

# E&M leaders need to be innovative going forward, says PwC Africa Entertainment & Media Outlook 2023 - 2027

By  Danette Breitenbach

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PwC's latest Africa Entertainment & Media (E&M) Outlook 2023 - 2027, released on Tuesday in Sandton, has found that E&M leaders will have to lean into innovative thinking going forward.



Source: © 123rf [123rf](#) PwC's Africa Entertainment & Media Outlook 2023 – 2027, released today found that people still enjoy the lean-back experience and the community of TV viewing

“The E&M market has always been a creative endeavour at its core, and leaders are going to have to continue to be very creative in how they consider and how they approach the creation, distribution and monetisation of their products going forward,” says Charles Stuart, PwC South Africa entertainment and media partner.

Success across five dimensions is going to help them be successful in the future. “These are having access to the right technology, great content, delivered in a cost-effective manner, which increasingly is mobile, to engage audiences who trust them. Companies that can get this right will find the opportunities for success going forward,” he adds.

## South Africa E&M grow to outpace global growth

“Growth in South Africa’s E&M market stabilised in 2022; however, this growth is still expected to outpace the global average,” says Stuart.

South Africa's E&M market growth stabilised in 2022 to 8.8%, down from 15.4% in 2021. With most segments up to or mostly up to pre-pandemic levels, total revenue will increase from R176.7bn in 2022 to R231.2bn in 2027, at a 5.5% compound growth annual rate (CAGR).

While advertising spend is growing slightly faster than consumer spend, it is not enough to change the *status quo*.

As such the declining influence of consumer spending on E&M products and services and the rising influence of advertising are among the key forces changing the imperatives for industry leaders.

Revenue gains will be driven by the internet access segment and growth in Over-the-Top Video (OTT) and Cinema.

The Report looked at B2B, Cinema, Internet access, Internet advertising, Music/Radio/Podcasts, Newspapers/Consumer Magazines/Books, OOH, OTT, Traditional TV, and Video Games/eSports segments

## Fastest growing segments

While the biggest spend is still from internet access, it is only the fifth fastest growing segment. The fastest growing segment is OTT Video, then Cinema, followed by Video Games and then Internet Advertising.

OTT Video's forecast revenue by 2027 is R7.6bn. In this space, Ad-Supported Video Demand (ASVD) is the fastest growing.



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## Declining segment

All the E&M segments are growing, except for one, which is declining and that is consumer magazines, books, and newspapers.

"We are seeing for the first time that digital advertising in digital consumer magazines will overtake consumer print magazines," says Stuart.

## DOOH to overtake OOH revenue

The B2B segment (which includes trade shows) will stand at R10.2bn revenue by the end of 2027.

However Out of Home (OOH) is showing muted growth, the tipping point of Digital OOH (DOOH) is coming, as DOOH is set to overtake traditional OOH for the first time. In 2024 DOOH will make up over 45% of the OOH revenue. This is also when pre-pandemic levels will be achieved by this sector.

## Cinema

Cinema, however, will take much longer to get back to pre-pandemic levels, only getting there in 2026. This is despite audience numbers having recovered.

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## Video Games

Video Games continue to show very good growth. This segment is seeing a shift from traditional devices, that is PC and game consoles, to mobile over the forecast period. Regulations in some countries, such as China, are holding back the growth of the segment.

In South Africa, casual and social gaming is increasing its share and this market will grow over eight percent to reach R9.5bn in 2027 from R6.4bn in 2023.

## Broadcast: Still important to advertisers

The broadcast segment remains important for advertisers, but the majority of the spend is consumer spend, that is on subscriptions, rather than TV advertising space.

The TV advertising space did rebound in 2021 but upward pressure in 2022 has seen it experience a tough 2023. Regardless of this, the segment still shows 1.2% growth in this period to R7.6bn.

The fastest-growing sector in this segment is online TV.

Is TV dead? Is it still relevant? Stuart gives a resounding no to the first question and a resounding yes to the second.

“People still enjoy the lean-back experience and the community of TV viewing. However, while TV is not dead it will continue to change shape.”



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## Internet access and Internet advertising

Internet advertising gets half of its revenue from digital advertising and will increase by over seven percent over the next five years, while the mobile internet will grow over 10% to R23bn.

Internet access has steadily increased over the past five years. South Africa, like the rest of the continent, remains a mobile-first country.

Data consumption will grow by 25% per annum (CAGR) through to 2027 to reach 61.5kPB. To give you an idea of just how much data this is, one Petabyte is the equivalent of streaming HD video for two and a half years.

The main data consumption is taking place in the social media space as video requires lots of data. Music, on the contrary, requires very little data.

As consumer demand for new devices rises, 5G will become the leading smartphone connection type globally in 2025, and it is this that is driving the Internet of Things (IoT) from home to medical. SA will only hit this 5G tipping point beyond 2027.

## Music, Radio and Podcasts

Live music, worth R1.5bn in 2022, sees revenue of R2.1bn by 2027. “People are enjoying live experiences augmented by social media/digital,” says Stuart.

While Podcasts have also enjoyed strong growth, Radio remains below pre-pandemic levels, although in time it will recover.

## ABOUT DANETTE BREITENBACH

Danette Breitenbach is a marketing & media editor at Bizcommunity.com. Previously she freelanced in the marketing and media sector, including for Bizcommunity. She was editor and publisher of AdVantage, the publication that served the marketing, media and advertising industry in southern Africa. She has worked extensively in print media, mainly B2B. She has a Masters in Financial Journalism from Wits.

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