



PwC's Global entertainment and media outlook 2014–2018

Additional key findings for Thailand's E&M market

TV advertising

Thailand's TV advertising industry has been impressively growing since 2010. TV advertising net revenue reached \$2.25bn in 2013 after 1.7% growth. If expansion continues at the expected average annual rate of 3.6%, it will reach \$2.7bn in 2018.

Since the Broadcasting Reform Bill of 2007, pay-TV channels have been allowed to carry advertisements as long as they contribute to a central broadcasting fund. Pay-TV providers in Thailand see advertising as an increasingly important revenue stream. For example, multichannel revenues will account for 11.4% of total TV ad revenue in 2018, from 6.8% in 2013.

Business-to-business (B2B)

Total B2B revenue in Thailand was \$442m in 2013, up 2.9% from 2012. The B2B industry has grown more than 20% since 2009, when it was worth \$359m. By 2018, it will be worth \$561m, a 4.9% CAGR in a five-year period (forecast period).

Business information revenue is the largest segment, accounting for 65% of B2B revenue. In the forecast period, it's expected to grow at a 4.9% CAGR, reaching \$366m in 2018. The business information segment will benefit from Thailand's annual GDP growth of 6.9% in the forecast period.

Total directory advertising revenue is expected to fall at a -1.3% CAGR in the forecast period, despite a 19% CAGR in smartphone connections in Thailand that will result in over 43m connections by the end of 2018.

Trade show revenue is growing at an 8.5% CAGR and will reach \$82m in 2018. The Thailand Convention and Exhibition Bureau (TCEB) launched a global marketing campaign called *Thailand Connect* to expand the country's meetings, incentives, conferences and exhibitions (MICE) industry. Closer to home, the TCEB signed a memorandum of understanding with the Philippine Chamber of Commerce and Industry and Chamber of Commerce of the Philippine Islands to improve and expand trade and MICE industries between the two countries.

The B2B industry, centred in Bangkok, benefits from the city's infrastructure, international airport and ambition to be the main ASEAN exhibition hub. Bangkok is also bidding for the World Expo 2020.

Magazines

Magazine revenue in Thailand, comprising total revenue from consumer and trade magazines, will be \$447m by 2018, down slightly from \$448m in 2013, or a -0.1% CAGR.

Growing middle classes are fuelling magazine demand. Larger advertising budgets allow publishers to reduce prices in order to attract more readers. Although total magazine circulation revenue is declining, total magazine advertising revenue will increase in the forecast period from \$204m in 2013 to \$234m in 2018, a 2.8% CAGR.

The digital magazine industry is relatively small but will grow in the forecast period as fixed broadband and mobile Internet penetration increases. The expanding tablet and smartphone industry will lead to a change in consumer behaviour, and by 2018, 6% of total magazine revenue will come from digital sources.

In February 2013, leading fashion magazine Vogue launched its first printed and digital local editions. This highlights the popularity of the fast-growing fashion magazine and magazine advertising industry in Thailand. Top magazines in Thailand include Praew, TV Pool, Bahn Lae Suan, Cleo and Lisa Weekly.

Film entertainment

Thailand's film entertainment sector will be worth \$552m by 2018 from \$456m in 2013, or a 3.9% CAGR.

Cinema revenue will rise, despite the availability of illegal DVDs and sluggish economy. Cinema advertising is expected to be worth \$292m by 2018 from \$247m in 2013. Box office revenue will also increase in the forecast period, to \$173m from \$143m in 2013, or a 3.9% CAGR.

Total electronic home video revenue will show the strongest year-on-year rise at a 28.4% CAGR, with revenue expected to reach \$44m in 2018 from \$12m in 2013.

Thailand has been successful in attracting inward investment from international filmmakers. Variety daily newspaper reported that 636 productions were shot in Thailand in 2012. And in 2011, the film and TV industry contributed \$2.2bn to the Thai economy. In 2013, the Thailand Film Office claimed that 717 international productions were shot in the country. That figure includes commercials, TV programmes, pop promos and feature films.

The success of romantic comedy film Pee Mak gave the local industry a huge boost in 2013. The film made an estimated \$19m, a local box-office record.

But the sector still faces problems. Piracy remains rampant. An estimated 50,000 outlets sell pirated DVDs throughout the country.

Thailand's physical home video industry, comprising sell-through and rental revenues, created \$54m in 2013, a \$10m drop from 2009. Sell-through revenue will be hit hardest between 2013 and 2018, dropping at a 7.2% CAGR from \$12m to \$8m.

Music

Thailand's music industry was worth \$308m in 2013, down from the 2009 revenue of \$326m. Total music revenue is expected to fall at a 0.7% CAGR to reach \$297m in 2018.

Although the recorded music industry has been ravaged by piracy, Thailand appears to have embraced a digital future. This is a practical move since physical recorded music revenue dropped from \$118m in 2009 to \$84m in 2013. By 2018 it's expected to plummet to \$26m. Total digital recorded music revenue is set to rise at a 0.6% CAGR between 2013 and 2018.

International players, including iTunes (2012) and Deezer (2013), are now operating in Thailand. But we've yet to see the digital market arrive en masse.

Live music is on an upswing in Thailand. The country is steadily becoming a drop-in destination for international bands, and revenue from sponsorship is rising. Total live music revenue increased from \$103m in 2009 to \$124m in 2013. It's expected to reach \$167m in 2018, or a 6.2% CAGR.

Newspapers

Thailand has a diverse and competitive newspaper industry that continues to grow.

Rising demand in India and China, and satellite and TV competition, have caused newsprint costs to increase. But the average daily unit circulation total rose to \$7.9m in 2013. That figure has been buoyed by the circulation of free dailies and profitable new digital editions, putting it on a 1.7% CAGR trajectory to reach \$8.5m in 2018.

Total newspaper advertising revenue dropped sharply in 2009 following the global economic crisis and national anti-government protests. But it recovered to exceed pre-2009 levels in 2013. Total newspaper advertising revenue is set to grow at an 8.2% CAGR, from \$530m in 2013 to \$788m by 2018.

Total newspaper revenue, including circulation revenue, will grow at a 6% CAGR to reach \$1.64bn in 2018 from \$1.22 billion in 2013.

Newspapers continue to be popular. With just 24.2% of households opting for broadband, Thailand's publishers have avoided the decline in demand seen elsewhere.

Books

Total book revenue, consisting of consumer, educational and professional book revenues, will rise to \$1.83bn in 2018 from \$1.29bn in 2013. It's 7.2% CAGR shows some of the world's highest book revenue growth.

AIS and B2S operate the main online bookstores in Thailand, with AIS claiming to be the market leader.

Thailand-based e-book site Ookbee is the online books market leader with nearly 3m users. E-book sales will account for 17% of the market by 2018 as tablet ownership rises. Google Play Books launched in Thailand in September 2013.

Consumer book sales will increase as discretionary spending rises. Total consumer book revenue will increase to \$1.35bn in 2018 from \$882m in 2013, an 8.9% CAGR.

Out-of-home advertising (OOH)

Thailand's OOH advertising revenue rose from \$188m in 2009 to \$267m in 2013. The market is expected to grow at a 6.9% CAGR in the forecast period, with revenue of \$373m in 2018.

OOH advertising has benefitted from rapid urbanisation, from 34% of the population in 2009 to 45% in 2012, leading to more retail chains, shopping malls and hypermarkets. And the switch to digital OOH formats accounted for \$37m of Thailand's \$267m OOH advertising revenue in 2013.

OOH advertising revenue will be boosted by two major factors:

- The Government is expanding Bangkok's transit system. BTS Group stated that 6% of Bangkok's commuters use the rail system. The Government aims to achieve rates closer to Singapore at 40% and Hong Kong at 44%. BTS Group will benefit from investment in the rail system. Its media outlet, VGI Global Media, will continue providing traditional and digital billboards in carriages and stations.
- Affluent Thais and business groups are moving away from Bangkok to seek lower costs and lifestyle changes. Malls and several large enterprises are following suit.

Radio

Thailand has more than 500 AM and FM radio stations. In 2010, the Thai Parliament passed legislation to create a new combined media and telecoms regulator focused on encouraging privatisation.

Thailand is a mid-ranking radio market. Its total radio revenue in 2013 of \$208m came from radio advertising revenue – there is no public radio licence fee. Thai radio advertising was hit hard by the global recession, with three years of declining revenue between 2009 and 2011. In 2012, radio advertising revenue started to recover with 7.3% growth. Despite a small decline in 2013 revenue, Thailand's radio market is healthier, so a 5% CAGR is expected. Radio advertising revenue is set to reach \$265m in 2018.

Video games

Total video game revenue was \$228m in 2013 from \$136m in 2009. Revenue is expected to grow at a 7.3% CAGR to reach \$325m in 2018.

The majority of Thai video game revenue will come from mobile game revenue by the end of the forecast period. Console and PC ownership are low compared to Western nations, but mobile penetration is rapidly opening up access to casual and social games. Since mobile payments are made via the operator, games can be monetised even when credit card ownership is far from ubiquitous. Mobile gaming has also succeeded in attracting consumers who are uninterested in traditional gaming by emphasising social features and lower costs.

Mobile game revenue reached \$85m in 2013 and is set to grow at an 8.8% CAGR to hit \$130m by 2018.