

Acquia
EXPERIENCE DIGITAL FREEDOM

INDUSTRY RUNDOWN: MEDIA & ENTERTAINMENT

**PERSONALIZED ENGAGEMENT THROUGH
A UNIFIED VIEW OF THE CUSTOMER**



INTRODUCTION

These are times of upheaval and change in the media and entertainment industry. The sudden onset of a global pandemic, leading to increases in both demand and expectations, significantly increased the pressure. Early in 2020, over one third of senior media and entertainment leaders who responded to an [EY survey](#) said that if they didn't reinvent their business, their company would no longer exist in five years.

According to the [World Economic Forum](#), the combination of demographic, consumer and technology trends is dramatically remodeling the media landscape. The digitalization of the industry has been driven by changing consumer behavior and expectations, especially among younger generations who demand instant access to content, anytime, anywhere. Overall, media

and entertainment customers are far more empowered and have strong expectations as to how products and services should be delivered.

Consumption of all types of media significantly increased during the pandemic. According to J.P. Morgan Research's report, [Media Consumption in the Age of COVID-19](#), cable news channels saw their ratings double in April 2020, the first full month of the crisis. Social media platforms saw a massive spike as well, with Twitter experiencing a 23% increase in the average total of monetizable daily active users in Q1 2020. During the same period, Facebook saw usage across its messaging services increase by more than 50% in areas most affected by the virus.



With mandates to stay at home, consumers increasingly turned to streaming services for entertainment. Many networks and studios had already launched their own streaming services in an effort to build direct relationships with the consumers of their content. [Deloitte](#) states that an “all-out streaming war is underway with virtually every media company looking to establish direct relationships with consumers,” and that it now appears that all major U.S. TV networks and studios will have a standalone direct-to-consumer streaming service.

Who will win the streaming wars? With so many options, not every contender will succeed in keeping customers engaged. Both consumers and advertisers place high value on the ability to deliver personalized content and offerings enabled by technology. The opportunity is huge and the technology is there to enable it, but IT teams must invest in modern data-driven strategies and technologies to deliver personalized content and experiences across the ever-changing mix of channels and devices. Brands that develop a deep understanding of what customers and prospects want, and personalize experiences accordingly, will thrive.



“Disruption is sweeping through the media and entertainment (M&E) industry, powering the invention and rapid expansion of new business models and leading to uncertainty about the durability of well-established ecosystems. Consumers are expecting media and entertainment providers of all types to deliver choice, convenience and value, all wrapped inside personalized, customized experiences that are available on demand and on a cross-platform basis — and with limited advertising and strong data protection.”

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MEDIA & ENTERTAINMENT INDUSTRY TRENDS

TREND 1

PANDEMIC IMPACT

There is no question that the global pandemic hit the media and entertainment industry exceptionally hard. Almost immediately, governments ordered cinemas, theme parks, live sports venues and other in-person entertainment events, as well as TV and film productions, to shut down across the globe.

The shift toward digital media consumption had already been underway, but the pandemic seems to have accelerated it. Some segments, such as streaming, gaming and over-the-top (OTT) services, have seen growth in consumption. In 2018, the [number of TV viewers](#) fell significantly to less than 300 million, but at the same time, the number of OTT viewers grew to 198 million, and the amount of media expenditure that was allocated to TV also fell, largely due to advertisers shifting to digital video channels.

With lockdowns and stay-at-home orders, entertainment became even more critical and shifted from large in-person events to in-home entertainment on personalized screens. With people restricted by social distancing measures, it became even more urgent for companies to innovate and offer new choices of entertainment to be consumed safely in the home.



“The COVID-19 pandemic has accelerated and amplified ongoing shifts in consumers’ behavior, pulling forward digital disruption and forging industry tipping points that wouldn’t have been reached for many years. As a result, the E&M world in 2020 has become more remote, more virtual, more streamed, more personal and — for now at least — more centered on the home. Winners and losers will emerge based on their ability to leverage enabling technology to deliver truly distinctive content and experience options, while navigating regulatory and privacy hurdles.”

EY.COM



At the same time, the pandemic has wreaked havoc on paid media subscriptions and it has become harder to retain customers as consumers add, sample and cancel services in search of the best value. Subscribers are attracted to low introductory offers, but often are likely to cancel once they have consumed the content.

Going forward, media and entertainment companies must continue to innovate to deliver high-value, high-quality, personalized experiences to consumers on the device of their choosing.

TREND 2

CHANGING DEMOGRAPHICS AND CONSUMER EXPECTATIONS

Technology continues to transform media and entertainment from large in-person and broadcast events to more personalized content and experiences. As with any other industry, consumers have expectations for personalized and innovative experiences and expect media and entertainment companies to deliver them as well.

The millennial generation creates demand for services that offer convenience, instant access to content and memorable experiences. Younger generations are used to consuming content from around the globe and expect to have immediate access to content. At the same time, the world's population is aging, and older generations have different interests in entertainment and how the content is delivered.



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The global media and entertainment industry is undergoing a massive transformation at the moment. Interestingly, it is adapting itself to improve customer experiences like never before. Today, enterprises know that if they want to stay ahead of their competitors, they need to keep their customers happy. So, how are they doing it? It's simple. They are focusing on generating more and more customer-centric content.”

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In response to these changing demographics and preferences, and the increase in consumer power, media and entertainment companies must prioritize loyalty and retention by focusing on creating more direct relationships with the consumers of their content. That means moving beyond simply suggesting content that customers might like, and toward creating content that is customized to their preferences.

The nascent shift toward zero-party data — where a customer intentionally and proactively shares their preferences and intentions with a brand — may be a powerful tool to facilitate that transformation.

TREND 3

DIRECT-TO-CONSUMER STREAMING GIVING RISE TO NEW ADVERTISING MODELS

Streaming services offer the opportunity to provide highly customized packages of content to users, as well as the option of ad-supported content, offering advertising in exchange for free non-subscription content.

One attraction for streaming is that it cuts down on ads. However, there is a sizable audience that streams video — millennials in particular — from free, ad-supported sites like YouTube. Ad-supported models are already fairly popular in countries like China and the APAC region. And although [Deloitte](#) reports that 44% of U.S. consumers say that an ad-free experience is a top reason they signed up for a streaming service, competitive pressures on subscription pricing as more media companies launch subscription services may encourage many providers to offer ad-supported options as well.

Ad-supported models will introduce new opportunities for advanced advertising capabilities as companies will be able to better segment markets and offer targeted ads. To take

advantage of the ad-sponsored opportunity, M&E companies must leverage technologies such as AI, machine learning and data to understand their consumers' behaviors and preferences and specifically target individuals to offer highly relevant ads throughout their entertainment experiences.

“Of course, targeted advertising relies on providers' ability to extend highly relevant offers to consumers. This requires a deep understanding of customers' interests and buying behavior. To gain these insights, providers should deliver value in exchange for the personal data consumers need to share for targeted advertising to work. Unfortunately, many providers still haven't figured out how to address this challenge.”

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CHALLENGES FACING THE MEDIA & ENTERTAINMENT INDUSTRY



INTENSE COMPETITION

Consumers have turned to streaming to entertain themselves while spending more time at home and many, including millennials, are more positive about streaming services than broadcast TV. This explosion in streaming services has caused further disruption as every media company looks to streaming as an important direct-to-consumer channel.

The lines have continued to blur between traditional entertainment media, technology providers and social media platforms fueling competition between content creators and distributors even further.

In response to these converging trends, many media companies are redefining their business models, with many looking at mergers and acquisitions — either from within or outside the industry — to expand their reach, gain new customers, strengthen their content libraries and broaden their distribution channels.

Given the pandemic and other financial pressures, households are spending less; with ever increasing options but finite consumer budgets, the competition for share of wallet is fierce.

As large technology providers like Netflix, Amazon, Google, Facebook and Apple become even further entrenched, all media companies will have to focus on understanding their customers' behaviors and preferences to deliver highly targeted and personalized content, services and offers. Those that will succeed will do so by controlling access to their consumers and the channel that reaches them.

In today's rapidly changing content ecosystem — with rising consumer power, competition and the importance of technology and data — media and entertainment companies face increasingly complex challenges far beyond broadcasting or publishing content. Companies are not only competing for talent and content — they are directly competing for access to consumers and technological resources.

DELOITTE



TECHNOLOGY AND DATA-DRIVEN DISRUPTION

As media and entertainment companies have grown and expanded their services and offerings, or undergone mergers or acquisitions, the systems that support business operations and house important customer data have become fragmented and siloed. As one example, with no single unified view of a customer, companies may send consumers they already are doing business with offers to subscribe, which is bad for the brand and frustrating to the consumer.

Interestingly, both consumers and advertisers seem to place high value on the ability to deliver personalized offerings

enabled by technology. Smarter content that connects with audiences will be key. Rather than offering the same free content to all audiences, leveraging data, AI and machine learning will enable media companies to understand user preferences and be able to offer more unique and niche content that users desire.

The opportunity is huge and the technology is there to enable it, but IT teams must invest in modern data-driven strategies and technologies to deliver personalized content and experiences to customers and prospects across the ever-changing mix of channels.

“Like most digital businesses, streamed entertainment relies on expanding consumer activity and data generation to drive growth. It’s no surprise, then, that media companies are trying to differentiate themselves to brands and advertisers by investing in more mature analytics and data technologies to offer more targeted ads and provide insight on viewers. The fact that platforms with the most popular content will attract a higher proportion of advertising revenue will likely drive additional consolidation of the few remaining media and entertainment targets available.”

DELOITTE

PRIORITIES FOR SUCCESS

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Media and entertainment companies have begun their data-driven journeys. Data is being used to personalize customers' consumption experiences by getting the precisely right content to them when and where they want it, on whatever device they happen to be using at the time.”

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1***DATA-DRIVEN
MARKETING STRATEGY***

Driven by a powerful digital platform to translate massive volumes of data across vast networks and touchpoints

2***CUSTOMER-CENTRIC
VIEW***

360-degree omnichannel strategy to meet customer expectations of a personalized, retail-like experience

3***MEET CUSTOMERS
WHERE THEY ARE***

Deep insights to understand customer behavior and sentiments to place targeted offers at the right time in their journey

HOW ACQUIA CDP CAN HELP

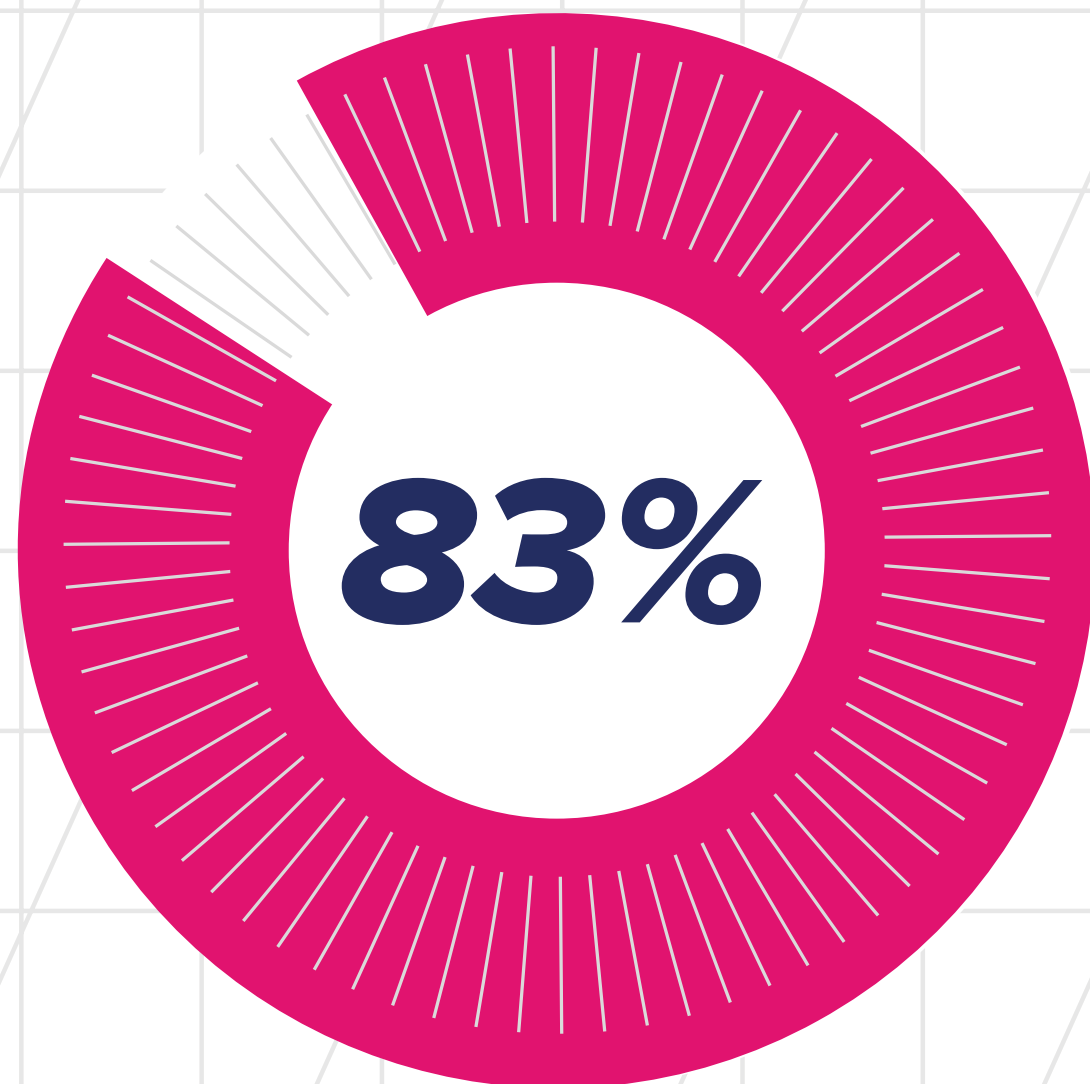
In media and entertainment, given that personalization is a must-have, technology and customer data are the keys to delivering exceptional personalized experiences.

With a customer data platform (CDP), media and entertainment companies can unify all customer data for deep, holistic views of their customers. New platforms and machine learning enable deeper insights into customer behaviors and preferences, so marketers can deliver targeted, relevant offerings at the right time on the devices that consumers prefer.

With Acquia CDP, the media and entertainment industry can:

- ✓ Deliver exceptional customer experiences
- ✓ Improve customer acquisition
- ✓ Improve brand loyalty and retention
- ✓ Increase lifetime value and profitability
- ✓ Grow revenues and market share

Learn more in our “Customer Data Platforms 101” eBook.



83% of marketers say that their customer data lives in unconnected silos, with data from different channels and systems stored in separate servers, clouds and databases scattered across multiple departments.

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ABOUT ACQUIA

Acquia is the open digital experience platform that enables organizations to build, host, analyze and communicate with their customers at scale through websites and digital applications. As the trusted open source leader, we use adaptive intelligence to produce better business outcomes for CX leaders.

