

# EMEA

## Regional Summary



## Overview

- Total spending on entertainment and media in Europe, Middle East and Africa (EMEA) will rise by 2.7 percent compounded annually over the next five years, from \$522 billion in 2008 to \$596 billion in 2013.
- Spending rose by 2.8 percent in 2008, the slowest increase during the past five years, and this will be followed by a 3.7 percent decline in 2009, a flat market in 2010, and then accelerating increases during the subsequent three years.
- Internet access, Internet advertising, video games, and TV subscriptions and license fees will each grow at rates averaging more than 5 percent on a compound annual basis through the five-year forecast period.
- Filmed entertainment will increase by 3.7 percent compounded annually, while all the remaining segments will either be flat or down.
- Overall advertising in EMEA will fall at a 0.9 percent compound annual rate to \$150 billion in 2013 from \$157 billion in 2008, despite compound annual growth of 6.6 percent in Internet advertising.
- Consumer/end-user spending will decline by 1.3 percent in 2009, stabilize in 2010 and record modest growth during 2011–13. Over the five years, consumer/end-user spending will rise from \$285 billion in 2008 to \$314 billion in 2013, a 2 percent compound annual increase.
- Germany had the largest E&M market in EMEA at \$96 billion in 2008, and it will retain that position through 2013, rising at a 0.8 percent CAGR to \$99 billion. The U.K. and France will retain second and third positions, respectively, and will narrow the gap on Germany by growing more quickly, with the U.K. expanding at 1.3 percent compounded annually, and France at 2.3 percent.
- Led by Saudi Arabia/Pan Arab, Middle East/Africa will be the fastest-growing area in EMEA (albeit from a relatively low base) with an 11.7 percent compound annual increase. Central and Eastern Europe will expand at a 4.5 percent compound annual rate and Western Europe will average 1.9 percent growth compounded annually.

## Internet Access: Wired and Mobile

- EMEA will overtake Asia Pacific as the largest region in 2011, with spending on Internet access in EMEA growing at a 10.3 percent compound annual rate to \$131.4 billion in 2013.
- Western Europe will be the slowest-growing area in EMEA, largely because its broadband market is the most mature, with 55 percent of all households already subscribing, compared with 25 percent in Central and Eastern Europe and 12 percent in Middle East/Africa.
- Efforts to promote competition are putting downward pressure on pricing and in the near term are offsetting the impact of growing penetration of higher-priced, high-speed services. Given the economic slowdown, lower prices and moderating subscriber growth during the next two years will also cut into broadband spending growth.
- However, broadband providers throughout EMEA are investing in their infrastructure—often including installing fiber—and this will boost both speeds and penetration in the long run.
- With wired dial-up access spending continuing to decline sharply, wired broadband access will expand by 9.8 percent compounded annually to \$94.6 billion from \$59.3 billion in 2008.
- Wireless upgrades, 3G rollouts, and smart phones will drive mobile access, which will advance at a 24.5 percent compound annual rate to \$32.9 billion in 2013 from \$11 billion in 2008.

## Internet Advertising: Wired and Mobile

- Over the next five years, EMEA's Internet advertising market will remain the second biggest behind North America's, but will narrow the gap by slightly outpacing North America's growth rate. Spending on Internet advertising in EMEA will rise at a CAGR of 6.6 percent to reach \$28.1 billion in 2013, from \$20.4 billion in 2008.
- Slowing economies will lead to an overall decrease in wired Internet advertising in EMEA in 2009 and weak growth in 2010, with a return to double-digit gains expected for 2012–13 when economic conditions improve.
- Mobile access growth, mobile TV, and wireless network upgrades will propel mobile advertising, which will continue to grow throughout the forecast period, albeit slowing to single digits in 2009.
- Wired online advertising will advance at a 5.4 percent compound annual rate to \$25.2 billion in 2013 from \$19.4 billion in 2008.
- Mobile advertising will expand from \$1.1 billion in 2008 to \$2.9 billion in 2013, a 22.3 percent compound annual increase.

- Central and Eastern Europe will be the fastest-growing area in EMEA, with a 15.8 percent compound annual increase to \$2.9 billion from \$1.4 billion in 2008. The much larger market in Western Europe will rise to \$24.6 billion in 2013 from 2008's \$18.7 billion, a CAGR of 5.6 percent.
- Middle East/Africa will expand at a 13.5 percent rate compounded annually from \$314 million in 2008 to \$591 million in 2013.

## Television Subscriptions and License Fees

- Television Subscriptions and License Fees in EMEA will grow by 5.4 percent compounded annually, rising to \$97.3 billion in 2013 from \$74 billion in 2008, meaning EMEA will stay narrowly behind North America as the largest region.
- Competition from free digital terrestrial television (DTT) services will limit multichannel subscription spending in the near term. But growth will pick up from 2011, enabling subscriptions to grow at a 6.2 percent CAGR over the five-year forecast period to \$64.4 billion in 2013.
- Growth in digital households will spur video-on-demand spending and support the pay-per-view market over the latter part of the forecast period, offsetting declines in both components in 2009.
- In the largest regional market, Western Europe, video-on-demand will more than double from 2010 to 2013, and will average a 22.1 percent compound annual increase to \$3.4 billion in 2013 from \$1.2 billion in 2008.
- Pay-per-view in Western Europe will decline by 0.7 percent on a compound annual basis to \$1 billion in 2013.
- Growth in advertiser-supported services will limit the potential for mobile television subscriptions. But these will still grow by 52 percent compounded annually, admittedly from a low base, to reach \$1.4 billion in 2013.
- Rate increases will contribute to modest growth in public TV license fees, which will expand at a 1.9 percent compound annual rate to \$26.5 billion in 2013.

## Television Advertising

- The television advertising market in EMEA will be flat over the next five years, declining in 2009 and 2010 before recovering in the following three years. In 2013 it will return to the \$48.9 billion level last seen in 2008.
- Declining economies will lead to reduced advertising in 2009 and 2010, both terrestrial and multichannel.
- Digital terrestrial television platforms and new digital multiplexes will stimulate multichannel advertising.
- High-definition television will attract viewers and contribute to a relatively modest rebound in terrestrial advertising.
- Over the five-year forecast period, terrestrial advertising in EMEA will fall by a combined 14.5 percent during 2009–10, stabilize in 2011, and then recover in 2012–13. Spending will be \$39.9 billion in 2013, 0.9 percent lower on a compound annual basis than the \$41.6 billion spent in 2008.
- In contrast, multichannel advertising will grow by 4.4 percent compounded annually, from \$7.2 billion to \$9 billion.
- Middle East/Africa will be the fastest-growing area in EMEA, albeit from a low base, with a 5.2 percent compound annual increase to \$3.6 billion in 2013. Spending in Central and Eastern Europe will average 1.2 percent compounded annually, reaching \$11.7 billion in 2013, while Western Europe will decline by 0.9 percent compounded annually to \$33.5 billion in 2013.
- Despite this decline, Western Europe will remain by far the largest area in EMEA, accounting for 69 percent of total television advertising in 2013.

## Recorded Music

- EMEA will remain the largest region for recorded music throughout the forecast period, despite suffering a 3.6 percent decrease compounded annually to \$9.2 billion in 2013 from \$11 billion in 2008.
- In North America and Asia Pacific, spending on digital formats will surpass physical in 2011, while in EMEA and Latin America, physical will remain the largest component through 2013.
- In each region, gains in digital will ultimately offset continued declines in physical formats. Asia Pacific will be the first region to experience this turnaround, with spending beginning to increase in 2011, followed by Latin America in 2012 and North America in 2013. In EMEA, spending will stabilize in 2013.
- The elimination of copy protection software, the introduction of graduated-response measures against piracy, and broadband growth will fuel digital download spending.

- Bundled service and growth in side loading will cut into mobile music spending in EMEA in the near term.
- The migration to licensed digital distribution will lead to further falls in spending on physical distribution, which will decline at a 10.9 percent compound annual rate, falling to \$5.3 billion in 2013 from \$9.4 billion in 2008.
- Digital distribution will grow at an 18.9 percent compound annual rate from \$1.7 billion in 2008 to \$3.9 billion in 2013, constituting 43 percent of total sales in 2013 compared with 15 percent in 2008.
- Internet distribution, the largest component of digital distribution in EMEA by a wide margin, will rise to \$3.2 billion in 2013 from \$887 million in 2008, a 29.5 percent compound annual increase.
- Digital distribution to mobile phones will during 2009 and 2010 before rebounding during the subsequent three years to \$698 million in 2013, a 1.9 percent compound annual decrease from \$767 million in 2008.
- The United Kingdom, Germany and France will remain the three largest markets in EMEA throughout the forecast period, accounting for 55 percent of the total market in 2013. However, a sharper decline in the UK will mean that Germany overtakes it as the largest market in 2012.

## Filmed Entertainment

- Spending in EMEA, the second-largest regional market behind North America, will increase from \$25.5 billion in 2008 to \$30.7 billion in 2013, growing at a 3.7 percent compound annual rate.
- Digital cinemas, 3-D rollouts, and support of local film industries will expand box office spending, which will rise by 5.4 percent compounded annually to \$12.5 billion in 2013 from \$9.6 billion in 2008.
- Blu-ray videos will spur the home video market when economic conditions improve.
- These dynamics will see home video physical sell-through decline in 2009 and then advance to \$14.9 billion in 2013, up 2.9 percent on a compound annual basis from \$12.9 billion in 2008. Home video in-store rentals will fall by 4.3 percent compounded annually to \$2.1 billion in 2013 from \$2.6 billion in 2008.
- Broadband expansion and faster speeds will boost online streaming and online subscription rentals. Online subscription rentals will grow at an 11.8 percent compound annual rate to \$791 million from \$453 million in 2008.
- Digital downloading will generate \$484 million in 2013 from a low base of \$30 million in 2008.
- Overall home video spending will total \$18.2 billion in 2013 from \$15.9 billion in 2008, a 2.7 percent increase compounded annually.

## Video Games

- EMEA, the largest region at \$18.1 billion in 2008, is projected to grow by 6.9 percent compounded annually through 2013 to reach \$25.3 billion, narrowly ahead of Asia Pacific.
- Console/handheld games are being driven by the enthusiasm surrounding the newest game platforms. Console/handheld games will continue to be the largest segment of the market, increasing by 6.2 percent compounded annually from \$10.7 billion in 2008 to \$14.5 billion in 2013.
- The online market will be spurred by increased penetration of broadband households and the current generation of consoles that promote the online experience. Online games—helped by both casual games and MMOGs—will increase by 11.8 percent compounded annually to \$4.1 billion in 2013 from \$2.4 billion in 2008.
- Wireless gaming will continue to grow, with the introduction of technically advanced handsets and expansion to casual gamers. Wireless games will increase to \$3.4 billion by 2013, up from \$2.1 billion in 2008, a 10.5 percent compound annual increase.
- PC games will continue to stagnate because of the increased attention paid to console games. PC game sales will dip from \$2.6 billion to \$2.4 billion, a 1.1 percent compound annual decrease.
- Consumer spending on video games will grow by 6.6 percent on a compound annual basis from \$17.7 billion in 2008 to \$24.5 billion in 2013. Video game advertising—propelled by dynamic ads in online games—is expected to grow by 14.9 percent on a compound annual basis from \$400 million in 2008 to \$800 million in 2013.

## Consumer Magazine Publishing

- EMEA will remain the largest region throughout the forecast period, despite falling at a 0.7 percent compound annual rate over the five years, slipping to \$35 billion in 2013 from \$36.2 billion in 2008.

- The consumer magazine publishing market in EMEA will decline by 9.8 percent during the next two years under the impact of the economic downturn, before expanding by 7 percent from 2010 to 2013, not quite making up for the lost ground.
- The near-term decline will center on print advertising, which will fall by 18.9 percent during 2009–10. However, as the economy recovers, print advertising will turn around and expand by 9.5 percent to \$12.1 billion from 2010 to 2013, representing a 2.3 percent compound annual decrease from \$13.6 billion in 2008.
- Growing consumer magazine Web site traffic will propel an emerging digital advertising market from a low base once economic conditions improve. After declining by 5.9 percent in 2009, digital advertising will rebound in 2010, with spending rising to \$853 million by 2013, a 24.1 percent compound annual increase.
- The gain in digital will not fully offset the decline in print, and total consumer magazine advertising will fall at a 1.4 percent compound annual rate from \$13.9 billion in 2008 to \$13 billion in 2013.
- Lower discretionary income during the next few years will induce consumers to reduce their consumer magazine purchases. Circulation spending will decline at low-single-digit rates during the next three years and then increase by 3.5 percent cumulatively during 2012–13. As a result, spending in 2013 will total \$22 billion from \$22.3 billion in 2008, a 0.3 percent decrease compounded annually.

## Newspaper Publishing

- Spending in EMEA, the largest regional newspaper market at \$73.1 billion in 2008, will decline by 8.8 percent in 2009 and at a 1.6 percent compound annual rate over the five-year forecast period to \$67.5 billion in 2013.
- The economic downturn will lead to sharp declines in print advertising in the near term. It will decrease by 16.2 percent in 2009 and by a cumulative 22.1 percent through 2011. For the five years as a whole, print advertising spending will fall to \$31.7 billion in 2013 from \$39.1 billion in 2008, a 4.1 percent compound annual decline.
- Newspaper Web sites will benefit from the migration of advertising to the Internet. As a result, digital advertising on newspaper Web sites will total an estimated \$2.8 billion in 2013, a 10.4 percent compound annual increase from \$1.7 billion in 2008.
- However, the gains in digital advertising will not be large enough to offset the decline in print advertising. Total newspaper advertising will fall at a 3.3 percent compound annual rate to \$34.5 billion in 2013 from \$40.8 billion in 2008.
- Falling disposable income will reduce circulation spending during the next two years. However, it will then expand during the subsequent three years to \$33 billion in 2013, a 0.4 percent compound annual increase from \$32.3 billion in 2008.

## Radio and Out-of-Home

- The radio and out-of-home market in EMEA will decline at a compound annual rate of 1 percent from \$29.1 billion in 2008 to \$27.7 billion in 2013.
- Out-of-home advertising in EMEA will be hurt by the weakened economic conditions, but the impact will be offset somewhat by the increase in digital billboards and new venues. These factors will see out-of-home advertising decrease by 2.5 percent compounded annually, from \$10.7 billion in 2008 to \$9.4 billion in 2013.
- Radio advertising will decline in the short term because of the economic slump, falling by 17.8 percent during the next three years, but will start to recover some of the lost ground in 2012.
- Over the five years, radio advertising will fall to \$6.9 billion in 2013 from \$7.9 billion in 2008, a compound annual decline of 2.6 percent—the largest decrease among the components of this segment.
- The total radio market will decline slightly from \$18.4 billion in 2008 to \$18.3 billion in 2013, a 0.1 percent decrease on a compound annual basis.
- Public radio license fees will be the only segment of the market to show an increase, experiencing modest growth reflecting rate hikes. Public radio license fees will increase by 1.6 percent compounded annually to reach \$11.4 billion in 2013, up from \$10.5 billion in 2008.
- Public radio license fees will overtake out-of-home advertising as the leading segment of the market in 2009, and will maintain this position throughout the forecast period.

## Consumer and Educational Book Publishing

- The consumer and educational book publishing market in EMEA will remain the largest regional market throughout the forecast period, despite declining at a 0.6 percent compound annual rate, from \$50.3 billion in 2008 to \$48.9 billion in 2013.

- The consumer and educational book publishing market in EMEA will decrease by 6.6 per-cent during the next two years, and then recover some of the lost ground to register a modest decline over the period.
- Print consumer books will mirror that trend, with a 6.5 percent decrease through 2010 and a 0.6 percent compound annual decline to \$32.6 billion in 2013 from \$33.6 billion in 2008.
- Spending on print educational books will fall by 7.5 percent during the next three years and by 1 percent on a compound annual basis during the forecast period as a whole, falling from \$16.6 billion in 2008 to \$15.8 billion in 2013.
- The total print book market will decrease by 0.7 percent compounded annually to \$48.4 billion in 2013 from \$50.2 billion in 2008.
- Digital browsing will boost consumer book sales once economic conditions improve. The electronic book market will increase from \$29 million in 2008 to \$491 million in 2013. Consumer electronic books will total \$148 million in 2013, and educational electronic books will reach \$343 million.
- The overall consumer book market, including both print and electronic, will fall at a 0.5 percent compound annual rate to \$32.8 billion.
- The adverse economy will lead to declines in the educational book market through 2011. The overall educational book market will total \$16.1 billion in 2013, a 0.6 percent compound annual decline from 2008.

## Business-to-Business Publishing

- EMEA will remain the second-biggest regional business-to-business publishing marketplace after North America, but will fall at a 1.8 percent compound annual rate to \$53.6 billion in 2013.
- Spending will slump by a cumulative 15 percent during the next three years followed by low- to mid-single-digit growth during 2012–13, recovering some—but not all—of the lost ground.
- Plunging credit markets and decreased consumer spending will lead to near-term declines in business information, which will total \$23.3 billion in 2013, a 2 percent compound annual decline from \$25.7 billion in 2008.
- The economic downturn will lead to steep near-term declines in directory advertising, which will fall at a 3.4 percent compound annual rate to \$9.8 billion in 2013 from \$11.6 billion in 2008, despite double-digit compound annual growth in online directory advertising.
- Gains in digital advertising in trade magazines will not be big enough to offset declines in trade magazine print advertising, and total trade magazine advertising will fall from \$6.3 billion to \$5.9 billion, a 1.6 percent compound annual decrease. With circulation spending flat at \$5.2 billion, the total trade magazine market will fall at a 0.9 percent compound annual rate from \$11.6 billion to \$11.1 billion.
- The overall professional book market at \$9.5 billion in 2013 will be 0.7 percent lower on a compound annual basis from \$9.8 billion in 2008, despite strong growth in the embryonic electronic professional book market from a low base.
- Total business-to-business advertising will decrease from \$18 billion to \$15.6 billion, a 2.7 percent compound annual decline.
- Total end-user spending on business information, trade magazine circulation, and professional books will fall at a 1.4 percent compound annual rate to \$38 billion in 2013 from \$40.7 billion in 2008.

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