

Taiwan Entertainment & Media Outlook 2022-2026

English edition

July 2022



About PwC's Outlook

PwC released its "Global Entertainment and Media Outlook 2022-2026" in June 2022.

The Outlook is a comprehensive online source of analysis with five-year historical and five-year forecast data of consumer and advertiser spending in 16 entertainment and media (E&M) industry segments across 52 territories, including Taiwan.

The segments covered include:

- Business-to-business (B2B);
- Cinema;
- Consumer books;
- Data consumption (across the Internet, by devices and content categories);
- Internet access;
- Internet advertising;
- Metaverse (included for the first time this year);
- Music, radio and podcasts;
- Newspapers and consumer magazines;
- Non-fungible tokens (NFTs, included for the first time this year)
- Over-the-top (OTT) video;
- Out-of-home (OOH) advertising;
- Traditional TV and home video;
- TV advertising;
- Video games and e-sports; and
- Virtual reality.

The data and commentary presented in the Outlook is supplied by research firm Omdia. The datasets for data consumption (non-revenue), e-sports, metaverse, NFTs, podcasts and virtual reality are presently not available for the Taiwan market due to scope limitations, with only the top 10-20 markets across the world covered for these particular industry segments.

The Outlook comes in three formats:

- An online interactive tool at www.pwc.com/outlook requiring subscription, which allows subscribers to dig deeper into the data and analysis at a segment and territory level, and to compare and contrast consumer and advertising spend.
- A special report, [Perspectives from the Global Entertainment & Media Outlook 2022–2026](#), providing insights into the key trends shaping the E&M industry and how companies can respond, which is freely available to non-subscribers.
- Territory editions. The Taiwan version provides a concise summary, in English and Chinese, of the key messages from the global and local E&M markets, along with detailed data and commentary for the segments covered in Taiwan.

The Taiwan edition of PwC's Global E&M Outlook is drawn from the data and analysis presented in the [online Outlook tool](#), which was compiled by Omdia in the first quarter of 2022. The information does not specifically factor in the impact on consumer and advertiser spending from the rapid surge in COVID-19 cases that Taiwan has experienced since April 2022.

This booklet is produced by Damian Gilhawley and Noelle Wang of PwC Taiwan's Brand & Communications department.

Introduction

After a pandemic-related slump in 2020, the global entertainment and media (E&M) industry grew strongly in 2021 and it will continue this trend in 2022 and beyond.

Yet there is still a lot of underlying volatility, with several fault lines opening up as business models shift to meet consumers where they spend their time and money.

The 2022 edition of PwC's Global Entertainment and Media Outlook looks at the current state of the E&M industry and provides detailed commentary and forecasts across 16 industry segments in 52 territories, including Taiwan.

PwC Taiwan has produced a local edition of the Outlook, which provides a concise summary, in English and Chinese, of key insights from the global and Taiwan markets, which is drawn from the online resources at www.pwc.com/outlook.

Similar to global, the prospects for Taiwan's E&M industry, although challenging, remain essentially positive. Returning growth momentum after COVID will be boosted by the powerful shift to digital behaviours that's transforming the sector.

Every business in the E&M industry stands to be disrupted. The challenge and goal for companies must be to understand your consumer and end up on the right side of disruption.



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Contents

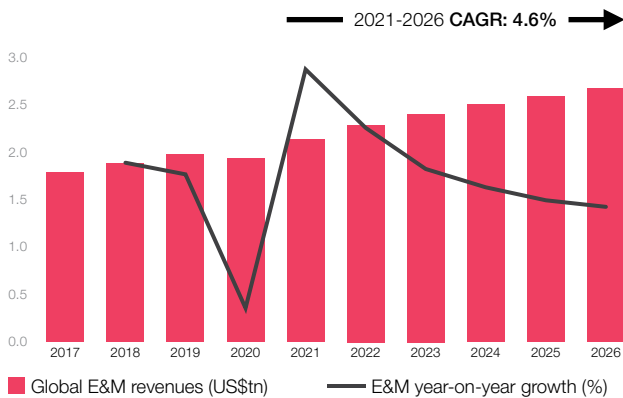
About PwC's Outlook	1
Introduction	2
Key Outlook messages - Global	4
Key Outlook messages - Taiwan	6
Taiwan segment analysis:	
• Business-to-business (B2B)	7
• Cinema	8
• Consumer books	9
• Internet access	10
• Internet advertising	11
• Music, radio and podcasts	12
• Newspaper and consumer magazines	13
• Over-the-top (OTT) video	14
• Out-of-home (OOH) advertising	15
• Traditional TV and home video	16
• TV advertising	17
• Video games and e-sports	18

Key Outlook messages - Global

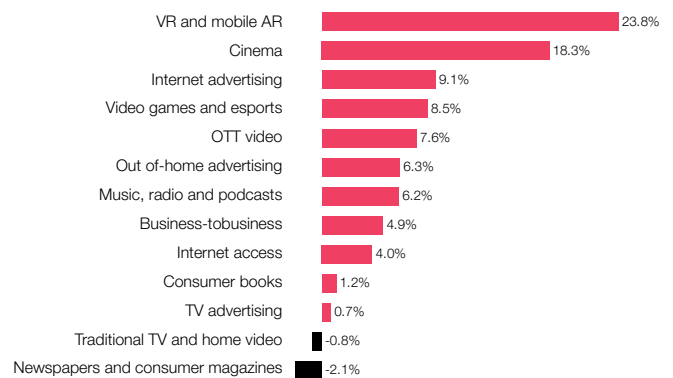
The global entertainment and media (E&M) industry regained its growth momentum in 2021, fuelled by strong demand for digital content and advertising. With the industry becoming more digital, more mobile and more youth-oriented, virtual reality (VR) and gaming are powerful growth drivers, according to PwC's Global Entertainment & Media Outlook 2022-2026.

Following a pandemic-related 2.3% decline in 2020, total global E&M revenue rose a strong 10.4% to US\$2.3 trillion in 2021, resuming its trend of outpacing global economic growth. This year will see a sustained recovery, with industry revenues set to grow by 7.3% in 2022, and to increase at a 4.6% CAGR through 2026, taking global E&M revenue to US\$2.9 trillion.

Global E&M revenue forecast for next five years...



and projected global growth by segment



Note: 2021 is the latest available data; 2022-2026 values are forecasts.

Source: PwC's Global Entertainment & Media Outlook 2022-2026, Omdia

The key findings in this year's Outlook data and forecasts include:

- Virtual reality (VR) continues to be the fastest-growing E&M segment, albeit from a relatively small base. Global VR spend rose by 36.5% in 2021 to US\$2.6bn, following on the 39.0% surge in 2020. Revenue growth between 2021 and 2026 is forecast at 24.1% CAGR, bringing the segment to US\$7.6bn. Gaming content is the primary contributor to VR revenue.
- The current rise in global spending on VR highlights its long-term potential for the metaverse, where individuals access immersive virtual experiences, through a VR headset or other connecting device. For an indication of the opportunity size, the global installed base of stand-alone and tethered VR headsets is set to grow from 21.6m in 2021 to 65.9m in 2026.
- Global cinema revenue is slowly reviving from COVID and won't regain its 2019 total of US\$45.2bn until 2023. Box office revenue is projected to reach US\$52.7bn in 2026 from US\$22.8bn in 2021, an 18.3% CAGR. China surpassed the US to become the world's biggest cinema market in 2020, and it is expected to retain this leadership through 2026.
- Internet advertising leads the way as the largest advertising segment. An exceptional 31.6% year-on-year rise in 2021 put total global Internet advertising revenue at US\$468.4bn, up more than US\$112bn in absolute terms on 2020. The segment is set to grow at a 9.1% CAGR to reach US\$723.6bn in 2026, at which point 74% of revenue will be mobile.
- Global video games and esports revenue rose 8.9% to US\$215.6bn in 2021 and is forecast to grow at a 8.5% CAGR to US\$323.5bn in 2026. Social/casual gaming accounted for the majority, 68.7%, of revenue in 2021, which will rise to 75% in 2026. Gaming is now the third-largest data-consuming E&M content category, behind video and communications.
- The COVID-19 pandemic accelerated the growth of global over-the-top (OTT) video revenue, which surged by 35.4% in 2020, and grew an additional 22.8% to US\$79.1bn in 2021. The pace of future revenue growth will moderate somewhat, at a 7.6% CAGR to US\$114.1bn in 2026. Asia-Pacific will be the fastest growing OTT market in the forecast period.
- Traditional TV still generates considerable revenues, but is beset by strong competition from OTT streaming services (SVOD in particular) and IPTV. Global revenue will shrink at a -0.8% CAGR from US\$231bn in 2021 to US\$222.1bn in 2026, with global subscription TV households contracting from 869m in 2021 to 861m over the forecast period.

Fault lines and fractures: Innovation and growth in a new competitive landscape

The global E&M industry bounced back in 2021 from the COVID-induced contraction of 2020 to resume its growth path. But this masks an underlying volatility. The focus of this year's *Outlook Perspectives Report* is the fault lines and fractures that are opening up between industries and companies, within sectors, and between high-growth and low-growth geographies.

Fault lines and fractures

As business models shift to meet consumers where they spend their time (and money), several fault lines are opening up.

- Between companies and sectors expecting a return to the pre-COVID status quo and those aggressively moving forward
- Between demographics, countries and regions within countries
- Between perceived gatekeepers seeking to protect their markets and gatecrashers bent on upending the status quo
- Between the current wave of digitisation and the next wave of digitisation, notably the metaverse
- Between market-specific regulators and global tech platforms
- Between creators, distribution platforms and consumers

Fractures in a post-pandemic reset

The two big themes in the Outlook forecasts are the increasing digitisation of E&M and the rising dominance of advertising. Essentially, there's no rapid return to the pre-COVID era in consumption and leisure activity, most of which is happening online and in digital spaces. That promises greater opportunities for online retailers and marketers of all shapes and sizes.

Consumers call the shots

We are seeing the emergence of a global E&M consumer base for the coming years that is younger, more digital and more into streaming and gaming than the current consumer population. This customer base will also be more involved in creating and shaping experiences for others on newer platforms, as attention migrates elsewhere in rapid and unpredictable ways.

Businesses navigate the fractures

Until very recently, the market position and growth prospects of the industry's gatekeepers appeared unassailable. Google and Facebook, along with Amazon, are the main forces in online ads globally. But fault lines have emerged in this area, too, thanks in part to evolving consumer behaviour, competitor behaviour and disruptions by gatecrashers such as Roblox.

Deals reshare the industry

E&M had a banner year for M&A in 2021, with deals totalling US\$142bn, compared with just US\$17bn in 2020. Deal volume was also sharply higher than in the previous year. The capital for these M&A deals come from a diverse range of sources. Recent deals reflect the fault lines in the marketplace and among consumers; deals are driven by growth opportunities.

The next new thing

The next big technology paradigm shift has the potential to create a new fault line between the current digital/virtual world and the next one. The concept of the metaverse vaulted into public consciousness in 2021, when Facebook rebranded itself as Meta. In metaverses, users can access immersive virtual experiences, through a VR headset or other connecting device.

Regulation and trust

As E&M consumption, content and interactions become increasingly digital, the treatment and protection of personal and commercial data is also driving a wedge between consumers and providers, and in turn between regulators and the regulated. Regulatory action, which always follows consumer behaviour and adaptation, continues to struggle to keep up.

Conclusion: Strategic balance

As we look ahead to 2023 and beyond, the global E&M industry will strive to maintain its balance in a landscape riven by fault lines and fractures. But the overall growth path for the industry 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.

Key Outlook messages - Taiwan

Taiwan's E&M market was worth US\$18.6bn in revenue in 2021, up 7.6% on the previous year despite continued COVID disruptions—though slightly less than the global headline rise of 10.4%. The local recovery is set to continue in 2022, with a 5.3% year-on-year increase anticipated. A 3.0% CAGR to 2026 is forecast, taking Taiwan E&M revenue to US\$21.5bn.

Revenue growth in 2021 was boosted by low base effects connected with the outbreak of the COVID-19 pandemic in 2020. The fastest growth segments last year were Internet advertising (up 23.4% on a year-on-year basis), OTT video (16.8%), out-of-home advertising (16.5%), video games (14.2%) and TV advertising (8.6%). The weakest performers were cinema (-3.8%), traditional TV and home video (1.9%), Internet access (3.3%), music and radio (3.9%) and consumer books (4.5%).

Taiwan experienced its first serious COVID-19 outbreak in May-July 2021 which led to a partial lockdown nationwide and mobility restrictions. Live physical events were again hit by the pandemic, particularly live music revenue (down by -13.1% on the year), but recovery momentum returned in the second half of the year as the COVID situation improved. Cinema box office revenue fell by just 3.8% in 2021, helped by the strong performance of local films and Hollywood blockbusters.

The E&M recovery looks set to continue this year and beyond as Taiwan transitions from a zero-Covid policy to living with the virus instead. The highly transmissible Omicron variant took hold in Taiwan in April and quickly spread, but the outbreak did not trigger any lockdown as the vast majority of those infected have had no symptoms or showed only minor symptoms.

Looking ahead to the next five years, the strongest performers, in terms of consumer and advertising spend, will be cinema (20% CAGR), music and radio (7.7%), OTT video (7.3%), Internet advertising (6.8%) and out-of-home advertising (5.7%). The weakest performers will be traditional TV and home video (-2.8%), TV advertising (-0.2%), newspapers and consumer magazines (0.0%) and consumer books (0.1%) as traditional forms of media continue to struggle in the digital age.

The detailed data and commentary for each of the E&M segments covered for Taiwan is provided in the following pages.

Entertainment and Media market in Taiwan (US\$ millions)

Industry segment	2017	2018	2019	2020	2021E	2022F	2023F	2024F	2025F	2026F	2021-26 CAGR
Business-to-business	462	467	473	398	417	455	470	482	491	498	3.6%
Cinema	333	340	322	184	177	314	382	403	423	439	20.0%
Consumer books	566	560	551	554	579	586	587	588	586	582	0.1%
Internet access	6,666	6,342	6,109	6,059	6,260	6,412	6,544	6,690	6,831	6,969	2.2%
Internet advertising	1,380	1,558	1,945	2,313	2,855	3,232	3,458	3,630	3,791	3,965	6.8%
Music and radio	295	309	325	265	275	308	353	373	388	399	7.7%
Newspapers and consumer mags	971	937	897	738	774	769	765	765	769	775	0.0%
OTT video	432	544	653	892	1,042	1,175	1,288	1,371	1,426	1,481	7.3%
Out-of-home advertising	164	179	188	172	200	229	245	249	254	264	5.7%
Traditional TV and home video	2,712	2,683	2,546	2,401	2,446	2,404	2,321	2,246	2,179	2,124	-2.8%
TV advertising	1,021	1,007	993	897	974	987	979	989	969	965	-0.2%
Video games	2,178	2,389	2,825	3,152	3,598	3,863	4,114	4,318	4,513	4,698	5.5%
Total revenue	17,180	17,316	17,826	18,025	19,597	20,735	21,507	22,104	22,620	23,159	
Total without double counting	16,804	16,811	17,164	17,256	18,565	19,545	20,163	20,649	21,061	21,501	3.0%

Source: PwC's Global Entertainment & Media Outlook 2022-2026, Omdia

Business-to-business

Taiwan's business to-business (B2B) market is relatively mature and one of the lowest-growth performers in the Asia Pacific region. Total B2B revenue increased by 4.9% to US\$417mn in 2021 despite continued COVID-related disruptions, up from a low of US\$398mn in 2020, with the trade shows sector accounting for 27.5% of the overall annual market growth.

Most of the large trade shows scheduled for 2021, including Computex Taipei, were again postponed, cancelled or held online due to the pandemic. Taiwan experienced its first serious COVID-19 outbreak in May-July 2021 which led to a partial lockdown nationwide and mobility restrictions. The government earmarked a total of NT\$590mn (US\$21.2mn) in funds for the domestic MICE (meetings, incentives, conferences and exhibitions) industry to help cushion the economic impact.

Looking ahead, B2B revenue growth will be strongest in the trade show sector as it rebounds after COVID-19, at a 20.5% CAGR to 2026, accounting for 71.3% of the overall increase in total B2B market revenue over the forecast period. The other B2B sectors of business information, professional books and trade magazines will each record low growth in 2022-2026.

Business-to-business in Taiwan

Unit: US\$ millions	2017	2018	2019	2020	2021E	2022F	2023F	2024F	2025F	2026F	2021-26 CAGR
Business information	205	208	212	207	215	224	228	231	233	235	1.8%
Professional books	147	147	147	136	141	143	143	142	142	142	0.1%
Electronic	51	55	59	60	60	69	73	76	79	83	6.7%
Print/audio	96	92	88	76	81	74	70	66	63	59	-6.1%
Trade magazines	26	26	25	22	24	26	26	26	27	27	1.9%
Advertising sub-total	13	13	12	11	12	13	13	13	13	14	2.7%
- Digital	5	5	6	6	6	8	8	9	9	10	9.5%
- Print	9	8	7	5	6	5	5	4	4	4	-8.1%
Circulation sub-total	13	13	13	11	12	13	13	13	13	13	1.1%
- Digital	1	1	1	1	1	2	2	2	2	2	8.2%
- Print	12	12	12	10	11	11	11	11	11	11	0.0%
Trade shows	84	86	89	32	38	62	74	83	90	95	20.5%
Total revenue	462	467	473	398	417	455	470	482	491	498	3.6%

Source: PwC's Global Entertainment & Media Outlook 2022-2026, Omdia

Cinema

Box office revenue in Taiwan did not fall quite as rapidly as it did in other Asia Pacific territories in the first part of the COVID-19 pandemic in 2020 due to successful local prevention measures. Total revenue was still worth US\$184mn in 2020, down from US\$322mn in 2019, while the -49.5% annual drop in admissions was one of the lowest in the world.

Local cinema attendance was further impacted in 2021 by a domestic Covid outbreak in mid-May that triggered a partial lockdown nationwide and forced the temporary closure of all cinemas for the first time since the pandemic began. Box office revenue had been strong up until then, and it gradually picked up momentum again after cinemas reopened from mid-July.

The market share of local Taiwanese productions rose to 24.4% in 2021, up from 16.8% in 2020 and 6.9% in 2019. The surge was driven largely by the performance of romantic drama *Man In Love*, which grossed NT\$405mn (US\$14.5mn) to become the joint highest-grossing film of the year in a tie with *Spider-Man: No Way Home*. The other top-five box office films were the US blockbusters *Godzilla vs. Kong* and *Eternals*, and the local fantasy romance *Till We Meet Again*.

Total box office revenue for 2021 fell just 3.8% yoy to US\$177mn in 2021, boosted by the strong performance of local films. It will recover further as Covid dissipates, with growth forecast at a 20.0% CAGR to 2026, when it will total US\$439mn.

Cinema in Taiwan

Unit: US\$ millions	2017	2018	2019	2020	2021E	2022F	2023F	2024F	2025F	2026F	2021-26 CAGR
Box office	333	340	322	184	177	314	382	403	423	439	20.0%
Cinema advertising	0	0	0	0	0	0	0	0	0	0	0.0%
Total revenue	333	340	322	184	177	314	382	403	423	439	20.0%

Source: PwC's Global Entertainment & Media Outlook 2022-2026, Omdia



Consumer books

Taiwan's consumer books market saw an uptick in revenue growth in 2021 despite COVID-19 disruptions, with total revenue increasing by 4.5% to US\$579mn in the year and forecast to grow at a 0.1% CAGR to US\$582mn in 2026.

Revenue from printed books, which has been declining for several years, will decrease at a -2.3% CAGR over the forecast period, while e-book revenue will grow at a 6.8% CAGR to account for 32.1% of all market revenue by 2026.

In 2021, the number of new books, including e-books, published in Taiwan increased by 64.7% year-on-year to 57,710 after two straight years of decline, according to the National Central Library's latest annual report on local publication trends. Some two-thirds of the overall increase in 2021 was contributed by new e-books, which surged in number to 17,451 from 2,038 in 2020, accounting for 30.2% of all books published in Taiwan during 2021, compared with 5.8% a year earlier.

The local arts and culture sector was impacted by activity restrictions during Taiwan's first serious domestic COVID-19 outbreak in May-July 2021 when a partial national lockdown was imposed. In June 2021, the Ministry of Culture launched a NT\$4.5bn (US\$150mn) "Arts and Culture Relief 4.0" plan to provide a stimulus to the sector, including book publishers.

Also, the culture ministry initiated an "Arts FUN NEXT TO GO" voucher scheme in September 2021 to help boost arts and culture consumption. A total of three million vouchers, each valued at NT\$600 (US\$22) and effective from November 2021 through to April 2022, were issued for redemption in over 10,000 arts and cultural venues, including bookstores.

The Taipei International Book Exhibition, which is one of the largest book fairs in Asia, was held physically in June 2022, after being held virtually the last two years due to Covid. Participating publishers received a subsidy of up to 70% of their registration fee as part of efforts to help the local publishing sector weather a business downturn caused by the pandemic.

Consumer books in Taiwan

Unit: US\$ millions	2017	2018	2019	2020	2021E	2022F	2023F	2024F	2025F	2026F	2021-26 CAGR
Electronic	60	74	87	100	134	150	161	171	180	187	6.8%
Print/audio	506	486	464	454	445	436	426	416	406	395	-2.3%
Total revenue	566	560	551	554	579	586	587	588	586	582	0.1%

Source: PwC's Global Entertainment & Media Outlook 2022-2026, Omdia

Internet access

Total Internet access revenue in Taiwan will increase at a 2.2% CAGR from US\$6.3bn in 2021 to US\$7.0bn in 2026, with the mobile Internet access segment (3.0% CAGR) outpacing fixed broadband access (0.6% CAGR) over the period.

Taiwan has an advanced fixed broadband sector, but it's stagnating as more users move to mobile. High mobile phone penetration has resulted in intense competition for new subscribers among local network operators, as consumers increase their data use and spend on new services and devices.

Mobile dominates the market, accounting for 64.8% of revenue in 2021, and seen rising to 67.4% by 2026. Mobile operators started to provide 5G services from July 2020 onward. The 5G coverage rate reached 87% in November, 2021, outpacing the National Communications Commission's original target of 80% by 2024. Yet, 5G users accounted for just 13% of total mobile subscribers by September 2021, less than the 30% that had been previously estimated for the end of 2021.

Moreover, rate regulation could become a concern for mobile operators, as legislators and consumer advocates have blamed expensive tariffs for the slow adoption of 5G and urged the regulator to push for price cuts in 5G services. Four of Taiwan's five mobile operators currently charge NT\$1,399 (around US\$50) per month for unlimited 5G data services, while Taiwan Star in May 2022 rolled out a NT\$599 (around US\$20) per month unlimited package, which has triggered concerns of a price war ahead. These 5G tariff packages are already relatively cheap compared with other advanced countries.

With telecom service providers continuing to establish more 5G base stations across Taiwan to provide wider coverage, the National Communications Commission said it will offer subsidies of NT\$15.5bn (US\$560mn) in 2021-2022 to encourage further deployment of 5G infrastructure and development of 5G application services.

Internet access in Taiwan

Unit: US\$ millions	2017	2018	2019	2020	2021E	2022F	2023F	2024F	2025F	2026F	2021-26 CAGR
Fixed broadband access	2,211	2,204	2,212	2,198	2,204	2,212	2,224	2,236	2,251	2,270	0.6%
Mobile Internet access	4,455	4,138	3,896	3,861	4,056	4,200	4,320	4,454	4,580	4,698	3.0%
Total revenue	6,666	6,342	6,109	6,059	6,260	6,412	6,544	6,690	6,831	6,969	2.2%

Source: PwC's Global Entertainment & Media Outlook 2022-2026, Omdia



Internet advertising

Taiwan's Internet advertising market in Taiwan is supported by high broadband and smartphone penetration. Total revenue increased by 23.4% year-on-year to US\$2.9bn in 2021, but growth is seen moderating over the next five years as the Internet advertising market matures, at a 6.8% CAGR to US\$4.0bn in 2026.

Mobile ad spend continues to be the main growth driver, jumping 28% year-on-year to US\$1.9bn (66.4% of total market revenue) in 2021, and forecast to grow at a 8.5% CAGR to US\$2.9bn (71.9%) by 2026. This is a faster rate than for wired ad revenue, which will increase at a 3.0% CAGR over the next five years to US\$1.1bn. All mobile and wired ad sub-segments will grow over the 2022-2026 period, but the fastest-growing ones will be video display, at a 11.6% CAGR for mobile and a 6.3% CAGR for wired.

The Taiwan government continues to actively support the mobile medium by improving the national internet infrastructure, and promoting wider adoption of mobile payments (targeting a penetration rate of 90% by 2025, up from 72.2% in 2021). Other key factors underpinning future growth in the local Internet advertising market include a booming e-commerce sector and expanding 5G deployments.

Internet advertising in Taiwan

Unit: US\$ millions	2017	2018	2019	2020	2021E	2022F	2023F	2024F	2025F	2026F	2021-26 CAGR
Mobile Internet advertising	738	880	1,187	1,481	1,896	2,202	2,394	2,545	2,691	2,851	8.5%
Display sub-total	607	724	1,000	1,272	1,635	1,916	2,090	2,225	2,358	2,508	8.9%
- Other display	468	556	765	952	1,189	1,380	1,491	1,576	1,653	1,736	7.9%
- Video	140	168	235	320	446	536	598	649	705	771	11.6%
Paid search	131	156	187	209	261	286	304	320	333	343	5.6%
Wired Internet advertising	642	677	758	832	959	1,030	1,064	1,084	1,100	1,114	3.0%
Classified	198	221	226	237	246	254	261	266	270	274	2.2%
Display sub-total	335	325	378	426	511	565	587	597	606	615	3.8%
- Other display	271	249	277	293	337	366	376	379	379	379	2.4%
- Video	64	77	101	133	174	199	211	218	227	236	6.3%
Paid search	109	131	155	170	201	211	217	221	224	225	2.3%
Total revenue	1,380	1,558	1,945	2,313	2,855	3,232	3,458	3,630	3,791	3,965	6.8%

Source: PwC's Global Entertainment & Media Outlook 2022-2026, Omdia

Music, radio and podcasts

Taiwan's music and radio market revenue grew by 3.9% to US\$275mn in 2021, but continued to be impacted by COVID-19. While Taiwan was successful in managing the pandemic in 2020, it experienced its first serious domestic outbreak in May 2021, which led to a partial lockdown nationwide and restrictions on public events and gatherings for several months. As the COVID-19 situation gradually stabilises, music and radio revenue is seen growing at a 7.7% CAGR over the next five years to US\$399mn in 2026, primarily driven by digital music streaming and live music.

Music

Taiwanese music fans have long since transitioned to digital products, which represented 83.4% of all recorded music revenue in 2021. They have a range of subscription-based music streaming brands to choose from, including international players like Apple Music and Spotify as well as local music streamer KKBOX. Amid strong competition, Line Music will stop offering monthly music streaming subscription plans from August 2022. Digital recorded music revenue is seen growing at a 6.8% CAGR from US\$134mn in 2021 to US\$186mn in 2026, when it will account for 91.9% of total recorded music.

Taiwan's relatively small live music sector continued to be affected by COVID-19 restrictions in 2021, with a partial lockdown from mid-May to end-July bringing a halt to live performances. Live music revenue totalled US\$34mn in 2021, and is forecast to grow at a 27.9% CAGR to US\$116mn in 2026.

Radio

Taiwan's radio market is saturated in terms of listeners and the number of radio stations (186 at the end of 2021). Radio advertising revenue slightly recovered to US\$81mn in 2021, and is expected to hover around that level over the next five years, decreasing at a -0.1% CAGR to US\$80mn in 2026.

Podcasts

Podcasts are growing in popularity in Taiwan, with local content producers flocking to the sector since 2019. According to a report by podcast start-up SoundOn, the audience for podcasts produced in Taiwan increased by 200% in 2021 from the year before. On average, each podcast saw a 160% yoy increase in listeners and each listener donated an average of NT\$335 (US\$12). Podcast programmes in the society/culture, comedy, music and educational categories received the most donations.

Music and radio in Taiwan

Unit: US\$ millions	2017	2018	2019	2020	2021E	2022F	2023F	2024F	2025F	2026F	2021-26 CAGR
Live music	72	81	89	39	34	58	94	106	112	116	27.9%
Live music sponsorship	14	15	16	4	4	8	14	15	16	16	34.8%
Live music ticket sales	58	66	73	35	30	49	80	90	96	100	26.9%
Recorded music	127	134	143	151	160	169	178	187	195	202	4.8%
Digital recorded music	86	98	112	123	134	145	155	166	176	186	6.8%
- Digital music downloading	2	2	1	1	0	0	0	0	0	0	-35.8%
- Digital music streaming sub-total	74	87	103	115	127	139	151	162	174	184	7.7%
- Digital music streaming advertising	8	10	13	17	19	21	23	25	26	27	7.4%
- Digital music streaming consumer	66	77	89	98	108	118	128	138	148	157	7.8%
- Ringtones and ringbacks	10	9	8	7	6	5	4	4	3	2	-19.5%
Music performance rights	4	4	4	4	4	4	4	4	4	4	3.1%
Music synchronisation	1	1	2	1	1	1	1	2	2	2	14.3%
Physical recorded music	36	30	26	24	22	20	17	15	13	10	-14.3%
Radio advertising	96	94	93	74	81	81	81	81	80	80	-0.1%
Total revenue	295	309	325	265	275	308	353	373	388	399	7.7%

Note: Podcast data is not available for the Taiwan market.

Source: PwC's Global Entertainment & Media Outlook 2022-2026, Omdia

Newspaper and consumer magazines

Newspapers

Taiwan's newspaper market grew by 4% to US\$566mn in 2021 following a 19% contraction in 2020, boosted by higher circulation revenue. It's projected to be one of just three markets globally to grow total newspaper revenue across the forecast period, at a 0.2% CAGR to US\$571mn by 2026.

Newspaper circulation revenue will increase at a 2.0% CAGR to US\$427mn (or 75% of total revenue) in 2026. The print circulation category will decline at a -2.1% CAGR to US\$276mn, but strong growth in digital circulation revenue at a 13.9% CAGR to US\$150mn—due to the successful transition and recruitment of digital readers to pay models—will keep total circulation revenue in positive growth.

The newspaper market for advertising is proving more challenging, with total ad revenue projected to decline at a -4.3% CAGR to US\$144mn. Digital advertising revenue will increase at a 3.1% CAGR to US\$41mn, but the larger print advertising category will fall at a -6.5% CAGR to US\$103mn in 2026.

Consumer magazines

Taiwan's magazine publishers will hit a tipping point in 2023 when the pandemic-fuelled acceleration in the decline in print advertising will see it eclipsed in scale by digital advertising. This will help soften the fall in total magazine revenue from US\$208mn in 2021 to US\$204mn in 2026, at a -0.4% CAGR.

A growing number of news-based magazines in Taiwan have ceased printing amid the transition to digital. In 2021, *The Journalist*, a weekly political magazine, ended print publication but will continue online. *China Times Weekly* and *Want Weekly* magazines, also ceased print operations and will go fully digital. And the award-winning monthly *Handout Magazine* ceased publication after 34 years.

Newspapers and consumer magazines in Taiwan

Unit: US\$ millions	2017	2018	2019	2020	2021E	2022F	2023F	2024F	2025F	2026F	2021-26 CAGR
Newspapers	733	704	672	544	566	563	561	562	565	571	0.2%
Advertising	345	315	281	177	180	170	161	155	149	145	-4.3%
- Digital	34	36	37	37	36	36	37	39	40	41	3.1%
- Print	310	279	243	139	144	134	124	116	109	103	-6.5%
Circulation	388	390	391	367	386	393	399	407	416	427	2.0%
- Digital	31	40	51	66	79	92	105	119	134	150	13.9%
- Print	357	349	340	301	308	301	294	288	282	276	-2.1%
Consumer magazines	238	233	225	194	208	206	204	203	203	204	-0.4%
Advertising	74	71	66	58	57	57	57	57	59	60	1.0%
- Digital	18	21	24	25	25	27	29	31	33	36	7.1%
- Print	57	50	42	33	32	30	28	26	25	24	-5.2%
Circulation	163	162	159	137	151	149	147	146	145	144	-1.0%
- Digital	12	14	16	18	19	21	23	25	27	29	8.3%
- Print	152	148	143	118	132	128	124	121	118	115	-2.7%
Total revenue	971	937	897	738	774	769	765	765	769	775	0.0%

Source: PwC's Global Entertainment & Media Outlook 2022-2026, Omdia

OTT video

Taiwan's OTT video market passed the revenue mark of US\$1.0bn in 2021 after several years of strong growth, and it's set to expand further at a 7.3% CAGR to generate total revenue of US\$1.5bn in 2026. At this time, the prevalence of subscription platforms will ensure subscription video-on-demand (SVOD) accounts for nearly 99% of the total market.

Further international competition arrived in November 2021 with the launch of Disney+, which agreed an exclusive, one-and-a-half year distribution deal with Taiwan Mobile, together with its Kbro cable TV affiliate. And WarnerMedia is expected to launch its upgraded HBO Max service in Taiwan in 2022.

A key regulatory development was confirmation by the National Communications Commission (NCC) in September 2021 that it would put on hold discussions on the proposed bill to regulate OTT services, which had previously been named the draft Internet Audiovisual Service Management Act, until another new law to rein in dominant digital platforms is introduced.

The NCC released in late December 2021 the legal framework of the draft Digital Communications Act, which aims to regulate connection service providers, cache service providers, data storage providers and online platform service providers. Large online platform operators like Google and Facebook are expected to face stricter obligations under the bill.

Five months later, in May 2022, the NCC unveiled a new draft act regulating internet audiovisual services, which would require large OTT TV operators to register with the government and subject to other special obligations. The proposed bill would cover those operators that have established service bases in Taiwan or have substantial ties with the nation.

In other developments, in March 2022, global streaming giant Netflix signed a memorandum of understanding with the Taiwan Creative Content Agency (TAICCA), a government agency that is involved in content funding and promotion. The two organisations will promote Taiwan's series, movies, animation and other original content to the international market.

OTT video in Taiwan

Unit: US\$ millions	2017	2018	2019	2020	2021E	2022F	2023F	2024F	2025F	2026F	2021-26 CAGR
Subscription video on demand	420	531	639	876	1,026	1,159	1,271	1,354	1,409	1,464	7.4%
Transactional video on demand	13	14	14	16	16	17	17	17	17	18	1.6%
Total revenue	432	544	653	892	1,042	1,175	1,288	1,371	1,426	1,481	7.3%

Source: PwC's Global Entertainment & Media Outlook 2022-2026, Omdia

Out-of-home advertising

Taiwan's out-of-home (OOH) advertising market recovered strongly in 2021, with revenue rebounding by 16.5% to US\$200mn following a contraction of 8.8% in 2020. The performance was supported by Taiwan's effective handling of COVID-19 and the highly digitised nature of the local OOH market.

Digital OOH revenue held up well during the pandemic compared with demand for static campaigns, partly because of the underlying growth driving this side of the market and partly because digital campaigns could continue to be rolled out programmatically during the crisis, albeit at lower sales rates.

In December 2021, Solmate Media, a DOOH media owner in Taiwan, announced a partnership with Hivestack, a leading independent programmatic DOOH ad tech company, to use its supply side platform to help drive the accelerated adoption of programmatic DOOH in the Taiwan market.

Digital accounted for 69.2% of all market revenue in 2021, and a projected growth increase of 9.3% CAGR will take its share to 82.1% by 2026. During this time, physical OOH revenue will decline at a -5.2% CAGR. Overall OOH market revenue will grow at a 5.7% CAGR to reach US\$264mn in 2026.

Out-of-home advertising in Taiwan

Unit: US\$ millions	2017	2018	2019	2020	2021E	2022F	2023F	2024F	2025F	2026F	2021-26 CAGR
Digital OOH advertising	95	112	125	119	139	169	190	197	205	216	9.3%
Physical OOH advertising	69	67	64	53	62	60	56	52	49	47	-5.2%
Total revenue	164	179	188	172	200	229	245	249	254	264	5.7%

Source: PwC's Global Entertainment & Media Outlook 2022-2026, Omdia



Traditional TV and home video

Taiwan has a mature pay-TV market, with two-thirds of 6.0mn households paying for subscription services in 2021. Cable accounted for the majority with 70.9% penetration, followed by IPTV (26.8%) and satellite (2.3%). Despite this high take-up, the market faces pressure from OTT streaming services and a shift in viewing habits. Set-top box piracy has also been a problem for the local pay-TV market.

TV subscription revenue will remain flat over the 2022-2026 period, at around the US\$2.0bn mark, with the overall penetration rate falling to 50% by 2026 as the number of pay-TV households contracts at a -4.4% CAGR to 4.7mn. The organic loss of subscribers will be partially offset by cable operators upgrading customers to enhanced services.

The cord-cutting wave in the cable TV sector has been rapidly rising since 2017 amid competition from IPTV and unregulated OTT content providers. In late 2021, Fox Networks Group closed a further five of its channels carried on cable TV systems. And, starting from January 2022, the Disney channel dropped its pay TV licence in Taiwan and turned into a content provider of OTT TV services.

In response, some cable operators are leveraging their fully digitised networks and cooperating with OTT providers and telcos to also provide VOD services, HD and 4K content and broadband services to retain subscribers and boost ARPU. In October 2021, Taiwan Mobile, together with its Kbro cable TV affiliate, agreed an exclusive, one-and-a-half year deal to distribute the Disney+ streaming service.

Sole IPTV operator Chunghwa Telecom, Taiwan's largest telecom operator, had 2.1mn subscribers as of the end of 2021 for its multimedia on demand (MOD) platform. Recent subscriber growth and revenue was supported by the rollout of its SVOD all-pass package in the first quarter of 2021.

The physical home video sector is in long-term decline. It will shrink at a -19.8% CAGR to US\$162mn in 2026, representing 7.6% of total traditional TV revenue, down from US\$487mn (19.9%) in 2021.

Traditional TV and home video in Taiwan

Unit: US\$ millions	2017	2018	2019	2020	2021E	2022F	2023F	2024F	2025F	2026F	2021-26 CAGR
TV subscription	1,844	1,906	1,872	1,823	1,959	1,999	1,991	1,982	1,972	1,962	0.0%
Electronic through-TV-subscription	55	56	56	56	56	56	56	56	56	56	0.0%
Non-through-TV subscription	1,789	1,850	1,816	1,767	1,902	1,942	1,934	1,926	1,916	1,906	0.0%
Physical home video	868	777	674	578	487	405	330	264	207	162	-19.8%
Total revenue	2,712	2,683	2,546	2,401	2,446	2,404	2,321	2,246	2,179	2,124	-2.8%

Source: PwC's Global Entertainment & Media Outlook 2022-2026, Omdia

TV advertising

Even before COVID-19, Taiwan's TV advertising market had been struggling for growth for several years due to the shift towards on-demand viewing and the OTT sector. Following a -9.7% decline in total market revenue in 2020, TV ad spend showed signs of recovery in 2021 with revenue growing 8.6% to reach US\$974mn. Even so, market revenue will contract over the next five years at a -0.2% CAGR to reach US\$965mn in 2026, remaining some way below 2019 levels.

Multichannel advertising represents the largest proportion of market revenues, due to a strong pay-TV sector, with a 59.1% share of total TV ad spend in 2021, followed by terrestrial channel advertising at 33.9%. Both sectors will see their market revenue shares reduce slightly over the next five years as online TV advertising gains traction on the back of the popularity of ad-supported VOD platforms.

With more people in Taiwan using connected devices and streaming video, online TV advertising will be the only market segment to expand over the next five years. According to the 2021 LiTV Taiwan CTV report, 70% of Taiwanese homes have at least one connected TV device (excluding Chunghwa Telecom's MOD), and 89% have used OTT streaming services. This will drive online TV advertising revenue to increase at a 7.4% CAGR to reach US\$98mn by 2026, representing 10.1% of the total TV advertising market.

TV advertising in Taiwan

Unit: US\$ millions	2017	2018	2019	2020	2021E	2022F	2023F	2024F	2025F	2026F	2021-26 CAGR
Broadcast TV advertising	980	958	935	834	905	911	895	899	874	867	-0.9%
Multichannel TV advertising	616	604	593	531	576	580	572	575	560	557	-0.7%
Terrestrial TV advertising	365	353	342	304	330	331	324	324	314	311	-1.2%
Online TV advertising	41	50	58	63	69	76	83	90	95	98	7.4%
Total revenue	1,021	1,007	993	897	974	987	979	989	969	965	-0.2%

Source: PwC's Global Entertainment & Media Outlook 2022-2026, Omdia



Video games and e-sports

Taiwan has a sizeable video games market with an estimated 15 million active gamers generating total revenue of US\$3.6bn in 2021, ranking it the 9th-largest globally and the 4th-largest in the Asia-Pacific region. The market is projected to grow at a 5.5% CAGR to US\$4.7bn in 2026, supported by a well-developed mobile phone network, with high smart-phone penetration and growing 5G coverage.

Social/casual gaming dominates the market with 70.3% of video games revenue in 2021, boosted by the addition of in-app games advertising revenue in the year. Sector revenue rose 18.1% year-on-year in 2021 to US\$2.5bn, with advertising accounting for US\$877mn, or 34.7%, of that figure. Healthy growth in both consumer and advertiser spend on mobile games apps will see social/casual gaming revenue grow at a 6.7% CAGR to US\$3.5bn (representing 74.5% of total market revenue) in 2026.

Revenue growth will also remain steady in the traditional gaming sector, at a 2.3% CAGR to 2026. PC games dominate with a 70%-plus share due to a strong gaming café culture, with revenue mainly coming from in-game purchases and subscriptions. In contrast, the smaller console segment will struggle for growth due to its dependency on shrinking physical sell-through, at a 0.4% CAGR to 2026.

The 2022 Taipei Game Show, which was one of the first major gaming events in the world this year, took place in late January 2022, with 185 developers and publishers from 20 countries participating either online or at the exhibition site itself. The show's theme of "Gaming Forward" represented the gaming community's undiminished enthusiasm despite the ongoing COVID-19 pandemic situation.

Esports is burgeoning in Taiwan, boosted by government recognition of it as a legitimate sport in 2017 and the high local popularity of online PC gaming. It has attracted the attention of international video game developers, which have established esports venues in Taipei City, as well as from local gaming hardware brands and financial services companies as sponsors of esports teams and tournaments.

Video games in Taiwan

Unit: US\$ millions	2017	2018	2019	2020	2021E	2022F	2023F	2024F	2025F	2026F	2021-26 CAGR
Social/casual gaming	1,283	1,461	1,865	2,139	2,528	2,770	2,995	3,172	3,340	3,498	6.7%
App-based	926	996	1,266	1,448	1,586	1,688	1,776	1,860	1,937	2,007	4.82%
Browser-based	87	81	75	69	65	60	55	51	48	45	-7.1%
In-app games advertising	270	383	524	622	877	1,022	1,163	1,261	1,356	1,447	10.5%
Traditional gaming	883	915	946	998	1,055	1,078	1,104	1,129	1,156	1,183	2.3%
Console games	254	259	263	274	281	286	288	289	289	287	0.4%
- Digital sell-through	51	59	66	73	78	82	85	88	90	92	3.3%
- Online/microtransaction	1	2	2	2	2	3	3	3	3	4	9.3%
- Physical sell-through	202	199	195	199	201	202	200	198	195	192	-1.0%
PC games	629	656	684	724	774	792	816	840	867	896	3.0%
- Digital sell-through	21	21	22	23	23	24	24	25	25	25	1.2%
- Online/microtransaction	607	633	660	699	750	768	791	816	842	871	3.0%
- Physical sell-through	1	1	1	1	1	0	0	0	0	0	-52.4%
Video games advertising	12	13	14	15	15	15	16	16	17	17	2.5%
Total revenue	2,178	2,389	2,825	3,152	3,598	3,863	4,114	4,318	4,513	4,698	5.5%

Note: E-sports data is not available for the Taiwan market.

Source: PwC's Global Entertainment & Media Outlook 2022-2026, Omdia

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