

Global entertainment & media revenues race ahead of forecasts 1/34/22



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The global entertainment & media (E&M) industry's revenue strongly outpaced overall global economic growth last year. Following a pandemic-related 2.3% decline in 2020, E&M revenue rose a strong 10.4% in 2021, from US\$2.12trn to 2.34trn. With the industry becoming more digital, more mobile and more youth-oriented, virtual reality (VR), gaming and digital advertising are the main growth drivers. These are findings from PwC's Global Entertainment & Media Outlook 2022-2026, the 23rd annual analysis and forecast of E&M spending by consumers and advertisers across 52 countries and territories.

Key findings:

- Global video games and esports revenue totalled US\$215.6bn in 2021. Asia Pacific generated the lion's share of revenues in 2021 with US\$109.4bn, almost double North America, the second highest region. Gaming is now the third-largest data-consuming E&M content category, behind video and communications.
- VR continues to be the fastest-growing E&M segment. Global VR spending rose by 36% year on year in 2021 to US\$2.6bn, on the back of the hot 39% growth in 2020. Gaming content as the primary contributor to VR revenue represented around 73% of total VR revenue in 2021 (US\$1.9bn).
- Advertising's spread throughout the digital world has made it a dominant industry category. After a decline of nearly 7% in 2020, advertising grew an impressive 22.6% in 2021 to US\$747.2bn. In 2026, advertising is projected to be a US\$1trn market and the largest E&M revenue stream.
- After growing by 35.4% in 2020, Over-the-top (OTT) video surged another 22.8% in 2021, pushing revenues to US\$79.1bn. The pace of OTT revenue growth will moderate somewhat; it is expected to grow at a 7.6% CAGR through 2026, pushing revenues to US\$114.1bn.
- Traditional TV, beset by competition from OTT streaming services, still generates considerable revenues, but its global revenues are projected to shrink at a -0.8% CAGR from US\$231bn in 2021 to US\$222.1bn in 2026.
- Global cinema revenue is bouncing back, reversing its pandemic-driven losses, and is expected to reach a new high of US\$46.4bn in 2023. Box office revenue is projected to reach US\$49.4bn in 2026 from US\$20.8bn in 2021. China surpassed the US to become the world's biggest cinema market in 2020, and is expected to retain this leadership through 2026.
- The growth of content is fuelling massive data consumption – 2.6mn petabytes (PB) of data were consumed in 2021, and this is expected to rise at a 26% CAGR to reach 8.1mn PB by 2026. Gaming will be the fastest-growing data consumer over the forecast period, with a 29.6% CAGR expected. Mobile handsets will be the fastest-growing device category between 2021 and 2026, increasing at a 28.8% CAGR and expected to push mobile data consumption up from 1.1mn PB to 3.8mn PB.

The choices that billions of consumers make about investing their time, attention and money are fuelling the industry's transformation and driving the trends. The pandemic accelerated changes in consumer

behaviour and in the development of digital solutions, which will forever be affecting future growth paths. Some of the industries that saw a significant leap in development during the pandemic will be unable to keep up this growth, while others – formerly known as niche industries – will continue to develop. The emerging consumer base is younger, more digital and more into streaming and gaming than the current consumer population. This is shaping the industry's future.

I&M's impressive growth and potential are also bringing various challenges that might create a significant gap in how businesses develop and adapt, as well as increasing polarisation in society. We are seeing the emergence of new behaviour models and interaction principles that will inevitably affect service providers and consumers. For businesses, intense competition and continual disruption will remain the order of the day, so every business in E&M stands to be disrupted.

In the not-too-distant future the metaverse could become a stunningly realistic world where individuals access immersive virtual experiences through a VR headset or other connecting device. Many more technology businesses around the world are coming up with offerings that promise new experiences in this cyberspace of the future where VR meets the physical world. The metaverse is an evolution that may profoundly change how businesses and consumers interact with products, services and each other, with its potential financial and economic value going far beyond VR. In time, much of the revenues associated with video games, music performances, advertising and even e-commerce could migrate into the metaverse. How big is the E&M opportunity in the metaverse? The fast-growing market for VR is a starting point to consider. It is currently one of the smaller segments tracked, but the 36% rise in global spending over the past year hints at its long-term potential.

By changing the way we experience and interact with the world, technological advances certainly make our daily lives easier, save time, and present new opportunities. It has never been more important for businesses to understand the challenges presented by their consumers and markets in order to end up on the right side of disruption.

The PwC Global Entertainment & Media Outlook, with the accompanying publication, "Fault Lines and Fractures: Innovation and Growth in a New Competitive Landscape," provides in-depth analysis of global E&M consumer and advertising spending. The Outlook includes five-year historical and five-year forecast data and commentary for 16 industry segments across 52 territories. [More information here.](#)