# Magazine publishing



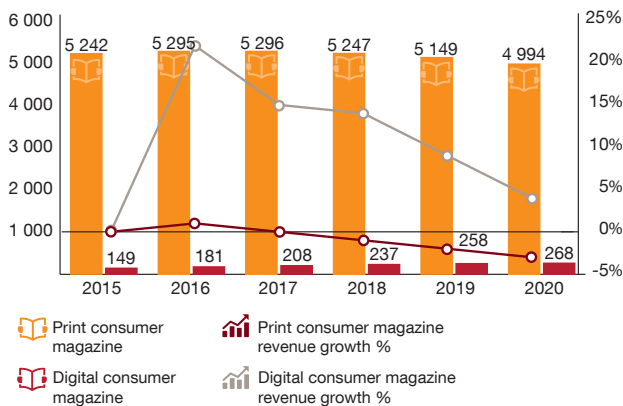
## South Africa

### This segment at a glance

- The difficulty of monetising digital magazines means digital magazine growth will not be enough to offset print losses.** While digital will grow strongly, it will still make up only 6.5% of total consumer magazine revenues in 2020, up from 2.8% in 2015. Consumers are proving reluctant to spend on digital magazines and digital ad space costs significantly less than its print equivalent.
- Consumer magazine revenue is expected to peak in 2017.** South Africa's consumer magazine market is forecast to be worth R9.0 billion in 2020, up just R110 million from 2015. Declining revenues from 2018 onwards level out overall expected growth, leading to a CAGR of just 0.2%.

*The difficulty of monetising digital magazine circulation revenue means digital growth will not make up for print losses*

Print and digital consumer circulation revenue (R millions) and year-on-year growth (%), 2015-2020



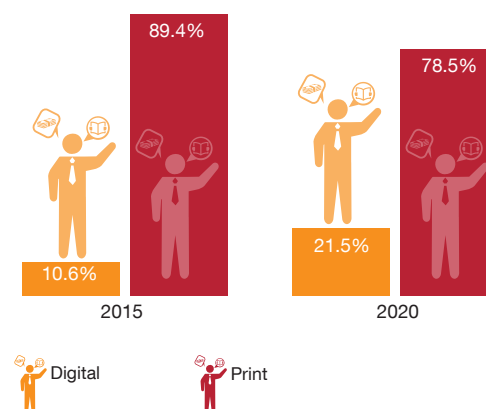
- Readership has declined over the historical period.** Between 2011 and 2015, average issue readership has gone down by 5.1%, from 50.9% to 45.8%. Ultimately, declines in readership lead to declines in circulation volumes and circulation revenues, and in the longer term may impact advertisers' willingness to pay for magazine inventory slots.
- Slow transition to digital, but reading via smart devices is on the rise.** Low tablet and smartphone ownership is inhibiting digital growth, but a growing number of South Africans are accessing magazine content and websites via their smart devices, and the boom in smartphone and tablet ownership will be the biggest driver for digital magazine revenue growth over the forecast period.
- Internet provides new advertising revenue growth opportunities.** Publishers selling inventory on their websites, such as banner or video ads, will be the biggest growth driver in digital advertising revenue. Today, the Internet still forms a small part of South African advertising budgets, but ads displayed on webpages benefit from recent advancement in online advertising technology, and given sufficient traffic to magazine homepages, advertisers will look to shift more of their budgets online.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

- **Trade magazines to see faster digitalisation than consumer magazines.** Trade magazines comprise about 10% of the total magazines market, but will see faster growth in digital revenues. By 2020, around one-fifth of total trade magazine revenue will be digital.

**Digital revenues will account for more than one-fifth of total trade magazine revenue by 2020**

Digital and print total trade magazine revenue, circulation and advertising, (%), 2015 v 2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

## South Africa's magazine market expected to decline in later years

### South Africa, magazine publishing market (R millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
<b>Consumer magazines</b>	<b>6 891</b>	<b>7 650</b>	<b>8 065</b>	<b>8 602</b>	<b>8 860</b>	<b>9 032</b>	<b>9 159</b>	<b>9 154</b>	<b>9 077</b>	<b>8 970</b>	<b>0.2%</b>
<b>Consumer circulation</b>	<b>3 996</b>	<b>4 555</b>	<b>4 823</b>	<b>5 229</b>	<b>5 390</b>	<b>5 476</b>	<b>5 504</b>	<b>5 484</b>	<b>5 407</b>	<b>5 262</b>	<b>-0.5%</b>
Print	3 982	4 521	4 755	5 118	5 242	5 295	5 296	5 247	5 149	4 994	-1.0%
Digital	14	34	69	110	149	181	208	237	258	268	12.5%
<b>Consumer advertising</b>	<b>2 895</b>	<b>3 095</b>	<b>3 242</b>	<b>3 374</b>	<b>3 469</b>	<b>3 556</b>	<b>3 654</b>	<b>3 670</b>	<b>3 669</b>	<b>3 708</b>	<b>1.3%</b>
Print	2 881	3 064	3 194	3 300	3 374	3 434	3 499	3 472	3 420	3 396	0.1%
Digital	14	31	48	74	95	122	156	198	250	312	26.9%
<b>Trade magazines</b>	<b>681</b>	<b>736</b>	<b>800</b>	<b>844</b>	<b>902</b>	<b>933</b>	<b>950</b>	<b>947</b>	<b>934</b>	<b>912</b>	<b>0.2%</b>
<b>Trade circulation</b>	<b>161</b>	<b>169</b>	<b>183</b>	<b>194</b>	<b>219</b>	<b>232</b>	<b>243</b>	<b>251</b>	<b>257</b>	<b>262</b>	<b>3.6%</b>
Print	161	169	183	194	204	212	219	223	226	227	2.1%
Digital	-	-	-	-	15	20	24	28	32	35	18.6%
<b>Trade advertising</b>	<b>520</b>	<b>567</b>	<b>617</b>	<b>650</b>	<b>683</b>	<b>701</b>	<b>707</b>	<b>696</b>	<b>677</b>	<b>651</b>	<b>-1.0%</b>
Print	507	539	575	590	602	601	587	558	525	490	-4.0%
Digital	13	28	41	60	80	101	120	137	152	161	14.9%
<b>Total</b>	<b>7 572</b>	<b>8 386</b>	<b>8 865</b>	<b>9 446</b>	<b>9 761</b>	<b>9 965</b>	<b>10 108</b>	<b>10 101</b>	<b>10 011</b>	<b>9 882</b>	<b>0.2%</b>
<b>YOY growth (%)</b>		<b>10.8%</b>	<b>5.7%</b>	<b>6.6%</b>	<b>3.3%</b>	<b>2.1%</b>	<b>1.4%</b>	<b>-0.1%</b>	<b>-0.9%</b>	<b>-1.3%</b>	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

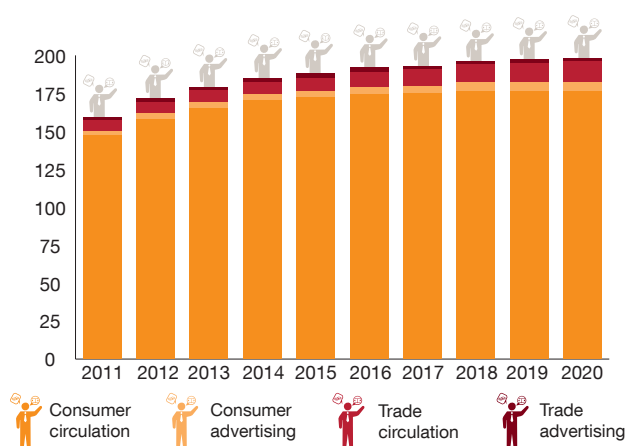
# Nigeria

## This segment at a glance

- **Slow growth in Nigeria’s consumer circulation revenues.** Nigeria’s magazine market is predominantly made up of print consumer circulation revenues (91%). As consumer spend on consumer magazines will remain largely flat over the forecast period, the overall market will only grow by a CAGR of 1.0% between 2015 and 2020.

The rate of growth in Nigeria’s magazine is expected to slow

Total magazine revenue by category (US\$ millions), 2011–2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

## The rate of growth in Nigeria’s magazine market expected to slow

### Nigeria, magazine revenues (US\$ millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
<b>Consumer magazines</b>	151	162	169	174	177	179	180	182	182	182	0.6%
<b>Consumer circulation</b>	147	158	165	170	172	174	175	176	176	176	0.4%
Print	147	158	165	169	172	173	174	175	175	175	0.4%
Digital	0	0	0	0	0	1	1	1	1	1	13.5%
<b>Consumer advertising</b>	3	4	4	4	4	5	5	6	6	6	7.5%
Print	2	2	2	2	2	2	2	1	1	1	-10.1%
Digital	1	1	2	2	3	3	4	4	5	5	15.6%
<b>Trade magazines</b>	10	10	10	11	12	13	13	14	15	16	5.6%
Trade circulation	7	7	8	8	9	10	11	12	13	14	9.1%
Print	7	7	8	8	9	10	11	12	13	14	9.1%
Digital	-	-	-	-	0	0	0	0	0	0	47.6%
<b>Trade advertising</b>	2	3	2	3	3	3	2	2	2	2	-11.1%
Print	2	3	2	2	2	2	2	2	1	1	-19.0%
Digital	-	-	-	0	1	1	1	1	1	1	7.4%
<b>Total</b>	160	172	179	185	189	191	194	196	197	198	1.0%
<b>YOY growth (%)</b>		7.2%	4.5%	3.2%	2.0%	1.4%	1.1%	1.0%	0.8%	0.5%	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

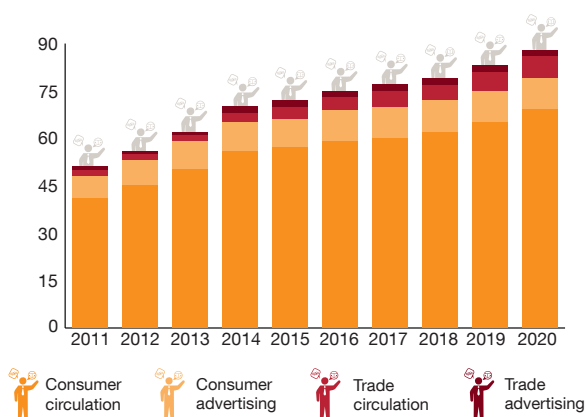


## Kenya

- **Strong economy will drive growth in Kenya's magazine market.** Both consumer magazines and trade magazines will see reasonably strong growth over the forecast period, boosted by a strongly performing economy. Between 2015 and 2020, total magazine revenue will rise from US\$72 million to US\$88 million, a CAGR of 4.1%.

### Strong economy will drive growth in the Kenyan magazine market

Total magazine revenue by category (US\$ millions), 2011-2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

### Reasonably strong growth in Kenyan market

Kenya, magazine revenues (US\$ millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
<b>Consumer magazines</b>	<b>49</b>	<b>53</b>	<b>58</b>	<b>65</b>	<b>66</b>	<b>68</b>	<b>70</b>	<b>72</b>	<b>75</b>	<b>79</b>	<b>3.5%</b>
<b>Consumer circulation</b>	<b>41</b>	<b>45</b>	<b>50</b>	<b>56</b>	<b>57</b>	<b>59</b>	<b>60</b>	<b>62</b>	<b>65</b>	<b>69</b>	<b>3.8%</b>
Print	41	45	49	55	56	57	59	60	63	66	3.5%
Digital	0	0	1	1	1	1	2	2	2	2	12.3%
<b>Consumer advertising</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>2.2%</b>
Print	7	8	8	8	9	9	9	9	9	8	0.0%
Digital	0	0	1	1	1	1	1	1	2	2	18.7%
<b>Trade magazines</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10.1%</b>
<b>Trade circulation</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>14.1%</b>
Print	2	2	2	3	3	3	4	4	5	5	12.6%
Digital	-	-	-	1	1	1	1	1	2	2	19.5%
<b>Trade advertising</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>-0.2%</b>
Print	1	1	1	1	1	1	1	1	1	1	-4.0%
Digital	-	-	-	0	1	1	1	1	1	1	7.7%
<b>Total</b>	<b>52</b>	<b>56</b>	<b>62</b>	<b>69</b>	<b>72</b>	<b>74</b>	<b>77</b>	<b>79</b>	<b>83</b>	<b>88</b>	<b>4.1%</b>
<b>YOY growth (%)</b>		<b>7.7%</b>	<b>11.1%</b>	<b>11.8%</b>	<b>3.5%</b>	<b>3.4%</b>	<b>3.3%</b>	<b>3.2%</b>	<b>4.7%</b>	<b>5.9%</b>	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

# Book publishing



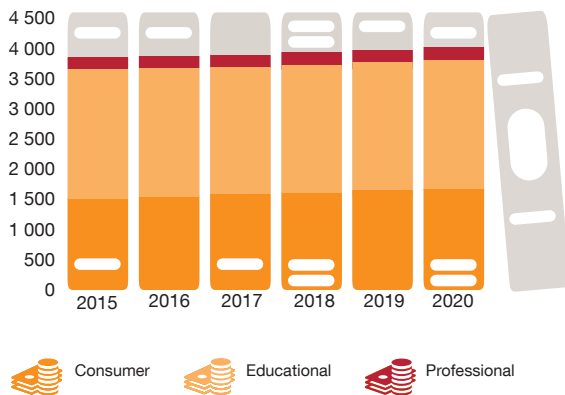
## South Africa

### This segment at a glance

- **The South African publishing industry will experience slow growth over the next five years.** Book revenues will see a CAGR of 0.8% over the forecast period, increasing marginally from R3.8 billion in 2015 to R4.0 billion in 2020.

*Book publishing will remain fairly flat with professional and consumer books growing slightly faster than educational books*

Total book publishing magazine revenue by category (R millions), 2015–2020



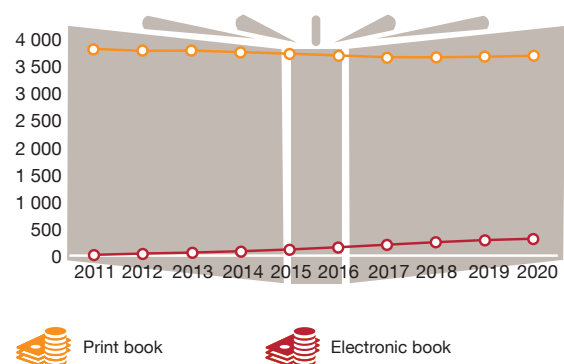
Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

- **The consumer book market stands to benefit from ongoing literacy programmes.** Initiatives such as *National Book Week* from the South African Book Development Council, *Book Flood* from the Department of Basic Education and the FunDza Literacy Trust’s focus on teenage readers are making progress in encouraging reading for pleasure.

- **E-books are growing, but still face challenges and will only account for a small proportion of total revenue.** E-books are driving the growth in the books business. Digital titles show the highest CAGR in each sector, but it should be noted that these results come from a standing start. The portable nature of e-books, and their compatibility with smartphones and other Internet-enabled devices, mean that they are reaching new audiences even in remote areas. However, there is an increased risk of copyright theft and piracy.

*E-books are growing at the expense of print, but will only account for a small proportion of total revenue*

Print and electronic books revenue (R millions), 2011–2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

- **The educational market remains dominant.** Sales of textbooks and other educational titles continue to claim the lion's share of South Africa's publishing market. By 2020, it will have 54% of the market, but this is down from 56% in 2015, making it the only sector showing negative growth.
- **Changes to government policy are impacting on educational publishers.** There are proposals to reduce the number of approved school text books and the industry fears the Government will increase its stake in publishing. This uncertainty, as well as a lack of clear digital strategy from Government for educational content, is hampering growth in this sector.

### Educational titles remain publishing industry cornerstone South Africa, book revenues (R millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015-20
<b>Consumer</b>	<b>1 394</b>	<b>1 410</b>	<b>1 446</b>	<b>1 463</b>	<b>1 485</b>	<b>1 516</b>	<b>1 551</b>	<b>1 587</b>	<b>1 616</b>	<b>1 632</b>	<b>1.9%</b>
Print	1 387	1 389	1 412	1 411	1 407	1 405	1 402	1 399	1 396	1 393	-0.2%
Digital	7	21	34	52	78	111	150	188	220	238	25.1%
<b>Educational</b>	<b>2 263</b>	<b>2 229</b>	<b>2 208</b>	<b>2 182</b>	<b>2 160</b>	<b>2 134</b>	<b>2 108</b>	<b>2 114</b>	<b>2 129</b>	<b>2 153</b>	<b>-0.1%</b>
Print	2 263	2 222	2 199	2 169	2 142	2 110	2 080	2 081	2 092	2 114	-0.3%
Digital	0	7	10	13	18	23	29	33	37	38	16.3%
<b>Professional</b>	<b>162</b>	<b>168</b>	<b>177</b>	<b>183</b>	<b>186</b>	<b>190</b>	<b>194</b>	<b>198</b>	<b>202</b>	<b>207</b>	<b>2.1%</b>
Print	156	158	164	167	169	170	172	173	173	173	0.5%
Digital	6	10	13	16	17	20	22	25	29	34	14.3%
<b>Total</b>	<b>3 820</b>	<b>3 807</b>	<b>3 832</b>	<b>3 828</b>	<b>3 832</b>	<b>3 839</b>	<b>3 854</b>	<b>3 899</b>	<b>3 947</b>	<b>3 991</b>	<b>0.8%</b>
<b>YOY growth (%)</b>		<b>-0.3%</b>	<b>0.6%</b>	<b>-0.1%</b>	<b>0.1%</b>	<b>0.2%</b>	<b>0.4%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>1.1%</b>	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum



Filter advertising and consumer spend data across segments.

Visit the online Outlook at [www.pwc.co.za/outlook](http://www.pwc.co.za/outlook)

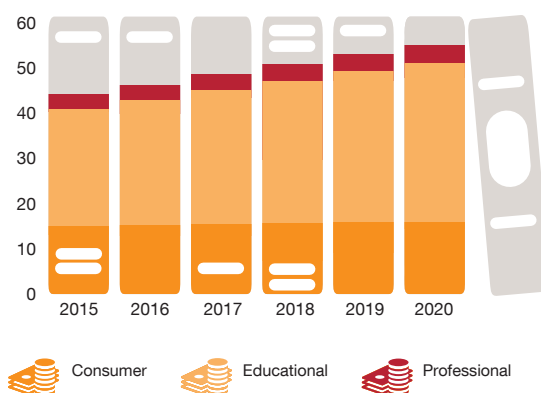
# Nigeria

## This segment at a glance

- **Distribution, production and copyright issues continue to present Nigerian publishers with challenges.** Book revenues are nonetheless predicted to grow to US\$55 million in 2020 (a CAGR of 4.5%), with educational titles accounting for 65% of the market by 2020.

### Book publishing industry buoyed by educational sector

Consumer, educational and professional books revenue (US\$ millions), 2015–2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

## Publishing industry buoyed by educational sector Nigeria, book revenues (US\$ millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
<b>Consumer</b>	<b>15.6</b>	<b>14.4</b>	<b>14.2</b>	<b>14.4</b>	<b>14.6</b>	<b>14.7</b>	<b>15.0</b>	<b>15.2</b>	<b>15.4</b>	<b>15.6</b>	<b>1.4%</b>
Print	15.6	14.4	14.0	13.9	13.7	13.5	13.4	13.3	13.2	13.2	-0.8%
Digital	0.0	0.0	0.2	0.5	0.9	1.2	1.5	1.9	2.2	2.5	23.1%
<b>Educational</b>	<b>18.5</b>	<b>20.2</b>	<b>21.9</b>	<b>23.9</b>	<b>25.8</b>	<b>27.7</b>	<b>29.6</b>	<b>31.5</b>	<b>33.4</b>	<b>35.2</b>	<b>6.4%</b>
Print	18.5	20.2	21.9	23.6	25.3	27.0	28.6	30.3	31.9	33.5	5.8%
Digital	0.0	0.0	0.0	0.3	0.5	0.8	1.0	1.2	1.4	1.6	25.3%
<b>Professional</b>	<b>2.6</b>	<b>2.8</b>	<b>3.0</b>	<b>3.2</b>	<b>3.3</b>	<b>3.4</b>	<b>3.5</b>	<b>3.6</b>	<b>3.7</b>	<b>3.7</b>	<b>2.4%</b>
Print	2.5	2.6	2.8	2.9	3.0	3.1	3.1	3.2	3.2	3.2	0.9%
Digital	0.1	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.5	0.6	13.7%
<b>Total</b>	<b>36.8</b>	<b>37.4</b>	<b>39.2</b>	<b>41.5</b>	<b>43.7</b>	<b>45.9</b>	<b>48.1</b>	<b>50.3</b>	<b>52.4</b>	<b>54.5</b>	<b>4.5%</b>
<b>YOY growth (%)</b>		<b>1.8%</b>	<b>4.6%</b>	<b>5.9%</b>	<b>5.4%</b>	<b>5.0%</b>	<b>4.8%</b>	<b>4.5%</b>	<b>4.3%</b>	<b>4.0%</b>	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

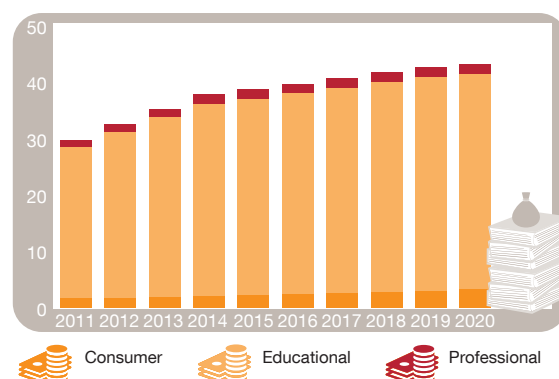
# Kenya

## This segment at a glance

- In Kenya, more than 90% of revenue was derived from educational books in 2015.** Despite growth in consumer publishing, the lack of a reading culture, poor literacy and ongoing copyright infringement mean that consumer book revenues are unlikely to rise above US\$3.2 million in this sector, by 2020, i.e. a CAGR of 7.5%.

**Book publishing will grow slowly, driven by growth in digital**

**Consumer, educational and professional book revenue (US\$ millions), 2011–2020**



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

## Print revenues on the decline in consumer market

Kenya, book revenues (US\$ millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015-20
<b>Consumer</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>	<b>2.0</b>	<b>2.2</b>	<b>2.4</b>	<b>2.6</b>	<b>2.8</b>	<b>3.0</b>	<b>3.2</b>	<b>7.5%</b>
Print	1.7	1.7	1.6	1.6	1.6	1.5	1.5	1.5	1.5	1.5	-0.7%
Digital	0.0	0.0	0.2	0.4	0.6	0.9	1.1	1.3	1.5	1.7	20.8%
<b>Educational</b>	<b>26.8</b>	<b>29.5</b>	<b>32.0</b>	<b>34.2</b>	<b>34.9</b>	<b>35.6</b>	<b>36.4</b>	<b>37.1</b>	<b>37.9</b>	<b>38.6</b>	<b>2.0%</b>
Print	26.8	29.2	31.6	33.7	34.4	35.1	35.8	36.4	37.1	37.8	1.9%
Digital	0.0	0.3	0.4	0.5	0.5	0.6	0.6	0.7	0.7	0.8	9.9%
<b>Professional</b>	<b>1.3</b>	<b>1.4</b>	<b>1.5</b>	<b>1.6</b>	<b>1.6</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>	<b>1.8</b>	<b>1.9</b>	<b>3.2%</b>
Print	1.3	1.3	1.4	1.4	1.5	1.5	1.5	1.6	1.6	1.6	2.2%
Digital	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	12.0%
<b>Total</b>	<b>29.9</b>	<b>32.6</b>	<b>35.4</b>	<b>37.7</b>	<b>38.7</b>	<b>39.7</b>	<b>40.7</b>	<b>41.7</b>	<b>42.7</b>	<b>43.6</b>	<b>2.4%</b>
<b>YOY growth (%)</b>		<b>8.9%</b>	<b>8.6%</b>	<b>6.7%</b>	<b>2.6%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.4%</b>	<b>2.4%</b>	<b>2.3%</b>	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

# Business-to-business publishing



Business-to-business publishing

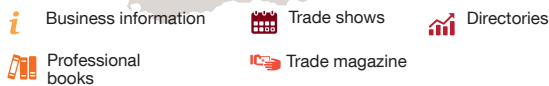
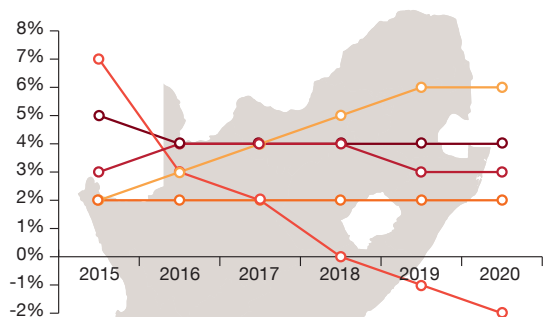
## South Africa

### This segment at a glance

- **The B2B market in South Africa generated revenues of R9.5 billion in 2015.** The market is forecast to grow at a 4.0% CAGR to reach over R11.6 billion in 2020.

*Business-to-business (B2B) media is simultaneously becoming more digital and more personalised to users' needs*

Year-on-year revenue growth (%) for all B2B sub-segments, 2015–2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

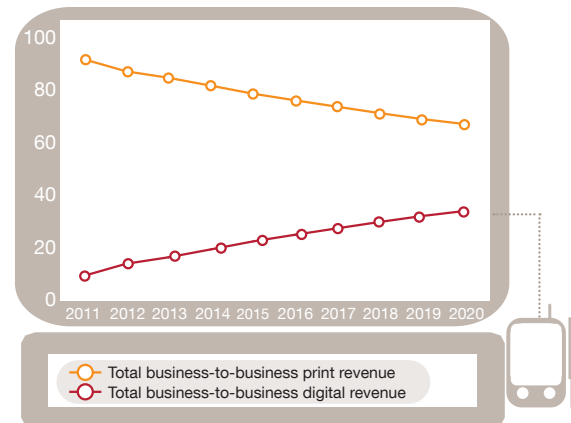
- **Business information (with a CAGR of 4.6%) will remain the largest sector within B2B.** It is forecast to account for 45.8% of the total in 2020. The increased volume and complexity of data produced by e-commerce and social media platforms, smartphone usage and the Internet of Things will drive data analytics and fuel business information growth.

- **Trade shows are increasing in popularity due to the benefits they offer in terms of networking – they will remain the second-largest and the second-fastest-growing segment.** They also account for nearly twice the global average of total B2B market share, as the country's mature economy presents the biggest opportunity to exhibit in Africa.

- **South Africa is a frontrunner in the transition to digital revenues in Africa.** While the country lags more developed markets, digital revenues in directories, trade magazines and professional books will account for more than one-third of revenues for those combined B2B segments by 2020. The amount of data that businesses are using for decision-making is increasing, and the tools used to access the information are becoming increasingly cloud-based with more and more users gaining access via mobile handsets. These shifts are helping to drive growth in digital B2B, especially information and analysis services.

*As well as continuing to shift from print to digital, B2B revenue is also moving increasingly from desktop to mobile*

Print and digital revenue as a % of total B2B revenue, 2011–2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

- **Directories will maintain growth, but print will fall.** Print directory advertising is now forecast to fall slightly towards 2020, but maintained digital growth will ensure that the sector continues to grow at a 3.6% CAGR.
- **Trade magazine revenue will begin to contract in 2018.** This comes as the effect of dwindling print advertising revenue begins to bite. This will make it the lowest-growth B2B segment in the country over the forecast period, with a CAGR of just 0.2%.

### Slower growth in response to macroeconomic pressure

#### South Africa, business-to-business revenues (R millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015-20
<b>Business information</b>	<b>3 293</b>	<b>3 608</b>	<b>3 813</b>	<b>4 138</b>	<b>4 214</b>	<b>4 331</b>	<b>4 492</b>	<b>4 703</b>	<b>4 966</b>	<b>5 286</b>	<b>4.6%</b>
Financial	1 060	1 155	1 207	1 302	1 321	1 350	1 392	1 448	1 521	1 607	4.0%
Industry	1 030	1 144	1 220	1 338	1 380	1 438	1 510	1 600	1 705	1 835	5.9%
Marketing	1 203	1 310	1 385	1 498	1 513	1 543	1 590	1 656	1 739	1 844	4.0%
<b>Directories</b>	<b>889</b>	<b>979</b>	<b>1 107</b>	<b>1 183</b>	<b>1 217</b>	<b>1 268</b>	<b>1 320</b>	<b>1 369</b>	<b>1 414</b>	<b>1 454</b>	<b>3.6%</b>
Print	756	764	831	842	825	824	823	822	822	822	-0.1%
Digital	133	215	276	341	392	445	497	547	592	632	10.0%
<b>Professional books</b>	<b>162</b>	<b>168</b>	<b>177</b>	<b>183</b>	<b>186</b>	<b>190</b>	<b>194</b>	<b>198</b>	<b>202</b>	<b>207</b>	<b>2.1%</b>
Print	156	158	164	167	169	170	172	173	173	173	0.5%
Digital	6	10	13	16	17	20	22	25	29	34	14.3%
<b>Trade magazine advertising</b>	<b>520</b>	<b>567</b>	<b>617</b>	<b>650</b>	<b>683</b>	<b>701</b>	<b>707</b>	<b>696</b>	<b>677</b>	<b>651</b>	<b>-1.0%</b>
Print	507	539	575	590	602	601	587	558	525	490	-4.0%
Digital	13	28	41	60	80	101	120	137	152	161	14.9%
<b>Trade magazine circulation</b>	<b>161</b>	<b>169</b>	<b>183</b>	<b>194</b>	<b>219</b>	<b>232</b>	<b>243</b>	<b>251</b>	<b>257</b>	<b>262</b>	<b>3.6%</b>
Print	161	169	183	194	204	212	219	223	226	227	2.1%
Digital	-	-	-	-	15	20	24	28	32	35	18.6%
<b>Trade shows</b>	<b>2 303</b>	<b>2 611</b>	<b>2 728</b>	<b>2 855</b>	<b>2 985</b>	<b>3 119</b>	<b>3 257</b>	<b>3 399</b>	<b>3 544</b>	<b>3 694</b>	<b>4.4%</b>
Consumer spend	3 616	3 946	4 174	4 515	4 620	4 753	4 929	5 152	5 425	5 755	4.5%
YOY growth (%)		9.1%	5.8%	8.2%	2.3%	2.9%	3.7%	4.5%	5.3%	6.1%	
Advertising spend	3 712	4 157	4 451	4 688	4 885	5 089	5 283	5 463	5 636	5 798	3.5%
YOY growth (%)		12.0%	7.1%	5.3%	4.2%	4.2%	3.8%	3.4%	3.2%	2.9%	
<b>Total</b>	<b>7 328</b>	<b>8 103</b>	<b>8 625</b>	<b>9 203</b>	<b>9 504</b>	<b>9 842</b>	<b>10 212</b>	<b>10 615</b>	<b>11 061</b>	<b>11 553</b>	<b>4.0%</b>
YOY growth (%)		10.6%	6.4%	6.7%	3.3%	3.5%	3.8%	4.0%	4.2%	4.5%	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

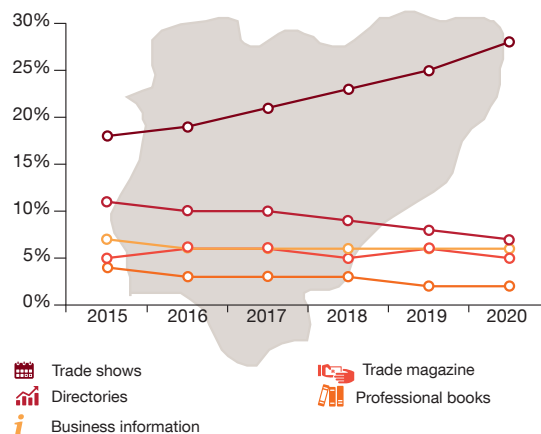
# Nigeria

## This segment at a glance

- **Nigeria’s B2B market produced revenues of US\$20 million in 2015.** The market is forecast to grow at a CAGR of 7.2% as the country looks to transition its economy away from oil dependence.

All categories will see growth over the forecast period

Year-on-year revenue growth (%) for all B2B sub-segments, 2015-2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

## Strong and steady growth for Nigeria

Nigeria, business-to-business revenues (US\$ millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
<b>Business information</b>	2.1	2.2	2.5	2.6	2.8	3.0	3.2	3.4	3.6	3.8	6.3%
Financial	0.7	0.7	0.8	0.8	0.9	1.0	1.0	1.1	1.2	1.3	7.1%
Industry	0.7	0.7	0.8	0.9	0.9	1.0	1.0	1.1	1.1	1.2	5.3%
Marketing	0.8	0.8	0.9	1.0	1.0	1.1	1.1	1.2	1.3	1.4	6.3%
<b>Directories</b>	0.4	0.5	0.5	0.6	0.7	0.7	0.8	0.9	0.9	1.0	8.7%
Print	0.3	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.6	5.3%
Digital	0.1	0.1	0.1	0.2	0.2	0.2	0.3	0.3	0.4	0.4	15.2%
<b>Professional books</b>	2.6	2.8	3.0	3.2	3.3	3.4	3.5	3.6	3.7	3.7	2.4%
Print	2.5	2.6	2.8	2.9	3.0	3.1	3.1	3.2	3.2	3.2	0.9%
Digital	0	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.5	0.6	13.7%
<b>Trade magazine advertising</b>	2.5	2.6	2.4	2.9	2.8	2.7	2.5	2.2	1.9	1.6	-11.1%
Print	2.5	2.6	2.4	2.4	2.3	2.1	1.9	1.5	1.2	0.8	-19.0%
Digital	-	-	-	0.5	0.5	0.6	0.6	0.7	0.7	0.8	7.4%
<b>Trade magazine circulation</b>	7.1	7.2	7.9	8.5	9.1	9.9	10.8	11.8	13.0	14.1	9.1%
Print	7.1	7.2	7.9	8.5	9.1	9.9	10.8	11.8	13.0	14.1	9.1%
Digital	-	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0	47.6%
<b>Trade shows</b>	0.2	0.2	0.8	1.4	1.6	1.9	2.3	2.8	3.6	4.6	23.3%
Consumer spend	11.9	12.2	13.3	14.3	15.3	16.3	17.4	18.8	20.2	21.7	7.3%
YOY growth (%)		3.1%	8.9%	7.1%	6.9%	6.7%	7.2%	7.7%	7.7%	7.1%	
Advertising spend	3.0	3.2	3.7	4.8	5.1	5.3	5.6	5.9	6.4	7.1	7.1%
YOY growth (%)		6.3%	16.7%	29.7%	5.4%	5.1%	5.1%	5.7%	8.0%	11.5%	
<b>Total</b>	14.9	15.4	17.0	19.1	20.3	21.6	23.0	24.7	26.6	28.8	7.2%
YOY growth (%)		3.7%	10.5%	12.0%	6.5%	6.3%	6.6%	7.2%	7.8%	8.1%	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum



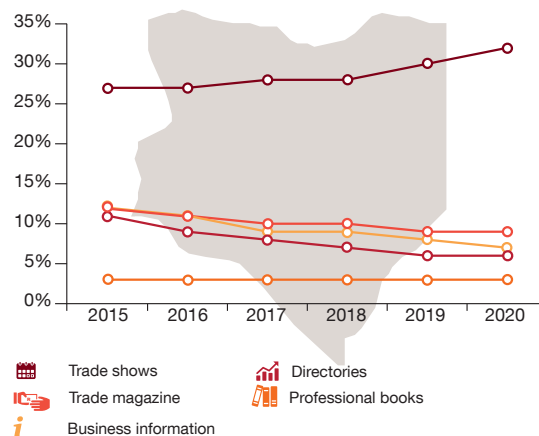
# Kenya

## This segment at a glance

- Kenya will have the most rapidly growing B2B market in the world, with a CAGR of 10.1%. This will push total revenues to US\$20 million by 2020 as the country's economy grows strongly.

### Kenya has a small but most rapidly growing B2B market globally

Year-on-year revenue growth (%) for all B2B sub-segments, 2015–2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

## Double-digit CAGR expected for Kenya

### Kenya, business-to-business revenues (US\$ millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
<b>Business information</b>	1.7	2.1	2.5	2.8	3.2	3.5	3.9	4.2	4.5	4.9	8.8%
Financial	0.6	0.7	0.8	0.9	1.0	1.0	1.1	1.1	1.2	1.2	5.1%
Industry	0.5	0.7	0.8	0.9	1.0	1.1	1.1	1.2	1.3	1.3	5.9%
Marketing	0.6	0.8	0.9	1.1	1.2	1.4	1.6	1.8	2.1	2.3	13.4%
<b>Directories</b>	0.8	1.0	1.2	1.3	1.4	1.6	1.7	1.8	2.0	2.1	7.4%
Print	0.7	0.7	0.9	0.9	1.0	1.1	1.1	1.2	1.3	1.3	5.8%
Digital	0.1	0.2	0.3	0.4	0.4	0.5	0.6	0.6	0.7	0.7	10.7%
<b>Professional books</b>	1.3	1.4	1.5	1.6	1.6	1.7	1.7	1.8	1.8	1.9	3.2%
Print	1.3	1.3	1.4	1.4	1.5	1.5	1.5	1.6	1.6	1.6	2.2%
Digital	0	0	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	12.0%
<b>Trade magazine advertising</b>	1.1	1.2	1.3	1.8	1.8	1.9	1.9	1.9	1.9	1.8	-0.2%
Print	1.1	1.2	1.3	1.3	1.3	1.4	1.3	1.3	1.2	1.1	-4.0%
Digital	-	-	-	0.5	0.5	0.6	0.6	0.6	0.7	0.7	7.7%
<b>Trade magazine circulation</b>	2.0	2.0	2.4	3.1	3.6	4.2	4.8	5.5	6.2	7.0	14.1%
Print	2.0	2.0	2.4	2.6	2.9	3.3	3.7	4.1	4.7	5.3	12.6%
Digital	-	-	-	0.5	0.7	0.9	1.1	1.3	1.5	1.7	19.5%
<b>Trade shows</b>	0.1	0.1	0.3	0.5	0.7	0.9	1.1	1.4	1.8	2.4	28.9%
Consumer spend	5.1	5.5	6.4	7.5	8.4	9.3	10.3	11.4	12.6	13.7	10.3%
YOY growth (%)		9.0%	15.5%	18.1%	11.7%	11.2%	10.7%	10.5%	10.2%	9.1%	
Advertising spend	2.1	2.3	2.8	3.6	4.0	4.3	4.7	5.1	5.6	6.3	9.7%
YOY growth (%)		10.9%	20.4%	30.1%	10.1%	9.6%	9.1%	8.4%	9.7%	11.5%	
<b>Total</b>	7.1	7.8	9.1	11.1	12.4	13.7	15.1	16.6	18.2	20.0	10.1%
YOY growth (%)		9.5%	16.9%	21.7%	11.2%	10.7%	10.2%	9.9%	10.0%	9.8%	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

# Music



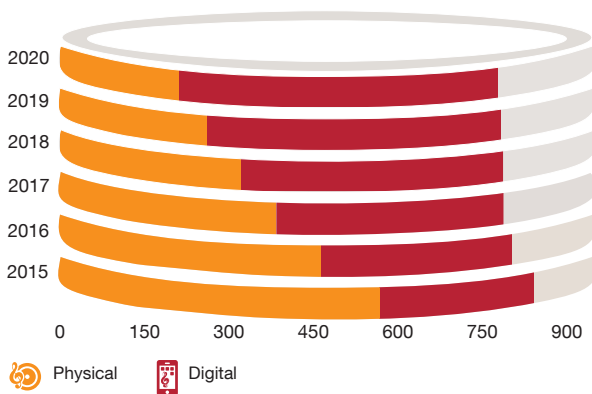
## South Africa

### This segment at a glance

• **A fall in 2015 for South Africa’s music revenue, but better times ahead.** South Africa’s total music revenue fell by 1.2% to R2.0 billion in 2015, but the exponential growth of streaming, wedded to strong improvements in the live sector, means positivity will return. Total music revenue is thus forecast to rise at a CAGR of 4.4% to R2.4 billion in 2020.

*Music streaming is taking a rapidly rising share of overall recorded music revenue*

Total physical vs digital recorded music revenue (R millions), 2015-2020

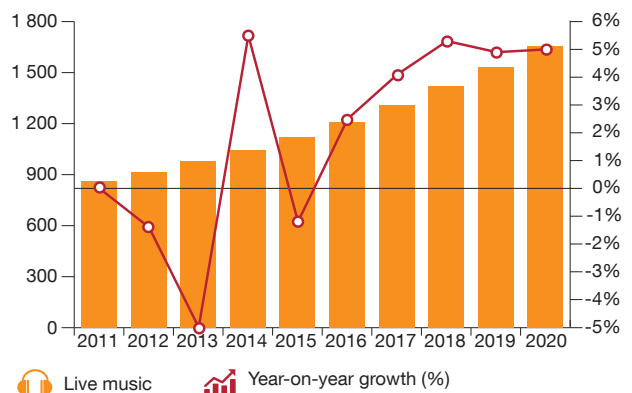


Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

- **Streaming to rise six-fold, but recorded music is still set to fall.** Although physical music continues on its downward trajectory and downloads look set to fall out of popularity, it is streaming revenue that will single-handedly be responsible for keeping recorded music revenue from large falls. Digital music streaming revenue is forecast to rise from R74 million in 2015 to R437 million in 2020, a 42.7% CAGR, with healthy competition from many such services. Total recorded music revenue, however, is forecast to fall from R841 million in 2015 to R777 million in 2020.
- **Live music is playing an ever more important role.** Improving ticket sales and sponsorship revenue mean that live music revenue is taking an ever greater share of South Africa’s music market, accounting for 57% of total music revenue in 2015 and 68% in 2020.

*The increasing dependence on live music has triggered new strategies and revenue streams*

Total live music revenue (R millions) and total music year-on-year growth (%), 2011-2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

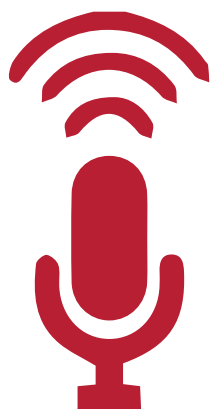
## Streaming growth helps South Africa achieve 4.4% CAGR

### South African music revenue (R millions), 2011–2020

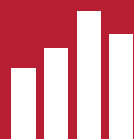
Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015-20
Physical	1 069	992	788	727	567	463	384	320	261	211	-17.9%
Digital	80	76	119	214	273	339	403	467	522	566	15.7%
Downloads	12	14	55	136	156	164	150	127	105	86	-11.3%
Mobile	50	48	45	44	44	43	43	43	43	43	-0.2%
Streaming	18	14	18	35	74	132	210	297	374	437	42.7%
<b>Total recorded music</b>	<b>1 149</b>	<b>1 068</b>	<b>907</b>	<b>942</b>	<b>841</b>	<b>802</b>	<b>787</b>	<b>787</b>	<b>784</b>	<b>777</b>	<b>-1.6%</b>
Live music ticket sales	664	712	758	811	870	937	1 012	1 098	1 184	1 277	8.0%
Live music sponsorship	198	204	219	235	253	274	297	323	349	376	8.2%
<b>Total live music</b>	<b>862</b>	<b>916</b>	<b>977</b>	<b>1 046</b>	<b>1 123</b>	<b>1 210</b>	<b>1 309</b>	<b>1 421</b>	<b>1 532</b>	<b>1 654</b>	<b>8.0%</b>
<b>Total</b>	<b>2 011</b>	<b>1 984</b>	<b>1 884</b>	<b>1 988</b>	<b>1 964</b>	<b>2 013</b>	<b>2 096</b>	<b>2 208</b>	<b>2 316</b>	<b>2 431</b>	<b>4.4%</b>
<b>YOY growth (%)</b>		<b>-1.4%</b>	<b>-5.0%</b>	<b>5.5%</b>	<b>-1.2%</b>	<b>2.5%</b>	<b>4.1%</b>	<b>5.3%</b>	<b>4.9%</b>	<b>5.0%</b>	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum



*Live music is  
playing an ever  
more important  
role.*



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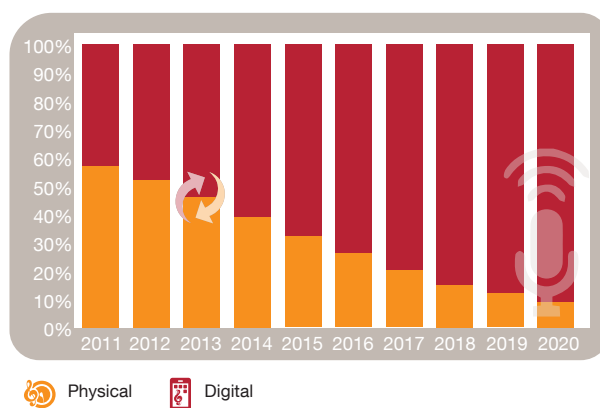
# Nigeria

## This segment at a glance

- Mobile music revenue the piracy-proof boost to Nigeria’s music sector.** Nigeria’s total music revenue is dependent on ringtones and ring-back tones, with the legitimate music sector being small otherwise. Nonetheless, interest in this area will entail a 12.9% CAGR growth for the country, from US\$47 million in 2015 to US\$86 million in 2020.

**Digital will account for over 90% of Nigeria’s recorded music sales in 2020**

Recorded music retail sales by format share (%), 2011-2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

## Nigerian music market to see a 12.9% CAGR Nigeria, music revenue (US\$ millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Physical	19	18	16	14	13	11	10	9.0	7.8	6.8	-12.0%
Digital	15	17	19	22	27	32	39	49	59	71	21.6%
Downloads	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	-2.4%
Mobile	14	16	19	22	26	32	39	49	59	71	21.9%
Streaming	0	0	0	0	0	0	0	0	0.1	0.1	40.1%
<b>Total recorded music</b>	<b>34</b>	<b>35</b>	<b>35</b>	<b>37</b>	<b>39</b>	<b>44</b>	<b>50</b>	<b>58</b>	<b>67</b>	<b>78</b>	<b>14.5%</b>
Live music ticket sales	5.9	6.0	6.1	6.2	6.3	6.4	6.6	6.7	6.8	7.0	2.0%
Live music sponsorship	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0	1.0	3.0%
<b>Total live music</b>	<b>6.8</b>	<b>6.8</b>	<b>6.9</b>	<b>7.1</b>	<b>7.2</b>	<b>7.3</b>	<b>7.4</b>	<b>7.6</b>	<b>7.8</b>	<b>8.0</b>	<b>2.1%</b>
<b>Total</b>	<b>40</b>	<b>42</b>	<b>42</b>	<b>44</b>	<b>47</b>	<b>51</b>	<b>57</b>	<b>66</b>	<b>75</b>	<b>86</b>	<b>12.9%</b>
<b>YOY growth (%)</b>		<b>2.8%</b>	<b>1.6%</b>	<b>3.8%</b>	<b>6.4%</b>	<b>9.0%</b>	<b>12.1%</b>	<b>15.6%</b>	<b>13.5%</b>	<b>14.6%</b>	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

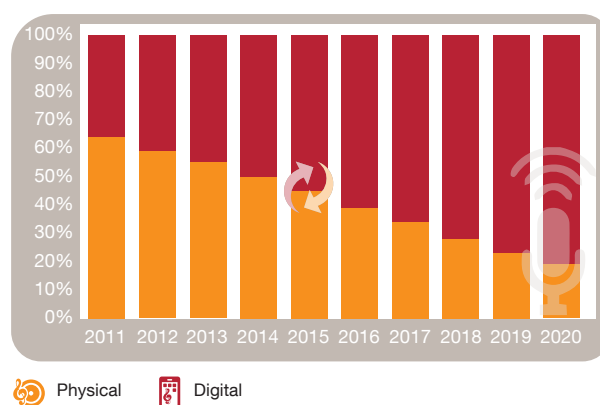
# Kenya

## This segment at a glance

- Kenya to see double-digit growth in later years of forecast period.** Kenya's total music revenue will rise from US\$19 million in 2015 to US\$29 million in 2020, a 9.3% CAGR. Again it is mobile music revenue that will be responsible for most growth in revenue, although small improvements in live music revenue will also be seen.

**Digital sales overtook physical sales in 2015 and will make up more than four-fifths of the market by 2020**

Recorded music retail sales by format share (%), 2011–2020



Physical Digital

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

## Strong growth from low base for Kenya

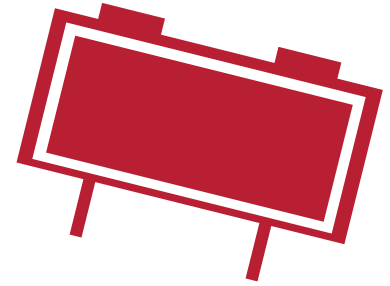
### Kenya, music revenue (US\$ millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Physical	9.7	9.4	8.7	8.2	7.6	7.1	6.6	6.1	5.6	5.2	-7.4%
Digital	5.5	6.5	7.2	8.2	9.4	11	13	16	19	22	18.5%
Downloads	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	-3.1%
Mobile	5.4	6.3	7.1	8.0	9.2	11	13	16	18	22	18.7%
Streaming	0	0	0	0	0	0	0	0	0	0	38.0%
<b>Total recorded music</b>	<b>15</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>20</b>	<b>22</b>	<b>24</b>	<b>27</b>	<b>9.8%</b>
Live music ticket sales	1.3	1.3	1.3	1.4	1.4	1.5	1.5	1.5	1.6	1.6	2.9%
Live music sponsorship	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-0.2%
<b>Total live music</b>	<b>1.4</b>	<b>1.4</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.6</b>	<b>1.6</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>	<b>2.7%</b>
<b>Total</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>21</b>	<b>24</b>	<b>26</b>	<b>29</b>	<b>9.3%</b>
<b>YOY growth (%)</b>		<b>4.1%</b>	<b>0.3%</b>	<b>2.7%</b>	<b>4.0%</b>	<b>5.8%</b>	<b>8.2%</b>	<b>11.1%</b>	<b>10.0%</b>	<b>11.3%</b>	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

# Out-of-home advertising



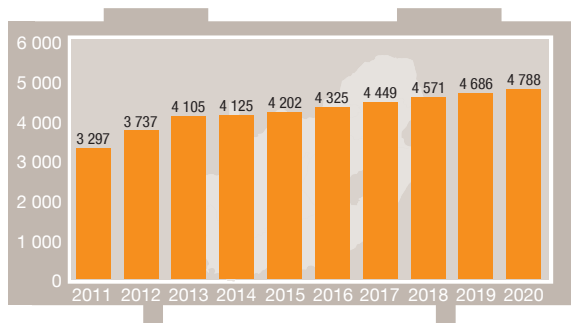
## South Africa

### This segment at a glance

- **OOH revenue in South Africa is set to continue to grow at a modest but steady CAGR of 2.6%.** The South African OOH market grew to R4.2 billion in 2015, up from R3.3 billion in 2011. Moderate but consistent growth over the next five years will see revenue reach R4.8 billion by 2020, meaning South Africa will remain by far the largest OOH market in Africa.

**South Africa's total OOH revenue will reach R4.8 billion in 2020**

Total OOH revenue, South Africa (R millions), 2011–2020



Total OOH

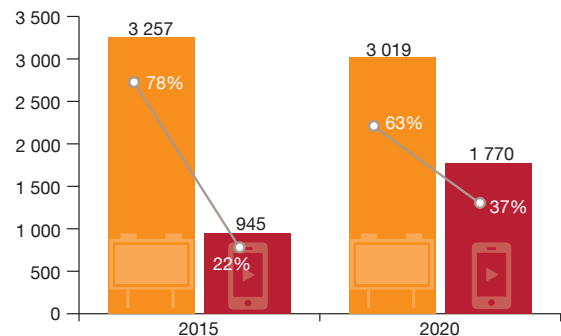
Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

- **The potential of digital OOH (DOOH) is increasingly being exploited.** DOOH made up 22% of all OOH revenue in South Africa in 2015 and is set to increase to 37% by 2020. Advertisers are developing more innovative DOOH ads as they grow used to the format, while technological advances

ranging from mobile payments and location beacons to programmatic buying are shaking up the medium. These developments will drive annual DOOH revenue growth of 13.4% CAGR, reaching R1.8 billion by 2020.

**OOH growth will be powered by digital – but physical OOH will hold firm**

Total OOH revenues vs DOOH revenues (R millions) and share of DOOH revenues (%), 2015 vs 2020



OOH DOOH

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

- **Measurement and regulation remain the primary challenges facing the South African OOH market.** South Africa has historically struggled with poor measurement techniques. With the majority of the market remaining in traditional formats for the foreseeable future, measurement remains a challenge, although improvements on this front are being driven by the industry. Uncertainty regarding regulation is also a major issue, with restrictions on alcohol advertising having been proposed several times in recent years.

## OOH to see modest but consistent growth

### South Africa, OOH revenue (R millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2016-20
Physical OOH	3 281	3 705	3 439	3 324	3 257	3 224	3 183	3 135	3 080	3 019	-1.5%
Digital OOH	16	31	666	801	945	1 101	1 266	1 436	1 606	1 770	13.4%
<b>Total</b>	<b>3 297</b>	<b>3 737</b>	<b>4 105</b>	<b>4 125</b>	<b>4 202</b>	<b>4 325</b>	<b>4 449</b>	<b>4 571</b>	<b>4 686</b>	<b>4 788</b>	<b>2.6%</b>
<b>YOY growth %</b>		<b>13.3%</b>	<b>9.9%</b>	<b>0.5%</b>	<b>1.9%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>2.7%</b>	<b>2.5%</b>	<b>2.2%</b>	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

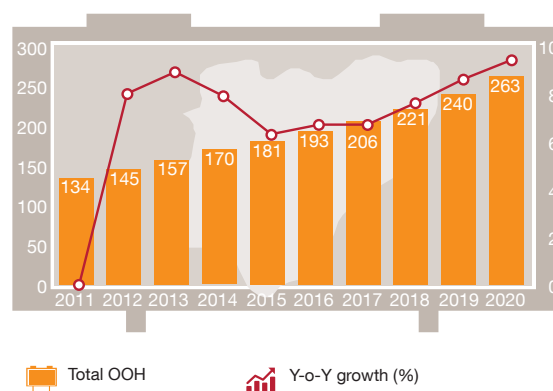
## Nigeria

### This segment at a glance

- **Nigeria will be Africa's fastest-growing OOH market, with a CAGR of 7.8%.** Nigeria is set to become Africa's fastest-growing OOH market over the next five years, with a CAGR of 7.8%. Total OOH revenue in Nigeria stood at US\$181 million in 2015, making it the continent's second-largest OOH market.

### Nigeria will be Africa's fastest-growing OOH market

OOH revenue (US\$ millions) and year-on-year growth (%), 2011–2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

### Nigeria will be Africa's fastest-growing OOH market

#### Nigeria, OOH revenue (US\$ millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2016-20
Physical OOH	132	142	154	164	172	179	185	190	195	201	3.2%
Digital OOH	1	2	4	6	9	14	21	31	45	62	47.5%
<b>Total</b>	<b>134</b>	<b>145</b>	<b>157</b>	<b>170</b>	<b>181</b>	<b>193</b>	<b>206</b>	<b>221</b>	<b>240</b>	<b>263</b>	<b>7.8%</b>
<b>YOY growth %</b>		<b>8.0%</b>	<b>8.9%</b>	<b>7.9%</b>	<b>6.3%</b>	<b>6.7%</b>	<b>6.7%</b>	<b>7.6%</b>	<b>8.6%</b>	<b>9.4%</b>	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

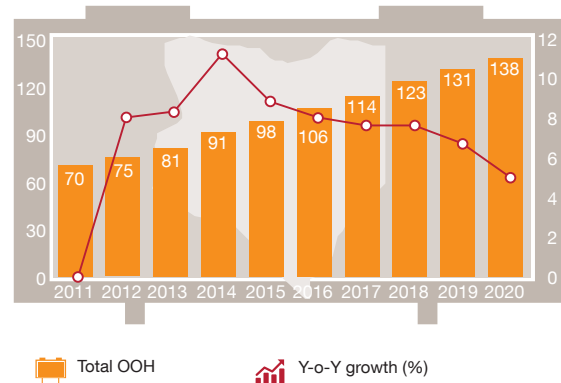
# Kenya

## This segment at a glance

- **Kenya will also sustain strong growth rates, particularly in DOOH.** Kenya will be the continent’s second-fastest OOH growth market over the forecast period, growing at a CAGR of 7.0% to reach US\$138 million in revenue. It will perform particularly strongly in DOOH, with over 30% of the country’s OOH revenue expected to be derived from digital formats by 2020.

### Kenya will be Africa’s second-fastest-growing OOH market

OOH revenue (US\$ millions) and year-on-year growth (%), 2011–2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

### DOOH gaining traction in rapidly developing Kenyan market

#### Kenya, OOH revenue (US\$ millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2016-20
Physical OOH	66	70	75	81	85	88	90	92	93	94	2.0%
Digital OOH	3	5	7	10	13	18	24	31	38	44	26.9%
<b>Total</b>	<b>70</b>	<b>75</b>	<b>81</b>	<b>91</b>	<b>98</b>	<b>106</b>	<b>114</b>	<b>123</b>	<b>131</b>	<b>138</b>	<b>7.0%</b>
<b>YOY growth %</b>		<b>8.0%</b>	<b>8.3%</b>	<b>11.2%</b>	<b>8.8%</b>	<b>8.0%</b>	<b>7.6%</b>	<b>7.6%</b>	<b>6.7%</b>	<b>5.0%</b>	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum


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# Radio



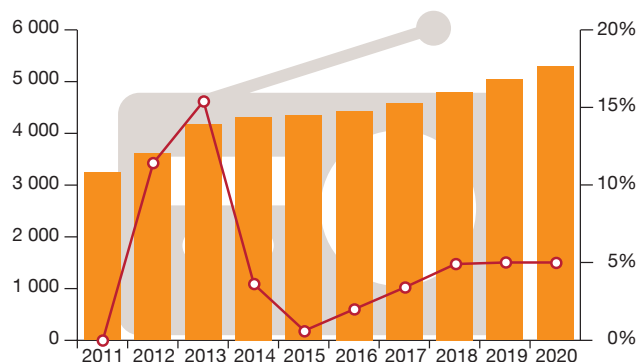
## South Africa

### This segment at a glance

- **South Africa's radio market witnessed another year with slower growth in 2015.** Total radio revenue grew by just 0.6% in 2015, reaching R4.3 billion. The market is expected to pick up and grow by a CAGR of 4.0% over the forecast period. By 2020, the market will be worth an estimated R5.3 billion.

#### Slower growth in 2015, but forecast to recover

Total radio revenue (R millions) and year-on-year growth (%), 2011-2020



Total radio revenue Y-o-Y growth

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

### Slower growth in 2015 but forecast to recover South Africa, radio revenue (R millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	15-20
Radio advertising revenue	3 243	3 612	4 170	4 320	4 344	4 429	4 578	4 803	5 041	5 295	4.0%
<b>Total radio revenue</b>	<b>3 243</b>	<b>3 612</b>	<b>4 170</b>	<b>4 320</b>	<b>4 344</b>	<b>4 429</b>	<b>4 578</b>	<b>4 803</b>	<b>5 041</b>	<b>5 295</b>	<b>4.0%</b>
<b>YOY growth %</b>		<b>11.4%</b>	<b>15.4%</b>	<b>3.6%</b>	<b>0.6%</b>	<b>2.0%</b>	<b>3.4%</b>	<b>4.9%</b>	<b>5.0%</b>	<b>5.0%</b>	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

- **There has been a small increase in listening time**, but figures remain low from a historic perspective. Time spent listening to the radio grew four minutes between November 2015 and March 2016, from 3 hours 11 minutes to 3 hours and 15 minutes, matching the figures recorded in September 2015.
- **As of May 2016, the South African public broadcaster (SABC) brought in a new quota system, requiring 90% of the music played on its 18 radio stations to be from local artists.**
- **Radio listening at home dominates**, but in-car listening has seen the biggest increase between February 2014 and March 2016.
- The new Radio Audience Measurement (RAM) survey to be released by the Broadcast Research Council (BRC) will replace the existing survey provided by SAARF. **The new BRC RAM seeks to ensure that the dynamism of radio listening is captured and analysed and will add some additional layers of insight.**

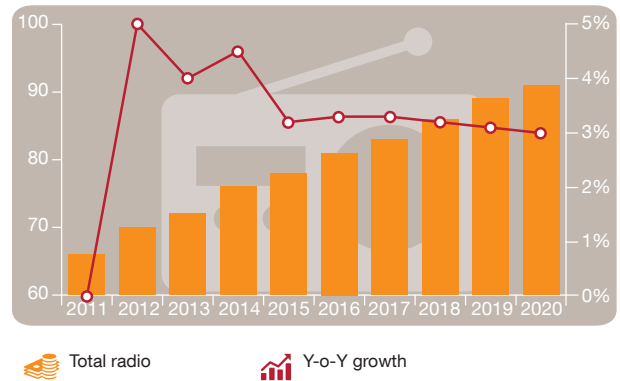
# Nigeria

## This segment at a glance

- **Nigeria’s radio advertising will grow by a stable CAGR of 3.2%.** Radio is Nigeria’s third-largest advertising medium, but broadcasters will face greater competition from the Internet over the forecast period.

### Stable forecast growth in Nigeria’s radio advertising market at 3.2% CAGR

Total radio revenue (US\$ millions) and year-on-year growth (%), 2011–2020



Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

### Stable forecast growth in Nigeria’s radio advertising market at 3.2% CAGR

#### Nigeria, radio revenue (US\$ millions), 2011–2020

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	15-20
Radio advertising revenue	66	70	72	76	78	81	83	86	89	91	3.2%
<b>Total radio revenue</b>	<b>66</b>	<b>70</b>	<b>72</b>	<b>76</b>	<b>78</b>	<b>81</b>	<b>83</b>	<b>86</b>	<b>89</b>	<b>91</b>	<b>3.2%</b>
<b>YOY growth (%)</b>		<b>5.0%</b>	<b>4.0%</b>	<b>4.5%</b>	<b>3.2%</b>	<b>3.3%</b>	<b>3.3%</b>	<b>3.2%</b>	<b>3.1%</b>	<b>3.0%</b>	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

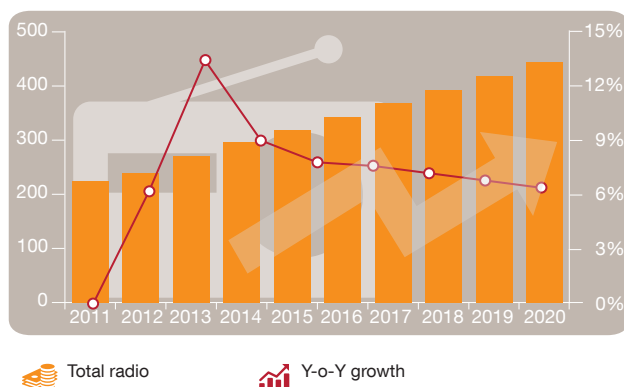
## Kenya

### This segment at a glance

- Kenya's strong radio advertising sector continues to expand.** Radio is the largest advertising medium in Kenya, just ahead of TV, with revenues of US\$319 million in 2015. The market will grow by a strong CAGR of 6.8%, benefitting from an overall strong economy, greater audience reach and increased urbanisation.

**Kenya's leading advertising medium will continue to grow at a strong CAGR of 6.8%**

**Total radio revenue (US\$ millions) and year-on-year growth (%), 2011-2020**



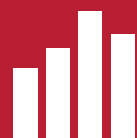
Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum

### Forecast growth of 6.8% CAGR expected in 2020 Kenya, radio revenue, 2011–2020 (US\$ millions)

Category	Historical data					Forecast data					CAGR %
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	15-20
Radio advertising revenue	225	239	271	296	319	343	368	393	418	444	6.8%
<b>Total radio revenue</b>	<b>225</b>	<b>239</b>	<b>271</b>	<b>296</b>	<b>319</b>	<b>343</b>	<b>368</b>	<b>393</b>	<b>418</b>	<b>444</b>	<b>6.8%</b>
<b>YOY growth (%)</b>		<b>6.2%</b>	<b>13.4%</b>	<b>9.0%</b>	<b>7.8%</b>	<b>7.6%</b>	<b>7.2%</b>	<b>6.8%</b>	<b>6.4%</b>	<b>6.0%</b>	

Note: Figures for 2011–2015 have been updated to reflect the most recently available financial information.

Sources: Entertainment and media outlook: 2016 – 2020 • South Africa – Nigeria – Kenya, PwC, Ovum



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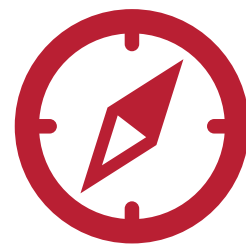
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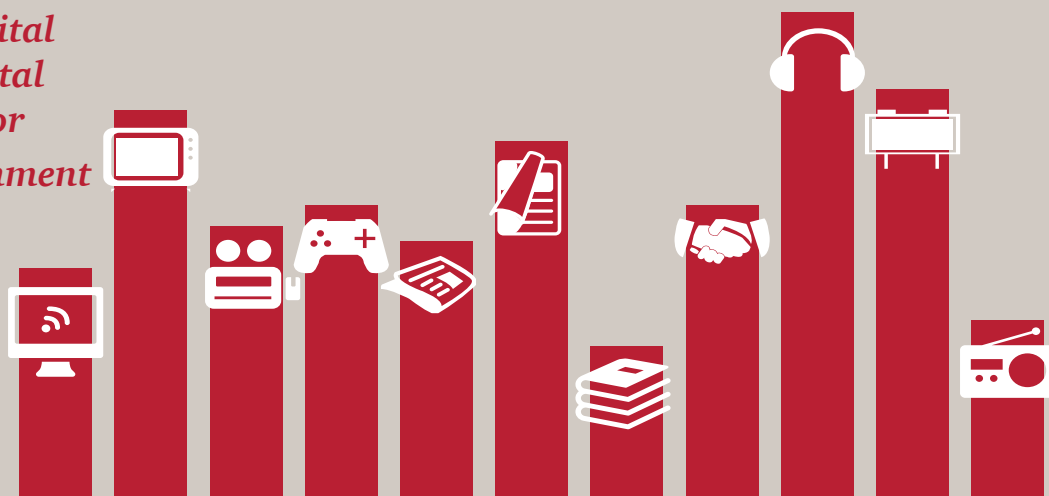
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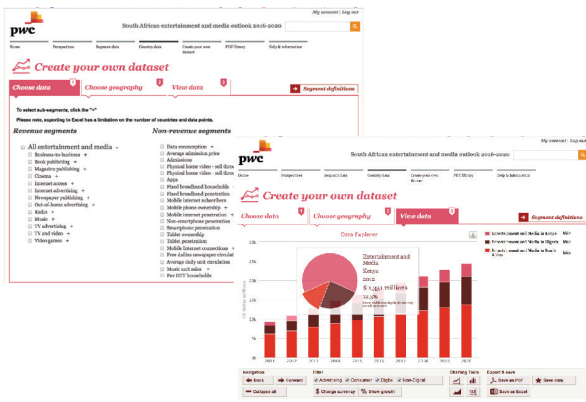


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