

SA advertising rebounds in 2021

 By [Danette Breitenbach](#)

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The South African Entertainment and Media (E&M) sector suffered in 2020 but rebounded in 2021 and is in a good place in 2022



Source: © Jonas Von Werne [Unsplash](#) The music sector is recovering, driven by live events

This is according to the recently released PwC [Africa Entertainment and Media Outlook 2022-2026](#) which found the country's growth is being driven by certain industries.

Driver of growth

Nearly 80% of E&M revenue gained in South Africa through to 2026 is expected to be from internet advertising and internet access.

"Apart from internet advertising and internet access, growth is being driven by cinema, video games and esports, and music/radio/podcasts," says Charles Stuart, PwC South Africa entertainment and media partner at the launch of the *Outlook*.

In stark contrast are consumer books, newspapers, and consumer magazines. "Unfortunately, the losses in the print space are not translating into gains in the digital space," says Stuart.

The advertising space

Advertising, which was hard hit by the pandemic, experienced the largest rebound in 2021. This is being led by the internet advertising segment as Covid accelerated digital adaption.

But while digital is propelling advertising to new heights and has the highest growth, it is off a low base.

The internet advertising sector experienced the biggest tipping point during this period, with digital, surpassing non-digital in 2020, with an 11% increase to digital during the pandemic.

“In 2021, 52% of advertising spend was in the digital space. (Globally the figure is 64% so SA is still behind). The revenue increase will go from R18.5bn to R28bn by 2026 as internet advertising overtakes traditional advertising channels (such as TV),” says Stuart.



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Internet access

While internet advertising is the dominant advertising format in the country it is driven by internet access. The IAB says that 90% of South Africans access the internet once in four weeks. This means that internet access is now a necessity. It is no longer a luxury.

“In South Africa, internet access is a mobile story with 85% of the spend sitting there,” says Stuart.

But he warns that this spend sits with a few large (international) players, making it difficult for local players to compete. In fact, he says the local market has contracted quite a bit.

Data consumption

The growth of data consumption globally continues at a rapid rate, globally. On the continent, South Africa (and Nigeria) saw faster growth in 2021 than the global average.

“In South Africa, internet access is a mobile story with 85% of the spend sitting there,” says Stuart.

He describes one Petabit (Pb) as the equivalent of downloading 11,000 HD movies. (Petabit is a multiple of the unit bit for digital information or computer storage.)

“We forecast that 54,000 Pb will be consumed by 2026 in South Africa,” he states.

The fastest-growing sector in terms of data consumption is video games and esports, but the good news story is music/radio/podcasts.

“This is despite radio's forecast of a growth of R\$7bn to R8bn in 2026, which is not quite the pre-pandemic levels. Music is recovering, driven by live events, while podcasts have shown nice growth, despite being off a low base,” says Elenor Jensen, PwC South Africa entertainment and media partner.

The surprise sector here is cinema. “The box office has recovered well and will show stronger than pre-pandemic levels by

2023.” She attributes this to the experience that cinema offers.



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Declining sectors

Post-Covid has seen some niche sectors such as gaming continue the growth, they found during Covid, while other traditional sectors are experiencing an erosion of their formally dominant positions.

Most notably these are traditional TV, newspaper, and consumer magazines.

Despite Over the Top Television (OTT) growth being driven by Subscription Video On Demand (SVoD) and Transactional Video on Demand (TVoD), growth is declining steadily from its peak in 2019.

“Subscription or Pay TV have also expanded through Covid, and, despite this growth being slow, it is significant. What the owners now need to ask themselves is what they can do now to grow this cash cow,” comments Jensen.

This business model has also innovated with technology, changing how advertisements are sold and placed in this sector.

TV advertising is a sector that has been under pressure for several years. “The increase in online advertising has impacted this sector and globally this sector contracted by 17%,” says Jensen.

However, she adds that locally this sector has seen a healthy growth of 22% this year. “We forecast R7.8bn in revenue in 2026 which is higher than pre-Covid levels, but we also forecast a decline in this sector over the longer term,” she explains.

The exception is the SABC. “The local broadcaster has suffered a 12% revenue decline. It is not a great story for the SABC,” Jensen adds.

The *Outlook* shows that the E&M sector is a dynamic market that is showing clear and strong growth.

“It is a golden age for consumers, but less so for companies as the pace of competition and change remains high, despite barriers to entry being low,” says Stuart.

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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