

Mobile internet key in Africa



By [Danette Breitenbach](#)

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The fourth annual PwC South Africa Entertainment and Media Outlook was launched recently and I caught up with Vicki Myburgh, Entertainment & Media Industries Leader for PwC Southern Africa.



(Image: NASA)

■ *Are there any general trends you are seeing?*

Vicki Myburgh: Our fourth edition of the Outlook covers historical data for 2008-2012 and annual forecasts for 12 segments from 2013-2017.

We expect internet access to continue to drive E&M spending and revenues from internet access spending is expected to enjoy strong growth, increasing from R19.8 billion in 2012 to about R59.6 billion in 2017, at a CAGR of 24.7%. Mobile internet access will form the bulk of this growth and this is what will drive the growth in the other E&M sectors. The internet is therefore a leading indicator of E&M consumer spend as well as the fastest growing platform for advertising spend.

Aside from Internet, the fastest growth will be seen in the video games segment. Growth here will be driven by mobile gaming, as comparatively lower levels of broadband access will hinder the online gaming market.

Mobile gaming will be concentrated on smartphones, with tablets remaining a largely untapped market in the short term due to their high purchase cost.

Overall, the consumer spending on E&M is expected to grow at CAGR of 12.3% over the forecast period.

■ *Are we similar to the rest of the world, or different ... or is it a mixture of the two?*

Myburgh: South Africa is a mixture of the two, depending of the segment. i.e., we have a relatively low broadband penetration compared to the developed countries, hence sectors such as traditional newspapers are still a growing

segment of the E&M market.

Even though traditional, non-digital media will continue to dominate overall E&M spending throughout the coming five years, the growth will be concentrated in digital media platforms and consumption. Consumers will keep spending on entertainment and media content as migration continues from physical to digital.

■ **For the first time the Report includes Kenya and Nigeria. Will the Report become an African one? Will each country eventually get their own Report?**

Myburgh: We hope to add additional African countries as we get more information. For now we will continue to include South Africa, Nigeria and Kenya within one publication.

■ **Are there any trends that are African (so to speak)?**

Myburgh: Mobile internet is changing the way consumers are consuming entertainment and media, due to the challenges of rolling out fixed broadband. Mobile internet will be the fastest growing sector, being the dominant force in the growth of internet access in both Nigeria and Kenya, with the growth in subscribers in Nigeria at 62.1% and Kenya at 70.5%.

Mobile advertising will grow at a 38% CAGR in SA, although this is off a low base. It has been suggested that in SA there are more mobile phones than there are people, and it is for this reason that the projected growth in mobile advertising is so steep. South Africans and Africans in general seem more predisposed to receive advertising on their mobile phones than their global peers do. According to Milward Brown's AdReaction report in 2012, 30% of the South African population have a favourable perception about advertisements on mobile phones and tablets.

There is also an emerging middle class (especially the black middle class which has grown from 1.7 million in 2004 to 4.2 million in 2012, which will be positive for South Africa and E&M consumer spending. *(Figures quoted from the May 2013 report by the University of Cape Town's Unilever Institute of Strategic Marketing).*

■ **What is the biggest change(s) in general that you have seen from the first report to this one?**

Myburgh: The change over the past couple of years is that there is now clarity around what entertainment and media companies need to do to reach their consumers. Consumers know what they want, and how they want to consume it.

To harness this growth and compete effectively in the future, E&M companies of all types must evaluate their competitive advantages and seize their positions in the evolving ecosystem - which has the connected consumer at its core. To achieve this successfully, every industry participant will need to invest in constant innovation that encompasses its products and services, its operating and business models, and - most importantly - its customer experience, understanding and engagement.

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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