

The Future of Media & Entertainment

2023



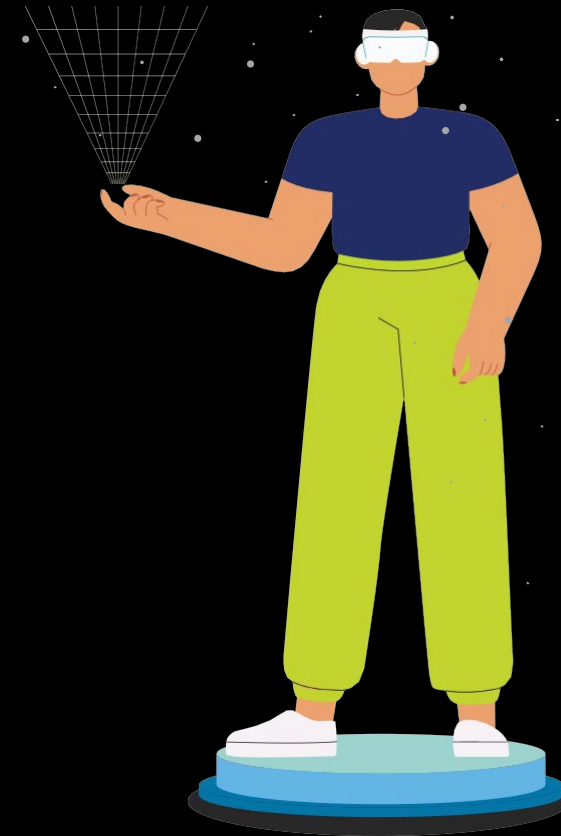
Context

The **Media & Entertainment** (M&E) industry is on the precipice of unprecedented disruption. Consumers are increasingly **digitally native**, content is exponentially **growing**, categories are **converging**, and devices and formats are **evolving**, not to mention the explosion of new technologies such as generative artificial intelligence (AI), which will have unknown and likely far-reaching impacts.

M&E organizations must prepare for this industry shift, but with so much unknown, it can be difficult to make big strategic decisions with confidence. So, what could the future of the M&E landscape look like, and how can organizations best anticipate future market dynamics to make decisions today?

In this document, we'll explore the fundamental driving forces shaping the M&E industry, potential future scenarios that may arise, and the strategic implications for M&E organizations to consider to drive value and remain competitive across a rapidly evolving landscape.

The Future of Media & Entertainment





Forces of change
shaping the future

Forces of change shaping the future

In the past, content creation and distribution were **centralized** through large media conglomerates. Today, **anyone** can create content and build followership. Tomorrow, AI is likely to fundamentally change what is possible when it comes to content creation. But then what?

To understand **what's next** for the future of the M&E industry we need to look at the driving forces shaping the industry today.

We have identified **six** fundamental driving forces.

Increasingly diverse
consumers & preferences

Rising importance of social
& environmental issues

Proliferation of content &
convergence of categories

Evolution of M&E
business models

New tech disrupting the
media value chain

Increasing regulatory
scrutiny



These disruptive forces have created incredible uncertainty around how the macroenvironment and consumer mindsets, values, and behaviors will shift; what that will mean for content sets and distribution channels; and how companies competing in the space should innovate and evolve. How these forces will shape the M&E industry is ultimately yet to be determined.

Increasingly diverse consumers & preferences

Evolving demographics (e.g., growth in younger generations and a more poly-cultural society) are resulting in divergent consumption preferences.

Rising importance of social & environmental issues

Sustainability; diversity, equity, and inclusion (DEI); privacy; and trust are increasingly important societal issues and cultural touchstones, creating new expectations for M&E organizations.

Proliferation of content & convergence of categories

Content is being generated at an unprecedented rate, which continues to accelerate, and at the same time content types are starting to blur as entertainment categories continue to converge.

Evolution of M&E business models

With new consumer preferences, technologies, and regulations, M&E organizations are experimenting with new business models in search of sustainable profitability.

New tech disrupting the media value chain

New technologies (notably generative AI) are democratizing content creation, disrupting the end-to-end M&E value chain, and enabling next-gen experiences.

Increasing regulatory scrutiny

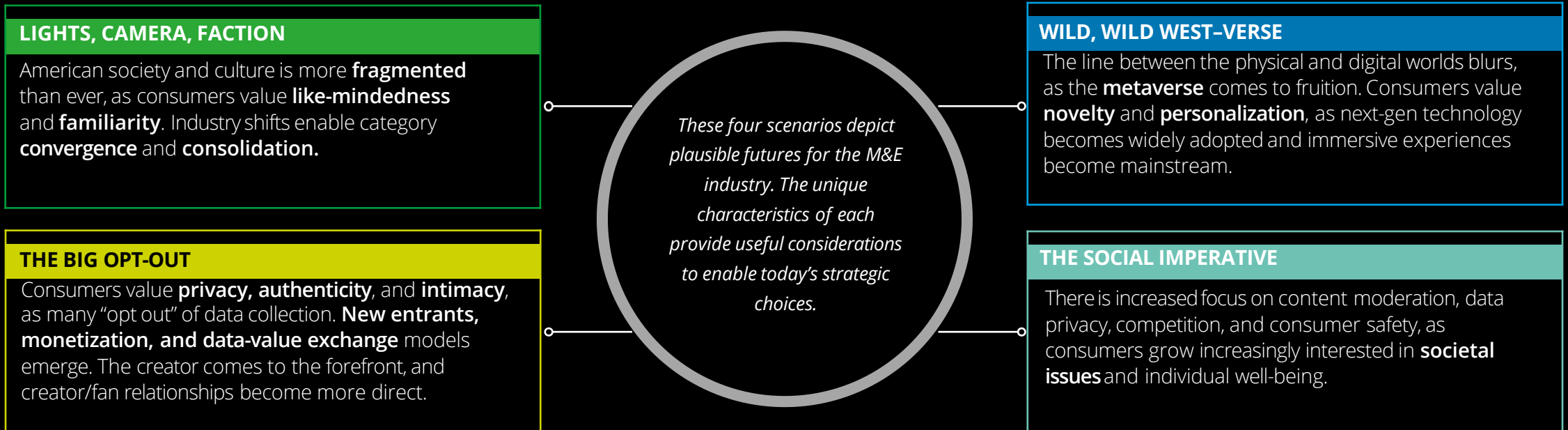
As consumer trust declines, the potential grows for shifts in regulation focusing on competition, data privacy, safety, and content moderation.

Potential futures



Four potential scenarios for the Future of Media & Entertainment can support making today's strategic choices

Amid all this transformation, a clear view of the potential future of M&E can distill pathways forward and enable companies to make choices today to help position the company for the future. To understand how the future may unfold, we depicted four potential scenarios for how these high-impact driving forces and uncertainties may shape the M&E industry.



Scenario deep dives



Lights, Camera, Faction | A world defined by insular tribes engrossed in niche platforms and large companies operating converged platforms

Imagine a world defined by increasingly **insular tribes** that are serviced by both niche platforms and large converged platforms.

Culture has split, with beliefs and values highly variable across demographic groups. New technology has advanced, but consumers and enterprises adopt it in pockets, and a “wait and see” approach prevails on overarching data privacy and content moderation policies.

Defining characteristics

Factionalism

Consumers are **highly fragmented** along **divergent** interests and values.

Relevance

Consumers seek **relevant** content and experiences, including **known IP/franchises** and **talent** that cut across demographics and factions.

Large & converged

Incumbents **expand into adjacent** markets, building converged offerings that span entertainment categories.

Niche & targeted

Smaller players enter the market with distinct offerings targeted at **insular tribes**.



The Big Opt-out | A world where the balance of power is in the hands of consumers and creators

Envision a future where M&E organization access to consumer data is more restrictive, and the balance of power shifts even further to content creators.

With consumers still being able to be creators themselves and technology continuing to advance, platforms have less stickiness, and direct peer-to-peer engagement advances with the opening of new monetization models.

Defining characteristics

Privacy

Consumers increasingly value and expect **privacy** of their digital identities.

Intimacy

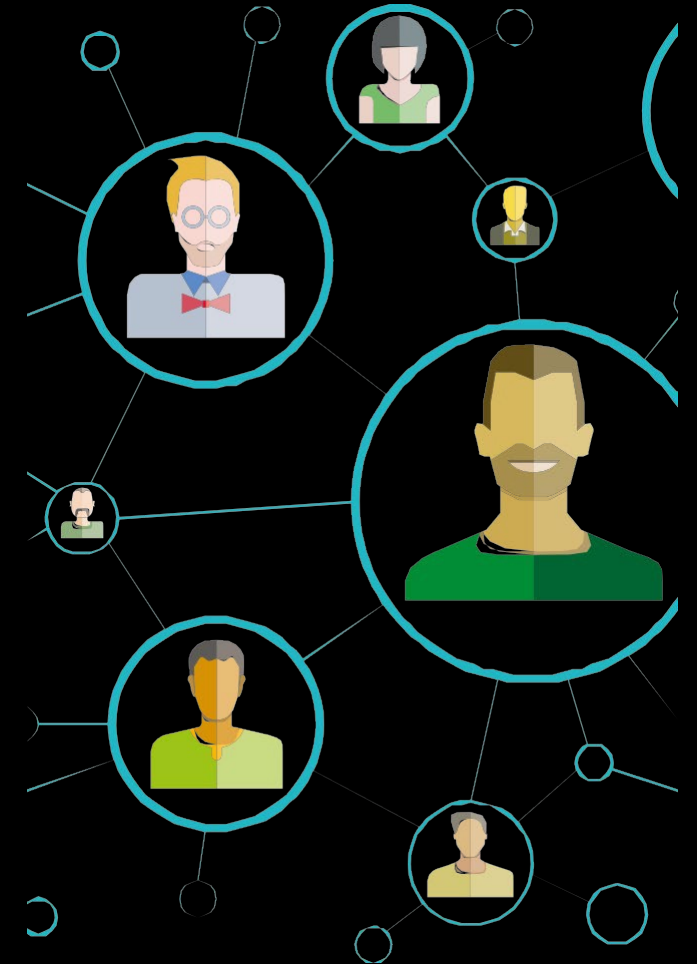
Consumers value **direct creator relationships** and **real-world** intimacy.

Authenticity

Consumers favor creators and content that are “real,” relatable, and align to their values as well as high-quality content with familiar IP.

New business models

As incumbents adapt to less access to first-party data, **new entrants and individual creators** find success with novel business models.



Wild, Wild West–verse | A world in which the metaverse comes to fruition and the hyper-personalization of experiences is commonplace

What would it look like if metaverse technologies come to fruition and the hyper-personalization of dynamic, interactive experiences becomes commonplace?

The lines between physical and digital blur for consumers, as augmented reality/virtual reality (AR/VR) devices are more sophisticated and accessible, AI is leveraged across domains, and blockchain underpins many digital transactions.

Defining characteristics

Immersive

Consumers enthusiastically embrace **new immersive experiences** that challenge what's possible.

Globalism

In the metaverse, content and interactions **transcend geographical** boundaries and cultures.

Walled gardens

Strategic partnerships and fast-moving technology result in multiple metaverses with **limited interoperability**.

Disruptive technology

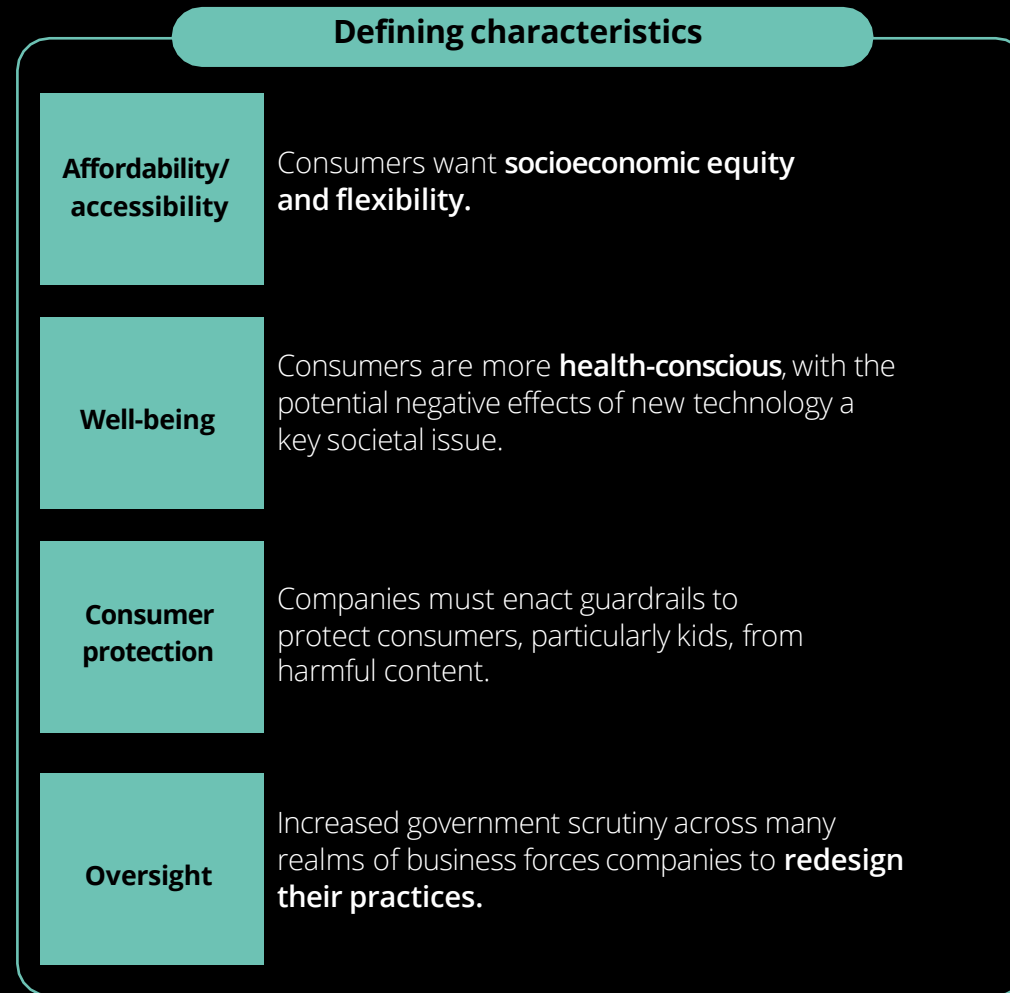
Consumers and enterprises **widely adopt new technology** (e.g., extended reality (XR) devices and AI-generated content).

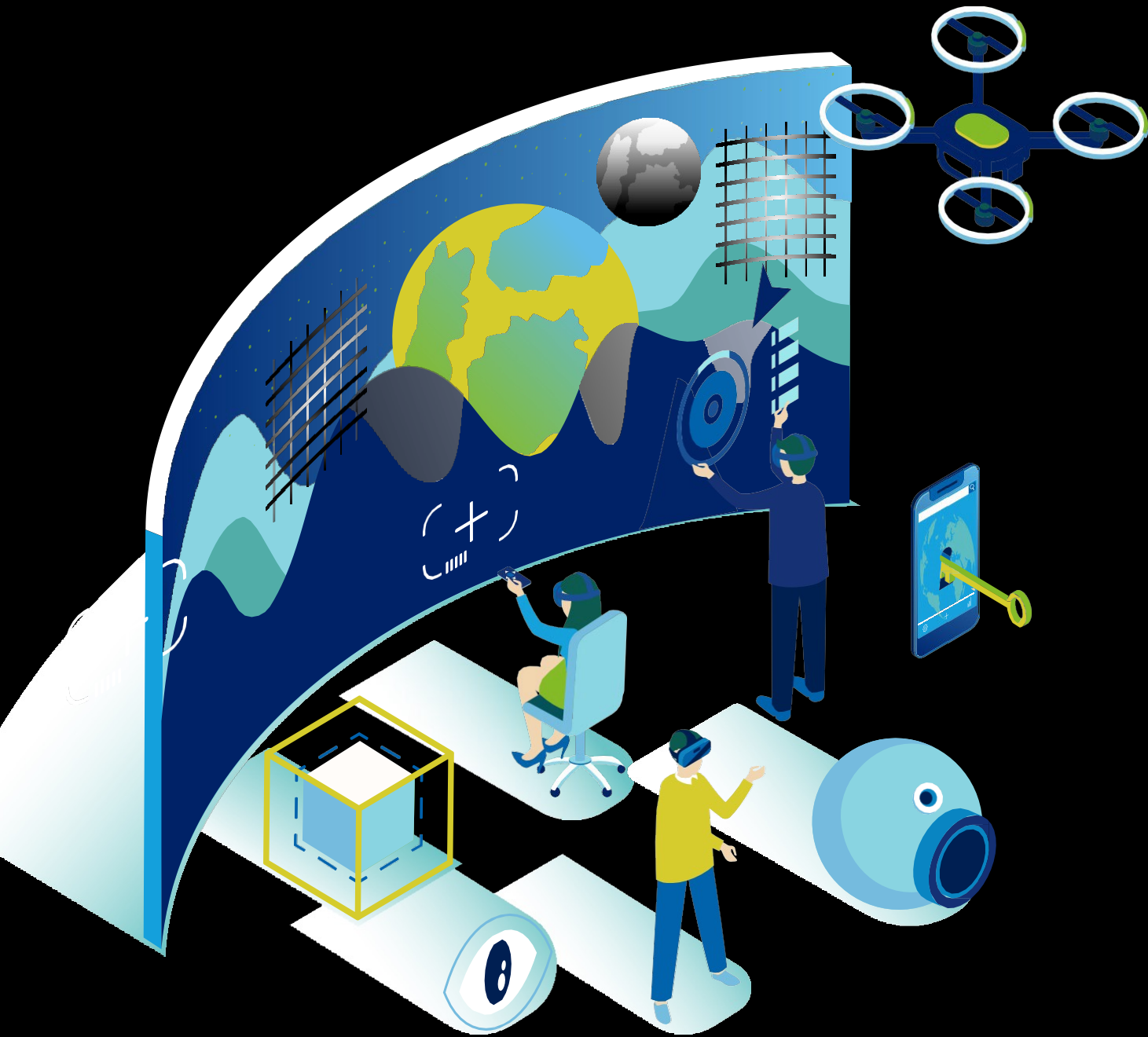


The Social Imperative | A world where adoption of next-gen technologies is moderated by regulatory oversight and a societal shift toward purpose

Consider a scenario where the adoption of next-gen technologies is moderated by regulatory oversight and a societal shift toward purpose. Adults prioritize personal lives, adopting healthier technology use ideals, with time-constrained uses of AR/VR devices.

The political and social environments coalesce around caring for consumers, society, and our environment, resulting in broader access to connectivity and expanded telehealth services and digital literacy.





Strategic implications

Six strategic implications will drive value and potential advantage for Media & Entertainment companies



The modern consumer



Purposeful priorities



A different kind of offering



New business models



Next-gen capabilities



Orchestrated relationships

These six implications highlight different versions of the potential future **social, technological, environmental, economic, and political** conditions. They are not intended to be predictions but stories that help companies to evaluate **potential** choices. The actual future of M&E is likely to take aspects from all these scenarios. With this in mind, we believe there are **six implications** that M&E organizations seeking to drive value and gain advantage must consider.

Six implications should anchor decisions on how to position the company today for an unknown future

Driven
by
forces

Increasingly diverse consumers and preferences

The modern consumer

Facing an even more divergent consumer base, M&E organizations can tap high-value common denominators to reach a broad base or pointedly appeal to increasingly divergent interests and values of a niche segment.

Importance of social and environmental issues

Purposeful priorities

While regulators, investors, and consumers will “raise the bar” for all corporations, M&E organizations can choose to differentiate based on superior trust and choices that reflect a deeper value to society in a more diverse world.

Proliferation of content and convergence of categories

A different kind of offering

As creators and distributors continue to innovate, advantage can be found in known IP and franchises, next-gen content, experiences, apps, goods, and services that create resonance with audiences and create stickiness to companies.

Evolution of M&E business models

New business models

Value can be realized through new ways to price offerings, bundling of new content and experiences, integration across a very different media supply chain, new ecosystem models, and new ways to deliver content.

New technology disrupting the media value chain

Next-gen capabilities

As new technologies continue to disrupt, configuration of data, analytical, and other “smart” capabilities to support content creation, distribution, consumer experiences, and internal operations can separate the winners.

Increasing regulatory scrutiny

Orchestrated relationships

In a future with “different rules” and divergent technology platforms, applications, and rates of adoption, relationships with both regulators and ecosystem players alike may be increasingly important.

Future strategic implications

The Future of Media & Entertainment

The Media & Entertainment industry has rapidly evolved and continues to be transformed by forces of change that will acutely shape the ecosystem, some predictably and others less so. The scenarios depict plausible futures intended to help M&E organizations identify implications on their business to inform choices that can create advantage across many unknowns.



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