ADVERTISING, MEDIA AND ENTERTAINMENT
DATA + AI PREDICTIONS
2024

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Recent advances in artificial intelligence (AI) will change — and are already changing — how we live and work. That goes double for the advertising, media and entertainment industry. To learn more about the impact AI and other developments will have in the coming year, we sat down with our in-house experts to hear their predictions. In our report Data + AI Predictions 2024 we cover AI, cybersecurity and open-source technologies that will transform the broader landscape in the years to come. Here, we'll focus on what's next for the advertising, media and entertainment industry in particular.

THESE ARE FOUR OF THE MOST IMPORTANT INDUSTRY TRENDS WE'RE TRACKING FOR 2024:

1 Generative AI (gen AI) will transform the industry

2 Changes in customer behavior will continue to disrupt content distribution

3 The pivotal issues of data privacy, regulation and intellectual property (IP) protection will require new approaches by advertisers, agencies and media organizations

4 During this period of intense AI-driven transformation, a collaborative data strategy is necessary for industry success

In a world where rapid technological innovation has been a constant for decades, there's still room for surprises. And the speed with which generative AI is going to change pretty much every aspect of how we work, live, communicate and entertain ourselves is dizzying.

GENERATIVE AI WILL TRANSFORM THE INDUSTRY, FROM CONTENT CREATION TO CUSTOMER EXPERIENCE

Since generative AI and the power of large language models (LLMs) burst into the public consciousness in November 2022 with OpenAI's release of ChatGPT, there has been widespread **excitement as well as concern** about things like inherent bias, deep fakes and the impact gen AI will have on jobs.

The optimism and excitement are driven by the range of potential use cases for gen AI: LLM-powered translation tools can make instant, highly accurate translations of everything from retail media advertising to an ad on the walls of an international train station. Streaming service customers will be able

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to interact with a foreign-based support agent through a chatbot without a language issue. Human creativity could be supercharged by gen AI tools that help research, brainstorm and even write and draw finished content from simple prompts.

All the excitement as well as the caution about gen AI are particularly relevant to the advertising, media and entertainment industry.

Generative AI will cut production costs and change content creation

Gen AI presents remarkable new creative possibilities. "Generative tools and other capabilities are advancing the ability to create video, images and text using models and prompts from libraries of data," says Bill Stratton, Snowflake's Global GTM Lead for Advertising, Media and Entertainment. "They let filmmakers create scenes without having to bring in actors and a production crew, because the models can generate content from trained images."

This sets the stage for the frisson that accompanies significant advancement in any industry. A major issue in the 2023 Hollywood strikes by actors and writers guilds was how generative AI could augment or potentially replace the work of human creators. Music publishers, stock photography companies, and individual writers and **artists sued gen AI makers** and/or signed letters of protest over the way their IP was used without consent to train models that can then generate similar content without crediting or compensating the creators of the original works.

The complexity of the issue points clearly to the need to establish rules for a new, disruptive technology. In

some cases, this will be or has already been resolved by contract negotiations; in others, court rulings or new legislation will be involved. Some regulations and guidelines have already been put in place, though questions remain about whether those efforts can keep pace with the speed of gen AI's advances. All the while, companies and people alike are trying to sort out how to either take advantage of gen AI, or not let it take advantage of them.

"Generative AI is absolutely going to drive a lot of change around content creation," Stratton says. "The challenge with any new technology is in how you use it, and whether and how to regulate it. Some of the new capabilities around AI aren't mature enough, or haven't been around long enough, to assess potential regulatory approaches. Technology moves faster than our ability to keep up."

Still, Stratton says he's confident that in the long run gen AI will expand possibilities, growing rather than shrinking the media, ad and entertainment ecosystems.

"In the world of media, new technologies — and change in general — tend to be additive," he says. "When new platforms emerge, time spent with a given channel may shrink, but total interest in media continues to grow. In terms of efficiencies and hyper-targeting in the ad space, there will always be a range; it's not an AI takeover."

Media and entertainment brands will create authorized platforms for generative AI

Media brands are already working to prevent their content from being used for gen AI. The New York Times, for instance, **updated its terms and conditions** to forbid such uses, and OpenAI has made it possible for artists and websites to essentially mark their content "do not scrape." In addition to such protective measures, expect brands to take proactive action to benefit from gen AI's possibilities.

Getty Images is suing the maker of AI art tool Stable Diffusion over copyright infringement. But it has also released **its own generative AI tool** that draws only from its own stock of images. Stratton says that major brands will figure out how to enable (and get paid by) consumers and "prosumers" (average consumers who participate in the professional creative landscape) who'll use generative tools to create their own content.

Just as Getty Images moved quickly to get its own gen AI tool to market, expect big entertainment brands and IP owners to roll out offerings soon.

"The IP owners are going to create platforms that manage and control how it can be done," Stratton says. "There will be guardrails and there might be subscription models, ad-based models or both."

Generative AI will make advertising and consumer experience more personal

The benefit of advanced AI to advertising and consumer experience is well established. But we can expect to see even more hyper-targeted advertising and personalized recommendations that offer relevant and dynamically generated content. Media has already gone from a one-to-millions model to a very targeted and algorithm-driven experience. Now, gen AI can be used to create one-to-one content that is truly personalized for individuals. LLM-driven chatbots are already helping streaming service viewers pick the next thing to watch based on simple prompts around genre, actor or director.

Similar personalization advances are happening in the advertising sector as well.

"Advertisers have gotten very good at targeting consumers," Stratton says. Up next, he says, is targeting individual consumers with different messaging. "Creative versioning that targets one person differently from another based on known interests or characteristics will accelerate as LLMs and generative AI bring down the cost and technical barriers."

LLMs will also improve the ability to target consumer segments that would otherwise be harder to find in a massive dataset, and will automate the feedback loop to improve measurement of ad campaign success and to optimize based on that feedback.

AI WILL NOT DESTROY THE INTERNET OR AD-BASED REVENUE MODELS.

One of the initial worries that accompanied the wide release of ChatGPT was that if people start asking AI to summarize internet content instead of looking it up themselves, the traffic that drives the ad-based internet would decrease to the point of changing the internet as we know it.

That is an overinflated concern, according to Snowflake SVP Sridhar Ramaswamy, who was instrumental in building and leading Google's AdWords program, and who tried to take on the ad-based internet by creating Neeva as an AI-driven, privacy-conscious, ad-free search engine. He says the net has held up just fine.

"The internet is a pretty robust and adaptive entity," he says. "The ad model is incredibly powerful, and there's tremendous money riding on it. That model will continue to thrive in this AI era."

Not only that, but he expects ads to get more personal. "Your favorite celebrity will be talking to you directly in an ad," he says. "Who knows, maybe a virtual Michael Jordan will be calling to say, 'Hey Sridhar, buy the new Air Jordans.'"

SHIFTING CUSTOMER BEHAVIOR WILL CONTINUE TO DISRUPT CONTENT CONSUMPTION AND DISTRIBUTION

Beyond the much-hyped impact of artificial intelligence, the big macroeconomic story for the media, entertainment and advertising space continues to be the dramatic change caused by direct-to-consumer streaming and its effect on the cable bundle and content distribution as a whole. Streaming also disrupted the theatrical market, and opened up new content licensing opportunities.

This impact of streaming is not new with the introduction of gen AI, but it continues to escalate as the new players in the streaming space keep the cable giants scrambling.

"That shift is still having a profound economic effect on all major media companies," Stratton says. "It's the biggest disruption in years, and has really accelerated."

Streaming gains — especially in major sports — will continue to erode the cable bundle

Consumers have already been dropping their cable subscription for a cheaper ad hoc collection of streaming services. But one thing that has prevented that trickle from turning into a flood has been the hold cable and broadcast networks have on major sports.

"Sports have been holding the cable bundle together," Stratton says. "And major sports are beginning to move to streaming."

As examples, he points to the **NFL's partnership** with Apple and Prime Video, and **Major League Baseball's and Major League Soccer's** deals with Apple TV+. He also notes that the NBA's current TV deals with Warner Brothers and Disney **expire in 2025**, which will create room for people to potentially watch their favorite basketball team through a streaming service.

Adding to the troubled landscape for the cable industry are a couple other significant predictions Stratton calls out:

- **Streamers will move from exclusivity to cross-licensing of original content.** The default for streaming services' original content has been to lock them up exclusively. But Stratton expects to see original content move from platform to platform after an initial debut run. This will mitigate one of the downsides of streaming, which is that there's always something consumers want to see on a service they don't want to subscribe to — but it is not great news for cable providers.

- **Major media brands will redefine content consumption with "lifestyle bundles."** Amazon started this trend of combining content with related products and services by bundling video into its Prime shipping service. Based on that success, don't be surprised when other brands do the same. Already Walmart+ comes with Paramount+. Pretty soon, you'll get a streaming service through avenues as previously unexpected as your credit card bonus points, your favorite pet food retailer or your preferred athleisure wear brand.
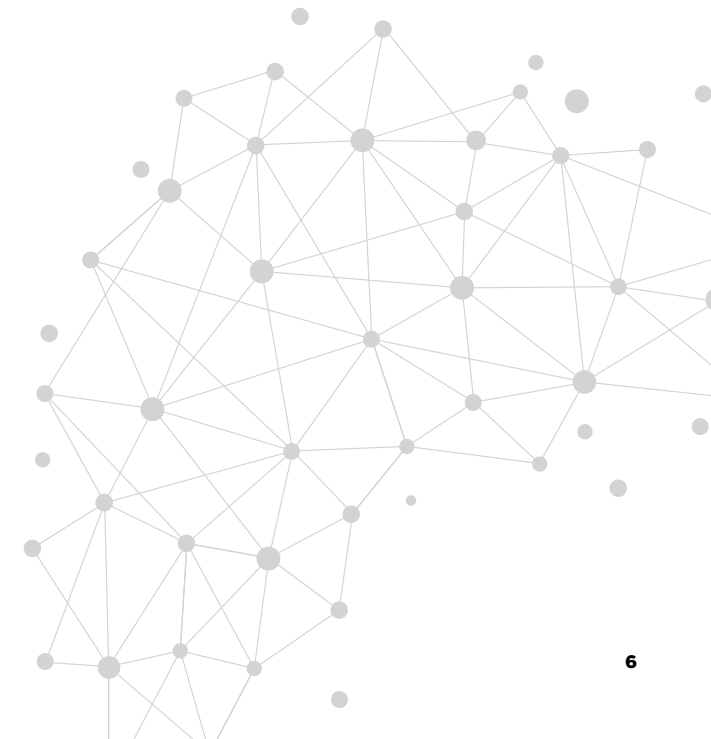
PRIVACY AND IP PROTECTION
WILL REQUIRE NEW APPROACHES

Snowflake experts agree that, as critical as it is not to discount the challenges of fast-moving AI advancement, the experience gained from navigating similar complexities around online privacy will serve industry leaders well.

"We're already bruised by the privacy issues, which are recent enough that we're taking the gen AI boom seriously," says Mona Attariyan, Snowflake's Director of Machine Learning. "Eight years ago, society might've been a bit more naive if facing this AI moment."

"It will be painful to adapt," Attariyan continues. "But I am very optimistic that we'll work it out as a society. There's quite a bit of awareness around potential downsides, and I see both business and government leaders starting to act and address these issues early on."

Translating the enormous amounts of subscriber data available into competitive advantage while honoring privacy and content ownership imperatives will require the swift evolution of data strategy. As such, advertisers and marketers have adopted powerful, efficient technologies to help them mine that data

for insights. There's an entire modern marketing data stack dedicated to unifying disparate data points into a unified picture of the consumer.

Privacy protection is paramount in this process. How advertisers and media and entertainment brands use consumer data — and to what degree an individual consumer is identifiable with that data — has led to a global network of regulatory requirements that require expertise and resources to adhere to. For example, in the U.S. alone, companies may be confronted with more than 50 different privacy frameworks to comply with.

To address concerns about privacy, the industry is turning to data solutions.

"Advertisers, agencies and marketers are using data clean rooms and other technology to create that unified, actionable consumer profile without compromising privacy," says Stratton. "And fundamentally, the way to both bring together all your data while meeting privacy and data governance obligations is to move from a collection of disparate, siloed tools to a comprehensive data platform."

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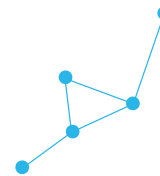
A UNIFIED DATA STRATEGY WILL SET INDUSTRY LEADERS APART

Businesses in the media, advertising and entertainment industry will continue to adopt unified data platforms to facilitate exploration of advanced technologies such as gen AI, and will keep innovating in new ways to support the levels of privacy, governance and security that are essential to the industry.

Amid this pioneering spirit, the brands who'll come out ahead will be those who most successfully and quickly supercharge their data strategy. Data is the core of AI, and when every AI application is built on one of a handful of foundational LLMs, the differentiator will be the data you bring to the models. That includes external datasets that you acquire, but most importantly centers on your own proprietary data.

Some may wonder if the need to pivot fast and hard to a gen AI-focused data strategy renders all previous data planning moot or wasted. The good news is that the answer is solidly "no." Organizations that already have prioritized development of a forward-thinking, comprehensive data plan are in a good place now that "generation AI" has begun.

"The generative AI era does not call for a fundamental shift in data strategy," says Jennifer Belissent, Principal Data Strategist at Snowflake and a former Forrester analyst. "It calls for an acceleration of the trend toward breaking down silos and opening access to data sources wherever they might be in the organization."

Attariyan says that the change will be to how important your data strategy is — and the speed with which you need to execute and invest in it. "If you don't accelerate, you risk being left behind, virtually overnight," she says.

This is particularly true in the advertising, media and entertainment realm. The ongoing convergence of

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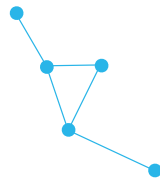
adtech and martech is changing how marketers plan their campaigns, as well as how advertisers work with them. And, as noted above, the advertising industry in particular is deeply affected by trends around privacy.

A unified data structure is essential to properly train any LLM. Silos will only make outputs incomplete or inaccurate, or require a lot of extra work to overcome. A single data platform also allows you to set important privacy features across your ecosystem, and preserve customer consent around the data they have willingly shared.

Combining integration, storage, governance and management of data into a single platform establishes a single source of truth that gets you further faster in a quickly evolving competitive environment. It improves data quality, cuts costs, improves efficiency and leads to better and more nimble business decision-making — and will ultimately distinguish leaders from laggards during a time of unprecedented industry disruption and opportunity.

Learn how the Data Cloud can help you prepare for what's coming next.

![Snowflake logo]

ABOUT SNOWFLAKE

Organizations use Snowflake's Data Cloud to unite siloed data, discover and securely share data, power data applications and execute diverse AI/ML and analytic workloads across multiple clouds and geographies. Organizations, including 647 of the 2023 Forbes Global 2000 as of October 31, 2023, use the Snowflake Data Cloud to power their businesses.

Learn more: snowflake.com