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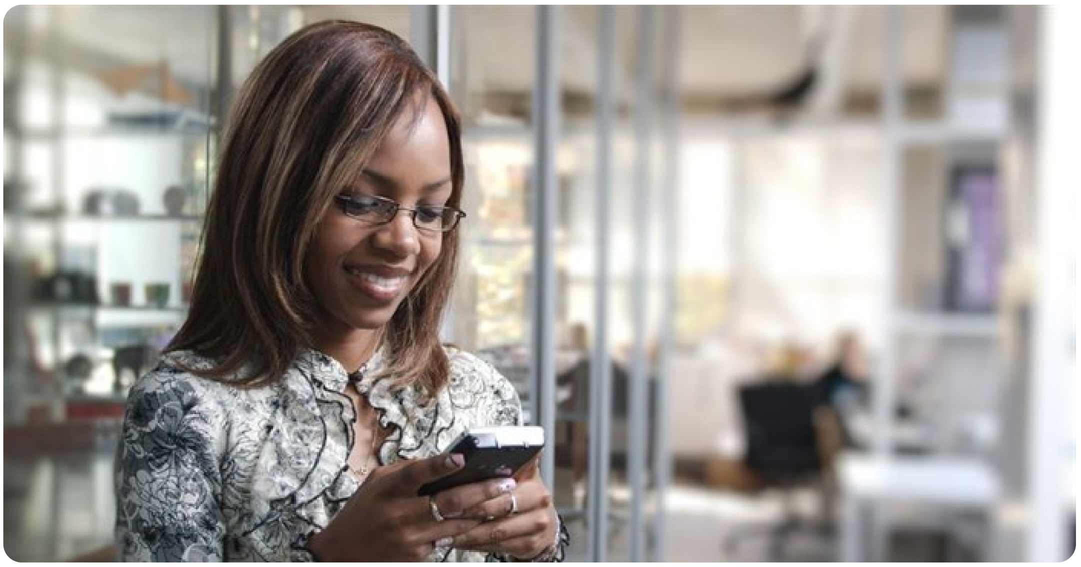
Africa still mobile

Africa's story remains a mobile one with mobile internet access the largest contributor of growth across the continent. By 2021, 97% of internet access revenues in Nigeria and 90% of internet access revenues in South Africa will be from mobile internet.


By Danette Breitenbach 28 Sep 2017



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With the lowest penetration rate Tanzania will grow the fastest. On the other end of the scale, because of its relatively matu mobile internet penetration, South Africa will have the slowest growth rate. Tanzania will grow at an annual rate of 13% as opposed to South Africa's growth rate of only six percent. After Tanzania, Ghana is the next fastest growing market followe by Nigeria and Kenya.

MOBILE

Marketers in Africa should leverage mobile as an amplifier

Werner Lindemann 24 May 2017

This is according to the PwC launched the annual Entertainment and Media Outlook: 2017-2021 (Outlook) which launched Randburg recently. The Outlook covering five years of historical data and forecast data on consumer or end-user spendin and advertiser spending across five countries and fourteen segments. This is the first year that Ghana and Tanzania have been included.

As markets mature, they tend to grow slower

According to Charles Stuart, PwC associate director in entertainment and media practice, the same truism that holds for a number of consumer markets also holds true in the entertainment and media (E&M) market. "As markets mature so they te to grow more slowly and so we see the highest growth in the less developed economies, but we also see per capita spend much lower levels."

In the United States, (US) consumers spend in excess of US$2,000 on entertainment and media. In the less developed economies, while highly populous, they show far lower per capita income. "Five of these countries – Pakistan, India, Egyp Nigeria and Vietnam – have 1.9 billion people as a combined group of consumers, but the per capita spend in those mark is below $50. This is similar for markets of Ghana and Tanzania," he explains.

Kenya will be just above that at $58 by 2021, but it will only exceed $50 by 2018. While South Africa is far higher at $212 which is more than triple any of the other African countries that we're looking at, with that higher per capita spend comes slower growth. This equates to a six percent growth vs 17.2% for Tanzania.

Advertising is facing pressure in SA

In South Africa, from a growth perspective, advertising and consumer spend are losing ground to the new giant in the industry which is internet access. Advertising is facing pressure, ad-funded models are facing pressure, because of two stark realities, he explains.

“Firstly, the millennials prefer to engage with their content in an ad-free environment. This is especially true when they are engaging with high-quality content. We see this in the rise in ad-blocking and ad-skipping technology."

He says there are also more business models which are ad-lite or ad-free. "The second reality is that media businesses a media advertisers are not shifting to digital platforms at the same rate that consumers are shifting their attention to digital media. This may have to do with a lack of trust, transparency and brand relevance.

He adds that if we carry that forward into some of the differences and analysis between what's happening globally and So Africa it paints an interesting picture. “The first interesting point is among data consumption. Mobile internet penetration is driving a lot of growth. Therefore, it should come as no surprise that the smartphone is the device of choice."

Internet advertising is set to grow significantly

In South Africa, smartphones attract 40% of data usage in 2021. In Nigeria and Kenya this is even higher, with Nigeria at 45% and Kenya at 54% of traffic going through smartphones.

Over the forecast period for South Africa the mobile internet users will grow with over 100 million mobile internet subscribe "It's all about capturing the user attention, because if you capture the attention you capture the dollars behind the attention

Internet advertising is set to grow significantly and surpassed TV advertising for the first time in 2016, which signifies quite big shift in the global advertising market. "In South Africa, we won't reach that even by the end of the forecast period," say Elenor Jensen, associate director at PwC. The reason for this, she says, is that television advertising is still a very effectiv measure to reach the average consumer in South Africa, based on the demographics of the company.

South Africa continues to remain the largest TV market on the African continent, with total revenues of R40.9bn in 2016. T total TV market is estimated to be worth R51.2bn by 2021. At this time, end-user spending (pay-TV subscriptions, physica and internet home video and licence fees) will account for 56.7% of the total TV market.

Outlook forecast:

South Africa
By 2021 in South Africa total E&M revenue is expected to reach R177.9bn, up from R132.7bn in 2016. Internet access remains the key growth driver and will account for R27bn of this increase. South Africa can expect a CAGR of 7.2% for consumer revenue over the forecast period, rising from R87.4bn in 2016 to R123.7bn in 2021.

Nigeria
Nigeria is one of the fastest-growing countries in Outlook, although the Report warns that this figure needs to be treated wi caution, as a huge proportion of that growth comes from internet access revenue alone – specifically mobile internet acce revenue.
Of the $2.8bn that the Nigerian market will add between 2016 and 2021, all but $452m will come from internet access revenue. The combined elements of TV and video will add nearly $200m in revenue growth to 2021.

Kenya
The E&M industry was worth $2.1bn in 2016, up 13.6% on 2015. Revenue is forecast to grow at an 8.5% CAGR over the

next five years, hitting the $3bn mark in 2020, and totalling $3.2bn in 2021. Internet access is the most established industr within the Kenyan market, boasting the largest revenues and one of the highest growth rates to 2021.

Ghana

Ghana's E&M industry is beginning to gear up. In 2012, total revenue was just at US$214m, but four consecutive years of year-on-year growth above 25% have led it to revenues of $685m in 2016. This is forecast to more than double over the n five years, with revenues of $1bn being surpassed in 2019 and a total of $1.5bn forecast for 2021, thanks to a 16.5% CA(

Tanzania

Tanzania's total E&M revenue stood at $504m in 2016, but is set to more than double to $1.1bn in 2021, a 17.2% CAGR o the coming five years. The symbolic crossing of the US$1bn mark is set to occur in 2021. This is significant growth from 2012 where the industry stood at just $175m.

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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