

***Turkey–***  
a leader in the race  
to digital media  
revenues in Central  
and Eastern Europe



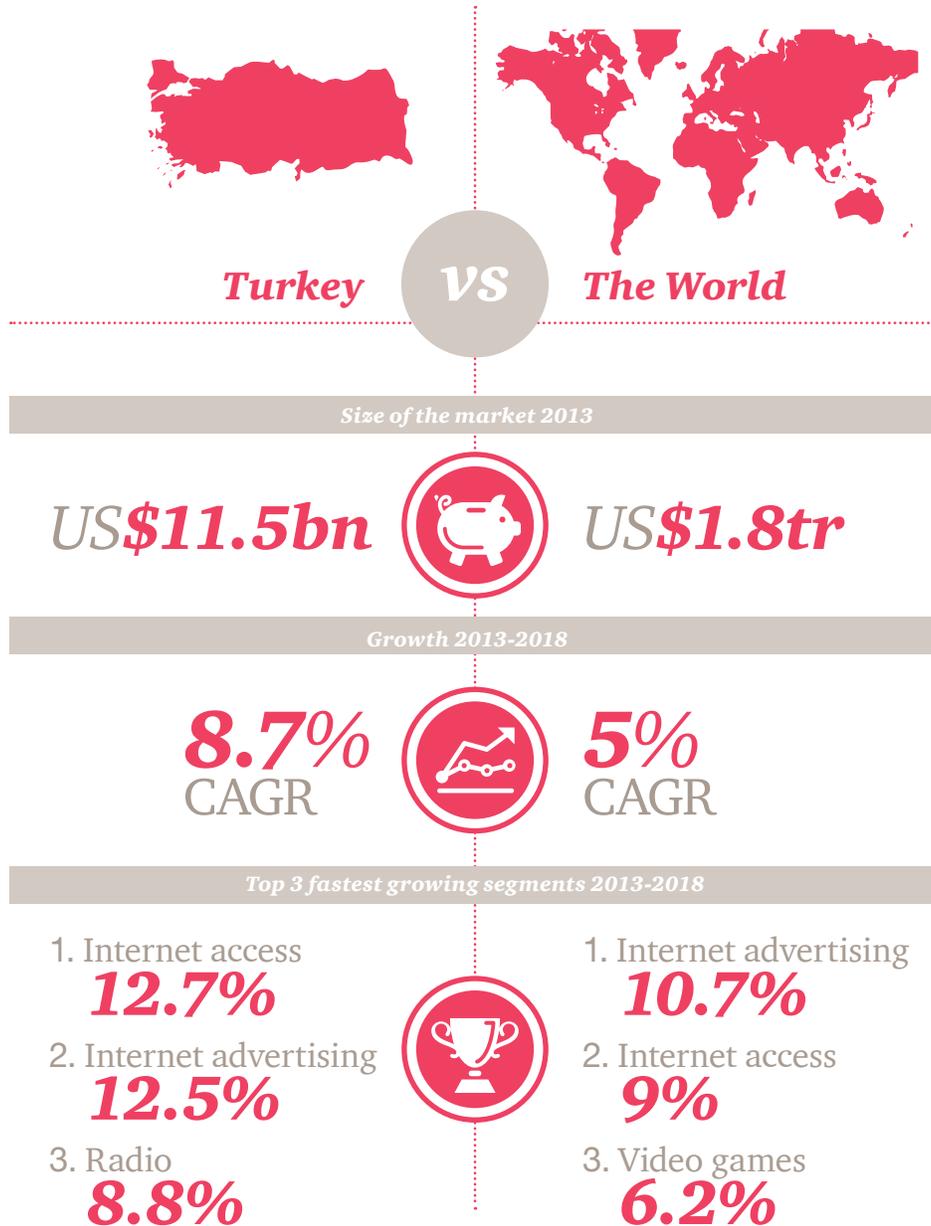
Over the five years to 2018, Turkey's entertainment and media market will grow at a CAGR of 8.7% — outpacing the 5.0% CAGR forecast for global entertainment and media spending, and also the 7.3% CAGR projected for Central and Eastern Europe as a whole.

**Over the five years to 2018, Turkey will strengthen its position as Central and Eastern Europe's second biggest market after Russia**



*Having overtaken Poland in 2012 as the second-largest entertainment and media market in Central and Eastern Europe, Turkey consolidated this position in 2013, with its total spending rising to US\$11.5bn from US\$10.3bn in 2012. The PwC Global entertainment and media outlook 2014-2018 forecasts that Turkey will not only remain the region's second-biggest market behind Russia over the coming five years, but will also be its second-fastest growing — expanding at a compound annual growth rate (CAGR) of 8.7% to reach US\$17.5bn in 2018. This means Turkey's projected growth over this period will be well ahead of the 5.0% CAGR forecast for global entertainment and media spending, and will also outpace the 7.3% CAGR projected for Central and Eastern Europe as a whole. During the five-year forecast period, the rapid growth in the Turkish entertainment and media market will be led by Internet access, Internet advertising, and radio as the three fastest-growing segments.*

## Turkish entertainment & media market by numbers



Source: PwC, Global entertainment and media outlook 2014-2018, [www.pwc.com/outlook](http://www.pwc.com/outlook)

## Spending in Turkey will outpace the Central and Eastern Europe marketplace as a whole and many major markets worldwide



Through 2018, Turkey will be Central and Eastern Europe's second-fastest growing market as well as its second-largest. Only Russia will grow faster, at a CAGR of 9.5%.



In 2013, Turkey's overall entertainment and media spending rose by 11.4% to US\$11.5bn. By 2018 — with its market having expanded at a CAGR of 8.7%, outpacing the overall CAGR of 7.3% projected for Central and Eastern Europe as a whole — Turkey will have significantly strengthened its position as the second-biggest market in Central and Eastern Europe behind Russia.

- During the five-year forecast period, Turkey will be the Central and Eastern European region's second-fastest growing market as well as its second-biggest. Only Russia will grow faster, at a CAGR of 9.5%.
- As a result, total entertainment and media spending in Turkey in 2018 will be US\$17.5bn, well ahead of Poland's US\$12.6bn, but some way behind Russia's US\$42.1bn.
- Looking across the world, with projected spending growth in Turkey significantly exceeding that in Western Europe (at a CAGR of 2.6%), in the US (at a 4.7% CAGR), global spending (at a 5.0% CAGR), and even spending in Asia Pacific (at a 5.7% CAGR), Turkey will become an increasingly significant entertainment and media market on the regional and world stage.
- For example, having overtaken Poland in 2012, entertainment and media spending in Turkey also exceeded that in Norway in 2013, and will overtake Austria in 2014 and Belgium in 2015.

## Growth will be spearheaded by Internet access, Internet advertising and radio



Internet access will remain Turkey's largest and fastest-growing segment of entertainment and media, expanding at a CAGR of 12.7% to reach US\$6.4bn in 2018.

Internet access is already the biggest segment in Turkish entertainment and media by a wide margin, with revenues of US\$3.5bn in 2013 — well ahead of second-placed TV advertising at US\$1.6bn, and third-placed TV subscriptions and licence fees at US\$1.5bn.

- During our five-year forecast period, Internet access spending will also be the fastest-growing segment in Turkey, expanding at a CAGR of 12.7% to reach US\$6.4bn in 2018.
- Internet advertising will be Turkey's second-fastest growing segment during the five-year forecast period, rising at a CAGR of 12.5% to reach US\$1.3bn in 2018.
- The growth in Internet advertising will strongly outpace TV advertising, Turkey's second-biggest segment, which will rise at a CAGR of 7.8% to US\$2.3bn in 2018.
- On a global level, total Internet advertising revenue will almost catch TV advertising by 2018, and may be poised to overtake it. However in Turkey there will still be a wide gap between the two in 2018, suggesting that advertisers' online migration has further to run.
- The third-fastest growing segment of entertainment and media spending in Turkey over the next five years will be radio, expanding at a CAGR of 8.8% to reach US\$280mn in 2018.
- All segments of entertainment and media in Turkey will see increases in spending during the five-year forecast period, with the slowest-growing being music, which will expand at a CAGR of 0.6%.

## Turkey will outpace global growth in most segments — to varying degrees



All segments of entertainment and media in Turkey will see increases in spending during the five-year forecast period.



As well as growing at an overall CAGR well in excess of that seen across the entertainment and media market globally, Turkey is projected to see growth in every segment of entertainment and media over the five years to 2018. Also, nearly all segments will outpace their global growth rate.

- The only segment in Turkey that will lag behind global growth is music, which will expand at a CAGR of 0.6% over the five years, against a global CAGR of 1.2% for this segment.
- The segments where growth in Turkey will significantly outpace the global average include: Internet access (Turkish CAGR 12.7%, global CAGR 9.0%); magazine publishing (Turkey 7.8%, global 0.2%); newspaper publishing (Turkey 5.0%, global 0.1%); TV subscriptions and licence fees (Turkey 8.0%, global 3.2%); radio (Turkey 8.8%, global 2.7%); and business-to-business (Turkey 6.3%, global 3.4%).
- Narrower differentials between Turkish and global growth rates will be seen in segments such as TV advertising (Turkish CAGR 7.8%, global CAGR 5.5%); Internet advertising (Turkey 12.5%, global 10.7%); video games (Turkey 8.6%, global 6.2%); and filmed entertainment (Turkey 6.0%, global 4.5%).

## **Internet access will remain the dominant segment in Turkey through 2018, with mobile access spending almost catching fixed access by the end of the period**



Mobile Internet access revenue in Turkey will increase at a CAGR of 18.6% between 2013 and 2018 to reach US\$3.1bn, almost level with the US\$3.2bn forecast for fixed broadband access revenue at that date.

Turkey's Internet access market will grow strongly over the next five years, with revenues increasing from US\$3.5bn in 2013 to US\$6.4bn in 2018, a CAGR of 12.7%. This means Internet access will remain the largest segment of Turkish entertainment and media, with its share of overall spending rising from 30.5% in 2013 to 36.5% in 2018.

- Turkey's potential for growth in Internet access spending is high because it combines a fast-expanding and relatively young population with a growing economy, and the lowest fixed broadband penetration in Central and Eastern Europe.
- Turkcell, Avea and Vodafone received 3G licences in December 2008, and had all started offering services by July 2009. Since then, the country has experienced strong growth in the number of mobile Internet subscribers, and this number is set to more than double over the forecast period, rising from 20.2mn at the end of 2013 to 48.9mn at the end of 2018.
- Mobile Internet access will be the main driver of growth, given the limited competition in the fixed broadband market and the rapidly growing availability of affordable smartphones and tablets, including own-brands. Mobile Internet access revenue will increase at a CAGR of 18.6% between 2013 and 2018 to reach US\$3.1bn, almost level with the US\$3.2bn forecast for fixed broadband access revenue at that date.



## Internet advertising will grow at double-digit rates, cutting into TV advertising's lead as the dominant form of advertising



The share of total Internet advertising revenue accounted for by mobile in Turkey in 2013 – at 4% — is comparable with many developed Western European markets.

Turkey is the second-largest Internet advertising market in Central and Eastern Europe, after Russia. Its total Internet advertising revenue was US\$740mn in 2013 and is forecast to rise to US\$1.33bn by 2018, a CAGR of 12.5%.

- The Turkish online market still has plenty of room for growth. Broadband penetration remains low at 41% in 2013, the lowest rate in Central and Eastern Europe.
- The Turkish Internet advertising market is dominated by international brands. Search and display Internet advertising revenues were almost equal in 2013, at US\$321mn and US\$334mn, respectively. Display is expected to grow at a slower rate than search, so paid search Internet advertising revenue will account for 42% of total Internet advertising revenue in 2018 compared with 40% for display Internet advertising revenue.
- Turkey is an advanced mobile advertising market: mobile Internet advertising revenue is forecast to reach US\$94mn in 2018, up from US\$33mn in 2013. The share of total Internet advertising revenue that came from mobile advertising in 2013 — at 4% — was comparable with many developed Western European markets. Turkey's relatively low fixed broadband penetration, and the fact that mobile is the primary way many users in Turkey access the Internet, will help to sustain strong growth in mobile advertising.
- TV will remain the most important advertising medium in Turkey throughout the forecast period, although the strong growth in Internet advertising will narrow its lead. With Turkey's economy poised for growth, we forecast that total net TV advertising revenues will rise from US\$1.6bn in 2013 to US\$2.3bn in 2018, a CAGR of 7.8%.



TV will remain the most important advertising medium in Turkey throughout the forecast period, with net TV advertising revenues rising from US\$1.6bn in 2013 to US\$2.3bn in 2018.

## *Newspaper publishing in Turkey will be a star performer globally, far outpacing the almost flat growth projected for newspapers worldwide*



Total newspaper revenue in Turkey is forecast to increase at a CAGR of 5.0%, far outstripping the projected CAGR of just 0.1% for newspaper publishing revenues globally.



Turkey has the fastest-growing economy in the European region, and this is showing in the growth of its news publishers. Total newspaper revenue has increased each year since 2009 and reached US\$1.13bn in 2013. It is forecast to increase to US\$1.45bn in 2018, a CAGR of 5.0%. This compares to a projected CAGR of just 0.1% for newspaper publishing revenues globally.

- Total newspaper advertising revenue was badly affected by the economic crisis of 2008 but recovered within just two years, and has grown to US\$612mn in 2013. It is set to continue to increase steadily at a healthy 6.8% CAGR to reach US\$852mn by 2018.
- The average daily unit circulation total was also hurt by the collapse but stabilised within two years and is now growing marginally each year. Turks like to read their newspapers in detail, spending an average of 65 minutes on them in 2010, a relatively high figure.
- Turks are also voracious Internet users, spending more time online per month than anyone in the European region other than those in the UK, according to comScore. However just 5.8% of total newspaper advertising revenue in Turkey currently comes from digital ads. So publishers will be challenged not just to build online engagement, but also to attract associated sales — a process that could safeguard against any future setback in the success of Turkey's print newspaper market.

## ***Music will be Turkey's slowest-growing segment, with rising digital and live revenues only narrowly offsetting declining sales of physical formats***



With recorded music revenues continuing to decline, live music will drive the growth in Turkey's overall music market through 2018.

Turkey's music market was worth US\$250mn in 2013, up from US\$248mn in 2009. Total music revenue is forecast to grow by a CAGR of 0.6% to reach US\$258mn in 2018. This rate of growth will lag behind the growth in music revenues globally, which will rise at a CAGR of 1.2%.

- The country's CD sales continue to decline: physical recorded music revenue was just US\$56mn in 2013, down 17.5% on the previous year. Also, the digital recorded music sector remains fairly undeveloped. However, Turkish consumers are taking to mobile broadband services quickly, so mobile could prove to be an important driver of digital recorded music services.
- Overall, Turkey's recorded music market is expected to continue to shrink. Physical recorded music revenue will fall to just US\$22mn in 2018, a compound annual decline of 17.0%. This will only be partly compensated for by digital recorded music revenue, which will grow from US\$13mn in 2013 to US\$18mn in 2018. Total recorded music will fall from US\$69mn in 2013 to US\$40mn in 2018, a CAGR of -10.1%.
- Turkey has a number of music festivals catering for traditional music lovers as well as a vibrant electronic music scene. Live music will drive the growth in Turkey's overall music market: total live music revenue is forecast to increase at a CAGR of 3.7% from US\$181mn in 2013 to US\$218mn in 2018.



## Where will consumers and advertisers spend their money in the next five years?

This article is drawn from data in PwC's *Global entertainment and media outlook 2014-2018* (Outlook). The Outlook is an online source of five-year forecast and five-year historic consumer and advertising spend data for 13 entertainment and media segments, across 54 countries. PwC continually seek to update the online Outlook data, therefore, the data within this PDF may not be aligned with the data found online.

To find out more about the Outlook and to purchase a subscription to the full datasets, please visit:  
[www.pwc.com/outlook](http://www.pwc.com/outlook)

### ***How PwC can help***

**To have a deeper discussion,  
please contact:**

**Marcel Fenez**  
Global leader, entertainment and media  
[marcel.fenez@hk.pwc.com](mailto:marcel.fenez@hk.pwc.com)

**Murat Colakoglu**  
Turkish leader, entertainment and media  
[murat.colakoglu@tk.pwc.com](mailto:murat.colakoglu@tk.pwc.com)