GLOW TOUCH

Media and Entertainment Industry Overview

One of the industries that benefitted from the global pandemic was the media and entertainment business, and it's easy to see why. Restrictive measures on movement and activity left people with few alternatives. Now, however, the industry is still growing, but its rate of growth is lower. Annual revenues are more than 2.5 trillion dollars and will gradually move toward three trillion, but consumer spending is slowing down amid economic pressures and the ability to resume activities that do not require a digital device.

In the US, people spend about 65% of their day interacting with some form of media. This can range from work-related Internet use to leisure scrolling through social media, tuning into streaming platforms, and playing video games. It's no wonder that advertising on digital channels, depending on the country, will surpass or has surpassed ad spending on traditional media. Marketing dollars go where the eyeballs are, with the challenge now being which and how many eyes will access what content during the day.

Did you know

- **500 million** people worldwide listen to podcasts

- **59%** of the global population uses social media

- The average teen is connected for more than **8½ hours daily**

The expectation is for more media consumption rather than less and for more of that consumption to be interactive. Training and educational programs are becoming more immersive through technological advancement, multi-player video games create a more engaging experience, and even news articles have comment sections where readers can participate. The passive consumer is fading away and not likely to return. Instead, the lines have blurred between content creators and content consumers.

Trends to watch

Industry expectations fall into a few distinct categories: technology, the business side, and the creative aspect. Beneath each heading are several constituent elements that shape the landscape. One overarching trend is an emphasis on the quality of content vs. the sheer quantity of it. Whether it involves box-office sales or streaming subscriptions, the end product has to justify the individual's expense. That's not a new development, but with the volume of competition for viewers, it bears repeating.

Technology

- **VR/AR:** the line between the physical and virtual is already thin due to innovation; virtual and augmented reality take that one step further through experiential participation.

- **Artificial intelligence:** the ability to use data in predicting audience expectations and reactions can mean content delivery on a personalized level. AI can also be beneficial in creating content, from storylines to character animation.

- **Protecting privacy:** security goes hand in hand with almost anything technological nowadays, especially when multiple apps and platforms are involved. Digital privacy includes entertainment companies and consumers, albeit for different reasons.

The business

- Revenue from ad-supported video on demand is expected to double in the next five years. People may not necessarily love commercials, but they understand trade-offs. Streaming will continue growing, whether funded by subscription fees or spending by advertisers.

- Mergers, acquisitions, and strategic partnerships are anticipated, whether to take advantage of cost savings, reach new markets, or take advantage of operational synergies. More than half of American consumers have multiple streaming subscriptions, but inflationary pressures could impact that, especially among younger viewers with smaller incomes.

- Sustainability will rear its heads in this industry, too, whether it's devising ways of being more energy-efficient, content that veers into social consciousness, and apps that focus on physical and mental well-being.

The content

- eSports will only grow in popularity and revenue, featuring live events, sponsorships, and the growth of legalized betting. Engagement is magnified through second screens, as nearly all eSports viewers also watch something else simultaneously.

- Modern gaming has become a disruptor of sorts in making media consumers active participants in the story that is playing out. And increasingly, the story matters at least as much as the graphics and effects. It's among the very few media forms in which audience members have a say in the outcome.

- Live events are experiencing a rebound effect from a few years of limited activity. The pent-up demand is expected to result in revenue several times greater than what's generated through device viewing.

The industry is evolving as consumers increasingly "cut the cable" and seek other options. With differing modes of content creation, alternative means of distribution, and an assortment of consumption appetites, whatever boundaries exist in this industry, we have not yet reached them.

Potential challenges

In an industry-wide survey conducted by one of the Big Five accounting firms, 40% of CEOs said their current business model would not be sustainable in a decade. This creates a sense of urgency in meeting financial targets, which are predicated on providing consumers with quality products they are willing to support. In this sense, creativity is a challenge and modernizing remakes of classic stories is not necessarily a viable formula.

Economic may also present a challenge as discretionary income is among the first things to be affected when money is tight. The growth in digital advertising is a bet on the industry's staying power, but those dollars are being spread more thinly. Other issues include:

- Personalization vs. privacy and the role of regulation. This is an evolving arena as new technologies are introduced and integrated with what is already in place. The rulebook governing this marketplace is a minefield, with lawmakers contemplating things they never envisioned and may not be fluent in. We've seen everything from proposed bans of specific platforms to opt-out provisions for consumers and everything in between.

- Customer expectations: with so many competing entities, consumers are spoiled for choice. There is not enough time in the day or week to take in everything, which puts the onus on creators to produce material that attracts and keeps audiences. Some of the issue is financial; some is the number of content providers from which to choose.

- The business of creativity and innovation – it can be easy to overlook that this industry is an industry. Money in has to be greater than money out if companies are to survive. Production costs are one consideration, as is the technology piece.

There are also legal issues to navigate, such as protecting intellectual property, publicity rights, and handling AI and the coming challenge of deep fakes. While the industry remains on solid footing, some of the players may experience a bit of turbulence.

Our role

Among our clients are an over-the-top broadcaster of live sports events, a platform for live and virtual events and meetings, and multiple companies that engage in online poker and betting on games. Technology is at the heart of each engagement, where we have more than two decades of experience in support and customer care.

More people using more tools more often means a greater demand for quality customer service. Trends in our industry change just as they do in technology usage, whether communicating with customers through their preferred channels, ensuring first-time problem resolution, or supplementing live agents with virtual support. While self-service tools are becoming more widespread, most customers would rather communicate with live agents.

GlowTouch is privately held and is certified as an NMSDC Minority Business Enterprise (MBE) and a WBENC Women's Business Enterprise (WBE). Founded in 2002, we provide personalized, omnichannel contact center, business processing, and technology outsourcing solutions to clients worldwide. Our thousands of employees deliver operational excellence every day with high-touch engagement. Their work has earned recognition from independent bodies such as the Everest Group, International Association of Outsourcing Professionals, and the Stevie Awards. GlowTouch is headquartered in Louisville, KY, with a global footprint that includes onshore contact centers in Louisville, Miami, and San Antonio. There is also a nearshore presence in Santo Domingo, Dominican Republic; offshore locations in Mangalore, Bangalore, and Mysore, India; and Manila, Philippines. To learn more about GlowTouch, visit **www.GlowTouch.com**, or email Tammy Weinstein at **Tammy.Weinstein@GlowTouch.com**.

GLOWTOUCH

PUTTING PEOPLE FIRST