Reinvent for growth in the Media Industry

Only the radical will survive and thrive

Hello,

The media industry is at an inflection point.

In a landscape of dwindling financial returns, encroaching tech giants and an increasingly fragmented digital market, only radical reinvention can help ensure survival and success. The marginal strategies traditional media companies have adopted to improve performance have had limited impact. To do well in this adverse business scenario, it's time for bold change.

In this paper, we explore how traditional media and entertainment companies can achieve profitable growth by undertaking significant transformations.

Here's how to get radical!

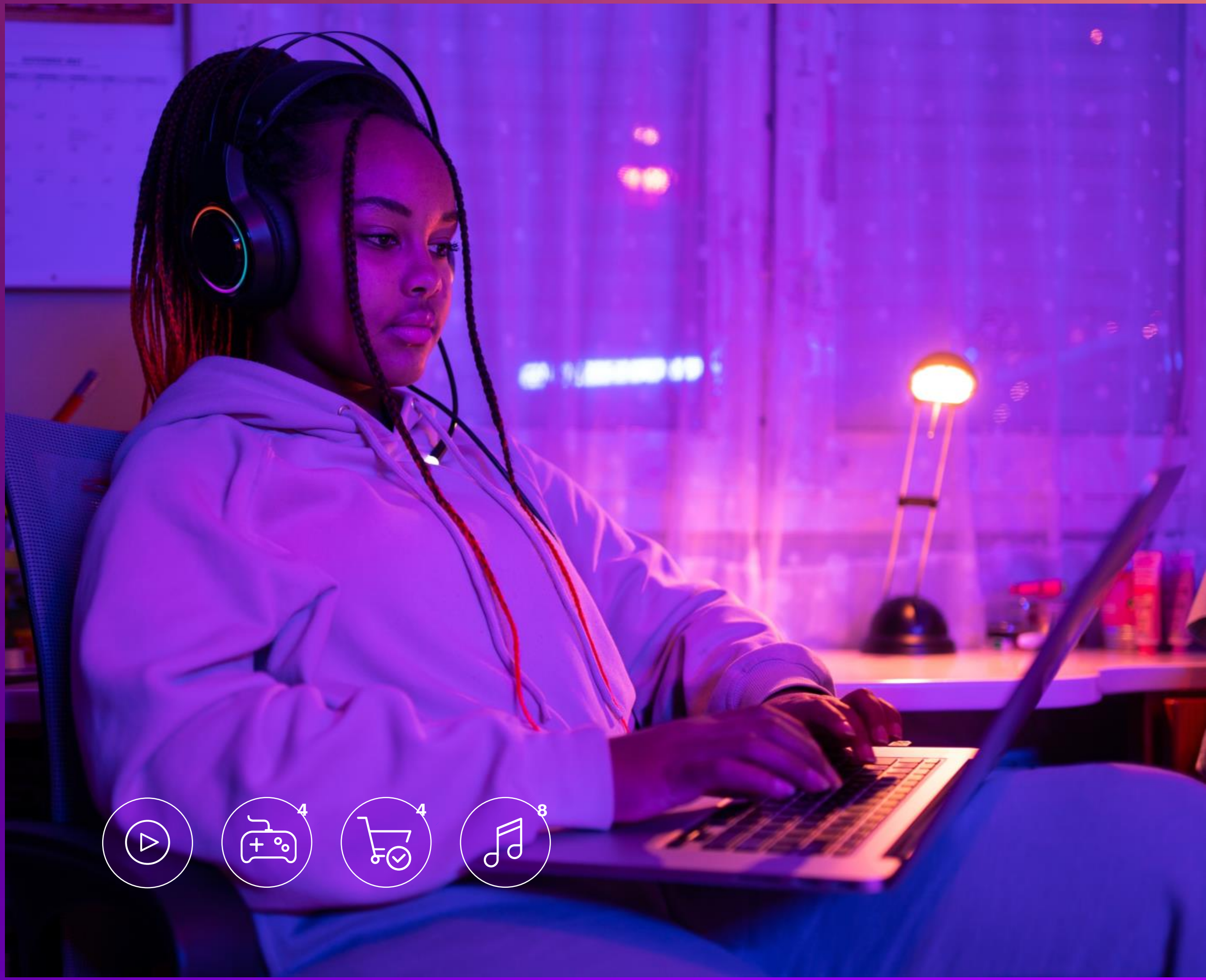


Table of contents

Authors

John Peters
Managing Director and Lead,
Media & Entertainment
Los Angeles
john.s.peters@accenture.com

Stuart Green
Senior Client Account
Executive
London
stuart.green@accenture.com

Neeraj Sharma
Head of Media Industry Practice,
Growth Markets
Bengaluru
neeraj.s.sharma@accenture.com

Lukas Luft
Business Strategy
Manager
Miami
lukas.luft@accenture.com

Swati Vyas
Thought Leadership
Research Sr Principal
Bengaluru
swati.vyas@accenture.com

Greg Merchant
Managing Director,
Strategy
New York
greg.merchant@accenture.com

Contributors
Mark Flynn, Regina Maruca, Bijoy Anandoth Koyitti, Greg Merchant, Pedro Ott Castillo, Jaivisha Kapadia, Narineh Ohanian, Anshika Gandotra

It’s time for radical strategic moves

The crisis that traditional media and entertainment companies have tried to avoid is all but on their doorsteps. Over the last few years, we have seen many businesses in this industry take incremental steps to cut costs, boost productivity and increase market share. Some have achieved short-term gains by doing those things, but even for them, the big picture looks bleak. Today’s media landscape is in disarray – marked by increasingly fickle consumers and by the continued infiltration of Big Tech firms that are smashing legacy business models and beating legacy companies on revenues, profitability and cash flows. From 2018-23, Big Tech infiltrators grew their operating cash flow four times faster than legacy media (10.0% vs. 2.5%).[1]

It’s time for radical strategic moves.

Why radical? Out of more than 50 strategic options that we recently assessed through our proprietary Media Thrive Index, only the 12 rated as “Radical” show a path for legacy media companies to secure the sound financial footing they need to achieve and sustain success in the coming years.

How radical? We believe that traditional media companies must reinvent themselves, systemically, from the ground up. Modest strategic adjustments and limited initiatives won’t work. To significantly alter their economic profiles, they need to move in new directions, and do so at scale. They need to place big bets and go where consumers want to be, taking on new roles in the entertainment value chain to tap new sources of revenue. They need to rethink the customers they serve and even the industries where they choose to compete. And that means abandoning classic strategic planning theory and exploring new growth areas that push well beyond their core competencies.

It's an enormous mandate, but also a tremendous opportunity. Consider Sony Pictures. The company shunned the idea of becoming a direct-to-consumer (DTC) streaming service to focus on producing and selling content to the big streamers in addition to reinvigorating its portfolio to span video games. This, as its parent company is also making a bold move into the electric vehicle market. The New York Times[2] offers another example. The Times is gaining new strategic and financial resilience through a portfolio of offerings that include consumer apps for audio / podcasts, sports, cooking, shopping, and games.

Out of more than

50

strategic options that we recently assessed through our proprietary Media Thrive Index, only the 12 rated as “Radical” show a path for legacy media companies to secure the sound financial footing they need to achieve and sustain success in the coming years.

In last year's Reinvent for Growth study,[3] we introduced three strategic archetypes as recommended reinvention paths for companies to reposition for growth in the future (See box.)

A year later, armed with additional data, we believe even more strongly that these archetypes spell survival and profitability for legacy companies in this field. (Sony Pictures is emerging as a prototypical content merchant, while The New York Times is an audience cultivator.) But getting to one of these attractive archetypes requires bold action, now.

With that urgency top of mind, this report outlines our proprietary research findings, and offers a set of foundational imperatives to jumpstart reinvention that delivers.

Three archetypes for reinvention in the media industry

Audience aggregators

These platform companies will link multiple entertainment services and more, offering a common meeting place to satisfy a wide range of consumer needs and wants, with product differentiation through tailored bundling.

Audience cultivators

With exquisite precision, these companies will create and efficiently monetize entertainment in one or multiple forms, focusing ruthlessly on content and cost efficiencies, and making sure they're included in aggregator platforms and bundles.

Content merchants

These companies will focus on making the best possible content and selling that content to other businesses. The key for them will be building and maintaining standout, profitable brands.

Streaming splinters the landscape

Three challenges stand out. The first: The traditional media sector's foray into the streaming arena, aimed at capturing a slice of the digital pie, has not delivered desired rewards. Instead, these moves have contributed to the deteriorating economic health and accelerated a splintering media landscape.

This shift complicates content discovery for consumers, turning what should be an enjoyable, seamless search into a cumbersome chore.

Findings from our third annual global "Reinvent for Growth" consumer survey, which asked 6,000 consumers across 10 countries about their media consumption behaviors, reveal significant challenges. These 'storm clouds' indicate a complex landscape of obstacles that companies must navigate:

56%

of those surveyed expressed frustration at having to pay for multiple platforms to access their desired content, compared with 55% the prior year (2022), reflecting sustained frustration levels and an absence of effective responses to these needs.

66%

found it inconvenient to repeatedly enter personal information to access new services.

30%

spend 10 or more minutes trying to find something new to watch, double the number of consumers doing so in 2021.

36%

said they struggled to find something entertaining, exposing the companies' inability to provide engaging content. Making it worse, 52% said recommended content did not match their interests, exacerbating the problem.

54%

Spend more than six minutes on this quest, compared with 50% from the previous year.

Hey, Erica

20:30

Chicago

Mood: Hopeful

The growing customer dissatisfaction has given rise to a new phenomenon: the serial churner. This group demonstrates fluctuating brand loyalty, cyclically subscribing to and unsubscribing from platforms as their content interests evolve. A significant portion, 59% of the respondents we surveyed, belongs to this group, showing a pattern of canceling and resubscribing to services in pursuit of desired content.

This is a growing trend:

47%
of consumers canceled more subscriptions in 2023 vs. 2022

73%
discontinued at least one service

52%
cancelled two or more

Consumers leaving traditional media behind

The second major challenge our data revealed is that traditional media is rapidly losing customers, experiencing a critical exodus that signals a looming danger. Consider:

Our survey revealed that 57% of consumers increased their time spent on Subscription Video on Demand (SVOD), but also 26% of them indicated that time on linear TV (non-sports) decreased since last year. Meanwhile, consumers increased their time spent on social media (52%), social video (52%), and video games (50%), spaces where legacy media companies have little to no footprint.

And highlighting a seismic shift in entertainment preferences, 59% of consumers said they regard user-generated content as equally entertaining as traditional media, signaling a competitive upheaval in the quest for audience attention. And 58% place as much trust in the voices of independent content creators as they do in established news outlets.

Even established streaming providers find themselves teetering on the brink of survival. Our survey's 11 "choice scenarios" revealed a clear consumer bias in favor of social media and video platforms over both traditional and streaming media. In most scenarios, the preference for social platform-based content over SVOD services nearly doubled last year, highlighting a significant shift in consumer behavior and preferences.

These findings highlight the challenges that face all incumbents in a rapidly evolving market. (See Figure 1.)

> **Even established streaming providers find themselves teetering on the brink of survival.**

Figure 1: The complex, fragmented media landscape

Content discovery continues to be a challenge

36% struggle to find something entertaining to watch while **52%** say recommended content **does not match their interests**

54% spend at **least 6 minutes or more** trying to find something new to watch. Since 2021, consumers spending **10+ minutes has doubled to 30%**

Serial churners on a rise

60% of consumers are **cancelled and resubscribed to services** based on the availability of desirable content

47% of consumers **cancelled more subscriptions in 2023** vs. 2022

Consumers leaving traditional media behind

26% indicated that **time on linear TV decreased** since last year, while **increased on social media** (52%), social video (52%), and video games (50%)

59% say **user-generated content** as equally entertaining as traditional media, signaling a competitive upheaval in the quest for audience attention

New entrants' influence and impact

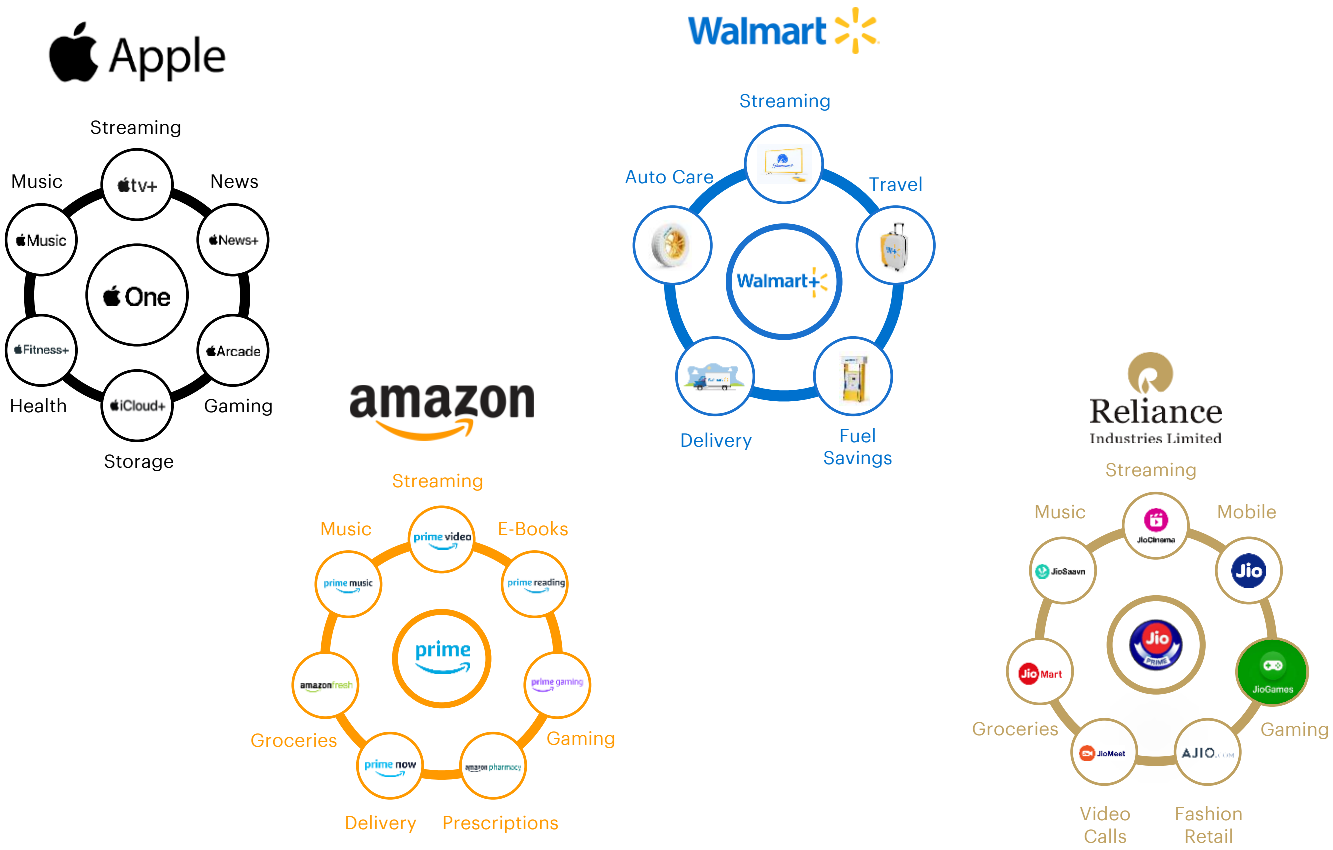
Meanwhile, companies such as Amazon, Google/YouTube, Apple and Microsoft are investing heavily in streaming, gaming, and live sports. Their diversified revenue streams give them a safety net that pure-play media companies don't have (see page 13 "The financials favor Big Tech"). Their deep pockets enable them to offer an alluring mix of free content, exclusive perks, and competitively priced subscription services that traditional media is hard-pressed to match.

For example, YouTube and Amazon's acquisitions of sports rights and content studios underscores Big Tech's approach to attract users with strategic content investments and a diverse offering.[4, 5]

Big Tech companies are also pioneering lifestyle bundles, such as Amazon's Prime membership and Apple's Apple One subscription, which augment their market power and strategic advantage. They support the consumer's lifestyle with services such as free shipping, grocery delivery, streaming video and music, photo storage, video game streaming, and pharmacy assistance.

Notably, this trend is not limited to Big Tech. Walmart and Reliance Jio in India are extending into streaming, and a wide range of products across connectivity, news, books, movies, music, payments, groceries, devices, education, health, and financial services (in addition to delivery services, auto care, travel and fuel). (See Figure 2.) Social media company X, formerly known as Twitter, is equally evolving its offerings by adding video, Gen AI and finance capabilities with the aim of becoming a "super app."[6]

Figure 2: Lifestyle bundles offered by Apple, Amazon, Walmart and Reliance



Our Reinvent for Growth survey indicates a strong consumer interest in such comprehensive bundles. A strong majority (83%) of consumers said they would be inclined to use a single app to access all their digital services.

We expect consumer spending through these lifestyle bundles to reach $3.5 trillion by 2030.[7]

Partnerships in lifestyle bundles could emerge as a strategic avenue for traditional players, offering a streamlined path to attract and keep subscribers. However, the integration of broader non-media consumer spending categories within these bundles could shift their perceived value, potentially cooling Big Tech's interest in the media sector. The trend toward bundling risks devaluing media content in the eyes of consumers, challenging their willingness to invest in media elements of the bundles.

> **We expect consumer spending through these lifestyle bundles to reach $3.5 trillion by 2030.**

Source: Accenture analysis, Media & Entertainment Strategy Practice

The financials favor Big Tech

Big Tech companies have demonstrated higher revenue growth than legacy media companies in the past.

They hold higher growth expectations for the future. For the 2023-25 forecast period, Big Tech is expected to grow at more than twice the rate of legacy media (10.6% vs. 4.8%.) (See **Figure 3**.) [8]

2.5X

Valuation EV/EBITDA

Tech vs. Legacy Media

- 21.0x vs. 8.5x (2.5x in '23)
- 16.7x vs. 13.2x (1.3x in '19)

4X

Operating cash flows

Growth during 2018-23

- 10.0% Tech
- 2.5% Legacy Media

2.2X

Revenue growth

Tech vs. Legacy Media

- **'23-25**: 10.6% vs. 4.8% (2.2x)
- **'17- 23**: 12.1% vs. 7.4 % (1.6x)

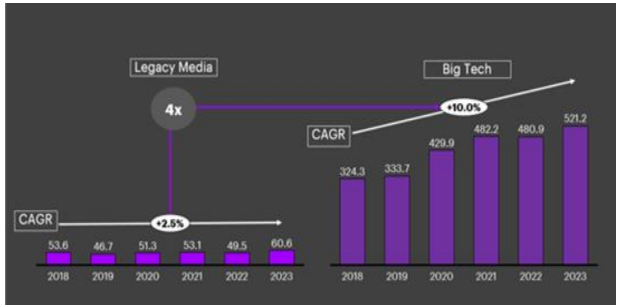
8pp

EBITDA margin

Tech vs. Legacy Media

- 33.3% vs. 23.1% (10.2pp in '25)
- 28.1% vs. 25.7% (2.4pp in '18)

Big Tech grew their cash from operations 4x times vs. Legacy Media since 2018 ($bn)



Source: S&P Capital IQ: 2023 refers to data available as of Dec 31, 2023, Sample Size: 21 Legacy Media and 12 Big-Tech companies

Figure 3: Financial performance – traditional media vs. technology companies

Furthermore, legacy media companies report EBITDA margins 6–8 percentage points lower than Big Tech, a gap that continues to widen. In 2018, Big Tech operated at a 2.4 percentage point higher EBITDA margin, which has now expanded to a 10.2 percentage point advantage.

The cash flow comparison reveals a significant financial divide between the two sectors.

Since 2018, Big Tech companies have seen a fourfold increase in operating cash flows versus legacy media. During the 2018-23 period, legacy media's operating cash flows grew by 2.5%, while Big Tech’s grew by 10%.

Moreover, Big Tech is more efficient in generating cash from operations, with a 2023 operating cash flow as a percentage of revenues standing at 26.1%, compared with 15.1% for legacy media—a difference of 11 percentage points.

In the face of consumer shifts, deteriorating financials and Big Tech game-changers, the urgency and existential necessity to reinvent have never been greater.

Not all reinvention is created equal

Some options do not materially alter a media company's financial health, while others do. We sought to identify various strategies that would solidly position legacy media companies for success, making them ready and capable of thriving in tomorrow's media landscape. (See the sidebar **"Seeking High-Impact Strategies"** for more details, and the "About our Research" section at the end of this document for additional information on our study and methodology.)

Our findings were telling. Some media companies made moves that required low or medium reinvention. For example, some are increasing their live sports programming. As we found, doing so can certainly lower churn levels. Consumers are spending about 53 minutes per day on live sports content, and almost half (47%) said they spent more time on live sports content this year than they did last year.

Similarly, media companies are forming new content partnerships to increase scale. Warner Brothers Discovery formed a partnership with Manchester City F.C. to promote the movie, Blue Beetle, to a larger audience.[9] The partnership promoted the film across Manchester City's social platforms and at the team's home stadium, reaching live viewers and those watching match highlights online.

Our findings indicate that these low-to-medium reinvention strategies may have a positive impact on viewership; however, they will not significantly impact a media company's economic profile or reset its revenue trajectory. (See **Figure 4**.)

Seeking high-impact strategies

Witnessing the continued disruption and deterioration of traditional industry economics, we dug even deeper in our most recent research to pressure test the three archetypes we introduced last year and to investigate others. Specifically, we identified and analyzed more than 50 different strategic options for reinvention. We assembled these options from a range of actual initiatives launched by companies as well as from our own strategic analysis. The options vary from modest distribution tactics and cost-cutting to corporate restructuring or entering an altogether new media segment. Then, using our Media Reinvention Scale, we measured the extent to which an option might require a company to change its current financial or operating model, and its capabilities.

We then evaluated the options using our Media Thrive Index to assess the extent to which each option offers a company financial and strategic health. The highest possible score on the Thrive Index is 5, and we found that the average score across all the options was 2.5. A small percentage—the most radical options—scored above 4.

Figure 4: Examples of low and medium reinvention moves

Form New Content Partnerships

- Increases brand and IP mindshare through new marketing promotions
- Strengthens audience trust and brand reputation through partner's brand
- Activates same or adjacent audiences in a different media setting

Level of Reinvention	**Low**	• Activating same audience through collaborations • Core product remains the same • Value chain components don't change • No reorganization or adjustment needed
Thrive Index Score	**0.7**/5	• Might only add new revenue that balances out churn • Does not drive profitability • Does not provide diversification • Does not add new skills and capabilities • Does not provide access to new growth market

Industry applicability

Video Gaming Publishing Audio

Add Live Sports to Content Portfolio

- Increases retention by tapping into a popular and sticky content genre
- Broadens offering beyond video on demand to include live formats
- Allows to cross-reference sports documentaries to live sports viewers

Level of Reinvention	**Medium**	• Main and adjacent audiences being targeted • Product expands and new features might be added • Value chain requires live broadcasting capabilities • Operational changes needed to incorporate sports licensing and tech support to streaming structure
Thrive Index Score	**2.7**/5	• Primarily increases retention and not revenue • Does not increase profitability considerably • Does not provide diversification • Adds live streaming capabilities • Provides access to a popular and sticky market

Industry applicability

Video Gaming Publishing Audio

Other strategic options made a great difference. For example, two strategies that required radical levels of reinvention scored high on Accenture's Thrive Index become particularly relevant: **merging with a gaming studio and buying a connected TV operating system provider.**

Merging with a gaming studio: 50% of respondents we surveyed reported an increase in their video game playing time. Merging with a gaming studio would give companies access to a rapidly growing segment of the entertainment industry, allowing for engagement with the audience through another medium, ultimately covering more ground when it comes to screen time.

Netflix's establishment of its own mobile gaming division [10] and Disney's acquisition of a $1.5 billion stake in Epic Games [11] are examples of how video-focused media companies are expanding their reach into the burgeoning gaming industry.

Buying a connected TV operating system provider: A sizable 40% of respondents Accenture surveyed often use cross-service search engines to navigate and find their desired content and services. At the same time, CTV ad spend will grow by 22.4% in 2024, according to Insider Intelligence [12], making it a compelling strategy for media companies to acquire a CTV OS provider.

Acquisitions enable media companies to dominate the gateway to streaming content, as users increasingly introduce programs directly through the operating system. Additionally, as articulated in our Complex Consumer report [13], a consumer looks different to each service. Thus, ownership and visibility into consumption data across services dramatically enhances content recommendations and the precision of targeted advertising, leading to increased advertising revenue.

Comcast partnered with Charter Communications in 2023 to launch Xumo [14], which introduced a Connected TV operating system that is fully integrated with streaming services, gaming and music apps, radio stations and more.

Walmart also entered the space through its acquisition of smart-TV maker Vizio in 2024, largely to expand its retail media business to compete with Amazon. (See **Figure 5**.)

Merging with a gaming studio:

50%

of respondents we surveyed reported an increase in their video game playing time.

Buying a connected TV operating system provider:

40%

of respondents Accenture surveyed often use cross-service search engines to navigate and find their desired content and services.

Figure 5: Examples of radical reinvention plays

Merge with a Gaming Studio

- Access to video game IP to develop new films
- Leverage video game IP to sell physical merchandise
- Establish cross-segment bundle offering that includes gaming
- Leverage gaming and film audiences for marketing

Level of Reinvention	**Radical**	• Requires targeting a new audience and demographic • Shifts to new products and services, incl. bundles • Moves into a new segment value chain • Necessitates a new organization and operating model
Thrive Index Score	**4.8/5**	• Drives new sales in a new market • Higher margin business access • Diversification of revenue streams • New capabilities, e.g., to create immersive worlds • High-growth market

Industry applicability

Video Gaming Publishing Audio

Buy a Connected TV OS Provider

- Access to viewer consumption data from content discovery through cancellation
- Leverage integrated commerce functionalities from app marketplace on OS
- Additional cash flow from OS licensing and/or consumer electronic sales

Level of Reinvention	**Radical**	• Requires targeting a new audience and demographic • Shifts to new products, incl. hardware sales • Moves into a new segment value chain • Necessitates a new organization and operating model
Thrive Index Score	**4.6/5**	• Drives new revenue from TV sales and OS licensing • Higher ARPU from enhanced ad targeting capabilities • Adds new audiences within consumer electronics • Enables seamless software-hardware integrations • Higher growth market

Industry applicability

Video Gaming Publishing Audio

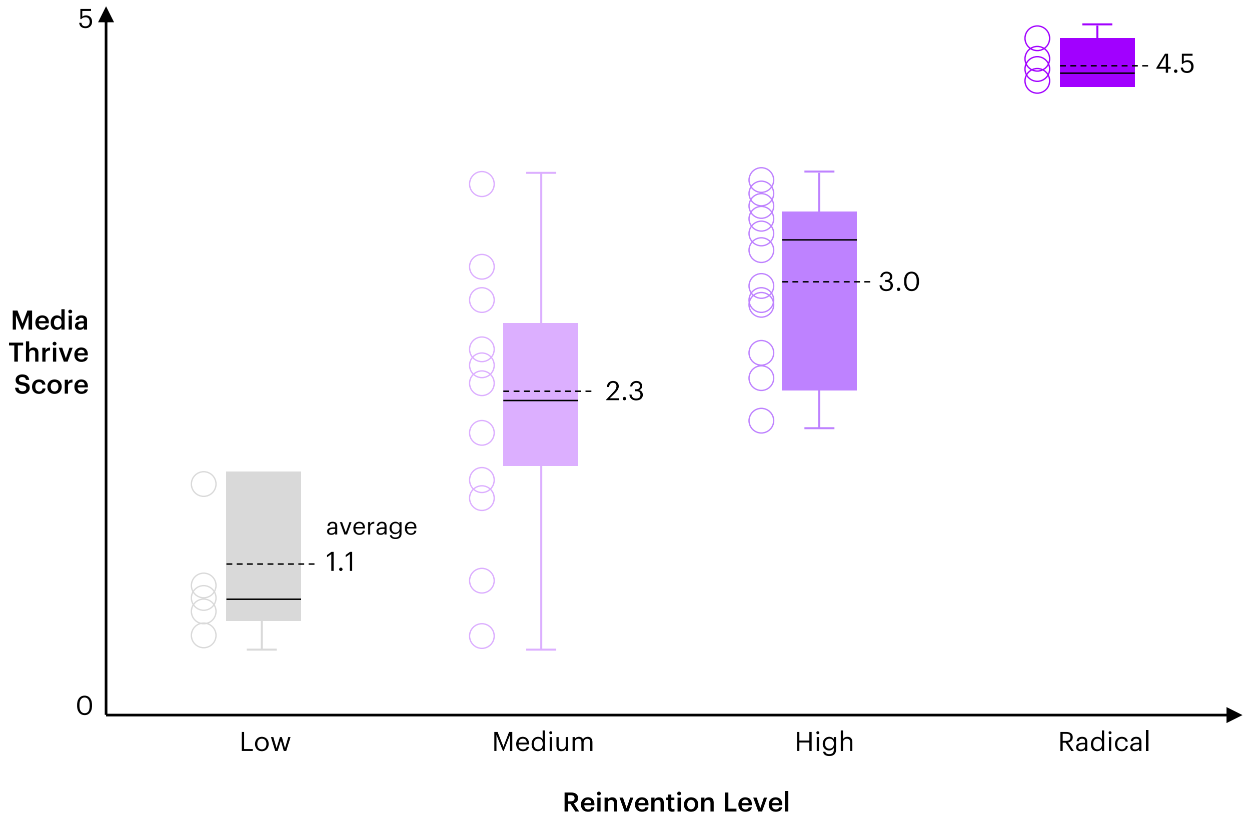
Both these high-scoring strategies would require radical change for most legacy media organizations, which brings us to what we believe are the two keys to survival and success for legacy media businesses: get radical and get outside your comfort zone.

Get radical: Among over fifty strategic alternatives evaluated, only those considered "Radical" on our Media Reinvention Scale managed to achieve a rating above 4 on the Media Thrive Index. This stark revelation highlights a clear path forward: for legacy media entities to flourish in both financial and strategic realms, adopting the most audacious strategies is not just beneficial—it's imperative.

Bold approaches require an overhaul of traditional revenue streams, a redefinition of roles within the media value chain, a fresh look at target audiences, and openness to competing in new industries.

Figure 6: To thrive, media companies must embrace radical reinvention

The higher the degree of reinvention, the higher Accenture's Thrive score

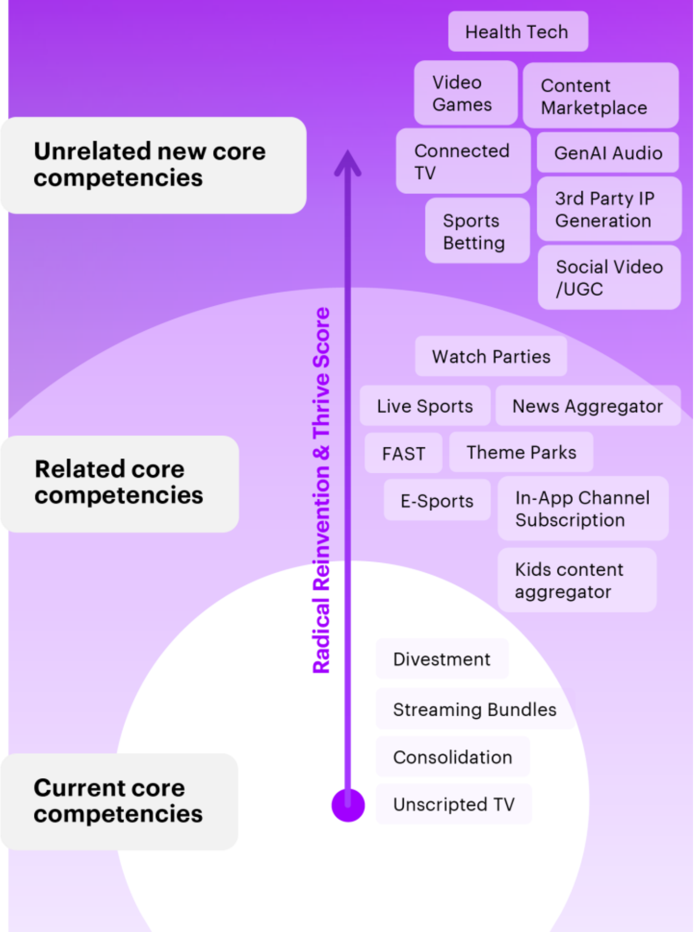


Get outside your comfort zone: For most companies, even "radical change" means building on existing strengths, or "core competencies." But for legacy media companies, that won't work. Film production efficiency, advertising sales excellence, and seamless broadcast operations aren't enough to build on. As the struggles of gaming studios over the last two decades have shown, even more esoteric competencies such as "storytelling" and "franchise management," while extensible, do not necessarily provide the capabilities required for success in complex new areas such as video game development.

This realization necessitates a shift beyond merely enhancing traditional capabilities. Companies must venture boldly into areas and consumer markets where, currently, their expertise may be limited. For example, legacy media firms are not skilled in navigating the intricacies of social media platform management, nurturing content creator economies, venturing into video game development, or exploring the realms of sports betting. However, these sectors represent vital opportunities for growth and are pivotal for any company looking to flourish in the modern age. Figure 7 shows how companies can supercharge the level of reinvention as they move their play from operating merely in the current core to expanding significantly to related and entirely new competencies.

> **Companies must venture boldly into areas and consumer markets where, currently, their expertise may be limited.**

Radical actions require companies to think beyond their core competencies (Fig. 7)



Jumpstart your reinvention today

Conceiving radical strategic paths can be enormously difficult, let alone executing on one. With that in mind, we offer five actions to get started.

First, **review your audience against consumer migrations.** Seek to understand why consumers are shifting their media consumption: What is frustrating them most; what solutions are they most attracted to and why? Delve deeper into customer data—viewing habits, history, engagement, and demographics—with advanced technologies like Generative AI. These tools can spot subtle patterns that enable more accurate and dynamic forecasting of customer trends. Those patterns can help a company create hyper-personalized customer profiles, enabling it to tailor unique experiences for each customer.

Accenture’s analysis points to an interesting set of consumer clusters

Our survey highlighted distinct consumer clusters with unique media consumption preferences. ”Media Enthusiasts" actively use multiple platforms, seeking the best content experience with strong interest in video gaming, music, gambling and are willing to pay for personalized services. In contrast, ”Value Maximizers" experience frustration with finding content and spend over 11 minutes on average deciding what to watch, showing a preference for cost-effective options over premium subscriptions. These insights suggest media companies should customize their strategies to cater to the specific demands of each group. (See figure 8)

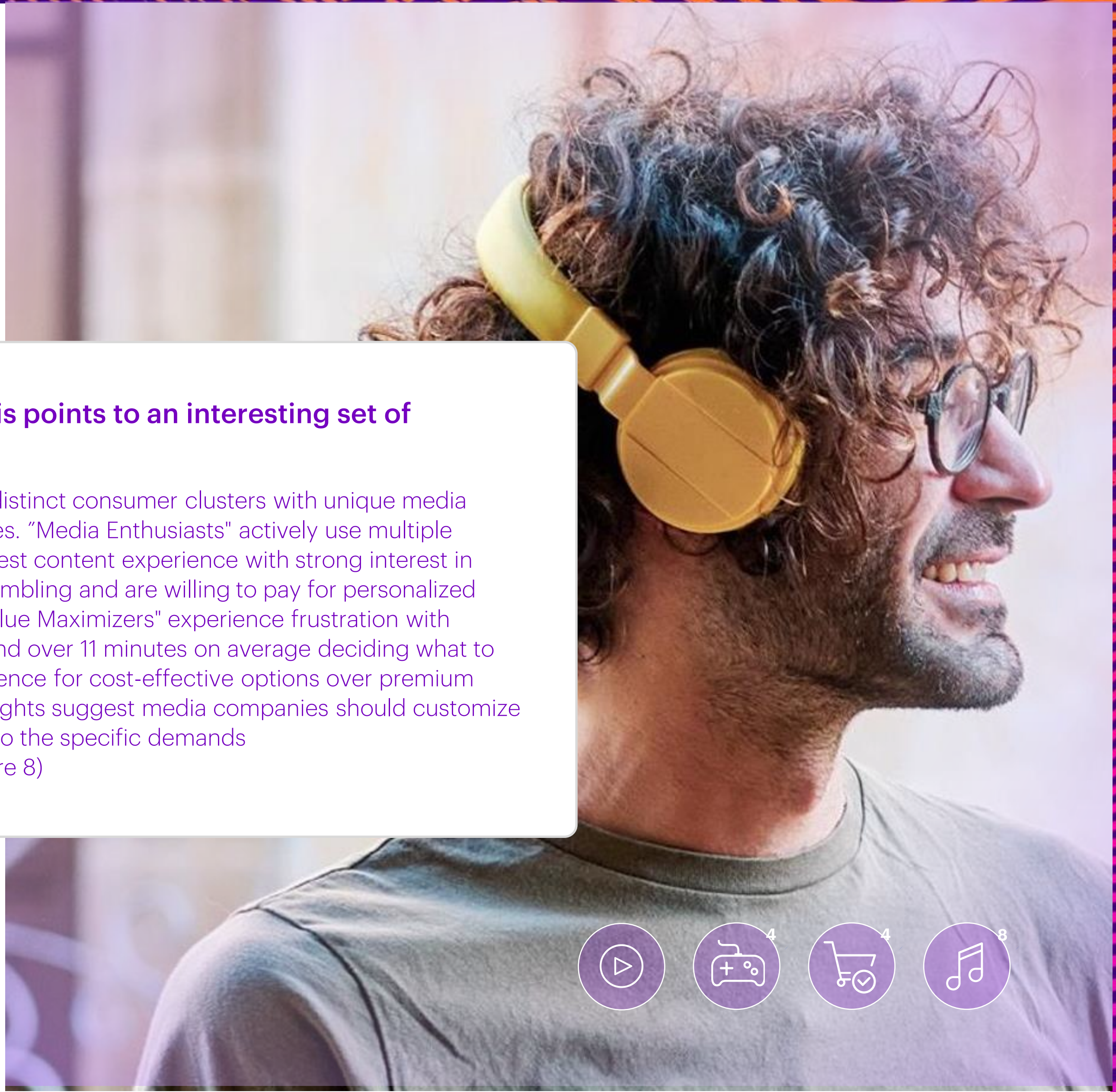


Figure 8: A view of selected consumer clusters

Media Enthusiasts

Interested in **media such as sports, video games, music, gambling**

Open for a lifestyle bundle that can provide all the digital services on one platform

Value personalized content and are open to sharing data across services to achieve it

Willing to **pay a premium for subscriptions without ads** or usage limits and are less interested in pay-per-use models

Value Maximizers

Interested in **media such as social media platforms and music**

Like **personalized recommendations**, exclusive perks and loyalty rewards

Open for consolidated apps for all services in the same 'family'

Wish to have **one digital wallet** that connects to all streaming services for purchases and upgrades

Second, **map your portfolio against the changing landscape**. Review your portfolio against your increasingly granular consumer data to discover value pools. Understanding how the more modern and diversified media portfolios stack up against older business portfolios in terms of offerings should help companies identify viable pockets of growth and put change in perspective. (See **Figure 9**.)

Figure 9: Next-gen media company vs. existing legacy media's business portfolios

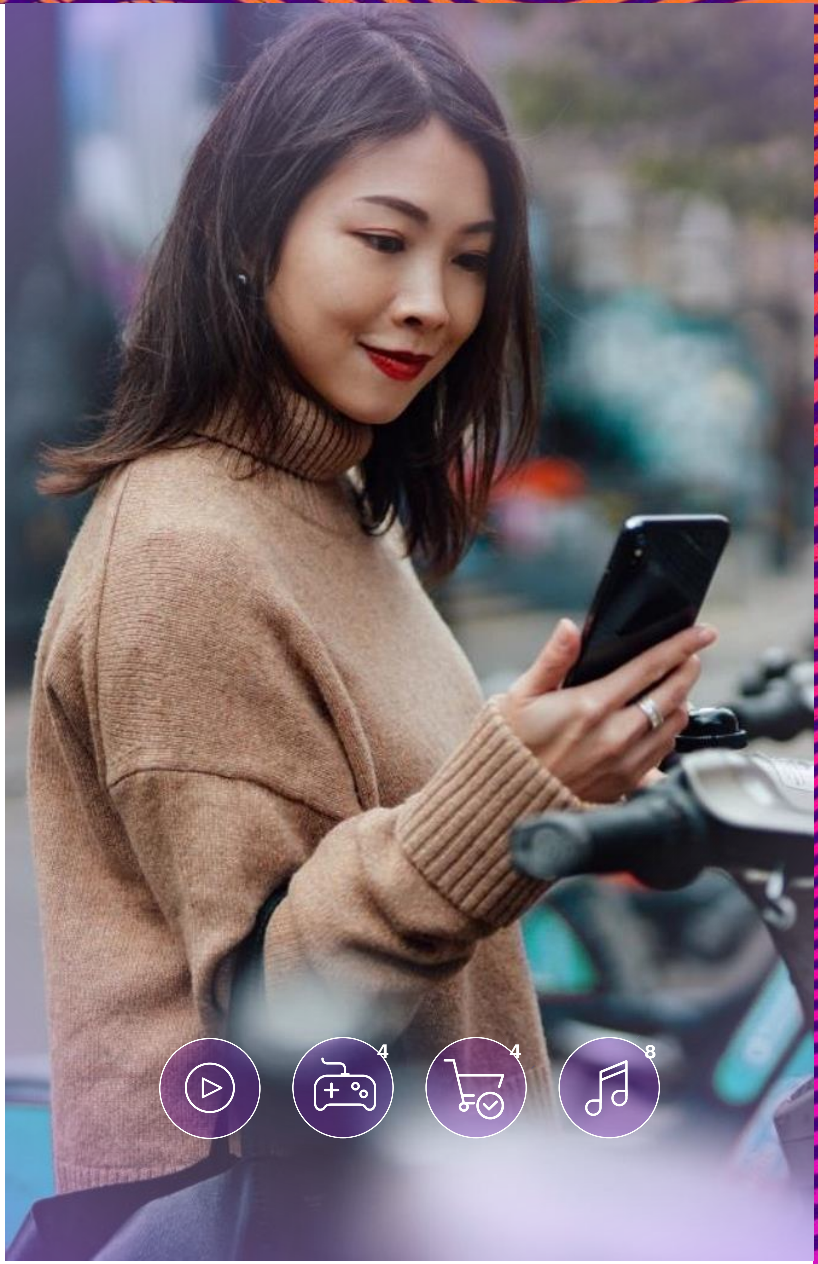
	Theatrical	Networks	Publishing	Music	Video Games	Consumer Products	Social Media	User-Generated Content	Other	Competing For
Old	Rigid Windows	Broadcast & Cable	Books & Magazines	CDs & Albums	Maybe / Maybe Not	Ancillary Licensed Merchandise	No	Never	Radio, Billboards, Theme Parks	Discretionary Spend & Ad Dollars
New	**Optional / Flexible Windows**	**SVOD & AVOD Streaming**	**E-books, Audiobooks, Podcasts**	**Streaming & Playlists**	**MMOGs, Streaming & E-Sports**	**DTC Commerce**	**Increasingly**	**Creator Economy**	**Home Services, Devices, Betting**	**Time Spent, Full Wallet**

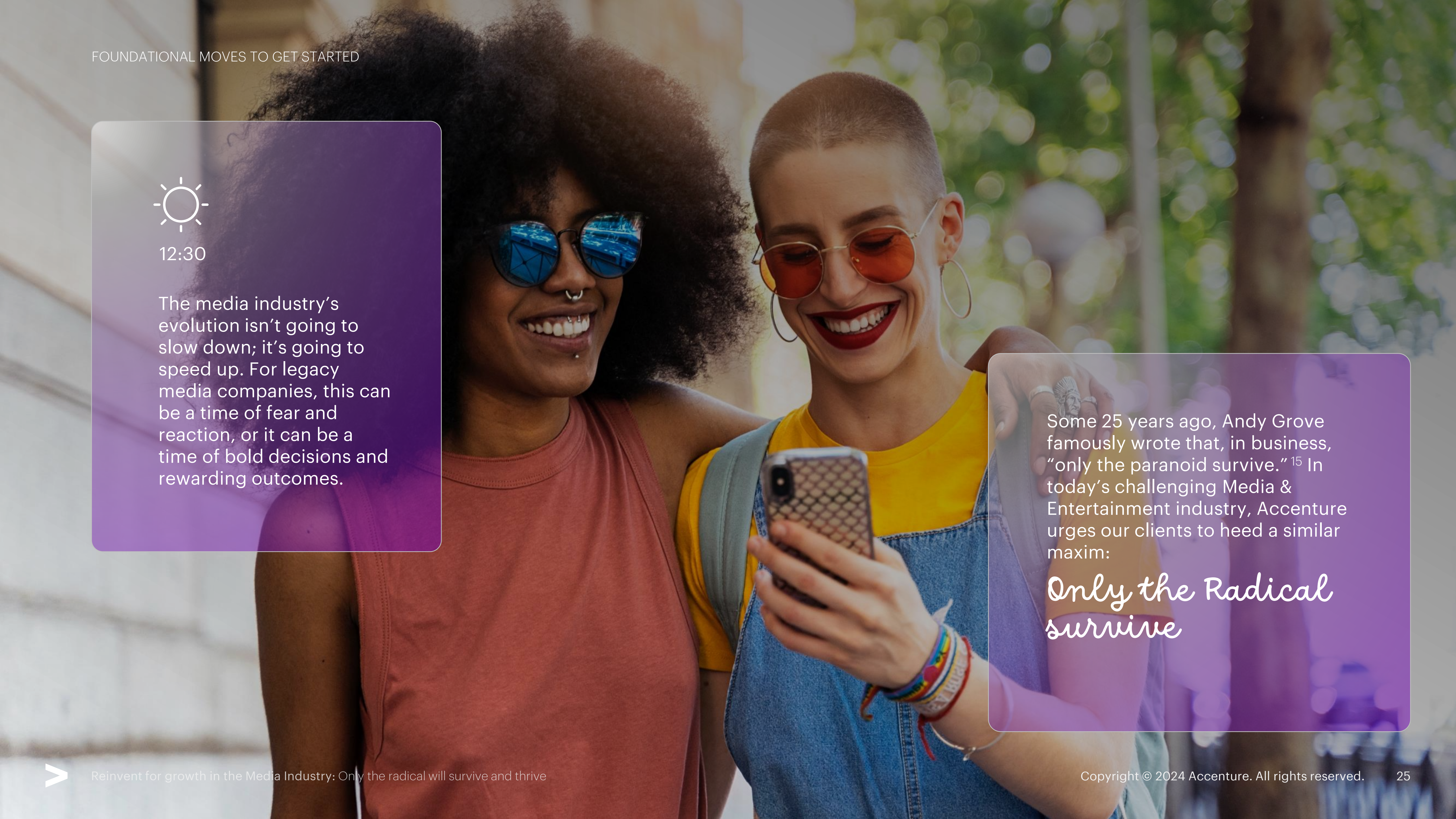
Third, **embrace one of the three archetypes**. These archetypes outline opportunities to thrive in this dynamic industry. Investigate the kinds of radical strategies that would get you there. Merging with a gaming studio, for example, would pull a company towards the Audience Cultivator archetype, whereas buying a connected TV OS provider would pull it towards the Audience Aggregator archetype and establishing a content marketplace to distribute and monetize content and selling off direct-to-consumer streaming platforms in case of a company embracing the Content Merchant archetype.

Fourth, **take a hard look at the currency you have available to invest in reinvention.** Look for business opportunities to free up cash to invest in this reinvention. Assess your financials against an analysis of competitors' abilities to manage and continue operating challenged monetization models. Ask: How deep are we invested in businesses that are bound to grow, deliver margins and generate free cash flow into the future? How must we reshuffle our portfolio to adapt to changing market conditions? Can we pursue bold reinvention, or is our best move to position our company to be acquired?

Finally, **challenge yourself to be bold.** If a company is truly going to reinvent itself, it needs to integrate change fully. That means changing everything from organizational structure to ways of working to technology stacks and talent strategies across functions. Allow yourself to think about what transformation on an enormous scale would mean to every aspect of work.

Merger and acquisition (M&A) data anchors this action. In the past, media companies sought M&A deals to expand their content libraries, increase distribution reach, and/or cut costs. But with technology emerging as a game changer in the media sector – through ad targeting tech, retail media commerce and streaming tech – it's time to shift that thinking. Accenture research shows that 80% of deals that outperformed sector averages saw dealmakers place significant emphasis on technology transformation.





12:30

The media industry's evolution isn't going to slow down; it's going to speed up. For legacy media companies, this can be a time of fear and reaction, or it can be a time of bold decisions and rewarding outcomes.

Some 25 years ago, Andy Grove famously wrote that, in business, "only the paranoid survive."[15] In today's challenging Media & Entertainment industry, Accenture urges our clients to heed a similar maxim:

Only the Radical survive

About Accenture

Accenture is a leading global professional services company that helps the world's leading businesses, governments and other organizations build their digital core, optimize their operations, accelerate revenue growth and enhance citizen services— creating tangible value at speed and scale. We are a talent and innovation led company with 743,000 people serving clients in more than 120 countries. Technology is at the core of change today, and we are one of the world's leaders in helping drive that change, with strong ecosystem relationships. We combine our strength in technology with unmatched industry experience, functional expertise and global delivery capability. We are uniquely able to deliver tangible outcomes because of our broad range of services, solutions and assets across Strategy & Consulting, Technology, Operations, Industry X and Accenture Song. These capabilities, together with our culture of shared success and commitment to creating 360° value, enable us to help our clients succeed and build trusted, lasting relationships. We measure our success by the 360° value we create for our clients, each other, our shareholders, partners and communities. Visit us at **www.accenture.com**.

Accenture Research

Accenture Research creates thought leadership about the most pressing business issues organizations face. Combining innovative research techniques, such as data science-led analysis, with a deep understanding of industry and technology, our team of 300 researchers in 20 countries publish hundreds of reports, articles and points of view every year. Our thought-provoking research developed with world-leading organizations helps our clients embrace change, create value, and deliver on the power of technology and human ingenuity.

Accenture's Third Annual Global Entertainment Study

About this research

We carried out a consumer survey to understand global consumer preferences, beliefs, and behaviors toward their online entertainment experiences amidst the evolving media landscape.

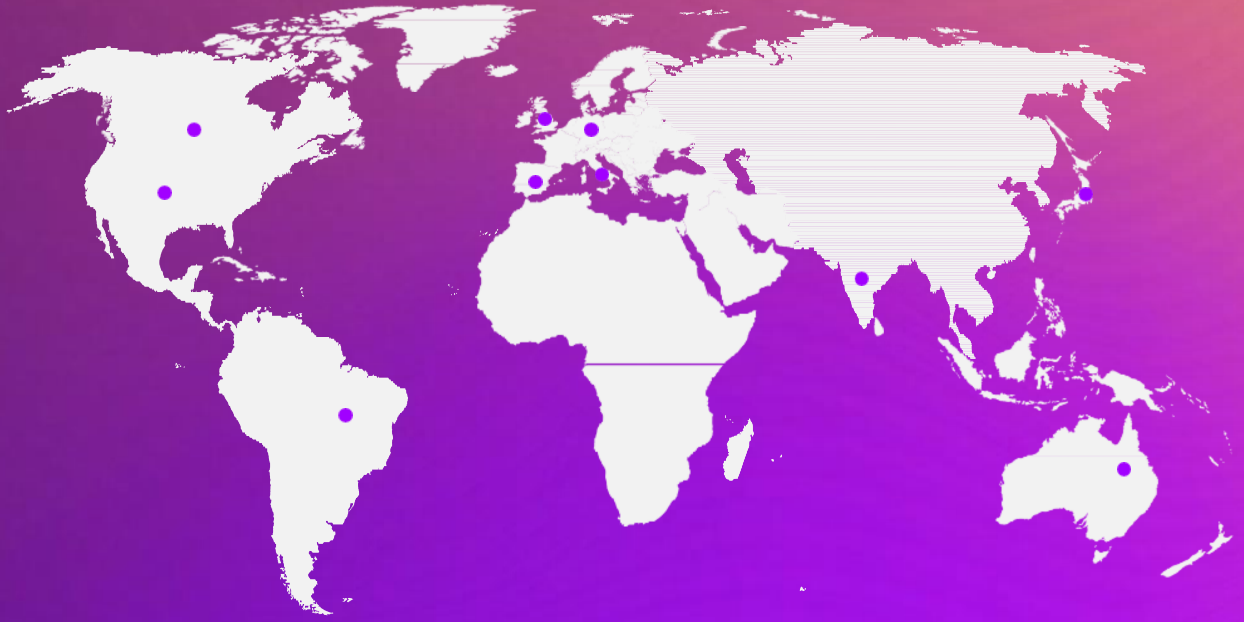
Our "Reinvent for Growth" study has now reached its third year. This year's online survey of 6,000 consumers, aged 18+ across 10 key markets, was designed to assess the impact of shifting media consumption habits on company strategies and offer suggestions for brands across the media spectrum to adapt their models to be more relevant and successful with customers.
The survey covered the themes of media usage, interests and convenience, frustrations and churn, super apps, lifestyle bundles, personalization, attention monetization, and many more.

We conducted the fieldwork between November and December 2023.

Our gratitude extends to Oxford Economics for its support in designing the survey, executing the fieldwork, analyzing the data, and deriving key insights.

Our research, and that of our partners in our ecosystem, employs ethical and responsible research methods. Respondents reveal their identities voluntarily, we anonymize all personal data in our data set, and report results in aggregate. We commit to not using the data collected to personally identify the respondents and/or contact the respondents.

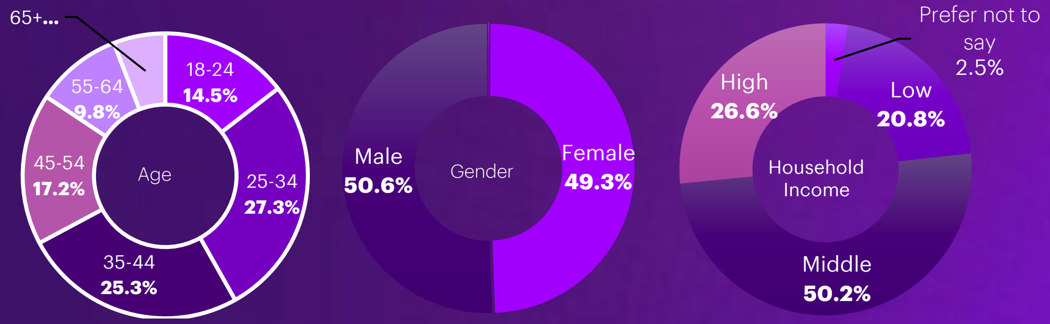
Demographics and Countries



Cluster Analysis:
Using the primary study, we conducted a detailed cluster analysis to further analyze the survey data. This analysis provides a deeper level of insight into core customer segments, helping to identify key drivers of specific media consumer behaviors and preferences. The cluster analysis facilitated an understanding of new segments and profiles as well as the identification of strategic changes media companies need to adopt to meet consumer demands.

Media Reinvention Scale and Thrive Index:
Last year, we identified three promising strategic archetypes in the evolving media industry: Content Merchant, Audience Cultivator, and Audience Aggregator.

Demographics (Global)



Countries

US (1000)	Italy (500)	Japan (500)
Canada (500)	Spain (500)	India (500)
Brazil (500)	Germany (500)	
UK (1000)	Australia (500)	

About the Media Thrive Index

This year, we pursued a more granular approach than in our previous studies, identifying and analyzing more than 50 different strategic options for reinvention. We selected these options based on significant company movements identified by our Accenture Media Practice based on their extensive client experiences and insights gathered from market and analyst coverage.

We evaluated these strategic options using our Media Reinvention Scale, which measures the extent to which a strategic option alters the company's current financial or operating model or even capabilities. Based on each option's level of reinvention, we assigned a score of using a framework of low-medium-high-radical reinvention.

We evaluated options on the following dimensions:

- **Customers and markets:** Selling to new audiences, targeting different demographic or geographic segments.
- **Products & Services:** Offering new products and services, shifting revenue models, bundling previously unbundled products.
- **Industry and Value Chain:** Moving into new and different parts of your industry value chain or entering new industries.
- **Operations & Organization:** Requiring new talent/skills/capabilities and ways of working, remaking the organizational model.

Next, we applied the Thrive Index, which measures the extent to which an option genuinely positions the company to succeed financially and strategically in both today and tomorrow's industry. It assesses the likely financial impact, growth impact, and strategic impact of an option.

We evaluated options on the following dimensions:

- **Financial impact:** It measures an option's ability to contribute to financial health of the company.
  - Drives non-diluted revenue growth
  - Improves EBITDA and cash flow
- **Strategic impact:** It measures the degree to which an option improves company's alignment with latest consumer media consumption trends as well as revenue resiliency, i.e., the extent to which an option bolsters revenue diversity.
  - Enters fast-growth markets
  - Accelerates future-forward capabilities
  - Adds strategic resilience

References & Methodology

1. Source: S&P Capital IQ, Accenture Research analysis
2. https://www.vanityfair.com/news/inside-the-new-york-times-big-bet-on-games
3. https://www.accenture.com/in-en/insights/communications-media/reinvent-for-growth
4. https://www.cnbc.com/2022/12/22/nfl-sunday-ticket-youtube-tv.html
5. https://www.latimes.com/entertainment-arts/business/story/2022-03-17/amazon-closes-mgm-purchase
6. https://www.forbes.com/sites/davidbirch/2024/01/18/x-as-superapp-or-smart-wallet-musk-money-and-identity/amp/
7. Accenture analysis, Media & Entertainment Strategy Practice
8. S&P Capital IQ, Accenture Research analysis
9. https://www.mancity.com/news/club/manchester-city-warner-bros-blue-beetle-63827351
10. https://www.bbc.com/news/entertainment-arts-66639477
11. https://thewaltdisneycompany.com/disney-and-epic-games-fortnite/
12. https://www.emarketer.com/insights/guide-ctv/#:~:text=Connected%20TV%20(CTV)%20is%20the,to%20EMARKETER's%20October%202023%20forecast.
13. https://www.accenture.com/us-en/insights/communications-media/streaming-complex-consumer
14. https://corporate.charter.com/newsroom/comcast-and-charter-announce-xumo-as-brand-name-for-streaming-platform#:~:text=(NASDAQ%3A%20CHTR)%20and%20Comcast,streaming%20devices%2C%20content%2C%20and%20a
15. https://www.penguinrandomhouse.com/books/72469/only-the-paranoid-survive-by-andrew-grove/

All other data is from our Total Enterprise Reinvention research. Accenture Research conducted a survey of 1,500 C-suite executives in October-November 2023. Respondents were asked about their organization's approach to business transformation and reinvention strategy, as well as about their specific programs and success factors. We conducted the survey in 10 countries and respondents represented 19 industries. For financial performance, we analyzed the revenue growth for the three groups of companies (Reinventors, Transformers and Optimizers). For the historical period 2019-22, we used actual revenue growth (CAGR) from S&P Global. And for the 2023-26 period, we applied the self-reported expectations in respective time horizons from the survey and used trend data extrapolation for missing values. We reviewed the self-reported expectations of respondents against analyst forecasts to test for consistency.

All non-sourced stories are based on Accenture client engagements.