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## **News release**

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### **Partnerships key to meeting digital challenges**

- *Australian entertainment & media growth profile is closer to mature economies than faster-growing Asia Pacific economies*
- *PwC forecasts Australians will own 5.5 million tablets by 2015, spurring digital content expenditure*
- *Closer collaboration between advertisers, entertainment & media businesses and technology providers will be essential for engaging empowered but time-poor consumers*

**AUSTRALIA – 1 August, 2011** – The Australian entertainment and media industry will grow 22 percent over the next five years, slightly higher than the mature group of economies – US, UK, France, Germany and Japan – which will experience a 21 percent rise in revenues from 2010 to 2015, according to the Australian PwC Entertainment and Media Outlook 2011-2015 released today.

By contrast, entertainment & media revenues in the Asia-Pacific group of economies, of which Australia is a part, will grow 38.6 percent over the next five years. “If we are to draw any conclusions from this it is that Australian entertainment and media companies are slow to leverage our geographic advantages,” says David Wiadrowski, PwC head of technology, information, communications and entertainment. “Consumer spending on entertainment & media products and services will reach \$248 billion by 2015 in the Asia-Pacific region. It is time for Australian businesses to think about how best to share in the boom taking place on our doorstep.”

PwC predicts the forecast growth will increase the revenue of the entertainment and media industry in Australia to \$37.2 billion by 2015. The industry’s predicted compounded annual growth rate (CAGR) is 4.1 per cent over the next five years.

“PwC expects continued revenue declines in structurally challenged segments, except for books, resulting in negative average growth rates over the five year forecast period, ,” says Mr Wiadrowski.

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“Affected segments have a clear imperative to secure new digital revenue streams to remain relevant in the industry.”

Total Australian entertainment and media spending grew by 6.5 per cent in 2010, faster than the global average of 5.3 per cent and significantly higher than 2009’s subdued growth of 1.3 per cent.

### **Tablets**

PwC forecasts that by 2015 one in every four Australians will own a tablet computer, equating to about 5.5 million devices.

“While tablets may initially be adopted at a rate of one per household, PwC believes that it will be common by 2015 for each household to have multiple devices,” Mr Wiadrowski says.

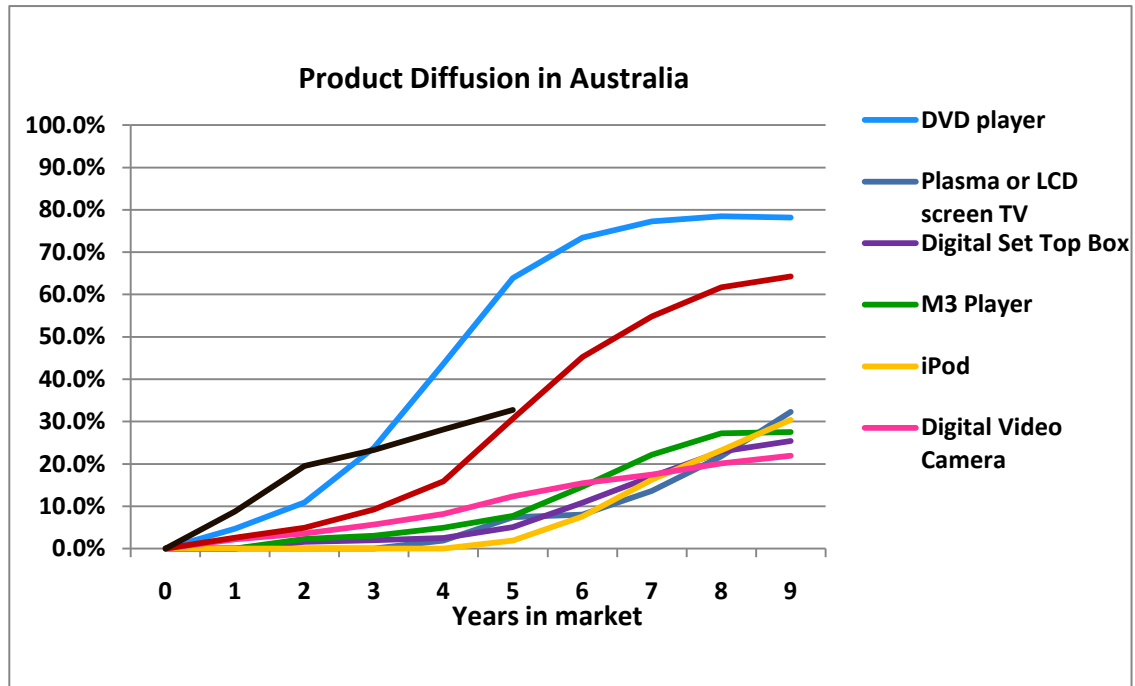
A survey conducted by PwC in March 2011 found that tablet devices are predominantly used to send and receive email, followed by web browsing, social networking, playing games and listening to music.

More than a quarter of users indicated that tablets are also used for reading books and newspapers and watching films and television. About half of respondents paid for films, games, television shows and books consumed on their tablet.

“As 3G networks improve PwC believes the use of tablets will shift to become more mobile devices, used increasingly on the go,” Mr Wiadrowski says.



PwC expects tablets to enjoy a similar swift take-up profile as DVD players and digital cameras.



Source: PwC analysis

### Golden age for consumers

Mr Wiadrowski says, “Entertainment and media executives are facing a dual challenge: on the one hand engaging empowered consumers - who often expect content for free - and on the other dealing with culture clashes internally, as enthusiastic digital ‘natives’ enter the work force and encounter experienced, but sometimes resistant, content creators.

“We are in a golden age for consumers as entertainment and media organisations look to find new models to meet the needs of empowered consumers who are increasingly time-poor but digital-savvy,” Mr Wiadrowski says.

A key challenge for organisations is convincing consumers to pay for content. With the digital explosion, the expectation that content can be accessed for free has become the norm.

“The inexpensive nature of most apps combined with the success of the free-to-air digital television channels is reinforcing this expectation,” Mr Wiadrowski says.

### The involved advertiser

Advertisers have become increasingly sophisticated in identifying and exploiting new brand opportunities to interact with consumers in a more targeted, personalised way.



“Advertisers are collaborating with entertainment and media companies to communicate with consumers in innovative ways which include product placement and experimenting with social media platforms to drive consumer engagement,” Mr Wiadrowski says.

“Advertisers will pay to appear where the right people are watching, especially if they can interact with them in a personalised way,” he says.

Online services and social media are proving to be complementary to traditional advertising measures. Video games are also encouraging deep cross-platform integration by tapping into the core elements of compelling content, interactivity with social networks, exciting graphics and integration with mobile devices.

“Collaboration will be key for entertainment and media companies, advertisers and platforms to capitalise on opportunities presented by the transition to digital consumption,” Mr Wiadrowski says.

### **Digital collaboration**

Mr Wiadrowski says, “Convergent devices and digital migration are requiring entertainment and media companies to form partnerships along the value chain.”

PwC predicts that over the next five years digital technologies will progressively increase their influence and rapid change in technologies and consumer behaviours will continue across all entertainment and media sectors.

“As we continue to shift our media consumption to mobile devices, entertainment and media companies have an imperative to find different business models that will meet the new needs of consumers – these models need to make the transition with the consumer,” says Mr Wiadrowski.

“By 2015 PwC believes most of the successful entertainment and media companies will have digital collaboration infused into their DNA,” Mr Wiadrowski says.

“We are seeing this now as traditional media organisations embrace digital distribution: newspaper companies are hiring video producers and technologists are partnering with content companies to enrich consumers’ experience with greater interactivity.”

### **Live entertainment**

Despite continuing economic uncertainties the Australian live entertainment sector was worth an estimated \$1.8 billion in 2010. Live entertainment includes paid ticketed sport, music, theatre and lifestyle events.

“Audiences at live events have increased five per cent annually over the past three years,” Mr Wiadrowski says.



“Australians’ love of sport continues to drive the sector and revenue from sporting events accounts for nearly a third of the live entertainment market.

“More than 7 million people attended AFL matches while more than 3.1 million fans supported their favourite teams at NRL games across the country in 2010,” Mr Wiadrowski says.

The live music market is being propelled by the strength of the Australian dollar, making us a more attractive destination for big-name overseas acts.

“Live music is thriving in Australia and is the highest value sector in the live entertainment sector in terms of pure ticket sales. Attendance has grown 18 per cent since 2008 and average ticket prices have risen from \$66 in 2008 to \$78 in 2010,” says Mr Wiadrowski.

Despite rising ticket prices, Australian consumers are willing to pay for live concert experiences, demonstrated by the successful tours by artists such as Pink, U2 and Justin Bieber.

Theatre ticket sales remain solid despite being the most costly form of live entertainment. Ticket sales for theatre in Australia last year reached about 3 million, despite a 26 per cent increase in ticket prices from 2008 to an average \$82.

“Attendance and ticket prices are up because of the increased quality of shows on offer. Melbourne continues to stand out as Australia’s theatre capital with all of the major musicals such as *Wicked*, *Mary Poppins*, *Jersey Boys* and *Hairspray* opening there over the past twelve months,” Mr Wiadrowski says.

Note: The Australian Entertainment & Media Outlook 2011-2015 is available as an app for the iPad.  
Search PwC Outlook 2011-15

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