

SA's total entertainment, media reached R98bn in 2010 - PwC

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South Africa's total entertainment and media (E&M) spending (advertising and end-user spend) increased by 21.1% in 2010, reaching R98 billion, according to a PwC South African entertainment and media 2011-2015 outlook released today, Thursday, 22 September 2011.



"This comprises R24 billion from advertising and R74 billion from end-user spend. Such growth contrasts with the modest 3.7% growth seen in 2009 and the 4.6% growth experienced globally in 2010," the report, launched at Montecasino in Fourways, said.

Boosted by 2010 FIFA World Cup

Total spend in most of the 13 segments were boosted by the 2010 FIFA World Cup, and sport grew by 84.6% to R18.5 billion. The Internet, lifted by growth in broadband, mobile access and advertising, came second as the second fastest-growing segment in 2010, with a 41.4%, reaching R12 billion.

Nevertheless, the PwC report predicts that E&M total spend will decline by 0.6% in 2011, and then grow by around 9-10% each year to reach R140 billion in 2015, with the Internet being the only segment to average double-digit annual growth, with a projected 24.8% compound annual increase to reach total spend of R37.7 billion in 2015.

The report also found that the device revolution has helped the recession-hit E&M sector to recover, thanks to the rapid consumer migration to digital formats.

Three key drivers

Speaking at Montecasino in Fourways, PwC SA E&M sector leader Vicky Myburgh said three key drivers are likely to drive the E&M sector in the next three years in SA, namely broadband penetration, mobile penetration and smartphones increasing spending.

These include Internet-enabled devices such as smartphones, advanced next generation network infrastructure, mobile applications, social media, web-enabled TV, and tablets and netbooks, she said.

"In the medium term, the demand for digital experiences will become the norm," Myburgh said. "In this dynamic environment, we are seeing an upsurge in collaborative partnering, which is transforming the E&M industry into a digital collaborative ecosystem."

Newspaper advertising still strong

Myburgh also said that global Internet advertising, which grew by 5.5% in 2010, will soon surge ahead and stays behind TV. However in SA, she said newspapers advertising is still strong and remains behind TV advertising.

Other key findings in the report include:

- Television spend was the third fastest-growing segment in 2010 (after sport and Internet), at 18.8% to R19.3 billion. This was fuelled by a jump in advertising, as well as ongoing double-digit growth in subscription spending
- Out-of-home grew at 13.8% to R1.2 billion; radio grew at 11.5% to R3.5 billion; gaming rose by 6.7% to R17.2 billion
- Filmed entertainment rose by 6.2% to R2.9 billion, boosted by growth in box-office spending and cinema advertising, which offset a flat home video market
- Growth in the print categories such as consumer and trade magazines, and newspapers, was modest, reflecting a shift in the share of spending from print to electronic media
- The music sector was the only one to post a negative change in spending, impacted by the shift from physical to digital, a trend in which SA has lagged the rest of the world.

Not enough

Myburgh said recording music, will start growing again but not enough to reverse the past declines.

The future is intense but exciting, she said, adding that as huge changes continue to occur, companies will have to take into account the three following keys:

- The digitally empowered consumer
- The involved advertiser
- Collaboration: route to competitive advantage

"If the industry wants to create quality content, someone has to pay for that content," she said, urging companies to start monetising content.

"What drives consumers to pay is convenience, experience, quality, participation and privilege."

The three first factors, she said, lead to profitable, sustainable and engaged relationships.

For more, go to www.pwc.com/za/outlook.

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Issa Sikiti da Silva is a winner of the 2010 SADC Media Awards (print category). He freelances for various media outlets, local and foreign, and has travelled extensively across Africa. His work has been published both in French and English. He used to contribute to Bizcommunity.com as a senior news writer.

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