

Australian media seen as missing opportunity of Asia growth

JAKE MITCHELL THE AUSTRALIAN 12:00AM JUNE 13, 2016



Traditional media companies have largely shied away from investing in Asia.

Some of Southeast Asia's most successful entrepreneurs believe Australian media companies have missed the opportunity to capitalise on the region's burgeoning growth rates.

Aside from News Corp Australia, through its majority shareholding in REA Group, local traditional media companies have failed to make inroads into Asia as they fight to defend their businesses from digital disrupters at home.

"I think they've already missed the opportunity," said Patrick Grove, chief executive of Catcha Group, which has backed Asian digital businesses, iProperty, iCar and iflix.

"With the exception of News, I think everyone's missed it. It's too late. I think they were being attacked in their own market by digital and it just becomes a matter of how many battles can you fight."

While digital classified businesses Seek, REA Group and Carsales.com have made significant investments in Asia, traditional media companies have largely shied away from investing in the region.

Mr Grove said it was too late to move now because traditional media company valuations had fallen dramatically in recent years, while Asian tech companies had become more valuable.

REA, operator of realestate.com.au, bought iProperty for \$751 million in November, while erstwhile local powerhouse Nine Entertainment has seen its market value slip under a \$1 billion several times this year.

“The Australian media companies are becoming so small,” Mr Grove said. “They don’t have the firepower to do it and, more importantly, they don’t have the relationships.”

Mr Grove was speaking to *The Australian* from Catcha Group’s Wild Digital Conference in Kuala Lumpur, held last week.

His comments follow a report by professional services firm PwC into the media industry.

“There is low growth ahead in the entertainment and media industry in Australia, but by contrast high growth in the regions around us,” PwC partner David Wiadrowski said.

“There aren’t a whole lot of great success stories when it comes to Australian entertainment and media businesses working on the ground in Asia.

When it comes to geographic diversity in this sector, similarity attraction, short-termism and risk aversion are alive and well”.

Mark Britt, chief executive of Asian streaming group iflix, said it was “never too late” but agreed that Australian media had largely missed the Asia opportunity.

“I think they have completely missed the boat of one of the most transformational investment opportunities and it was right on their doorstep,” he said.

“Australian media has always been very focused on Australian media and it tends to look inward rather than outward”.

“So other sectors like tech and financial services have done a much better job of aggressively expanding internationally.”

The reporter travelled to Wild Digital as a guest of Catcha Group

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