

Challenges for the E&M sector

By  Danette Breitenbach

29 Sep 2017

It's a challenging time for the entertainment and media (E&M) industry, but also a very exciting time. While the industry seems stable, there are various sectors that are reaching a tipping point that will determine how consumers spend their money over the next few years.



© iqoncept - 123RF.com

Millennials in the United States (US) spend around US\$2,000 per annum on entertainment and media products, where Generation X and the baby boomers spend way in the excess of \$3,000. Baby boomers are aging out of their prime consumption years and being replaced by a generation who seem to not have the same propensity to spend on entertainment and media (E&M) as the previous generation did.

This is just one of the many challenges the E&M industry is faces says Elenor Jensen, PwC's associate director. She was addressing delegates at the launch of the annual Entertainment and Media Outlook: 2017-2021 in Randburg recently.

Millennials and Generation Z, or anyone born after 1981, have had their fundamental views about interactions and content purchases changed by technology she says. "Millennials prefer to stream songs or watch videos on YouTube rather than buy albums. They don't like buying or subscribing to expensive bundle pay-TV packages, they rather source their video content through various OTT suppliers. They refuse to pay for the news - there is no way that they'll subscribe to a newspaper being delivered. They'd rather just read it on social media."

Despite millennials actually having less disposable income than the generations before them, and spending this money very differently, with millennials now the largest cohort in the workforce, this influences the market.

No one-size-fits-all subscription package for millennials

Two out of three millennials rent their home instead of purchasing it. They also have the least number of cars of any generation before them, except for those born before 1929. Interestingly enough, they spend a significant portion of their budget on eating out.

Millennials do not want a one-size-fits-all subscription package. They want to be able to subscribe to what they want and they want to be able to watch it when and where they want to. That's a difficult consumer to manage, but it's a trend that we are seeing across the globe," explains Charles Stuart, associate director in entertainment and media practice.

He says successful companies will step up and be able to offer these consumers what they want. "And in the age of the rise of streaming services, they actually have more choice than ever before as to be able to consume according to their own terms."

"While we all hope that the millennials will grow up and start a family and buy a house, we think it's very unlikely that they will adopt the spending patterns of the generations before them. Therefore, barring a step up or huge change in technology, profitable growth will increasingly come from capturing market shares in the E&M industry rather than market expansion," says Jensen.

While E&M companies face many challenges within the industry and are heavily influenced by emerging technologies, they are also participants in the global economy, and therefore the forecast also takes current global economic and political uncertainty, which is especially high within an African context.

The only constant change is change

"The only constant is change, and that's especially true in the E&M industry, says Jensen. In her view one of the biggest challenges facing the industry is the speed at which this change can happen, especially when you go back to some of those emerging technologies such as artificial intelligence, virtual reality and the internet which can completely change the E&M landscape. But these are not the only uncertainties. "Business owners struggle with uncertainty about whether business models will be viable, whether they'll be able to scale them, whether they'll be able to monetise, and if they monetise, is it a sustainable business model."

She says the E&M industry also faces regulatory challenges. "We know there is an increase in focus on data security and privacy and regulators across the world are putting it on the agenda. This poses a challenge, because what we're telling you is consumer experience is critical to growth, but data security and privacy have the ability to limit our ability to gain insights about our consumers." Global businesses must also understand regional regulatory requirements.

She says in order to capture market share, business owners need to have a content strategy that takes into account local differences because a one-size-fits-all strategy no longer works. they also need to focus on discovery. "It doesn't help you have a great product and the consumers don't know about it or can't find it."

What must companies do? "Continue to fight and battle for traditional revenue streams, while at the same time make sure that you are not missing out on new and emerging revenue streams."

Businesses need to be lean, quick to adapt, and flexible. They need to innovate and really think about how they can create really good partnerships. "You need to relentlessly focus on creating brand loyalty and creating super fans for your company, and you need to identify and hopefully create new business models."

ABOUT DANETTE BREITENBACH

Danette Breitenbach is a marketing & media editor at Bizcommunity.com. Previously she freelanced in the marketing and media sector, including for Bizcommunity. She was editor and publisher of AdVantage, the publication that served the marketing, media and advertising industry in southern Africa. She has worked extensively in print media, mainly B2B. She has a Masters in Financial Journalism from Wits.

- Sabre EMEA 2024 Awards: Razor PR, Retroviral top SA agencies - 18 Apr 2024
- McKinsey restructures, 3% of workforce to go - 15 Apr 2024
- *SpendTrend 2024*: Resilient South Africans adapt to challenging economic conditions - 9 Apr 2024
- Albany Bread Girl joy sours to disappointment for content creator and brands - 5 Apr 2024
- 7 South African PR agencies on Provoke Media 2024 EMEA campaign shortlist - 27 Mar 2024

[View my profile and articles...](#)

For more, visit: <https://www.bizcommunity.com>