

Data Evolution in the Cloud

Making the most of data in media

The battle for audience attention

Covid-related lockdowns and stay-at-home orders left consumers in 2020 hungry for information and entertainment—but also very unlikely to starve. After all, many are now able to access a rich and varied diet of content, in their own homes, across a wide range of platforms and devices.

That has added new heat to the already-intense competition between providers for audience time and attention. But while media consumption is up, revenue for these companies is down, following a contraction in the advertising spend on which they rely. Indeed, 2020 saw the sharpest fall in global

entertainment and media (E&M) revenue in the 21-year history of its annual study, with a decline of 5.6% from 2019—more than US\$120bn in absolute terms. But the longer-term outlook remains strong, with E&M spending forecast to grow by 6.4% in 2021.¹

For companies in this sector (in this report, the focus is more on mass media and the entertainment industry than communications and advertising), data will be necessary to engage customers, capitalise on changing consumption preferences and improve the customer experience to keep spoilt-for-choice audiences loyal. For advertising-driven businesses, the growing importance of deep customer insights must be balanced

SPONSORED BY



¹ "Global Entertainment & Media Outlook 2020-2024", PwC, September 2020.

against increasing public and regulatory demand for data privacy. At the same time, the phase-out of third-party cookies means that organisations will need to explore new methods for reaching their audiences.

Trends such as the shift away from linear broadcast programming to on-demand streaming will need careful monitoring, as they have huge implications for how content should be delivered. Disney, for example, signed up more than 86m subscribers to its streaming service in the 13 months between its November 2019 launch and December 2020.² And Warner Brothers recently announced that all 17 of its films slated for release in 2021 will be available on the HBO Max streaming platform on the same day they are released on the big screen.³

The future data landscape is the focus of a recent survey, conducted by The Economist Intelligence Unit and sponsored by Snowflake, of 914 global executives across eight industries, including 113 from the entertainment, media and publishing sector (referred to simply as “media” in this report). By far the biggest opportunity they see from utilising data-driven insights is improving customer experience, cited by 40% (versus a survey average of 34%). Improving external brand image, boosting revenue/profit growth, and developing new products and services all tie for a somewhat distant second place, each cited by 27% of respondents from this sector.

Figure 1: Biggest opportunities from utilising data-driven insights

(Media industry responses; %. Respondents could select more than one option)



Source: The Economist Intelligence Unit

² Natalie Jarvey, “Disney+ Bulks Up on Streaming Content as it Hits 86m Subscribers”, *The Hollywood Reporter*, December 10th 2020.

³ Brooks Barnes and Nicole Sperling, “Warner Bros Says All 2021 Films Will Be Streamed Right Away”, *The New York Times*, December 13th 2020.

A voracious appetite for data sharing

Intense competition for viewers' and readers' time and attention makes the media sector a hugely data-intensive sector. Companies such as Netflix and Amazon, for example, lead the way in developing new approaches to recommendation engines for serving up content suggestions to consumers, based on their own reading and viewing habits and those of other consumers deemed to share similar tastes.

Third-party data vendors such as Nielsen, Kantar Media, Comscore and MRI, meanwhile, provide broadcasters and content owners with audience-measurement data to more accurately determine their programming and advertising space strategies across the different platforms and digital devices that customers use.

When asked which data types are most useful to them, respondents from this sector are

the most likely group to cite government data (33% versus a survey average of 28%), possibly as a rich source of audience demographics. However, government data still lags behind customer data (cited by 51%) and third-party/syndicated data vendors (39%).

This sector is more than happy to pay for this data, coming ahead of all other sectors in its purchases from customers and third parties. It is not only more likely to buy data from any source than the survey average, but also takes and provides data without payment at above-average rates.

However, while this sector reports fewer challenges in sharing data between internal departments (21% versus a survey average of 25%), challenges in sharing with other organisations are slightly above the survey average (28% versus 27%).



More help needed (from humans and machines)

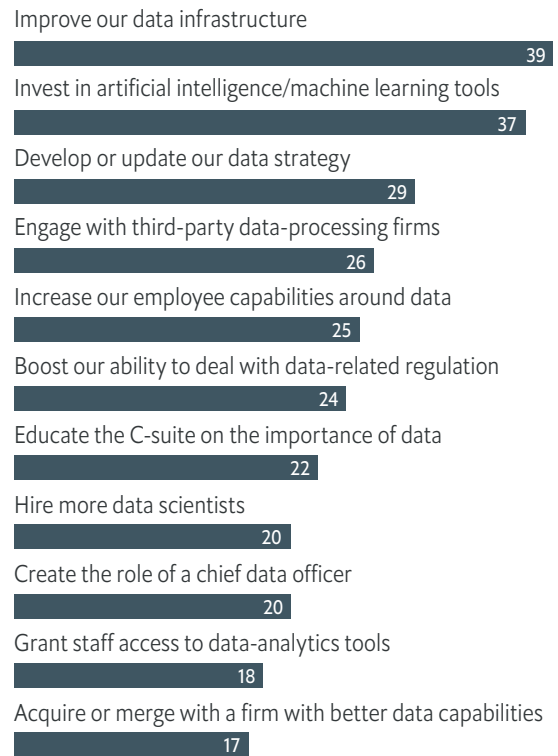
If the media sector is to continue keeping pace with changing audience demographics and viewing habits, more help will be needed—some of it from machines.

This is the sector most likely to already be using artificial intelligence and machine learning (AI/ML) in marketing and selling to customers (85% versus a survey average of 80%). This is probably a consequence of its established use of recommendation engines and programmatic advertising approaches. Netflix, for example, has suggested that as much as 80% of time spent on its platform is driven by suggestions made by its recommendation engine.⁴

But the sector is looking for skilled human help, too. When it comes to considering their priorities in terms of enhancing their data capabilities over the next three years, media/entertainment comes second only to manufacturing in saying that hiring data scientists should be a top priority (20% versus a survey average of 17%). This is also the sector most likely to engage with third-party data-processing firms (26% versus 21%) and to create the role of a chief data officer (20% versus 14%).

Figure 2: Top priorities to enhance data capabilities in the next three years

(Media industry responses; %. Respondents could select more than one option)

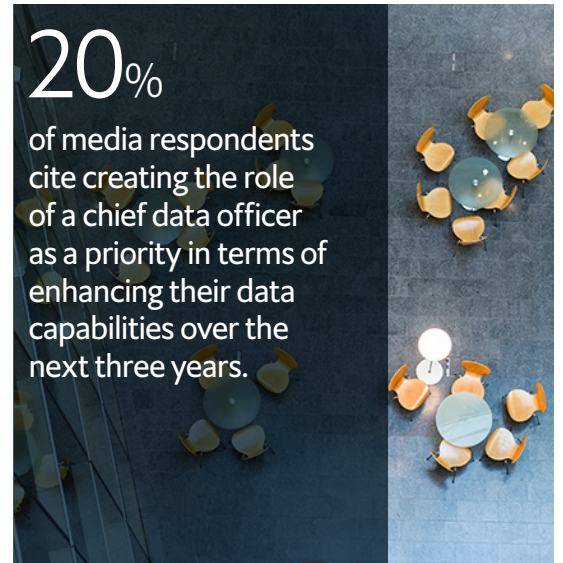


Source: The Economist Intelligence Unit

⁴ David Chong, “[Deep Dive into Netflix’s Recommender System](#)”, Towards Data Science, April 30th 2020.

It's all about the eyeballs

The media industry has already established itself as a data leader in recent years in the race for survival triggered by audiences increasingly turning to the internet as their preferred channel for consuming TV, films, newspapers, magazines and more. This massive shift is ongoing, so there will be no let-up in the pressure. Attracting audiences is one thing; keeping them loyal when they are so abundantly supplied with different options is quite another. For this reason, media firms need broad and deep views of audience habits and preferences in order to keep pace. While the sector's enthusiasm for third-party data will serve it well in this regard, it must also make sure that it is able to make the most of that data and derive maximum insight from it.



While every effort has been taken to verify the accuracy of this information, The Economist Intelligence Unit Ltd. cannot accept any responsibility or liability for reliance by any person on this report or any of the information, opinions or conclusions set out in this report. The findings and views expressed in the report do not necessarily reflect the views of the sponsor.