

10 July 2013

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Bangkok--10 Jul--

PwC Thailand  Share

Entertainment and Media (E&M) spending in Thailand is expected to rise to \$14.8 billion by 2017, up from \$9.7 billion projected in 2013, fuelled by surging demand for Internet access, TV advertising and consumer and educational book publishing, a PwC forecast says.

The fast-expanding Thai E&M market will grow at a compound annual growth rate (CAGR) of 11.3% over the next five years--the fourth fastest-growing in Southeast Asia--compared with much slower growth in developed markets, including 4.8% CAGR in the US and 3% in Western Europe over the same period.

Globally, the E&M market is expected to see a CAGR of 5.6%, generating revenues in 2017 of \$2.2 trillion, up from \$1.6 trillion in 2012. The US will remain the largest E&M market, reaching \$632 billion in 2017, from \$499 billion last year.

However, a group of eight high growth markets--Brazil,

Russia, India, China (the BRIC nations), the Middle East and North Africa, Mexico, Indonesia, and Argentina--will see the most growth. Buoyed by a growing middle class and increased urbanisation, these territories will account for 22% of total global E&M revenues in 2017, up from 12% in 2008 with their average CAGR more than doubling that of the global E&M sector as a whole.

According to the Organisation for Economic Co-operation and Development (OECD), by 2030 two-thirds of the world's population will be 'middle class', with a daily expenditure of \$10 to \$100. This new middle class will appear primarily in Asia Pacific, meaning the E&M industry needs to understand its needs and motivations to capture the region's spending power.

Nattaporn Phan-Udom, partner and leader of PwC's technology, infocomm and entertainment and media (TICE) practice in Thailand, said that the consumer demand for E&M will continue to grow strongly, propelled by the rise of the Internet and growing use of smart devices, despite the recent economic slowdown, which resulted in a cut in the GDP growth forecast.

"Increasing access to the Internet and explosive expansion in the ownership of smart devices will continue to be significant driving forces behind this E&M market over the long term," Nattaporn said. "Household broadband penetration globally will rise to 51% in 2017 from 40% in 2012. In contrast, mobile broadband penetration will surge by 31 percentage points from its 2012 level to reach 54% in the next five years," she added.

"Regionally, Asia Pacific--driven by China and India--will lead the way in both numbers of households and growth rate, followed by Latin America, with slower growth in the more mature EMEA and North American markets."

Even though traditional, non-digital media will continue to contribute the lion's share of spending throughout the coming five years, the growth will be concentrated in digital media platforms and consumption, Nattaporn said. By 2017, global digital revenues will make up almost half (47%) of the total, up from 35% in 2012, according to the report.

Global spending on mobile Internet access will exceed that of fixed broadband lines in 2014, driven hugely by emerging markets.

Mobile Internet revenue will be worth \$259 billion in 2014 and by 2017 will exceed \$385 billion, accounting for 58% of overall Internet access expenditure, according to the report.

"After years of home broadband being the most popular way to access the Internet, a fundamentally different form will come to dominate: access via mobile broadband, most often via mobile phones rather than PCs and laptops," she said.

PwC's 14th annual Global Entertainment and Media Outlook 2013 - 2017 provides in-depth five-year historic and five-year forecast consumer and advertising spending data for 13 industry segments across 50 countries around the world.

Underlying Growth Driver

The ongoing widespread expansion of Internet access in Thailand will lead the country's overall growth in entertainment and media spending, with revenue reaching \$4.67 billion in 2017, the data showed.

"In an era where mobile technologies have been central to broadband-market development in the emerging markets, a shortage of wireless spectrum had severely restricted growth in Thailand," said Nattaporn. "Now, with the conclusion of 2.1GHz auction late last year--when three leading operators emerged with an additional 45MHz of bandwidth combined--adoption of mobile broadband is expected to accelerate rapidly during the next five years."

"By 2017, Thailand is expected to have just over 30 million mobile-broadband subscriptions, mostly via 3G, compared with 5 million at the end of 2012. This will push the mobile-broadband population penetration to 43% by the end of 2017," she added.

Though the bulk of broadband growth in the next five years is expected to come from mobile services, fixed-broadband is expected to grow strongly to 6 million by the end of 2017 from 4.2 million subscriptions in 2012.

Urban fibre-network deployments are also expected to add to fixed-broadband access growth, but adoption of fibre services will remain at a relatively negligible level. The household penetration of fixed-broadband services will be about 34% in 2017, leaving a large gap in the market to be addressed by mobile broadband.

Nattaporn said that while many of the developed markets had got a head start with next-generation fibre and fourth-generation (4G) networks, ambitious operators and governments in emerging markets won't be far behind, if not ahead.

"Getting spectrum policy right will be especially important in the advancement of mobile broadband services. The right pricing and packaging will be essential to success," Nattaporn said, adding that pay-per-use or pay-per-app tariffs will open up mobile broadband to hundreds of millions of lower-income consumers, and increasingly generous bundles of digital media, Wi-Fi, over-the-top services and new connected devices will drive migration to super-fast broadband services.

On a global scale, the US is the largest territory in fixed broadband, with high penetration and high average revenue per user (ARPU). After exceeding the revenues of Japan in 2012, China is closing the gap on the US due to its aggressive double digit growth in subscribers, despite considerably low ARPU.