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PwC: Media spending to rise steadily

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Entertainment and media spending in Thailand is poised to rise 33% to \$13.3 billion (431.45 billion baht at current exchange rates) by 2018, fuelled by surging demand for online advertising, TV subscriptions, and internet access, a PwC forecast says.

The market will grow at a 7.3% compound annual growth rate over the next five years — the second fastest in Southeast Asia after Indonesia. This contrasts with much slower growth in developed markets, such as 4.8% in the US and 2.7% in Western Europe over the same period. The 2018 forecast is higher than the \$9.99 billion projected for 2014.

Globally, the market is expected to grow by 5% compounded annually from 2013-18 to a value of \$2.27 trillion in 2018. The US will remain the largest market, reaching \$723 billion in 2018 from \$573 billion last year, according to PwC's Global Entertainment & Media Outlook 2014-2018.



"Digital advertising is boosting the long-term outlook in Thailand and around the world," says Ms Vilaiporn.

Vilaiporn Taweelappontong, a partner for PwC Consulting (Thailand), said the industry will continue to grow significantly in Thailand, buoyed by consumer demand in the fastest growing areas: online advertising, TV subscriptions and licence fees, and internet access.

"Digital advertising is boosting the long-term outlook in Thailand and around the world," Ms Vilaiporn said.

"This growth is largely being driven by the internet and by our love of new technology, specifically mobile technology and applications powered by analytics and the cloud."

Total internet advertising revenue in Thailand, home to 18 million Facebook users, is among the fastest-growing in Asia, albeit from

a low base of \$8 million in 2009. The country's broadband penetration rate is expected to rise over the forecast period from 24% to 31%.

Thailand's total internet advertising revenue is heavily driven by the growth of Facebook — arguably the largest social media site in the country with more than 8.5 million users in Bangkok. It is expected to rise to \$68 million in 2018 from \$25 million last year.

Total entertainment and media spending on digital services worldwide is forecast to grow at a 12.2% compound annual growth rate between 2013 and 2018 and account for 65% of global entertainment and media spending growth, excluding spending on internet access, the report showed.

Nine high-growth markets are powering global entertainment and media revenues. China, Brazil, Russia, India, Mexico, South Africa, Turkey, Argentina, and Indonesia are forecast to account for 21.7% of global entertainment and media revenue in 2018, up from just 12.4% in 2009.

China will overtake Japan as the world's second-largest entertainment and media market behind the US in the same year.

Despite political uncertainty and a sluggish economy, Thailand's fixed broadband and mobile internet markets have made steady improvements in terms of network quality, Ms Vilaiporn said.

The overall fixed broadband access market would likely see modest growth over the five-year period, with the number of households increasing from 4 million to 5.4 million in 2018. Total fixed broadband access revenue will also increase to 48.64 billion baht (\$1.5 billion) from 35.71 billion baht (\$1.1 billion) over the period.

"The next main growth engine, however, will be the transition towards 3G and 4G services," Ms Vilaiporn said.

"3G services are now finally making headway in the market, with total subscriptions reaching 20 million at end September 2013."

On June 17, Thailand's telecommunications regulator, the National Broadcasting and Telecommunications Commission (NBTC), said that it has suspended temporarily an auction of 4G mobile licences.

Ms Vilaiporn said the delay is not a cancellation of the 4G service, and she believes mobile operators would continue expanding their 4G base stations while waiting for the auctions to proceed.

"We still believe that the auctions will go ahead eventually since telecommunications infrastructure is needed when Thailand becomes the centre of the AEC (Asean Economic Community)," she said.

Thailand's proliferation of mobile usage will help to increase mobile internet access revenue from 15.11 billion baht (\$466 million) to 48.68 billion baht (\$1.5 billion) over the 2013-18 period. The mass availability of 3G and 4G services will, however, cause monthly mobile internet average revenue per user to decline from 200 baht (\$6) to 134 baht (\$4.12) over the period.

Thailand's total number of mobile subscribers stood at 96.4 million in the first quarter of 2014, up from 87.3 million over the same period last year, NBTC data showed.

The other significant segment that will boost Thailand's entertainment and media revenue is TV subscriptions and licence fees.

"Despite facing challenges of high levels of piracy, low disposable income, and competition coming from free-to-air satellite services operators, there're some welcome signs that the market is picking up," Ms Vilaiporn said.

Although cable penetration has historically been low in Thailand, Ms Vilaiporn said a growth in low-cost services to compete with pirated content means that cable will help to grow the platform, with 4.8 million paying subscribers forecast for the end of 2018, up from 2.2 million at the end of 2013.

"The growth of cable is expected to drive the pay-TV market overall. By the end of 2018, there will be 6.8 million pay-TV subscribers in Thailand, representing 38.7% of TV households and generating revenues of \$1.28 billion."