

2024

Digital Trends

Media and Entertainment
in Focus

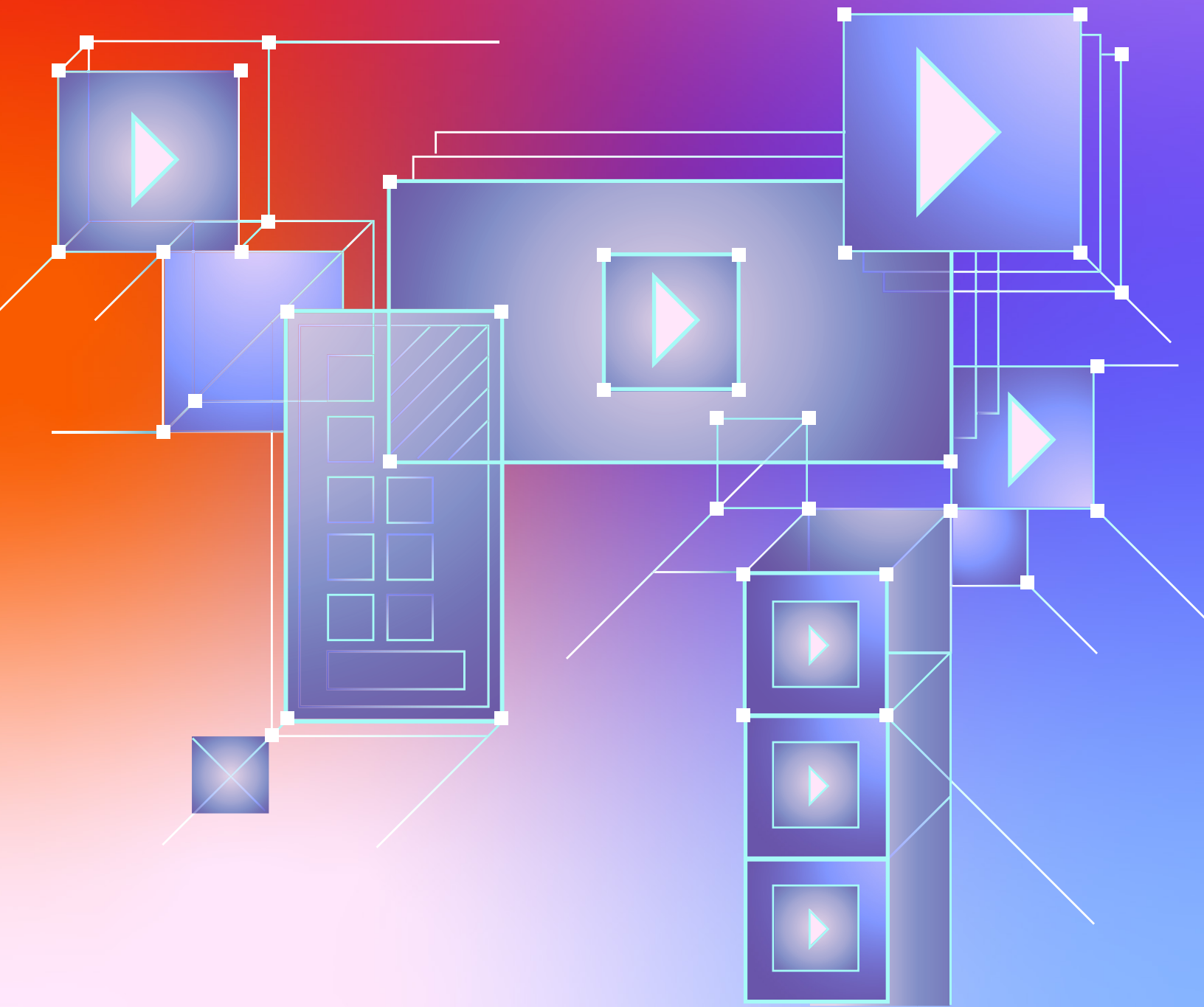


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Executive Summary

Now in its 14th year, the Adobe *Digital Trends* survey takes the pulse on what matters to senior executives and practitioners across industries worldwide. This year, we also introduced a consumer survey, and together, the two surveys provide unique insights into the digital customer experience (CX).

This report analyses business and technology priorities for media and entertainment (M&E) executives and CX practitioners. We explore how the need to personalise digital CX in real time is placing greater pressure on companies to improve their data and insights, and examine how brands can boost customer engagement, particularly through value-added experiences. Another focus of the report is the extent of brands' readiness for generative AI and how they plan to use it.

Key Learnings:

- **A growing shift from acquisition to retention.** Economic conditions and market saturation mean M&E organisations seek alternative revenue streams. Market Leaders—organisations that significantly outperformed others in their sector in 2023—identify adjacent experiences (for example, online communities or companion apps for events) as essential drivers of retention.
- **Personalisation continues to be key.** Keen to increase value from existing customers, media brands are looking at how they can better use their customer data to target and personalise both their ads and their experiences. This also helps M&E properties expand their relevance to consumers by tailoring recommendations for those adjacent experiences.
- **Adoption of generative AI will accelerate—cautiously—in 2024.** There are reasonable concerns about the risks of AI-generated content. The 2023 SAG-AFTRA and Writers Guild of America strikes revealed concerns that media jobs would be lost to AI, while there are also legal, ethical, and reputational risks. There needs to be significant human oversight in the process to balance risk and benefit. As a result, M&E brands are making significant changes to their organisational structure and workflows to accommodate the hybrid human/AI model.

Section 1

The shift to retention. The challenge of market saturation.

Finding growth in a saturated M&E market is challenging, and many organisations are having to shift tactics. The number of companies in this industry switching their strategies from chasing subscriber growth to refocusing on revenue, retention, and lifetime value is up significantly (17 percentage points) this year compared to 2023 (78% versus 61%).

78%

say audience/subscriber lifetime value will take priority over new customer acquisition.

This reflects the intense competition in the M&E marketplace where switching is incentivised and easy, driving a culture of churn and “subscription hopping.” More than 50 services¹ offer free trials. In the US, the average watch time for streaming services is 21 hours a week, and 99% of households subscribe to one or more services. However, 45% report having cancelled a streaming subscription due to cost.²

Cost-of-living pressure is clearly driving M&E brands’ retention focus—84% say economic conditions will significantly impact revenue growth in 2024—however, market saturation also plays a role. This is prompting forward-thinking brands to look outside their core revenue streams. Netflix Games, for example, saw a 180% increase in game downloads over 2023.

Retention through adjacent experiences.

Bundling, such as Disney with Warner Bros Discovery, and NBCU with Netflix and Apple, is an essential point of differentiation and a retention tool for M&E brands. Digital M&E properties are more successful when they’re part of a broader package of experiences. TV properties are moving into live events such as BravoCon, the annual Las Vegas experience where fans of the TV shows can meet 160 “Bravolebrities” from shows such as *Vanderpump Rules*.³

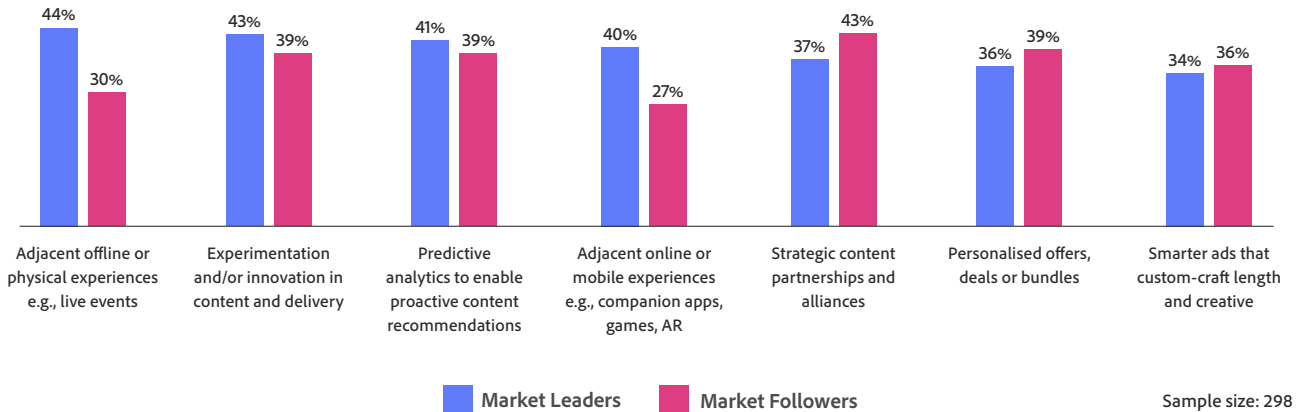
M&E Market Leaders (organisations that significantly outperformed their sector in 2023) are significantly more likely than Market Followers (those who kept pace or lagged) to see value in adjacent experiences. For example, Market Leaders view the interconnection of online and offline experiences such as dedicated apps or online microsites running alongside real-world events such as film premieres or concerts as important drivers of retention (44% of Leaders versus 30% of Followers, see Figure 1). They are also more likely to place importance on adjacent online or mobile experiences like games (40% versus 27%).

¹ <https://agoodmovietowatch.com/the-best-streaming-services-that-still-offer-free-trial/>

² <https://www.forbes.com/home-improvement/internet/streaming-stats/>

³ <https://www.bravotv.com/watch-what-happens-live-with-andy-cohen/bravocon-2022/bravocon-2023-date-location-details>

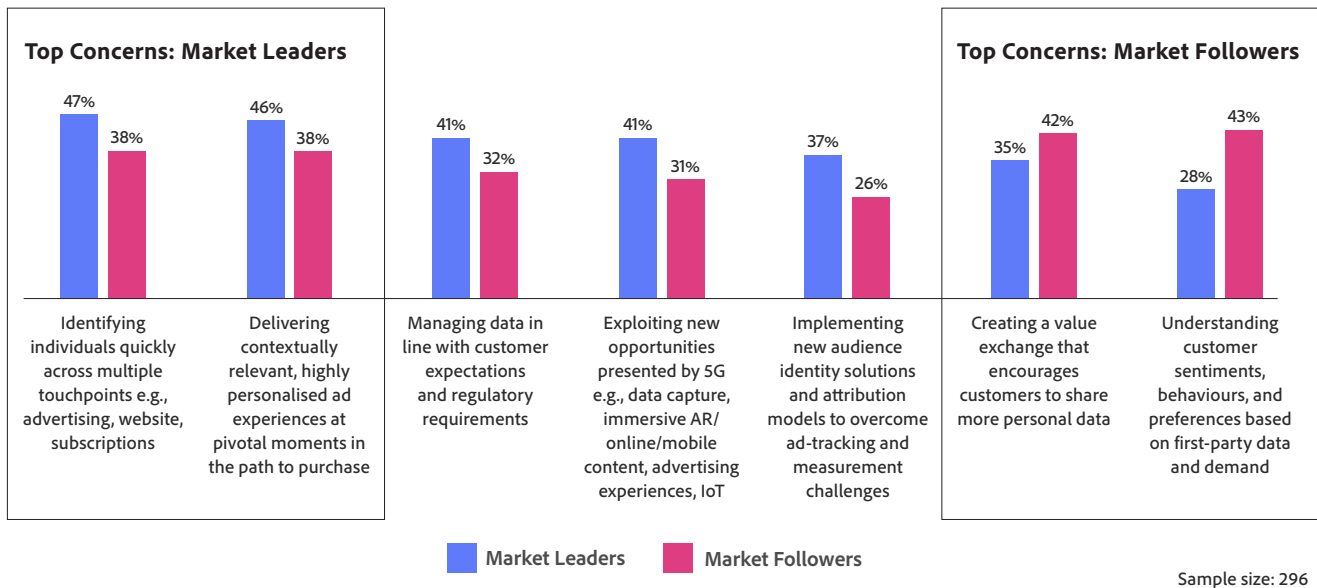
Figure 1: Top three audience engagement and retention drivers for M&E organisations. (Market Leaders versus Market Followers)



Monetising customer data.

Against a backdrop of falling subscriptions, previously ad-free M&E platforms are adopting AVOD (ad-supported video on demand) models to boost revenues. AVOD draws heavily on customer data, but identifying consumers in a multichannel environment is a sticking point in M&E, even for Market Leaders (47%, Figure 2), as is delivering those hyper-personalised ad experiences (46%).

Figure 2: Top three challenges in monetising customer data (Market Leaders versus Market Followers).



Market Followers are even less able to take advantage of the AVOD revenue stream, with many stuck transitioning from third-party data (meaning cookies) to first-party data. And while Google recently announced yet another delay in its cookie deprecation policy, many companies are already beginning to transition away from third-party cookies, and the data landscape is evolving regardless. Laggards who are still reliant on cookies will struggle to catch up.

It's striking that Market Leaders are more likely to cite challenges than Market Followers across most topics in Figure 2. This could be because Market Leaders are more advanced in their data and personalisation capabilities, making them more aware of the complex challenges they face. In contrast, Market Followers may not yet be sophisticated enough to grasp these challenges fully. Market Leaders likely have a clearer understanding of their gaps and are actively working to address them, while Market Followers may be less well prepared.

The transition to becoming more data driven presents challenges to M&E brands. There is growing concern around customer data privacy, especially given the rise of generative AI. Three-quarters (76%) across the sector say privacy regulations and customer demands will reduce their targeting and analytics capability—up from 60% last year.

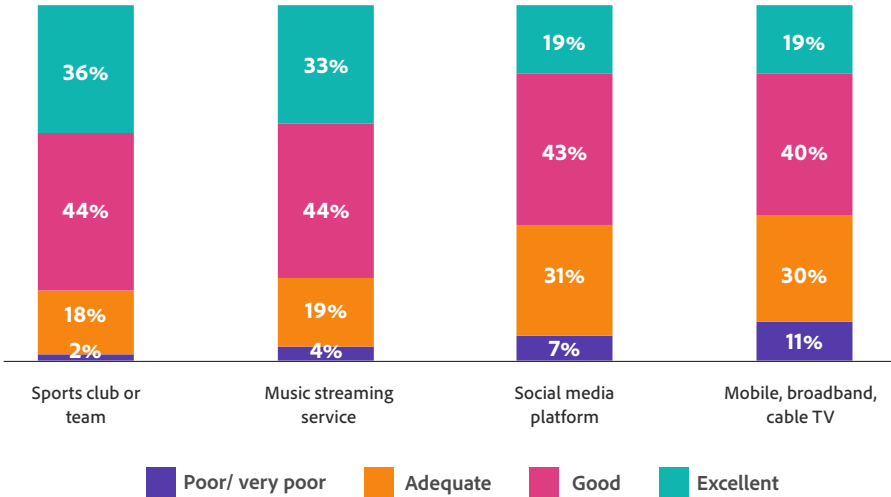
Section 2

Consumers demand richer experiences. Sports and music fans are the biggest cheerleaders.

Our consumer survey, new for 2024, revealed that across the sector, most consumers (69%) rate their digital experience of M&E brands as “good” or “excellent” overall. However, as Figure 3 shows, there are significant differences across subsectors in how consumers rate their digital experiences, with sports and music fans having the most positive experiences.

Some 80% of consumers who have recently interacted digitally with a sports team rate their experience as “good” or “excellent,” along with 77% of those who streamed music. By contrast, mobile, broadband, and cable TV providers are most likely to disappoint, with 41% rating their experience as just “adequate” or “poor.” Social media platforms do not fare much better.

Figure 3: Rating of digital experience in last three months. (Consumer)



Sample size: 2351

The reason for this is clear. The potential for online and offline interaction in sports is a strong driver of satisfaction, generating a feeling of shared experience and deeper engagement through fan information and extra content. Compare this to the mobile, broadband, or cable TV experience, which is primarily around customer account management rather than entertainment.

Telmore, the Danish telecommunications and entertainment company, has implemented hyper-personalisation, targeting customers based on their preferences rather than their segment. By showing only digital campaigns that were most closely matched to need, Telmore was able to make more effective use of its media budget and grow digital sales by 21%, while cross-sells to existing customers rose 25%.⁴

⁴ <https://business.adobe.com/customer-success-stories/telmore-case-study.html>

Section 3

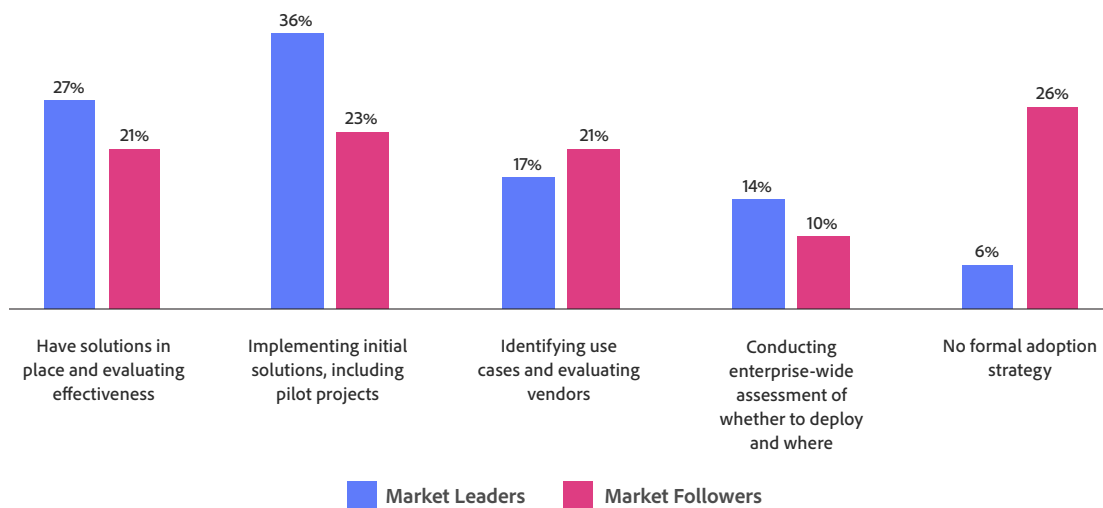
Generative AI accelerates through 2024. Market Leaders are pulling away in generative AI adoption.

Generative AI has significant potential for the M&E sector in terms of gaining a better understanding of the audience to hyper-personalise content and experiences. It can also be used to localise content, not just in the written word, but in audio and video, too.

The majority of M&E brands are still at the start of their generative AI journey. Just 21% of M&E brands report that they have solutions in place that use generative AI today, though encouragingly, this will rise to half through 2024, as a further 30% are working on implementing solutions and pilot projects.

Here too, M&E Market Leaders are ahead of the curve (Figure 4): 63% of Leaders already have solutions in place or are implementing them, compared to 44% of Followers. Notably, 26% of Market Followers have no formal adoption strategy.

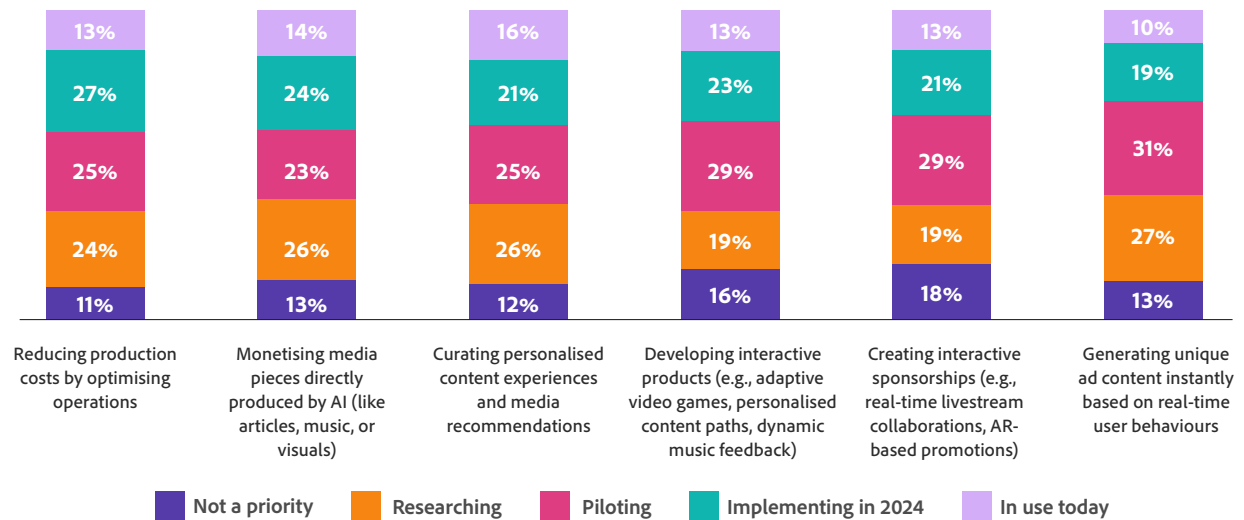
Figure 4: Current status regarding the adoption of generative AI. (Market Leaders and Market Followers)



Nearly three-quarters (73%) of practitioners say their organisation sees clear benefits in using AI for content creation. Still, the focus today is primarily on using generative AI to support rather than replace creative talent, perhaps pointing to a desire to work with guardrails in place for the time being.

As illustrated in Figure 5, by the end of 2024, 40% of organisations will be using generative AI to optimise operations with a view to reducing production costs—up from 13% today. Advertisers, for example, are exploring virtual studios that allow them to replicate filming locations without having to travel.⁵ This doesn't just reduce costs but, in limiting the transportation of crews and equipment around the globe, it also helps them meet sustainability targets.

Figure 5: Timescale for adoption of generative AI to generate media and engage with audiences. (Executives and Practitioners)



Sample size: 291

Barriers to adoption

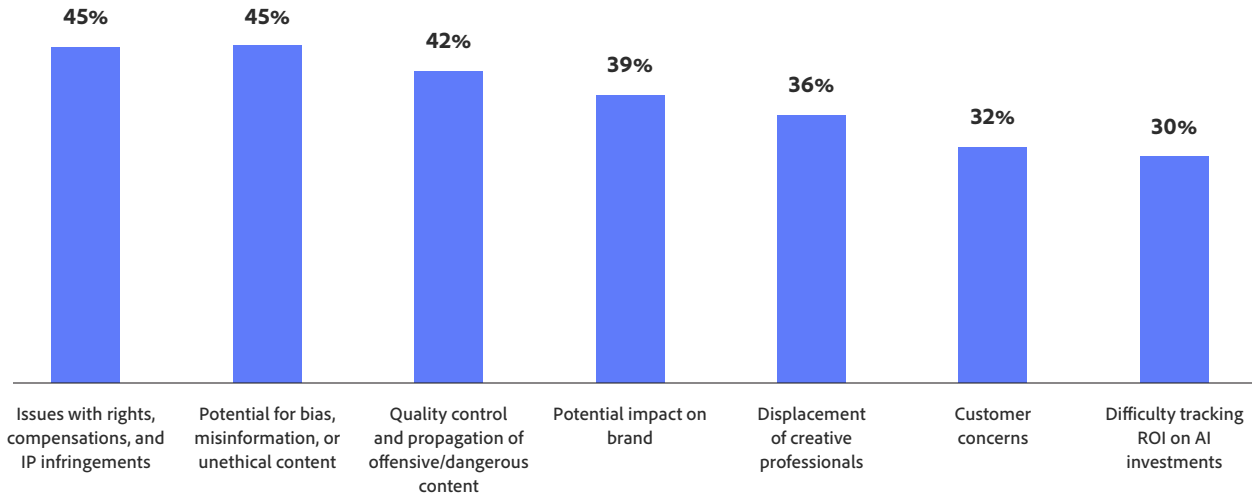
While we are witnessing a wave of new users to generative AI, 2024 will see an abundance of caution. Half of practitioners (49%) predict that monitoring AI content for potentially harmful output will be a significant challenge in 2024, while even more (61%) cite making sure quality and customer trust are maintained.

Many companies are struggling with governance projects related to AI. In the M&E industry especially, this extends beyond marketing to the content itself, with artists filing claims where they believe their work has been plagiarised as part of AI training data. The scope of AI for content creation is also under fire, with the proposed use of artists' voices and likenesses in AI content a significant motivator behind the SAG-AFTRA and Writers Guild of America strikes in the US across 2023.

⁵ <https://www.creativereview.co.uk/virtual-production-changing-ads/>

It's no surprise, then, that 45% of executives and practitioners in the M&E industry say issues with rights, compensation, and IP are a primary concern, as shown in Figure 6. There are also concerns about how well content might meet brand standards, with 42% concerned about releasing "offensive or dangerous content" and 45% worried about "bias, misinformation or unethical content."

Figure 6: Primary concerns regarding AI-generated content. (Senior Executives and Practitioners)



Sample size: 290

Section 4

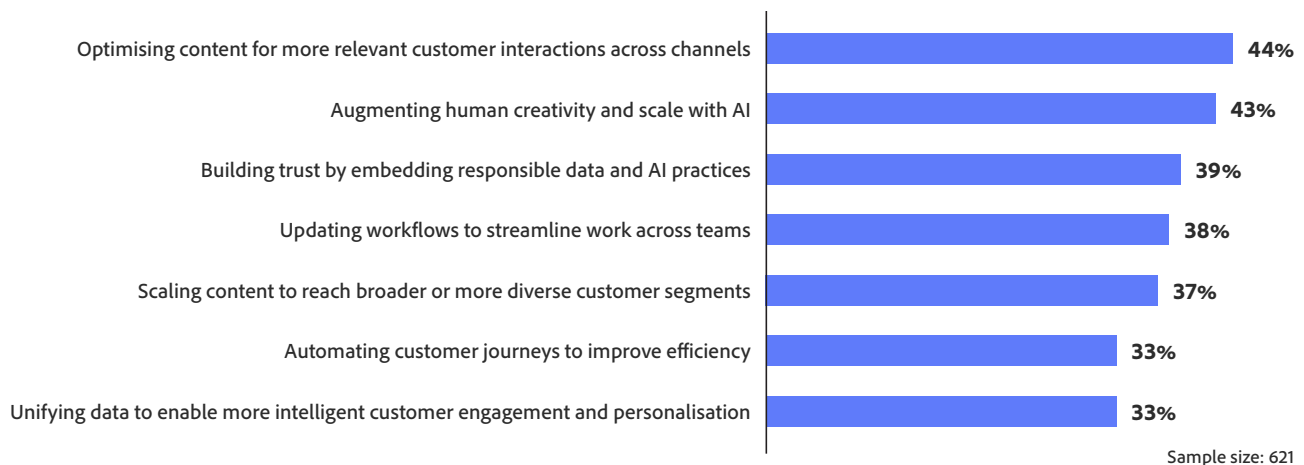
Generative AI readiness.

Embedding generative AI in creative workflows.

Concerns about the potential harm of misuse of generative AI notwithstanding, senior M&E executives also see opportunity in the road ahead. The biggest impact of digital CX improvements on their business will be optimising content for more relevant customer interactions across channels (44%). It is closely followed by augmenting human creativity (43%).

By freeing up creative resources to work on more original content, AI is expected to help deliver unique content at scale. In production, for example, AI can automate the creation of content variations with different copy or visuals and sizes, speeding up content creation.

Figure 7: Digital CX improvements expected to have the biggest business impact in 2024. (Senior Executives)



Once implemented, these improvements will dictate new ways of working. Unsurprisingly, 44% of senior executives cite the delivery of advanced AI skills training for key staff as a top priority, and 41% expect to be modifying existing workflows.

This will also involve a greater need for collaboration, with nearly half (49%) of senior executives prioritising the creation of interdisciplinary teams for AI projects.

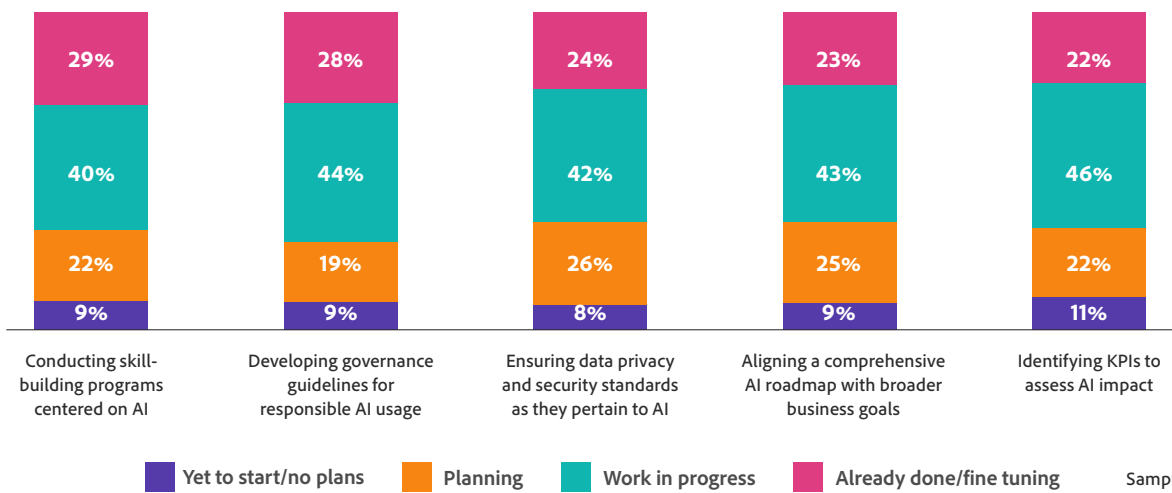
Building trust.

As Figure 7 shows, given the potential for reputational risk, building trust through responsible data and AI use is a high-impact activity (39% of senior executives). At the same time though, the more data is needed to power algorithms and hyper-personalise them, the more potential there is for leakage or cyberattack.

Data and AI breaches are big news. In January 2024, the 'Mother of All Breaches' (MOAB) was reported, and organisations, including Twitter, LinkedIn, and Tencent, revealed 26 billion personal records. Avoiding leaks like this will require an overhaul of policies and procedures.

The good news is that while there is still a lot to do, many in M&E are now working on this. And, while currently, only 28% already have governance guidelines in place for responsible AI usage, a further 44% are working on it. Similar numbers are working on data privacy and security standards.

Figure 8: Status of preparations for generative AI. (Senior Executives)



Recommendations

Prepare for the future.

- **Unify digital CX with adjacent experiences, online and offline.** M&E customers want rich, holistic experiences that add value to the core product—for example, receiving behind-the-scenes information on an app while streaming a show or having player stats delivered digitally while watching a sports game in the stadium.
- **A solid generative AI foundation will be a competitive advantage into 2025.** While there are challenges around IP and harmful content, generative AI also provides opportunities for greater personalisation of content and experiences. It can also be used to identify and remove harmful content more efficiently.
- **It's not all or nothing.** M&E brands worry about harmful content generated using AI alone. AI should instead be viewed as complementary to existing capabilities. Smart brands are skilling up and reorganising to use the technology to support creatives, produce content at scale, and optimise it for the ever-growing number of platforms and channels.

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Learn more about accelerating your [content supply chain](#) with Adobe.

Methodology

Executive survey

The executive survey was fielded in January and February 2024 to Econsultancy, Adobe lists, and external panels. Launched on 1 January, 2024, the survey closed on 19 February, 2024, with 455 client-side respondents employed in the Media and Entertainment (M&E) sector.

- 42% of respondents are at the senior director level or above and 58% are at the practitioner level. Throughout the report, we include comparisons between these two groups.
- The most significant regions by sample size include Europe (53%), North America (25%), and Asia Pacific (18%).

Consumer survey

Between 1 February, 2024, and 13 February, 2024, we surveyed 2,461 consumers who engaged with M&E brands online within the past three months. The gender, country, and age breakdowns included the following:

- 49% were men and 51% were women.
- 14% were aged 18-24, 18% were aged 25-34, 20% were aged 35-44, 17% were aged 45-54, 19% were aged 55-64, 10% were aged 65-74, and 2% were aged 75 and over.
- The most significant regions by sample size include Europe (51%), North America (19%), and Asia Pacific (15%).

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