

# Africa Entertainment & Media Outlook

2022 – 2026



# Our approach

To use a term that E&M consumers may be familiar with, this year's *PwC Africa Entertainment & Media Outlook Report* is a mashup — in the best sense of the word. Each year, we gather, examine and question a deep collection of proprietary entertainment and media industry data and forecasts.

Next, our global team of experts from more than a dozen countries discuss and debate the trends we see in the market, in our client work and in our daily lives.

Finally, we do a deep dive into Africa-specific trends, investigating the future of the E&M industry on the continent. The result is a unique body of intelligence and foresight that companies and investors can rely on as they plot strategy and action.



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Alinah is a partner with more than 15 years experience. She is a seasoned JSE accredited partner, with expertise on audits of various listed multinational entities across South Africa and the rest of Africa. She has also spent time on secondment in the USA and Dubai.

Alinah has extensive experience in the Entertainment and Media industry. Her first contribution to the *E&M Outlook* was at its inception in 2010 as a manager. It's a great honour to have the privilege to now serve in the role of the PwC Africa E&M leader.



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Charles has been with PwC for almost 20 years. He has experience locally and abroad, having spent 2 years on secondment in Vancouver, Canada and has worked across a range of clients, both private and listed.

He's passionate about the entertainment and media industry and has been a member of the *E&M Outlook* editorial team since the 2010 inception of the South African, and later expanded African, publication. He also serves as a member of the *Global E&M Outlook* Editorial Board (since 2019).

As a father of five, his family life brings with it much entertainment and an increasing amount of media consumption.



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Elenor is a partner at PwC who has more than 15 years of experience. She has a passion for the entertainment and media industry and specialises in providing consulting and assurance services to players in the industry. She has been involved in preparing various thought leadership publications around the trends, challenges and opportunities facing this industry, with specific focus on the internet advertising industry.

She is one of the founding editors of the *PwC Africa Entertainment and Media Outlook* as well as the PwC / IAB Online ad spend study.



# Executive summary

## Introduction: Fault lines and fractures

Amid the prevailing global political and supply chain uncertainty came greater clarity about the overall trends of the entertainment and media (E&M) market, the forces driving growth, and an understanding of the fault lines and fractures forming in consumer behaviours, business models, competitors and regulations.

E&M revenue across South Africa, Nigeria and Kenya grew strongly in 2021 as all three markets, like the rest of the world, recovered from the effects of the COVID-19 pandemic.

But the stable overall growth pattern masks an underlying volatility. It is clear that the pandemic accelerated changes in consumer behaviour and digital adoption in ways that will affect future growth trajectories.

This year, the focus of our report is the fault lines and fractures that are opening up between entertainment and media industries and companies and within different media segments. The Outlook is a story, at its root, of evolving consumer behaviours — and the advertising spend that follows those behaviours. As business models shift to meet consumers where they spend their time (and money), several fault lines are opening up. The most fundamental fault line is between (1) those industries that benefited from both COVID-19-induced behavioural trends and the underlying technological and demographic trends and (2) those that are on the wrong side of both.

## Fractures in a post-pandemic reset

Some of the segments that saw immense gains amid the pandemic will not be able to sustain that growth, while others will continue to build from their higher bases. Some formerly niche segments, such as gaming, will barrel their way into prominence, as other formerly dominant segments (such as traditional TV and newspapers and consumer magazines) will see their positions erode.

Industries that were more severely impacted in 2020, such as cinema, live music and B2B trade shows, made strong comebacks and segments such as video games and OTT video rose to new heights after thriving under lockdown conditions. Yet, other sectors proved to be largely 'pandemic-proof': podcast advertising, albeit off a low base, showed resilient revenue growth of 30.4% in 2020 in South Africa, and 41.8% in Nigeria.

## Advertising to the fore

Advertising was hit hardest by the pandemic, but experienced the largest rebound in 2021.

From an advertising perspective, it is the Internet advertising segment which will see the largest gains in revenue terms across the five-year forecast period to 2026. This is a trend seen across South Africa, Nigeria and Kenya, and also at a global level.

79.7% of E&M revenue gained in South Africa through to 2026 will come from Internet advertising and Internet access, as consumers and advertisers prioritise digital. The pandemic accelerated the uptake of e-commerce, advertising spend then followed and by 2026 internet advertising will become the second largest segment in the overall South African market. In Kenya, rapid gains in Internet advertising will mean that, by 2026, this segment will be just US\$1.2m behind traditional TV and home video, paving the way for Internet advertising to overtake this segment in later years.

## Internet connectivity and consumption

Data consumption continues to grow rapidly across the world, and African markets are no exception, with both South Africa and Nigeria seeing faster growth in 2021 than the global average. Internet access is the largest segment in the Nigerian market and gains in this segment will account for 89.5% of total E&M revenue growth through to 2026.

Connectivity in all markets is constrained by underdeveloped infrastructure, meaning that the speed and quality of fixed broadband is less reliable, and consumers have instead turned to cheaper mobile packages.

## Consumer consumption behaviour widening the fault lines

### OTT players invest in Africa

OTT revenue is set to rise rapidly over the next five years, with revenue growth to 2026 expected to outpace increases in TV subscription revenue across all three markets. But this is from a relatively small base, meaning that revenue itself will remain low. In Kenya, OTT revenue will total just US\$8.9m in 2026, whereas TV subscription revenue will total US\$420m. A similar story can be seen across Nigeria and South Africa, as traditional pay-TV packages command a higher ARPU than OTT services and don't require reliable Internet access, unlike OTT.

### Mobile gaming is first choice for African consumers

African markets' young, tech-savvy populations are the driving force behind the video games sector across these nations. Forty-percent of South Africa's population play games, compared to 23% in Nigeria and 22% in Kenya. Gamers across these African markets overwhelmingly prefer to play via mobile devices.

### The next new thing

Future E&M growth will be seen in the development of the metaverse and the use of non-fungible tokens, or NFTs. Meta stated that the metaverse could contribute around US\$40bn to the economies of Sub-Saharan markets like Nigeria and Kenya. More than 16% of South African consumers have participated in a 'virtual world' in the last 12 months. Africarare's UbuntuLand, Africa's first metaverse, was launched in 2021.

Non-fungible tokens, or NFTs, have also seen rapid adoption in some African markets with Nigeria ranked sixth globally for NFT ownership, while South Africa ranked 12th.

### What does the future hold?

Players in every segment now face some fundamental questions. Is the boost that their business experienced in the pandemic sustainable, or did it steal growth from the future and push individual platforms and markets to the point of saturation more quickly? If their business experienced a decline during the pandemic, will things turn around, or will they get worse? The *Africa Entertainment & Media Outlook 2022–2026* answers these questions and throws into sharp relief the factors defining the landscape of the next billion-dollar industries and segments.

One thing is clear from the data and the forecasts: the vast E&M complex is growing more rapidly than the global economy as a whole. With each passing year, more people around the world are spending more of their time, attention and money on the complex and increasingly immersive E&M experiences that are available to them. In short, the industry is becoming more digital, more mobile, more pitched at media that attract the young, more evenly distributed around the globe and more dependent on advertising in all its forms.





# Country highlights

South Africa's E&M market exceeded pre-COVID levels (2019) in 2021, with a total industry spend of

**R163bn**  
(15.4% annual growth)



Annual growth rates for the E&M market in **Nigeria** remain below pre-COVID levels, but a significant recovery is expected over the coming years.

E&M revenue in Nigeria will more than double by 2026.

**Kenya** has seen continued growth since 2017, with E&M revenue reaching new heights in 2021 with a

**12.6% annual growth rate**

# Segment highlights



Cinema's **post-pandemic** recovery is well underway, with box office revenue in South Africa set to surpass 2019 levels in 2023, when it will hit

**R1.3bn**

In Nigeria, **music streaming** is set to be the fastest-rising revenue component across the country's music market by 2026. Over the next five years, digital music streaming revenue will increase at

**23.7% CAGR**

**OTT video streaming** revenue is set to rise rapidly over the next five years, with revenue growth to 2026 expected to outpace **increases in TV subscription** revenue across all three markets. But this is from a relatively small base, meaning that revenue itself will remain comparatively low.



Podcast advertising proved itself to be largely 'pandemic-proof' throughout 2020, with the following revenue growth:

**30.4%**  
South Africa

**41.8%**  
Nigeria

**Podcast advertising** is a rapidly increasing sector accounting for R137m of the wider audio landscape in SA, with music, radio and podcast revenue totalling R5.5bn **in 2021**



**79.7%**

E&M revenue gained in South Africa through to 2026 which will come from Internet advertising and Internet access, as consumers and advertisers **prioritise digital.**

# Key report findings

## South Africa, Kenya and Nigeria

Entertainment and media (E&M) revenue across South Africa, Nigeria and Kenya grew strongly in 2021 as all three markets, like the rest of the world, recovered from the effects of the COVID-19 pandemic. Industries that were more severely impacted in 2020, such as live music and B2B trade shows, made strong comebacks – although the related revenue remained below pre-pandemic levels – and sectors such as video games and OTT video rose to new heights after thriving under lockdown conditions.

This commentary explores how the events of 2021 will affect the E&M markets across South Africa, Nigeria and Kenya through to 2026.

### Fig. 1a: South Africa's E&M market exceeded pre-COVID levels in 2021

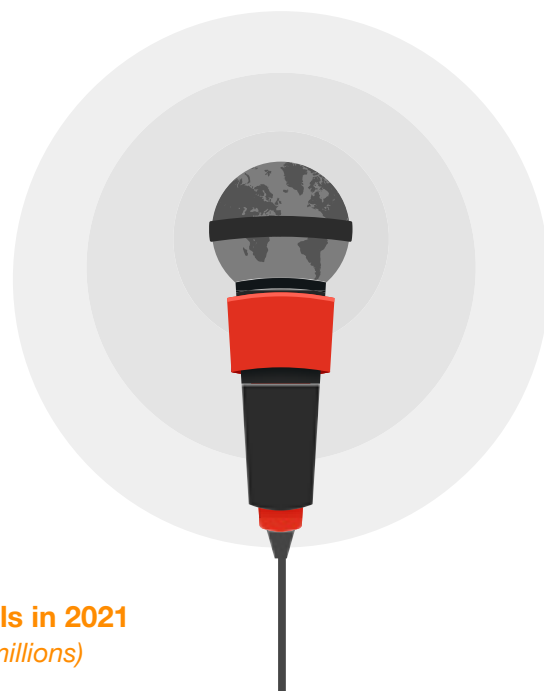
South Africa, entertainment and media spend by segment, 2017-26 (R millions)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	21-26 CAGR
Business-to-business	8,771	9,101	9,388	6,586	7,553	8,737	9,249	9,617	9,863	10,023	5.8%
Consumer books	1,506	1,525	1,652	1,648	1,681	1,679	1,683	1,678	1,663	1,641	-0.5%
Traditional TV and home video	23,485	24,575	24,055	24,256	24,676	25,465	26,041	26,652	27,082	27,371	2.1%
OTT video	1,059	1,196	1,624	2,158	2,648	2,910	3,116	3,267	3,370	3,473	5.6%
Internet access	46,920	52,317	61,188	68,002	81,094	89,600	97,233	104,573	111,434	117,934	7.8%
Newspaper and consumer magazines	10,669	10,439	10,064	7,972	7,677	7,320	7,154	7,015	6,913	6,832	-2.3%
Out-of-home advertising	2,687	2,735	2,942	2,500	2,719	2,927	3,027	3,061	3,079	3,089	2.6%
Video games and esports	3,479	4,017	4,454	4,843	6,042	6,961	8,134	8,912	9,606	10,232	11.1%
TV advertising	7,472	7,233	6,943	5,759	7,077	7,453	7,285	7,582	7,726	7,804	2.0%
Cinema	1,598	1,758	1,759	305	651	1,217	1,879	2,059	2,184	2,316	28.9%
Internet advertising	9,085	11,119	13,074	14,603	18,519	20,874	22,772	24,540	26,175	27,864	8.5%
Music, radio and podcasts	6,507	6,881	6,912	4,858	5,499	6,612	7,088	7,381	7,619	7,828	7.3%
<b>Total</b>	<b>122,079</b>	<b>131,555</b>	<b>142,320</b>	<b>141,503</b>	<b>163,226</b>	<b>178,510</b>	<b>190,914</b>	<b>202,101</b>	<b>211,998</b>	<b>221,204</b>	<b>6.3%</b>
<b>Annual growth</b>		<b>7.8%</b>	<b>8.2%</b>	<b>-0.6%</b>	<b>15.4%</b>	<b>9.4%</b>	<b>6.9%</b>	<b>5.9%</b>	<b>4.9%</b>	<b>4.3%</b>	

Total excludes double counting

Source: PwC, Omdia

Internet access is the largest E&M segment in South Africa, more than three times the size of the traditional TV and home video segment, which takes the second spot. Over the next five years, this hierarchy is set to change, with Internet advertising expected to overtake traditional TV and home video in 2026. Of the E&M revenue gained in South Africa through to 2026, 79.7% of it will come from Internet advertising and Internet access, as consumers and advertisers prioritise digital. Other tipping points include OTT video overtaking OOH in 2023, and music, radio and podcasts overtaking newspapers and consumer magazines in 2024. Newspapers and consumer magazines will be one of two segments to see declines through to 2026, the other being consumer books, another segment heavily reliant on print.



## Fig. 1b: E&M revenue in Nigeria will more than double to 2026

Nigeria, entertainment and media spend by segment, 2017-26 (US\$ millions)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	21-26 CAGR
Business-to-business	12	13	14	11	12	14	15	16	17	17	7.1%
Consumer books	7.6	7.7	7.9	8.3	8.4	8.3	8.5	8.7	8.8	8.9	1.3%
Traditional TV and home video	483	520	573	550	659	707	776	806	819	824	4.6%
OTT video	6.2	7.8	10	12	14	17	19	21	24	26	12.2%
Internet access	2,259	3,103	4,321	5,424	5,656	6,740	8,175	9,946	12,135	14,818	21.2%
Newspaper and consumer magazines	173	175	174	158	167	168	168	167	167	167	0.0%
Out-of-home advertising	103	107	115	86	111	129	141	147	151	154	6.7%
Video games and esports	73	96	137	200	271	325	388	457	537	627	18.3%
TV advertising	133	132	135	128	135	147	157	170	180	190	7.0%
Cinema	10	11	12	4.2	6.6	9.7	11	11	12	12	12.7%
Internet advertising	74	131	204	274	442	520	588	657	724	787	12.2%
Music, radio and podcasts	82	98	115	119	147	182	215	247	274	293	14.8%
<b>Total</b>	<b>3,408</b>	<b>4,391</b>	<b>5,803</b>	<b>6,957</b>	<b>7,599</b>	<b>8,926</b>	<b>10,609</b>	<b>12,590</b>	<b>14,971</b>	<b>17,834</b>	<b>18.6%</b>
<b>Annual growth</b>		<b>28.8%</b>	<b>32.1%</b>	<b>19.9%</b>	<b>9.2%</b>	<b>17.5%</b>	<b>18.9%</b>	<b>18.7%</b>	<b>18.9%</b>	<b>19.1%</b>	

Total excludes double counting

Source: PwC, Omdia

In Nigeria, all segments bar one (newspapers and consumer magazines) are set to see growth over the forecast period. In 2022, music, radio and podcasts are set to overtake this segment, while TV advertising will do the same in 2024, as print revenues continue to drag on growth. The cinema segment will overtake the consumer books segment in 2022, as it recovers from the COVID-19 pandemic and revenues revert towards pre-pandemic levels. Internet access is the largest segment in the Nigerian market and gains in this segment will account for 89.5% of total E&M revenue growth through to 2026.



### Fig. 1c: E&M revenue in Kenya reached new heights in 2021

Kenya, entertainment and media spend by segment, 2017-26 (US\$ millions)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	21-26 CAGR
Business-to-business	12	13	15	13	14	17	18	20	21	22	9.5%
Consumer books	2.4	2.6	2.8	3.1	3.2	3.2	3.4	3.5	3.6	3.7	2.9%
Traditional TV and home video	185	197	230	253	358	404	418	424	428	430	3.8%
OTT video	1.5	2.2	2.9	3.7	4.3	5.5	6.4	7.1	8.0	8.9	15.6%
Internet access	907	1,116	1,185	1,229	1,284	1,354	1,438	1,538	1,653	1,785	6.8%
Newspaper and consumer magazines	138	141	143	133	139	142	145	146	148	151	1.7%
Out-of-home advertising	25	26	27	21	27	30	33	34	35	36	6.0%
Video games	59	79	95	111	125	137	150	163	176	191	8.7%
TV advertising	82	91	99	93	98	106	112	119	126	132	6.3%
Cinema	5.3	5.6	6.0	2.2	3.4	5.0	5.7	6.2	6.4	6.5	13.6%
Internet advertising	34	49	71	89	144	198	250	315	381	429	24.4%
Music and radio	92	98	107	101	112	134	146	156	164	169	8.6%
<b>Total</b>	<b>1,535</b>	<b>1,811</b>	<b>1,970</b>	<b>2,037</b>	<b>2,293</b>	<b>2,514</b>	<b>2,701</b>	<b>2,905</b>	<b>3,121</b>	<b>3,330</b>	<b>7.7%</b>
<b>Annual growth</b>		<b>17.9%</b>	<b>8.8%</b>	<b>3.4%</b>	<b>12.6%</b>	<b>9.6%</b>	<b>7.4%</b>	<b>7.6%</b>	<b>7.4%</b>	<b>6.7%</b>	

Total excludes double counting

Source: PwC, Omdia

While traditional TV and home video will maintain its position as the second-largest segment in Kenya's E&M market over the forecast period, rapid gains in Internet advertising will mean that, by 2026, the former will be just US\$1.2m larger than the latter, paving the way for Internet advertising to overtake this segment in later years. Music and radio will overtake newspapers and consumer magazines in 2023, driven by gains in traditional radio advertising revenue. Video games will also overtake newspapers and consumer magazines in the same year. Despite these shifts, Internet access will remain the largest segment in Kenya's E&M market across the forecast period.





## Cinema's post-pandemic recovery is well underway

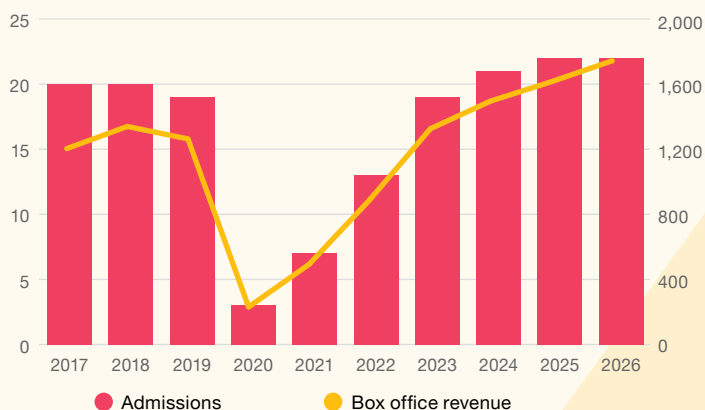
Having been shut down by COVID-19 and enduring two highly unsettled years as content holders experimented with other release strategies, the vast majority of the world's cinema screens are now back open and operating, and the sector is returning to some sort of normality. In South Africa, Kenya and Nigeria, cinemas are operational and the post-COVID-19 recovery is well underway.

During the height of the pandemic in 2020, box office revenue fell by -82.9% in South Africa, ahead of the global average of -71.7% and regional counterparts Nigeria and Kenya, which saw contractions of -66.2% and -65.2%, respectively. As a result of this drop in revenue, major South African cinema chain Ster-Kinekor entered voluntary business rescue in early 2021. But in March 2022, a business rescue plan was approved to sell the company for R250m to private equity companies Blantyre Capital and Greenpoint Capital. Admissions across South Africa have been recovering, and box office revenue is set to surpass 2019 levels in 2023, when it will hit R1.3bn.

The US studios are backing cinemas as the principal vector of their output's revenue maximisation strategy once again. In South Africa, the highest grossing film of 2021 was *Spider-Man: No Way Home*, according to Box Office Mojo. Popular locally produced films released in 2021 included comedy titles *New Material*, *Barakat* and *Kaalgat Karel*, however none of these made the top 10. Hollywood blockbusters such as *Top Gun: Maverick*, *Lightyear* and *Black Panther: Wakanda Forever* are paving the way for further recovery in 2022.

South Africa is the tenth fastest-rising cinema market globally, when including both box office and advertising revenue. Other markets seeing rapid growth through to 2026 include Argentina, Turkey and India. At a global level, total cinema revenue will surpass pre-pandemic levels in 2023.

**Fig. 2: Hollywood blockbusters are supporting South Africa's cinema recovery | South Africa, box office revenue (R millions) vs admissions (millions), 2017-26**



## Box office revenues contracted in 2020 as a result of Covid 19 pandemic

2020  
- 71.7%  
Global average

2020  
- 82.9%  
South Africa

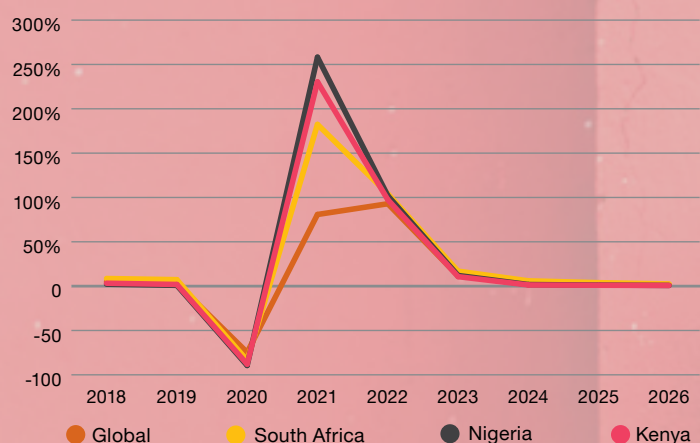
2020  
- 66.2%  
Nigeria

2020  
- 65.2%  
Kenya

## Live music rebounds after COVID-19 losses

Like cinema, live music is another sector of the E&M industry which was severely impacted by the pandemic. Across South Africa, Nigeria and Kenya, live music ticket sales revenue collapsed as artists and bands were forced to cancel tours and concerts. All three African markets performed worse in 2020 than the global average, as border restrictions meant that major international artists were unable to perform.

**Fig. 3: Live music ticket sales revenue was heavily affected by the pandemic | Global vs selected African markets, live music ticket sales revenue, annual growth, 2018-26 (%)**



Source: PwC, Omdia

But this sharper decline in 2020 led to a stronger rebound in 2021, which has continued into 2022. International tours have resumed, with artists including OneRepublic scheduled to perform in South Africa in 2022.

Although the rebound in live music will be rapid, in Nigeria, it is music streaming which is set to be the fastest-rising revenue component across the country's music market by 2026. Over the next five years, digital music streaming revenue will increase at a 23.7% CAGR, compared to the 18.6% CAGR expected for live music ticket sales revenue. Young Nigerians are a key driver of this sector, and according to 2021 data from Spotify, the most popular musicians listened to by Gen Z (those born between 1997 and 2012) in the country are Burna Boy, Asake, Davido, Drake and Wizkid. Nigerian artists have had success in charts across the world: for example, Burna Boy achieved his first number 1 on the US Afrobeats Billboard chart in July 2022 with his track *Last Last*.





## OTT players invest in Africa

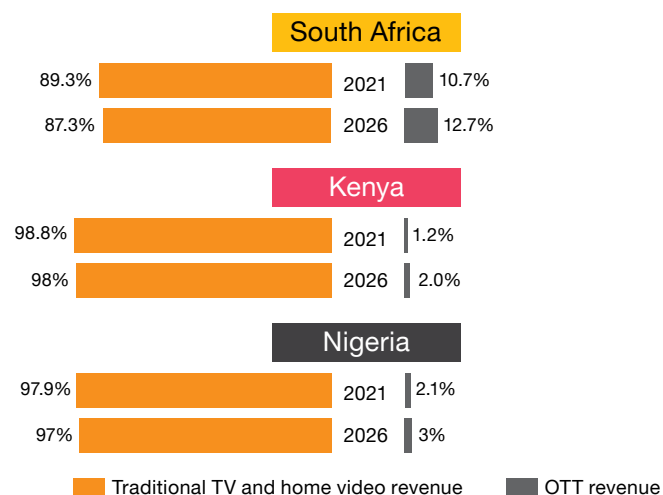
OTT has made inroads across Africa in recent years, and the continent is led by two platforms: Netflix and Showmax. Showmax, African pay-TV provider MultiChoice's OTT offering, has a slate of African originals and global sports coverage to pull in viewers. Showmax also has partnership deals with telecom operators in the region, providing both carrier billing and promotional pricing opportunities for the public. Netflix, meanwhile, has a vast content library and a regular cadence of updated original and licensed content. The platform's first Kenyan series, family drama *Country Queen*, was released in July 2022.

Disney+ launched in South Africa in May 2022, accompanied by 2,277 titles – 1,332 movies and 945 series. While the platform has yet to announce rollout dates for Nigeria or Kenya, it has increased its footprint in Africa, launching in Morocco, Egypt, Algeria, Libya and Tunisia in mid-2022.

Global OTT giant Amazon Prime Video also launched a local service in Nigeria in August 2022, meaning that customers can purchase a subscription using local currency and without a VPN. The service made similar moves in South Africa in November 2021.

As such, OTT revenue is set to rise rapidly over the next five years, with revenue growth to 2026 expected to outpace increases in TV subscription revenue across all three markets. But this is from a relatively small base, meaning that revenue itself will remain low. In Kenya, OTT revenue will total just US\$8.9m in 2026, whereas TV subscription revenue will total US\$420m. A similar story can be seen across Nigeria and South Africa, as traditional pay-TV packages command a higher ARPU than OTT services and don't require reliable Internet access, unlike OTT.

**Fig. 4: OTT revenue is rising rapidly in Africa, but pay-TV still leads the way | Selected African markets, OTT revenue vs Traditional TV and home video revenue, 2021 and 2026 (%)**



Source: PwC, Omdia

## Mobile gaming is first choice for African consumers

According to research firm Newzoo, 40% of South Africa's population play games, compared to 23% in Nigeria and 22% in Kenya. Gamers across these African markets overwhelmingly prefer to play via mobile devices, as access to consoles and PCs can be expensive and require continuous Internet access. Popular free mobile titles in June 2022 in South Africa included *Candy Crush Saga*, *Subway Surfers* and *Craft School: Monster Class*, according to Sensor Tower, while the most-downloaded paid gaming app across both iOS and android stores was *Minecraft*. Meanwhile in Kenya, Sensor Tower reported that *eFootball PES 2021* was the most popular mobile game in the country in 2021.

At a global level, video games revenue is predominantly digital, with just 8.1% of total spend coming from non-digital categories in 2021. This is a trend reflected in the three African markets. Nigeria has the most-digitised market, with digital spend accounting for 99.8% of revenue in 2021, and this is set to reach 100% in 2026.

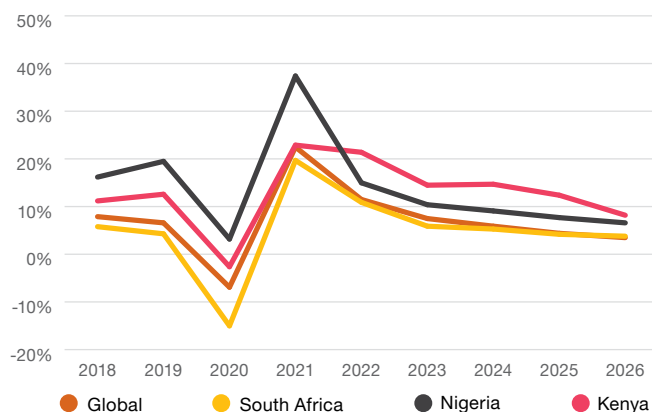
African markets' young, tech-savvy populations are the driving force behind the video games sector across these nations. There is an increasing number of African pro-gamers, including Kenyan *Mortal Kombat* gamer Beast, and Queen Arrow, Kenya's first female professional esports athlete, who specialises in *Tekken 7*.



## Advertising was hit hardest by the pandemic

Across global markets, it was the advertising sector which experienced the sharpest contraction in spend in 2020, followed by the largest rebound in 2021. This trend was reflected across South Africa and Kenya, with advertising revenue in 2020 falling by -14.9% and -2.5%, respectively, before rebounding by 19.8% and 23.0% in 2021. Nigeria was somewhat of an outlier in that advertising revenue continued to grow in 2020, but the rate was significantly reduced, and like in South Africa and Kenya, the market saw a rapid acceleration in 2021.

**Fig. 5: Advertising is rebounding after COVID-19-induced slowdown | Global vs selected African markets, advertising revenue, annual growth, 2018-26 (%)**



Source: PwC, Omdia

## Podcast advertising has been highly resilient

Some of the most exciting developments in the media and entertainment space over the last few years have come from the digital audio sector, and there were a host of acquisitions, content production and distribution deals, and service launches and rollouts in 2021. Experimentation with monetisation models is well under way, and interest in the sector is increasing.

Podcast advertising proved itself to be largely 'pandemic-proof' throughout 2020, with revenue growing by 30.4% in that year in South Africa, and 41.8% in Nigeria (Kenya does not feature in PwC's podcast coverage). Podcast advertising is a rapidly increasing sector accounting for R137m of the wider audio landscape, with music, radio and podcast revenue totalling R5.5bn in 2021. Podcasts foster strong personal connections between podcast hosts and listeners, and these relationships create engaged audiences that are more receptive to advertising, especially to those read by hosts, as they can be viewed more as recommendations from one friend to another and are thus seen as more trustworthy.

There will be growing interest in advertising on podcast platforms and alongside podcast content. Those services with stronger content portfolios and wider listener bases will benefit the most, but there are some hurdles to overcome. While there has been a major increase in advertiser interest in podcasts, advertisers are concerned about measuring the effectiveness of their campaigns. Scalability and brand safety are also areas the sector is working to address. According to a survey from Africa Podfest and Baraza Media, Spotify is the most popular platform for consumers in South Africa and Nigeria to access podcasts, followed by Apple Podcasts.

But there are local services gaining some traction, including pan-African platform Afripods, which offers free and unlimited access to all of its content via its app. Local content production is thriving, spanning myriad areas of interest including faith, true crime, comedy, and careers. Podcasts performing well in the charts in Nigeria include *How Far? With Mr Eazi and Temi Otedola*, hosted by the popular celebrity couple. In South Africa, *True Crime South Africa*, billed as the first 'victim-focused' true crime podcast in the country, reported 3m downloads by August 2022. The podcast is hosted by Nicole Engelbrecht and has recently partnered with radio station Jacaranda FM to bring it to the Afrikaans community.

## Trade shows begin recovery as international travel returns

Advertising from B2B trade shows was one of the worst-affected sectors throughout the pandemic globally, as limits on mass gatherings and travel restrictions imposed by many countries internationally caused multiple trade shows to be cancelled or rescheduled. In South Africa, trade show revenue fell by -73.2% in 2020, in line with the global average. But the rebound began in 2021 and will continue into 2022, with face-to-face events taking place and serving a diverse range of industries including beauty, AI, technology and agriculture.

International events company Informa is set to run its *Africa Tech Festival* in November 2022 at the Cape Town International Convention Centre, with speakers from tech and telco companies including Cell C, Spotify, Google and Telkom. Other trade shows taking place in 2022 include AI Media's *AI Expo Africa*, which is sponsored by businesses such as IBM, Intel and Nvidia, as well as the *Electra Mining Africa* show, held at the Johannesburg Expo Centre. By 2026, trade show revenue in South Africa will have surpassed 2019 levels and will account for 35.3% of the total B2B revenue in the country.

## Internet advertising is a key driver of the advertising sector

From an advertising perspective, it is the Internet advertising segment which will see the largest gains in revenue terms across the five-year forecast period to 2026. This is a trend seen across South Africa, Nigeria and Kenya, and also at a global level. This year, PwC's historic total Internet advertising revenue estimates have been revised upwards. These changes were made after a full market sizing exercise was conducted, for major sources of video Internet advertising such as YouTube and Facebook, and coverage of search and non-video display advertising on platforms like Google was enhanced. More detailed insight into Facebook's and Google's revenue as media owners and their extended network revenue, for example Facebook Audience Network and Google Display Network revenue, also supported these changes.

Across the three African markets, the Internet advertising sector will be driven by the mobile sub-segment, as is the case globally. At a global level, mobile display will be the largest contributor to overall revenue added to the segment through to 2026, but in Nigeria and Kenya, it is mobile search that will see the largest gains. In South Africa, mobile search and mobile display will add similar levels of revenue to overall segment growth to 2026, and mobile search will see a higher CAGR over the five-year period.

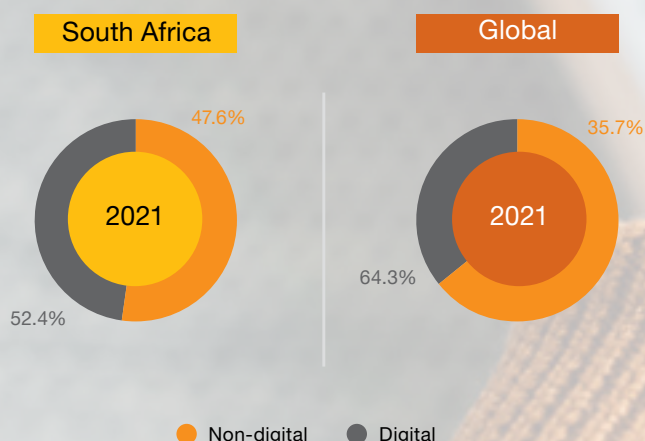


The pandemic accelerated the uptake of e-commerce, as restrictions meant that consumers turned to online stores to order goods including groceries and clothing while bricks and mortar retailers were closed. According to the US International Trade Administration, online sales increased by 66% year-on-year in South Africa in 2020.

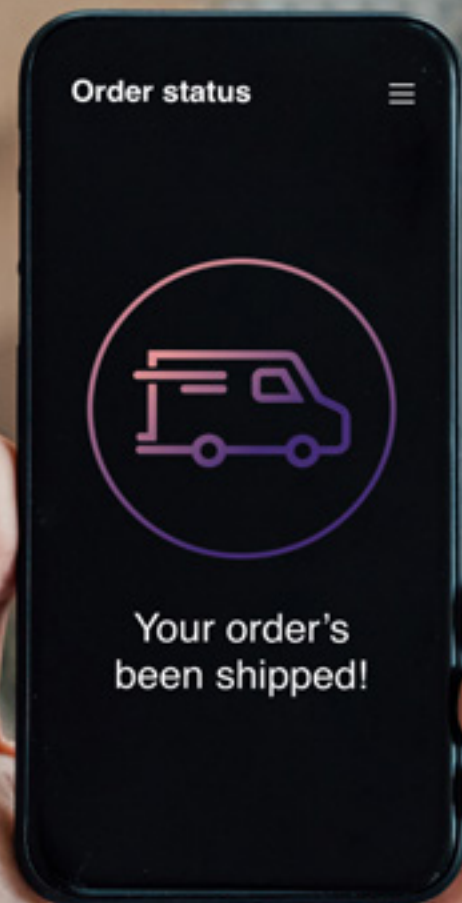
Domestic and regional platforms are the most popular for e-commerce. According to Statista, pan-African site Jumia, which sells groceries, appliances and electronics, is favoured by 42% of Kenyans. The platform is also popular in Nigeria, alongside Konga. Meanwhile, Takealot is the largest e-commerce platform in South Africa. International services including Facebook Marketplace and Alibaba have a footprint, and there are rumours of Amazon launching in African markets in 2023. This, along with increasing numbers of consumers accessing the Internet for the first time, will help to drive Internet advertising revenue to 2026. The segment is by far the largest contributor to advertising across all three of the markets covered, and is the second/third-largest after Internet access when consumer segments are considered.

Digital's share of total advertising spend in South Africa continues to lag the global average. In 2021, digital accounted for 52.4% of ad revenue in the country, compared to 64.3% globally. While the sector has historically been limited by levels of connectivity, it has made strong gains in recent years, particularly since the outbreak of the COVID-19 pandemic. While consumers were required to stay at home during the pandemic in 2020, digital advertising saw its share of total ad spend increase by over 11 percentage points as advertisers moved their budgets away from areas like physical OOH and cinema advertising towards online campaigns. The sector made further gains in 2021. However, local publishers are not necessarily receiving the benefit of these increases, with much of the rise in digital ad spend being assigned to global publishers.

**Fig. 6: Digitisation of South Africa's advertising market lags the global average | South Africa vs global, advertising split by digital and non-digital share, 2021 (%)**



Source: PwC, Omdia

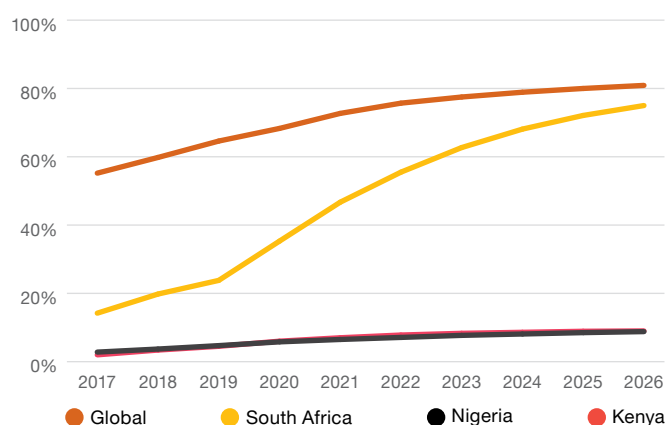


## Internet connectivity and consumption

Data consumption is continuing to grow rapidly across the world, and African markets are no exception, with both South Africa and Nigeria seeing faster growth in 2021 than the global average (Kenya is not covered in this segment). Mobile phones are the most popular format globally for data consumption, ahead of the other devices category, which counts data consumed via devices such as smart TVs and games consoles, and the portable devices category, which includes laptops and tablets. In South Africa and Nigeria, mobile handsets take a higher proportion of each market's data consumption compared to the global average, and portable devices are used more than other devices.

Meanwhile, fixed broadband take-up in Nigeria and Kenya is very low, with household penetration at just 6.5% and 7.0% in 2021, respectively, compared with a global average of 72.7%. While South Africa's 46.7% penetration is much higher than that of Nigeria or Kenya, it is still far below the 2021 global average. Connectivity in all markets is constrained by underdeveloped infrastructure, meaning that the speed and quality of fixed broadband is less reliable, and consumers have instead turned to cheaper mobile packages.

**Fig. 7: Nigeria and Kenya lag behind on fixed broadband take-up | Global vs selected African markets, fixed broadband penetration, 2017-26 (%)**



Source: PwC, Omdia

The rollout of 5G will also help to drive mobile Internet penetration further in these markets over the next five years. In South Africa, commercial 5G networks were rolled out in 2020. In early 2022, a further spectrum auction took place, with multiple market players including Rain, Telkom, MTN, Vodacom, Cell C and Liquid Telecom successfully acquiring spectrum. The Independent Communications Authority of South Africa is expected to run another spectrum auction to sell off any remaining spectrum frequencies by the end of the 2022-23 financial year.

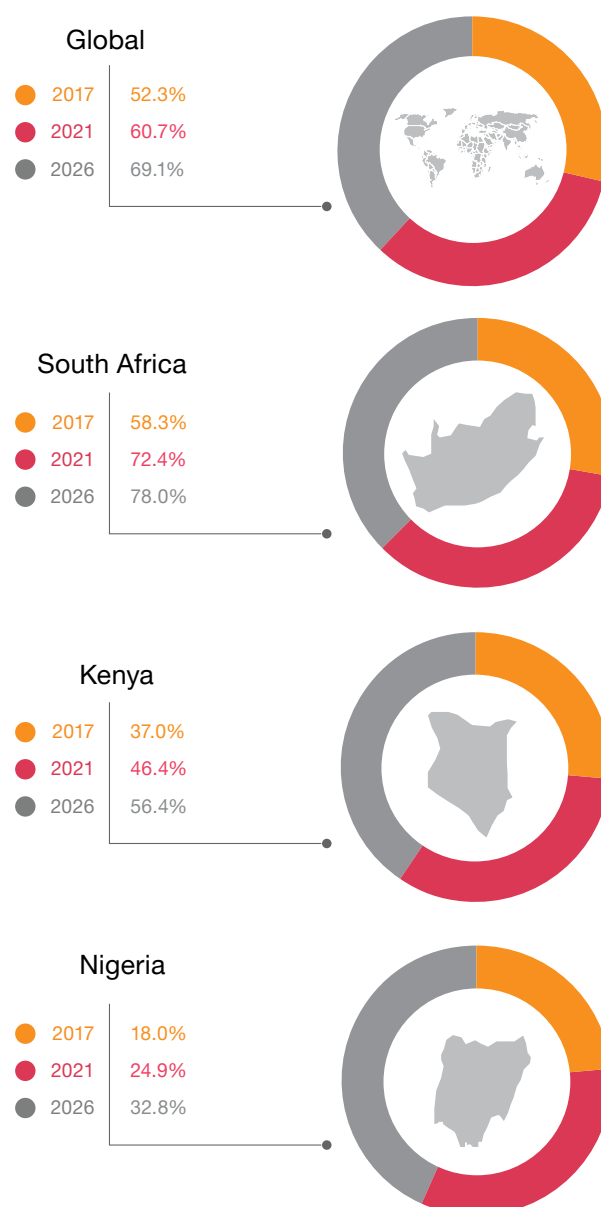
In August 2022, the South African government announced that it would be restricting the import and sale of 2G devices in early 2023, while 2G and 3G networks would be phased out in the coming years to make room for the rollout of faster and more reliable 4G and 5G connections.

Meanwhile, in Nigeria a 5G spectrum auction was held in late 2021, during which operators bid for spectrum within the 3.5GHz frequency band. The winners of the auction were MTN Nigeria and Mafab Communication.

Up until that point, Mafab Communication had not been active in the mobile or fixed broadband sector, but had been involved in international data access services. In August 2022, MTN rolled out its commercial 5G network in Nigeria, while Mafab Communications was given a five-month extension, with its services expected to launch in January 2023.

Kenya's Safaricom is expected to roll out commercial 5G networks in 2022, having begun trials in 2021 along with another market player Airtel. In mid-2022, the Kenyan Communications Authority agreed a deal with China's Huawei to develop 5G networks in Kenya.

**Fig. 8: 5G will support growth in mobile Internet adoption | Global vs selected African markets, mobile Internet penetration, 2017, 2021, 2026 (%)**



Source: PwC, Omdia

The benefits of 5G include low latency, network slicing and support for IoT devices. This will enable a full range of services including high-quality, lag-free streaming of OTT video services, cloud gaming, and AR and VR, along with factory automation and autonomous vehicles.



## Metaverse and NFTs

Another rapidly emerging use case for 5G will be its part in supporting the development of the metaverse. The metaverse can be defined as a virtual space allowing one to do almost anything that is possible in the real world such as interacting in social spaces, working collaboratively, attending cultural events, and buying goods and services.

Some experiences, mainly in immersive gaming, already offer elements of the metaverse, such as social and cultural events in *Fortnite*, or the extensive number of user-generated worlds and asset creation and trading in Roblox. But the concept of the metaverse exploded into broad public consciousness when Facebook announced its name change to Meta Platforms in October 2021. Highlighting the long-term strategic direction of the company behind the world's largest social network, their VR unit Oculus also became Meta.

In late 2021, brand agency Mann Made launched Africa's first metaverse: Africarare. Africarare offers "a 3D virtual reality experience set in UbuntuLand", which is a "digital land with roots in Africa". In early 2022, South Africa-based telco MTN Group and advertising agency M&C Saatchi Abel purchased plots of land within UbuntuLand.

It is expected that members of the public will be able to invest in UbuntuLand later in 2022.

According to a report by business intelligence firm Ornico, more than 16% of South African consumers have participated in a 'virtual world' in the last 12 months. Meanwhile, Nigeria's Thrill Digital received a US\$40,000 grant from US video games giant Epic Games to develop its fashion metaverse, which works with retailers to allow consumers to try on and purchase clothes within 3D retail shops using an avatar.

Meta released a report in May 2022 stating that the metaverse could add around US\$3.0tn to the global economy within the next decade. In Africa specifically, Meta stated that the metaverse could contribute around US\$40.0bn to the economies of Sub-Saharan markets like Nigeria and Kenya.

Non-fungible tokens, or NFTs, have also seen rapid adoption in some African markets. According to research by Finder.com published in late 2021, Nigeria ranked sixth globally for NFT ownership, while South Africa ranked 12th. Meanwhile in Kenya, marathon athlete Eliud Kipchoge sold a set of NFTs depicting images of his career highlights for US\$37,000 in April 2021.

## Conclusion: strategic balance

As we look ahead to 2023 and beyond, the E&M industry will strive to maintain its balance in a landscape riven by fault lines and fractures. But the overall growth path is both clear and strong. Over time, the increasing availability of compelling E&M content, services and experiences will attract a greater share of consumers' attention.

For consumers, this remains very much a golden age, in which a vast array of content, services and experiences is available at price points they can afford. For businesses, however, intense competition and continual disruption remain the order of the day. That means strategy can't remain static. The data clearly shows that the mix of revenues and spending is changing rapidly. And as the fault lines continue to proliferate and widen, it will be easy to end up on the wrong side of disruption.

An understanding of the forces that are creating the fractures in our world should inform the creation of strategy. It has become clear that there is no easy solution to maintain a durable model for profitable growth in the coming years. The industry's barriers to entry are too low, and the pace of innovation and change too high, for any one player to sustain competitive differentiation simply by operating as it has for the past five years. In sectors with sharply diverging growth paths in different countries, operating on a global basis now requires matching pricing models to purchasing power and saturation levels, often on a market-by-market basis. And, looking ahead, all participants who seek to thrive in 2026 will need an 'and' strategy that goes beyond their core: great content and multiple revenue streams and ties to broader commerce plays and compelling immersive experiences.

The challenges are substantial — but so, too, are the rewards for those able to meet consumers where they will be.

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## Methodology

### Historical data collection

All the forecasts have been built by starting with the collection of historical data from a variety of sources. A baseline of accurate and comprehensive historic data is collected in the first instance from publicly available information, including from trade associations and government agencies. When this data is used directly, these sources are cited accordingly. In addition to this, interviews with relevant associations, regulators and leading players have been conducted to gather insights and estimates not available in the public domain. When this information is collected, it is used as part of the calculations, and the sources are proprietary.

### Forecasting methods

All forecasts are prepared as part of a collaborative, integrated process involving both quantitative and qualitative analysis. The forecasts are the result of a rigorous process of scoping, market mapping, data collection, statistical modelling and validation. All data, charts and graphs, unless stated otherwise, in this publication are taken from the *Global Entertainment & Media Outlook 2022–2026*.

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