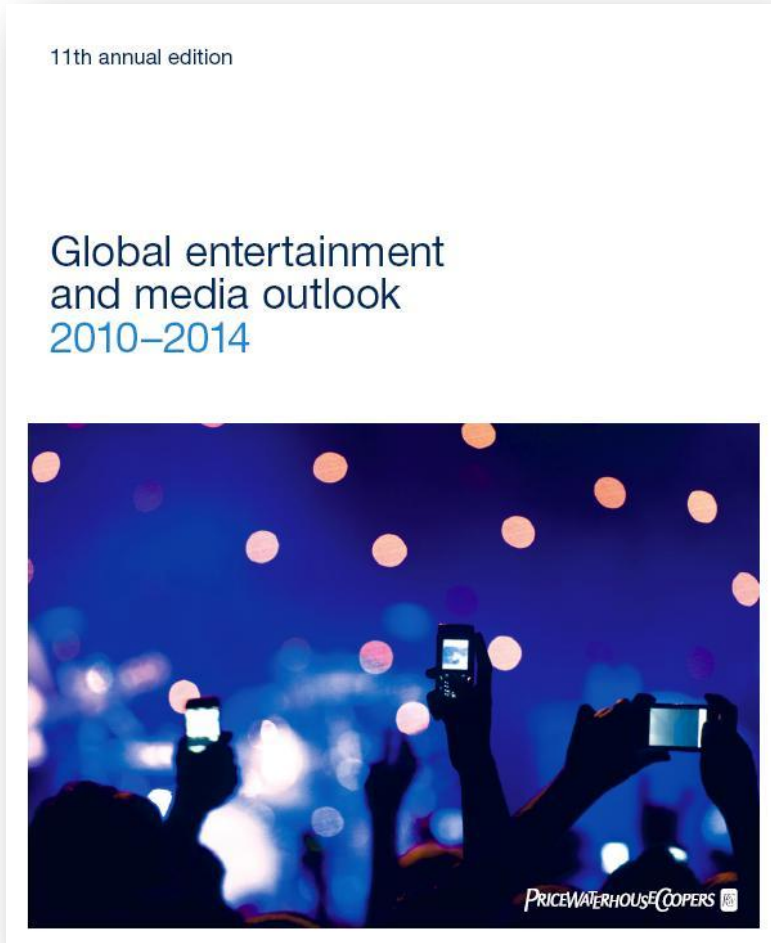


Towards 2014: the search for position in the digital value chain

Drs Marieke van der Donk MBA

Global Entertainment & Media Outlook: Consumer and advertising spending forecasts in 48 countries

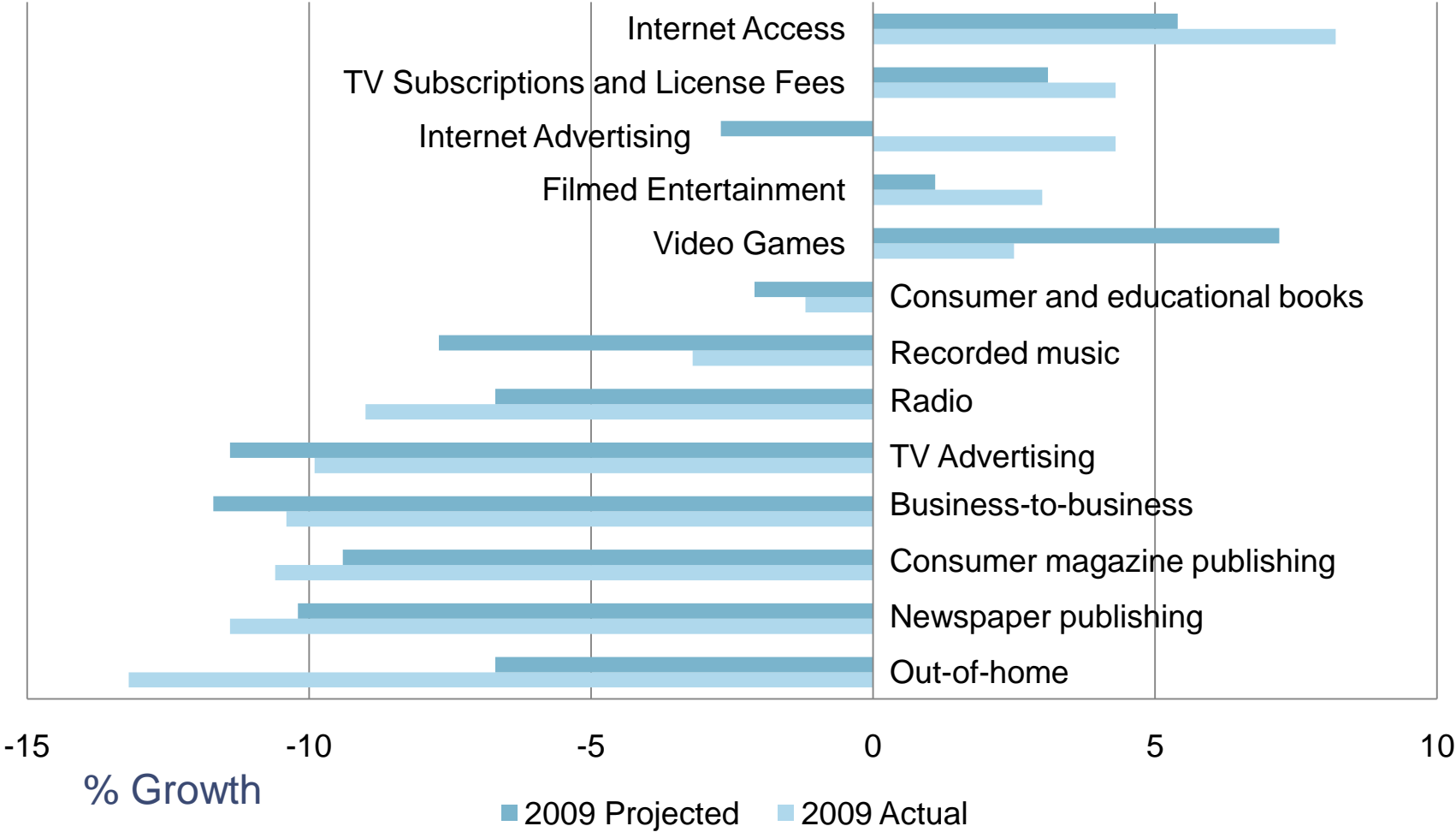


Internet access spending
Internet advertising
TV subscriptions and license fees
Television advertising
Recorded music
Filmed entertainment
Video games
Consumer magazine publishing
Newspaper publishing
Radio
Out-of-home advertising
Consumer and educational book publishing
Business-to-business

pwc.com/outlook

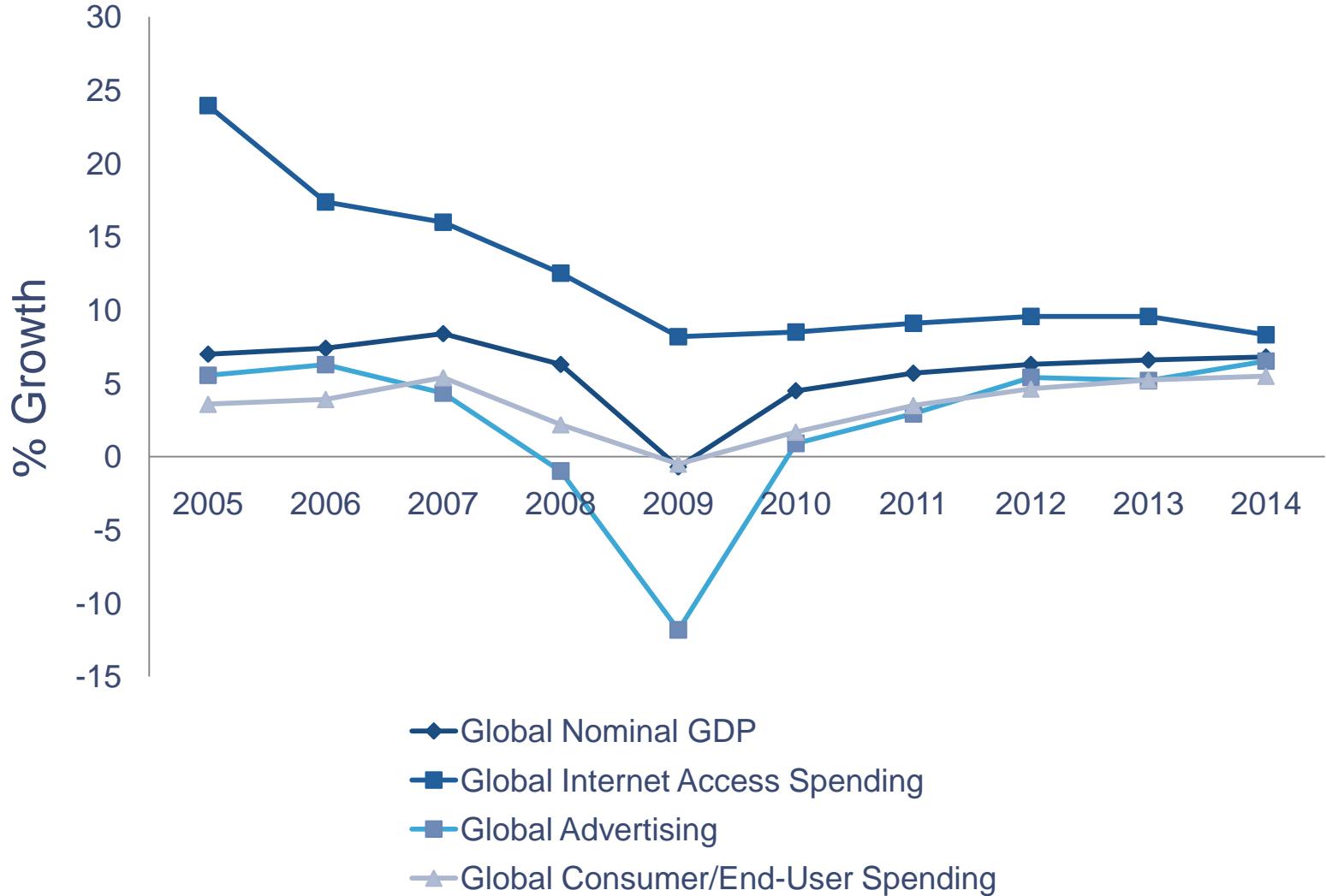
Pace of change faster than expected

Projected and Actual Global Growth by Segment - 2009

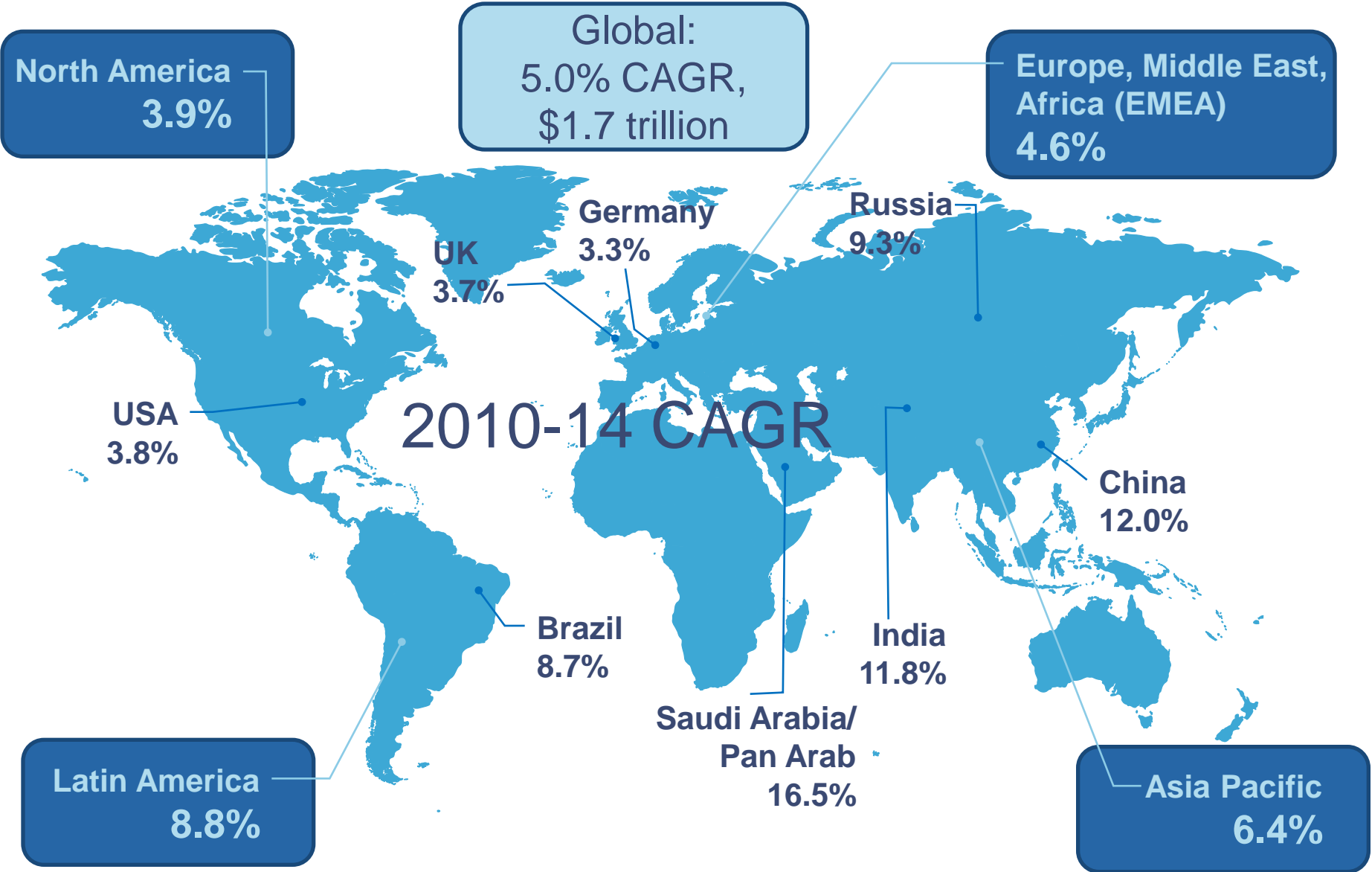


The Outlook to 2014

Digital dampens spending growth; E&M lags behind GDP



E&M market growth 2010-2014



Overview EMEA countries

Western Europe

Austria
Belgium
Denmark
Finland
France
Germany
Greece
Ireland
Italy
Netherlands
Norway
Portugal
Spain
Sweden
Switzerland
United Kingdom

Central and Eastern Europe

Czech Republic
Hungary
Poland
Romania
Russia
Turkey

Middle East/Africa

Israel
Saudi Arabia/Pan Arab †
South Africa

† Comprises Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Syria, and the United Arab Emirates.

Core industry developments

Digital transformation continues to expand and escalate

Relevant factors:

1. The increasing pace of change
2. Fragmentation reaches new level
3. The importance of non-digital revenues

Consumer behaviour: the consumer in the driver's seat

Consumer's influences rises:

- More and more companies listen to their consumers
- Consumers are involved in product development
- Rise and effect of social networking

Consumer responses are still evolving

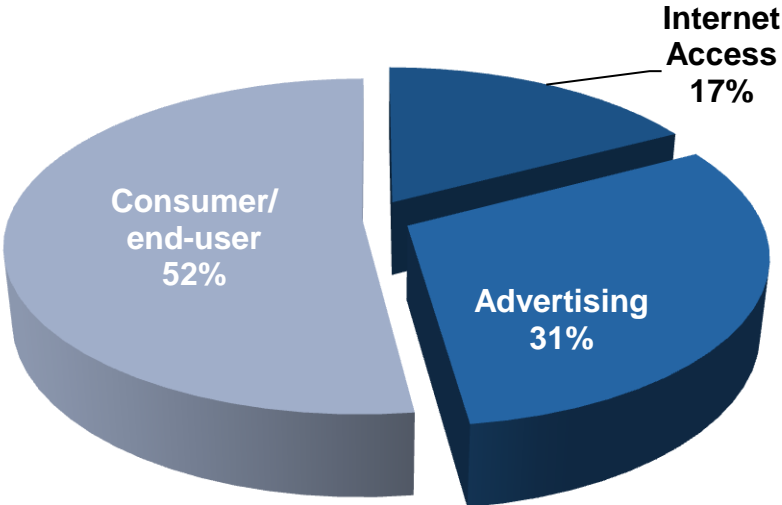
- Boosting content consumption
- Willingness to pay
- Digital consumption extends across generations

Three themes of consumer influence

- Rising power of mobility and mobile devices
- Growing dominance of internet experience over all content consumption
- Increasing engagement and readiness to pay for content

Component share of global E&M spend

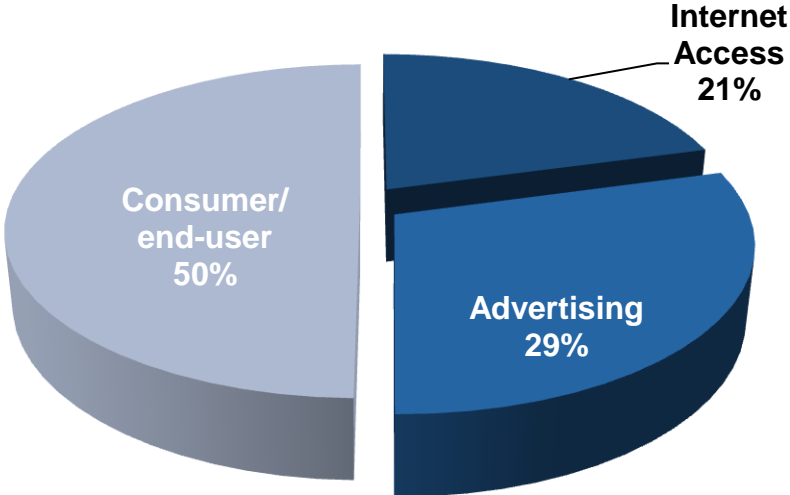
2009



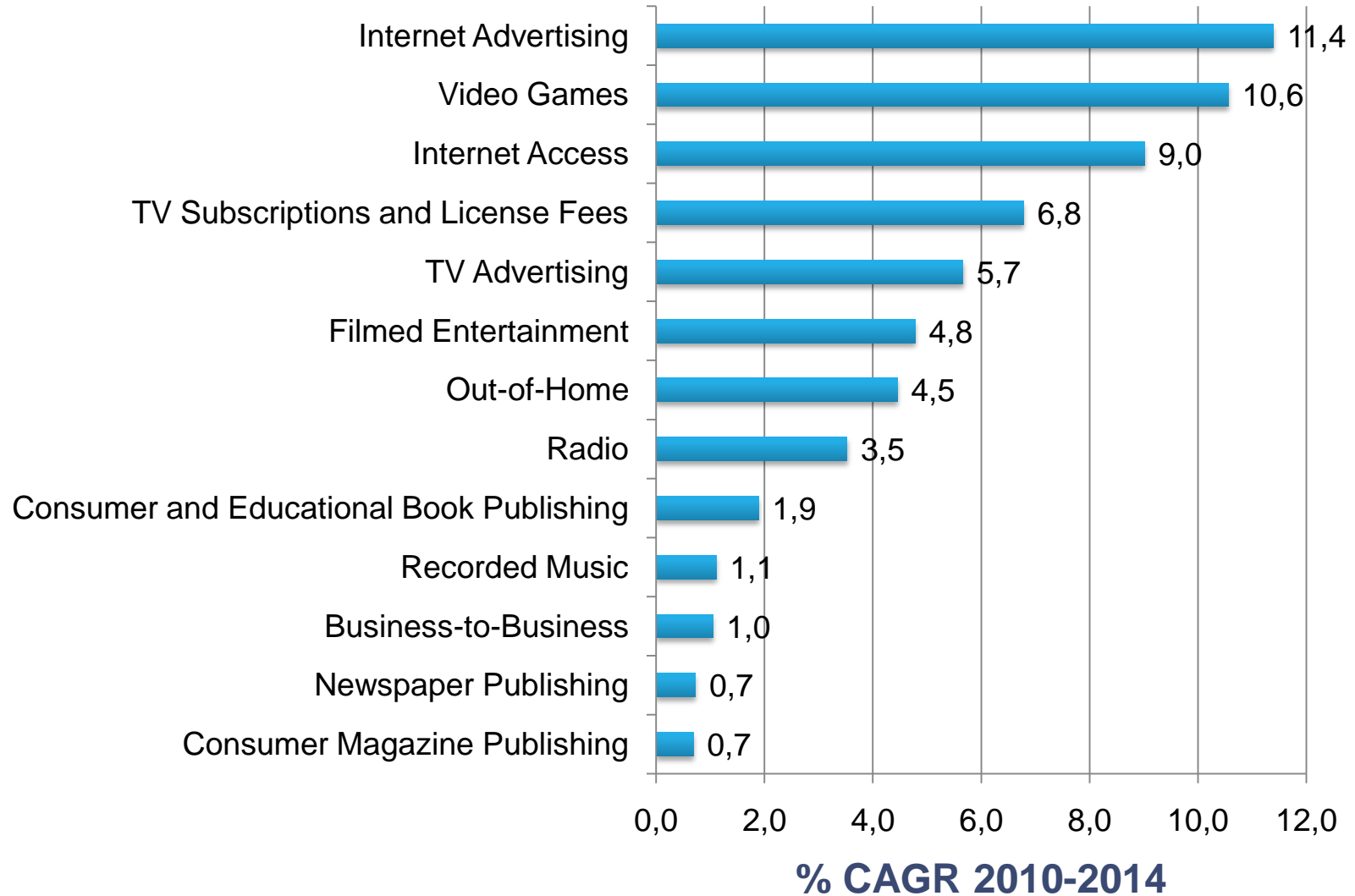
Total spending 2009:
US\$1.32 trillion

Total spending 2014:
US\$1.69 trillion

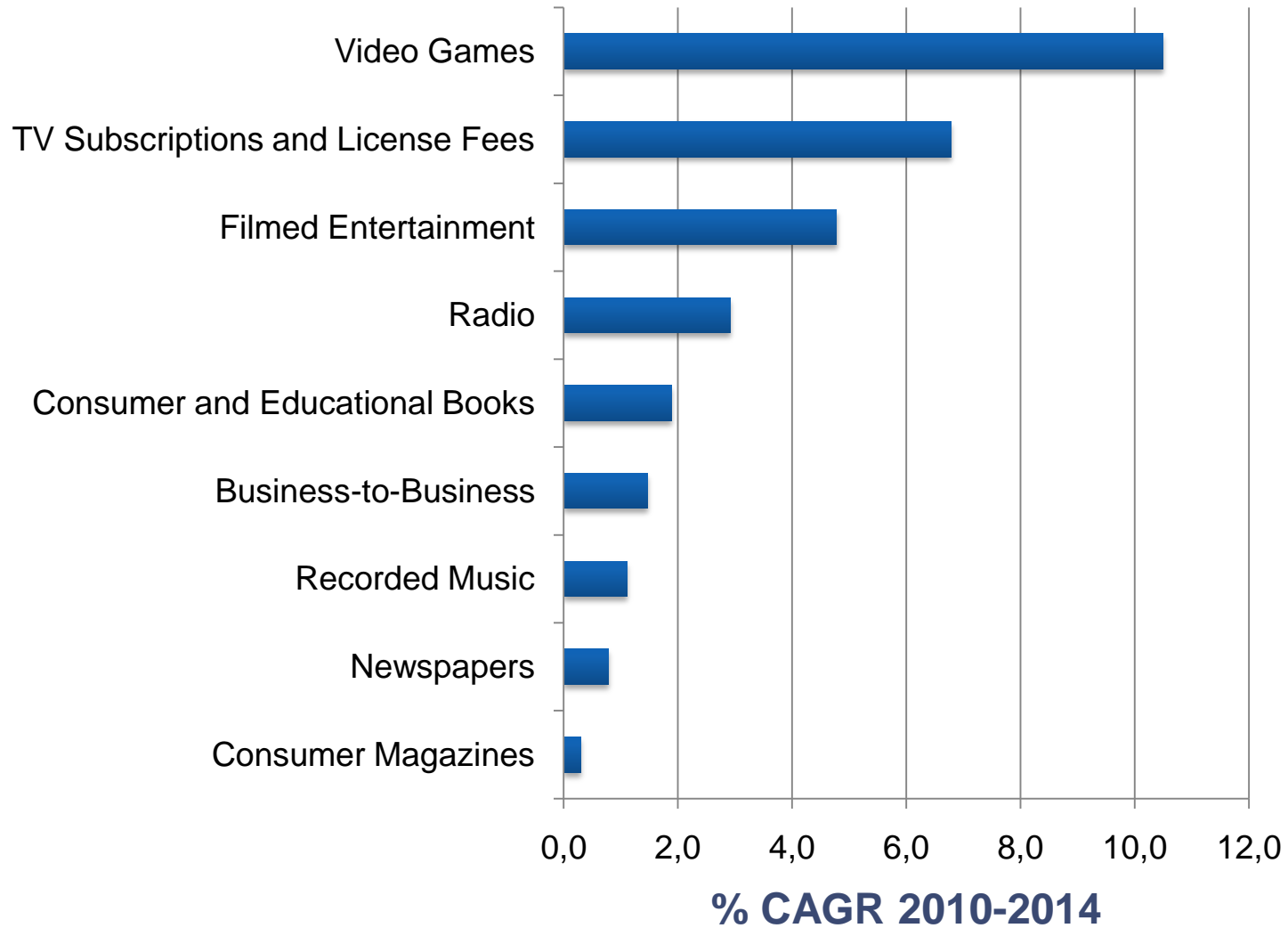
2014



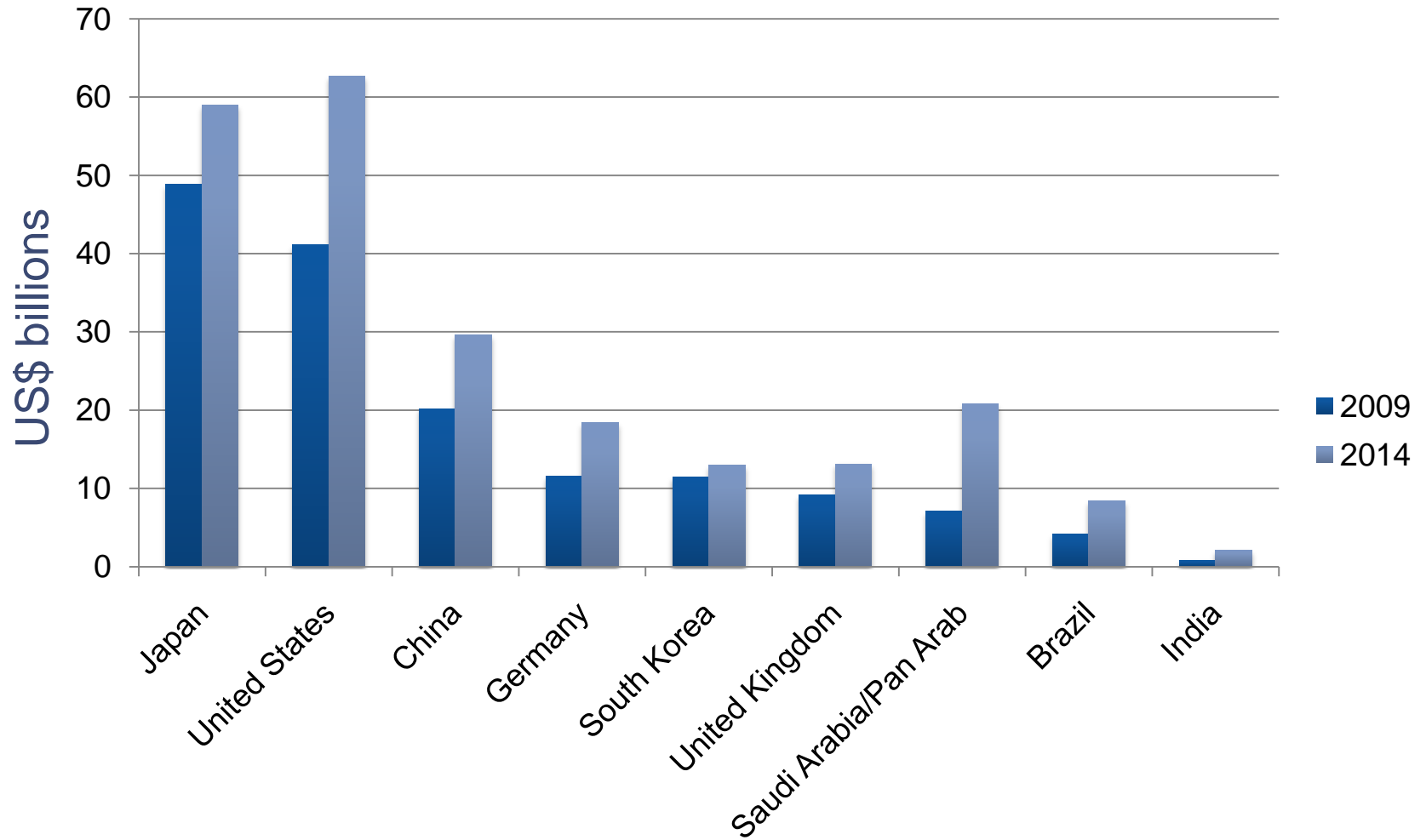
Global growth by segment



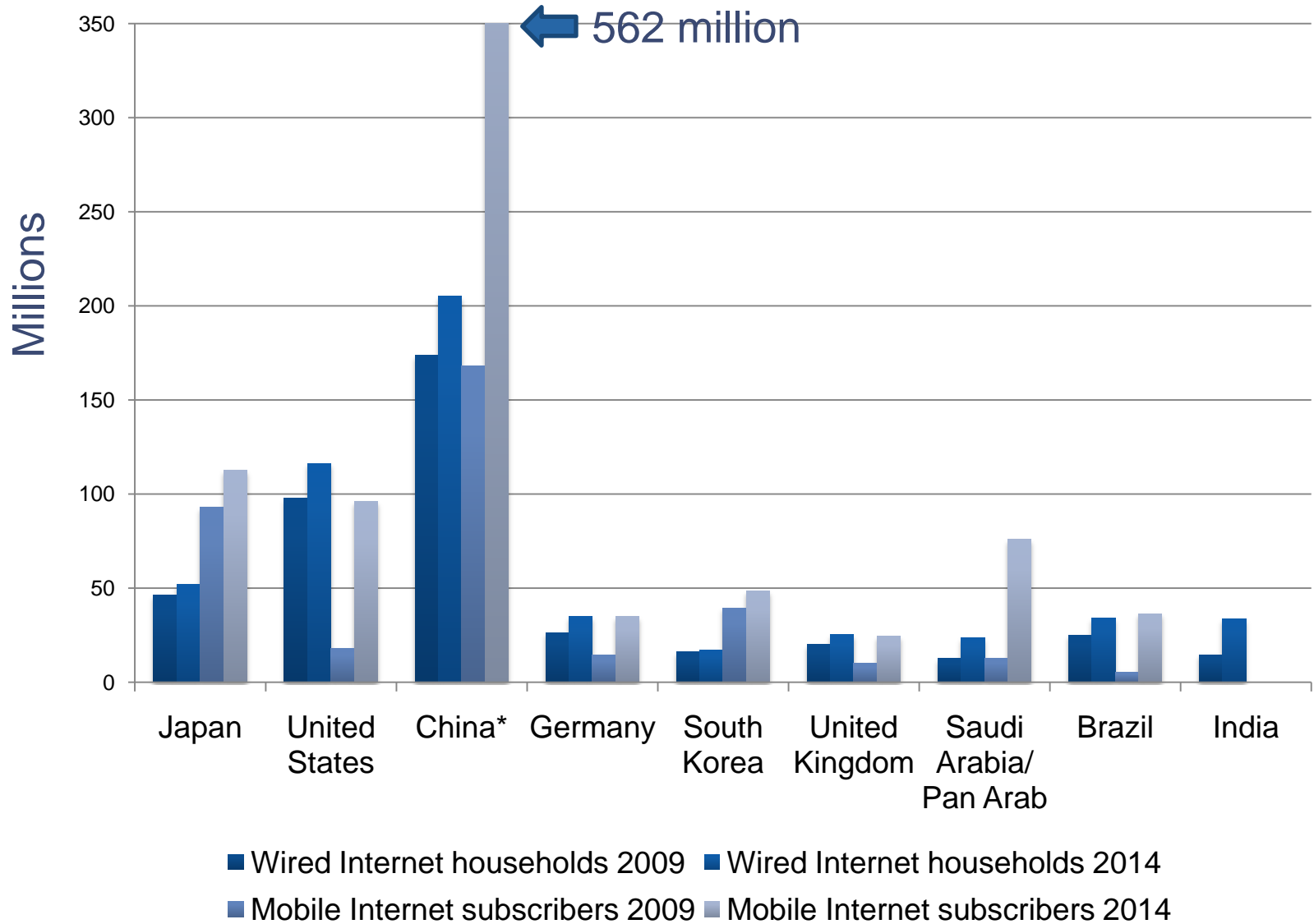
Global consumer/end-user spending



Internet Access spending

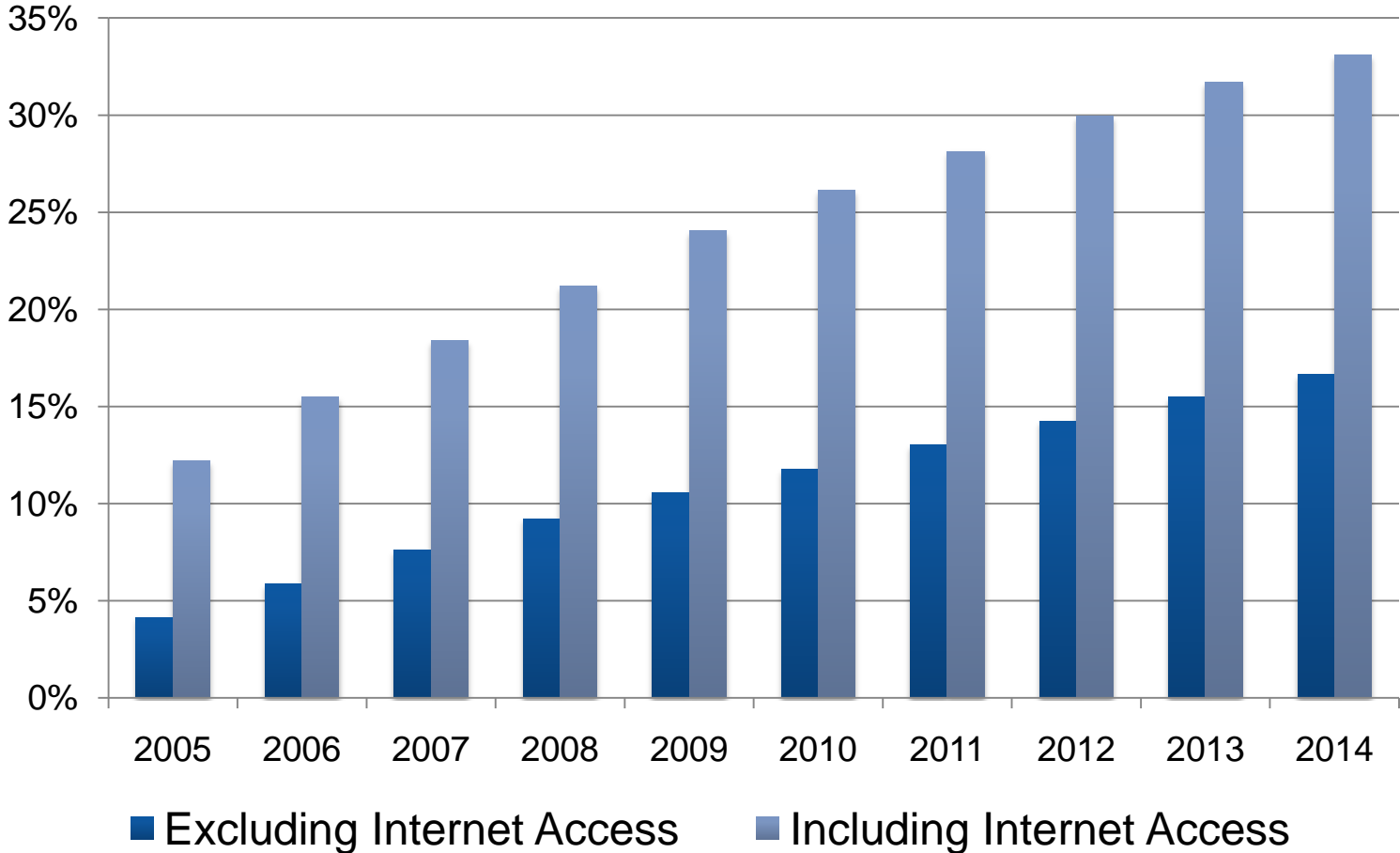


Internet Access – wired and mobile households



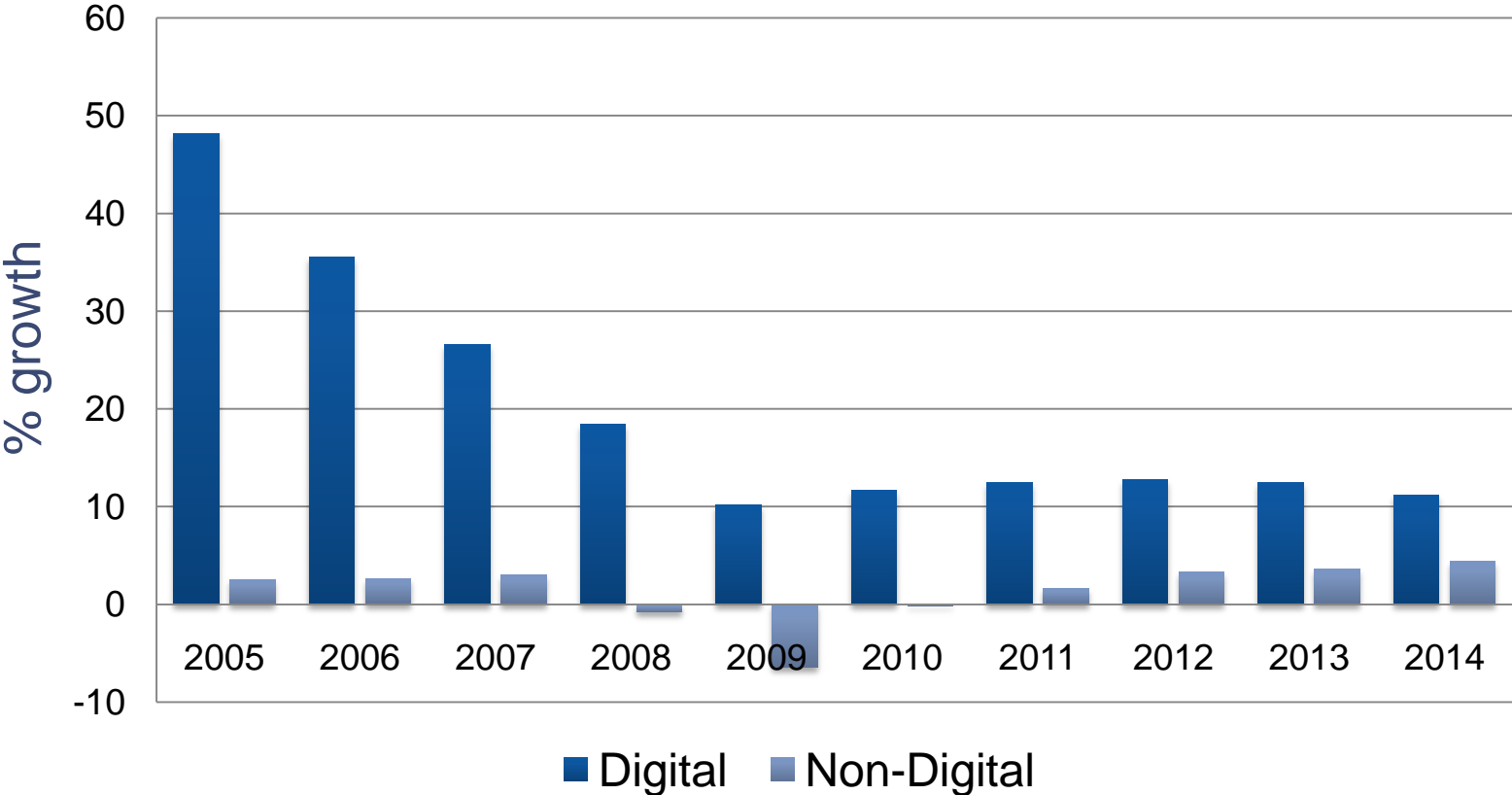
Digital migration

Digital share of global E&M spending



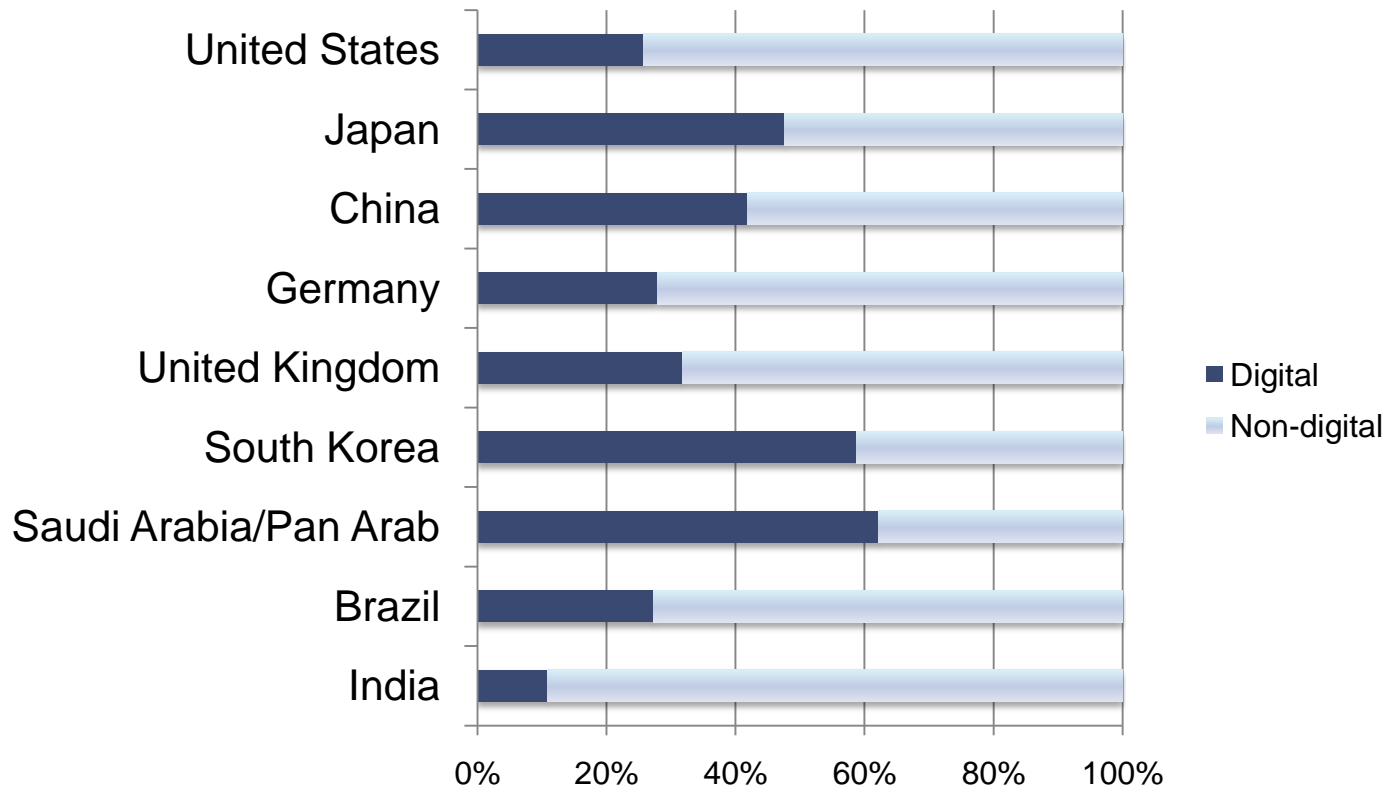
Digital migration

Global digital and non-digital spending growth



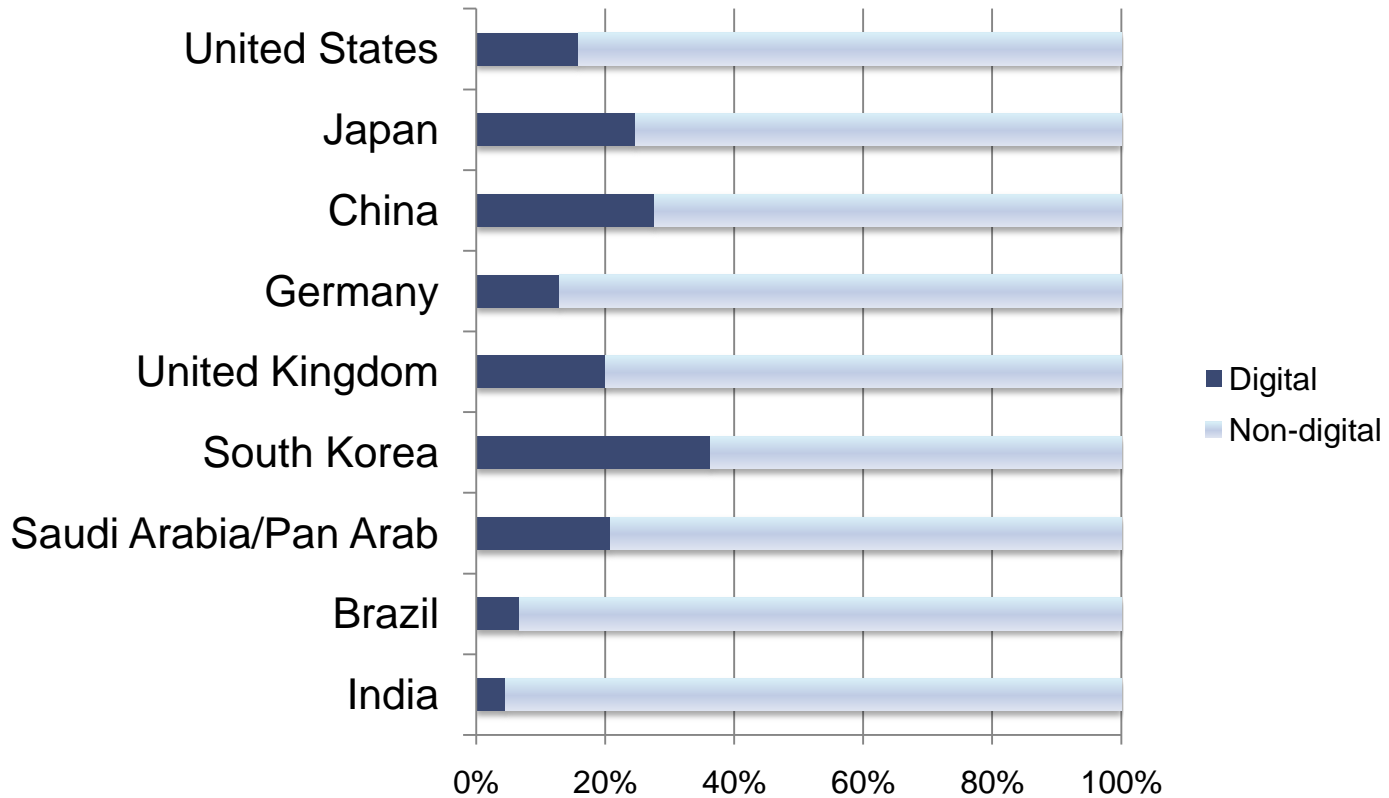
Geographical diversity

Digital / non-digital share of total revenues – 2014:
including Internet Access



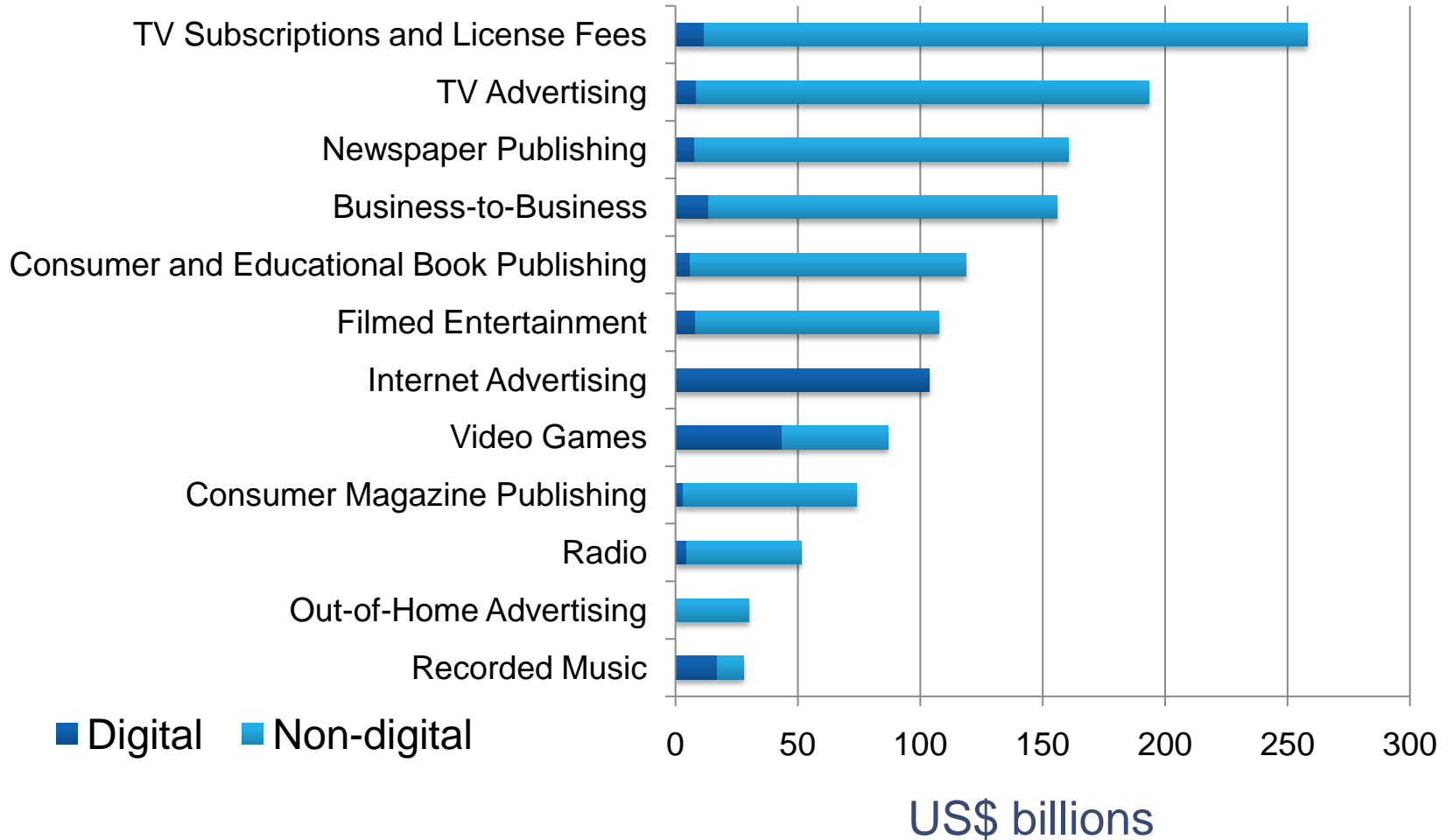
Geographical diversity

Digital / non-digital share of total revenues – 2014:
excluding Internet Access



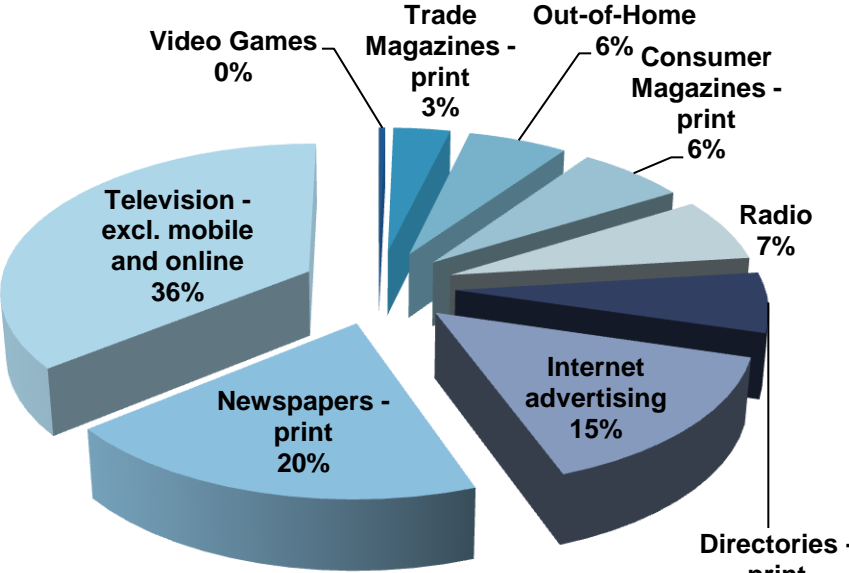
The enduring importance of non-digital revenues

Segment revenues in 2014

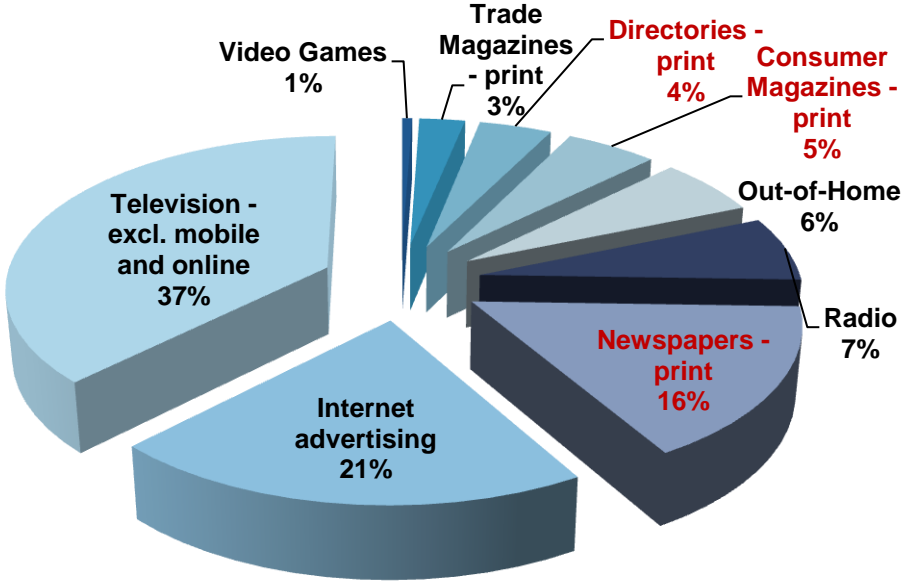


Global advertising spending by segment

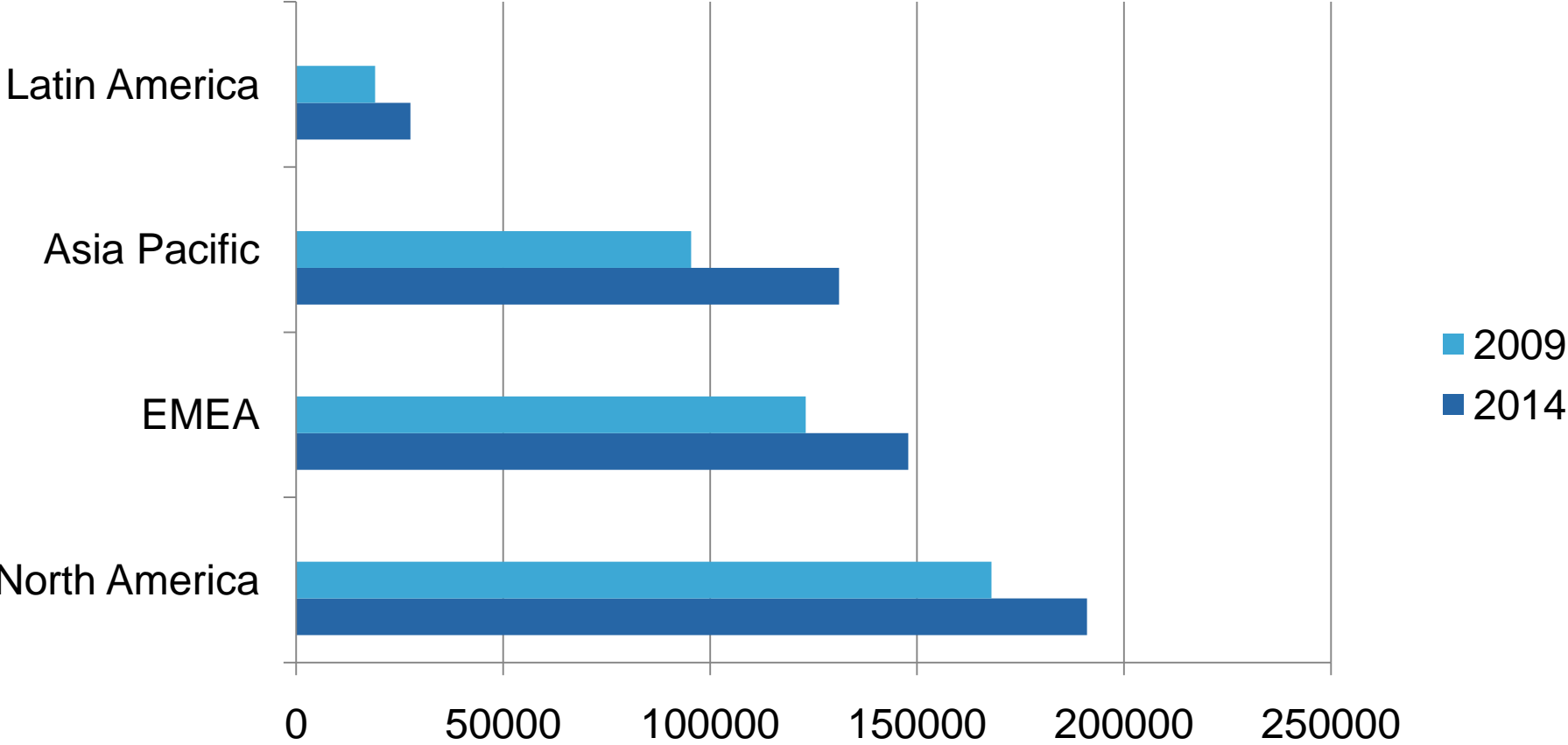
2009



2014

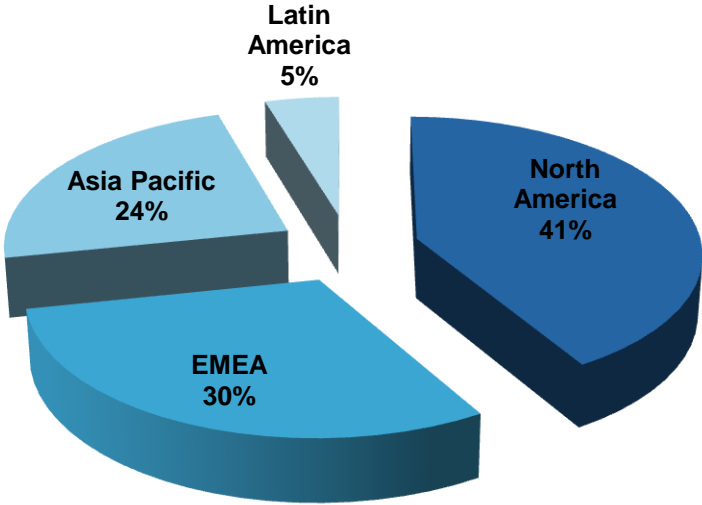


Global advertising by region (US\$ millions)

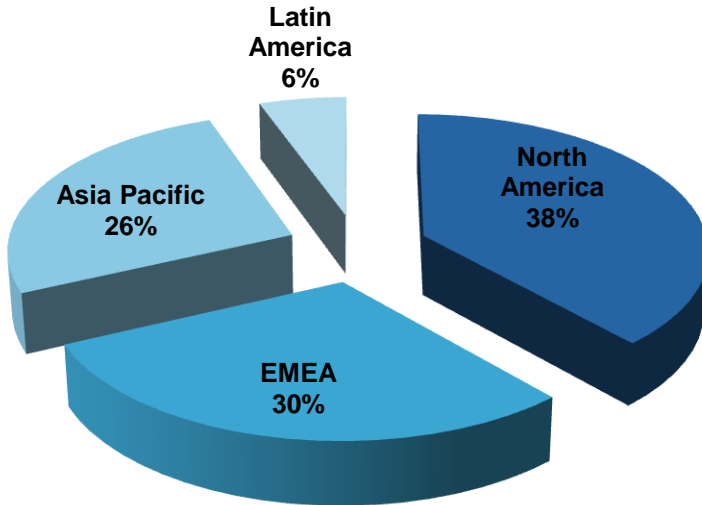


Global advertising by region (US\$ millions)

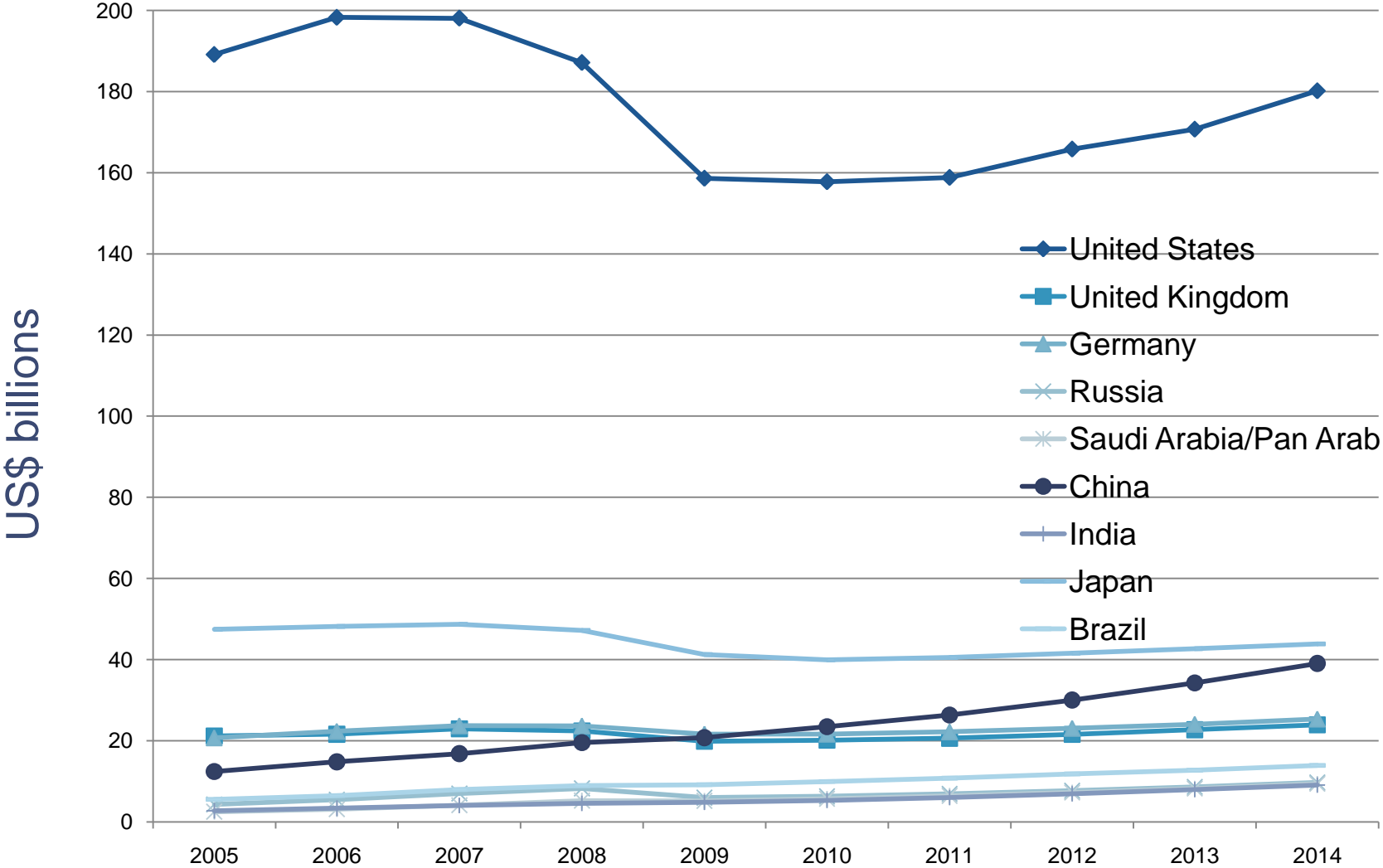
2009



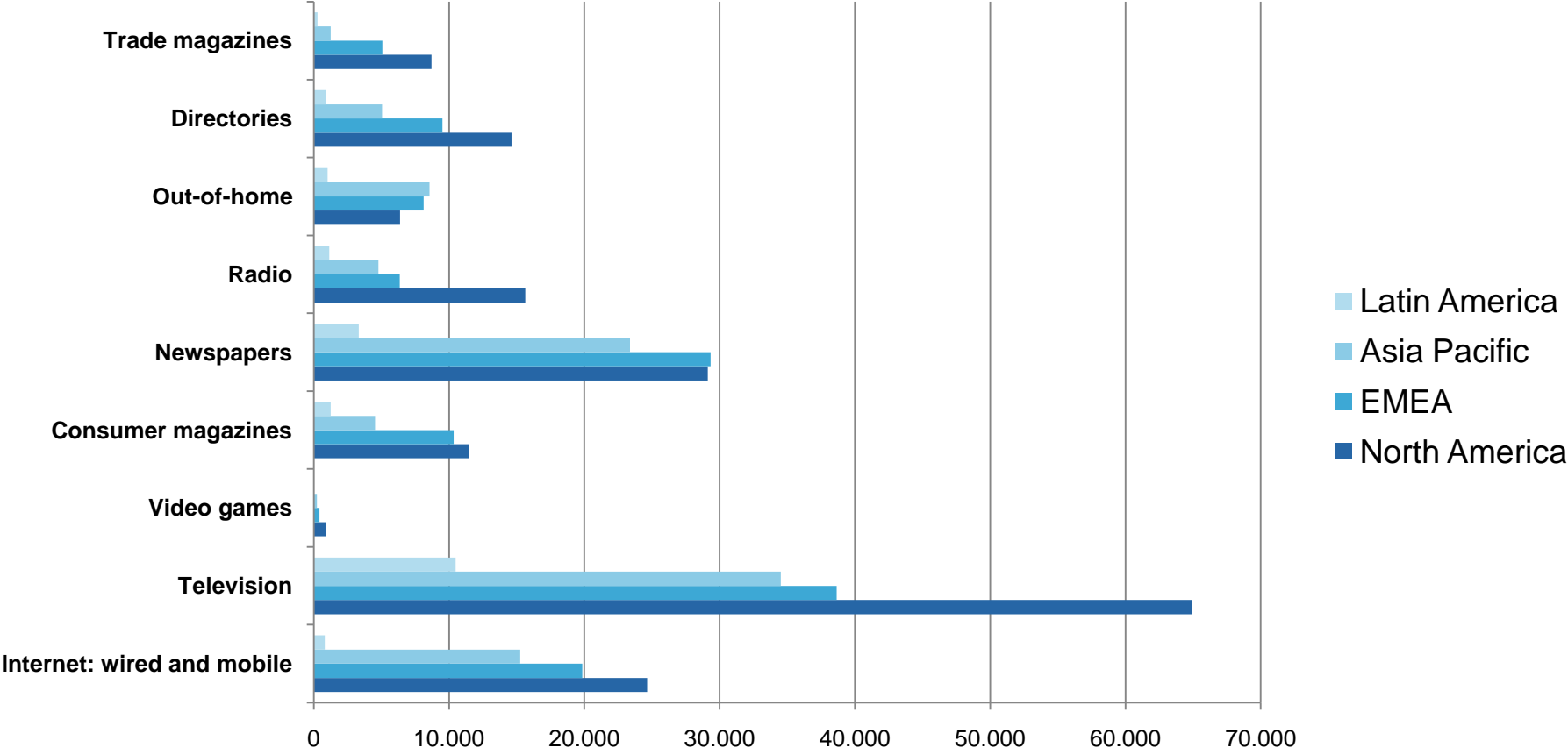
2014



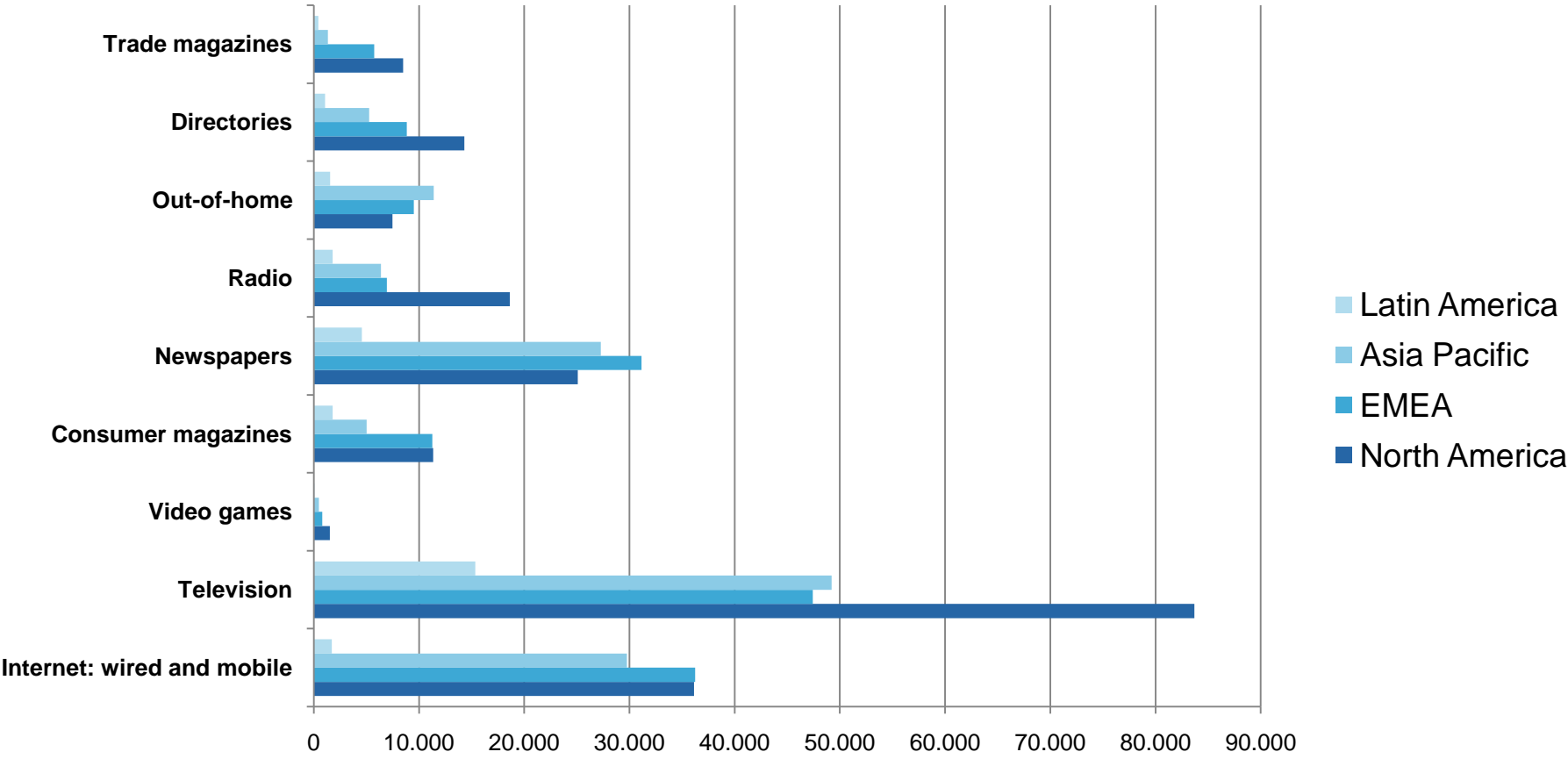
Advertising spending – selected territories



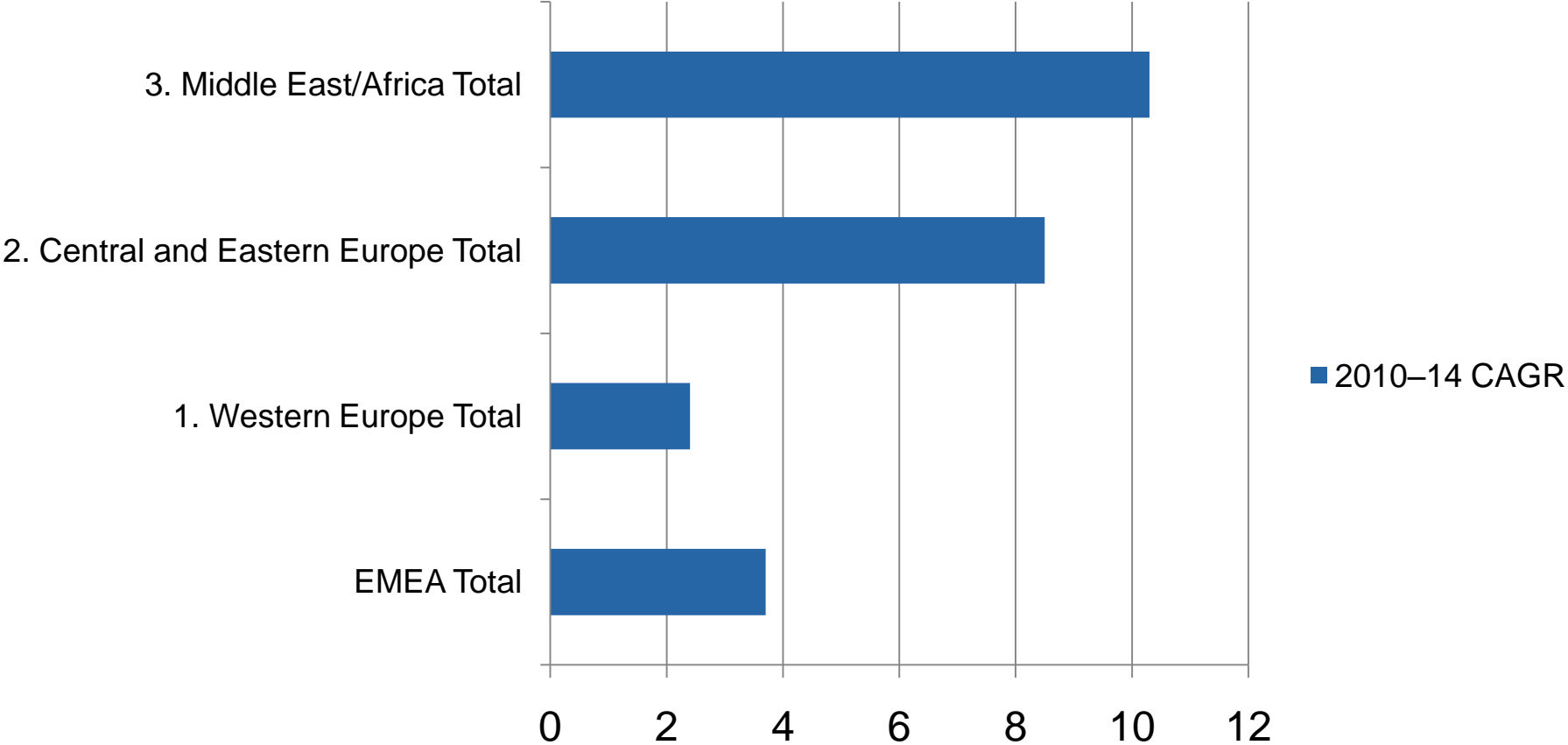
Advertising per segment per region in 2009



Advertising per segment per region in 2014

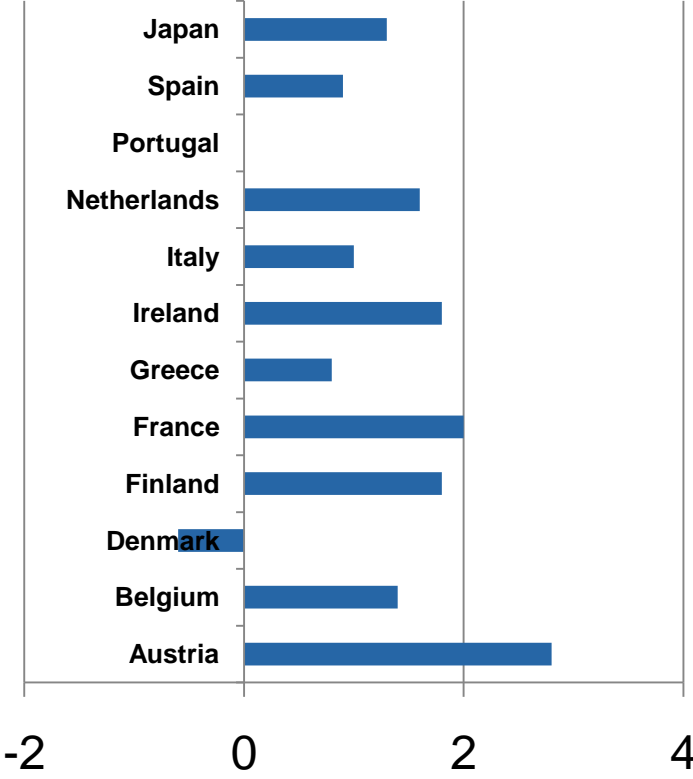


Outlook for advertising: differences per EMEA region

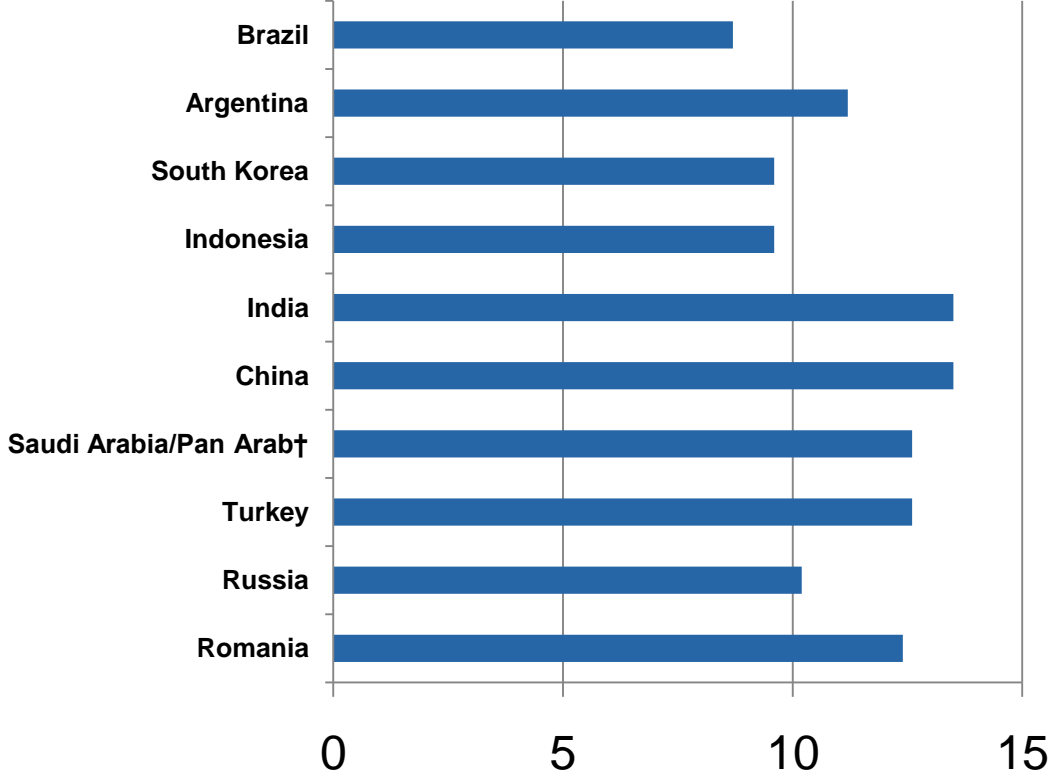


Outlook for advertising: differences per country, China and India growing most fast

2010-14 CAGR <2,4



2010-14 CAGR >8,5



Conclusions E&M outlook towards 2014

Key drivers for change in Entertainment & Media sector

- Consumer behaviour
- Technology is enabling disruptive change and new businessmodels

Advertising

- Globally Internet advertising and video games are growing most fast with 11.4 and 12.9 CAGR
- Directories advertising (-0.4) newspaper (0.7) and magazine advertising (1.3) are declining or stable markets
- Television and radio are still steady growing markets (resp. 5.7 and 3.9 CAGR)

Outlook for advertising 2014

Europe versus North America , Asia Pacific and Latin America

Regional differences and share of advertising spend

- EMEA has 30% share of global advertising in 2009 and stays the same till 2014
- Advertising share North America we expect a decline from 41 to 38%
- Asia Pacific advertising share grows from 24 to 26 %
- Latin America advertising share grows from 5-6%

Thank you

marieke.van.der.donk@nl.pwc.com
31621888916