Navigating the Entertainment Industry

IMPACT OF THE CORONAVIRUS CRISIS

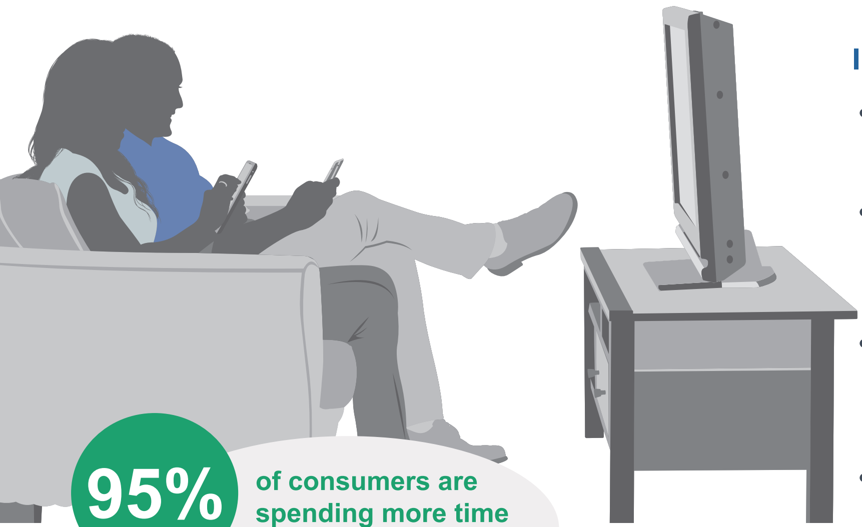
May 2020

Across the economy and marketing landscape, we're seeing some brands playing it safe, while other brands are taking a more aggressive approach. For the entertainment industry, it is both one of the hardest hit, but also fastest growing, depending on the category. The information within this report will provide a snapshot of the current landscape of the Entertainment industry and highlight the categories of Music, Gaming and Events. This report should be used as a guide to inform critical decisions being made moving forward.

CURRENT STATE OF THE INDUSTRY

Industry Landscape & Behavior Shifts

66% of consumers expect we will be largely returning to normal in 2–6 months (May-Sept)[1]



95% of consumers are spending more time consuming in-home media[6]

INDUSTRY TRENDS

- **Video gaming activity** is on the rise, while sports and other live events are on hold
- **Digital ad spend** across the Arts & Entertainment industry is **down 26%**, largely influenced by the cancellation of live-action events and performances[2]
- Interest in **subscription services**, like Netflix, Disney+ and Amazon Prime Music, are at an **all-time high**[3]
- **72%** of consumers said they would like to **hear from brands in the entertainment industry more** or the same amount during the current crisis as they had prior to the crisis[4]

BEHAVIOR SHIFTS

- **Let's be honest: Consumers are BORED.** Google searches for "bored" keywords have spiked 2.4 times in the past 90 days.[5] As a result, consumers are looking to **virtual events, video on demand and games** for entertainment
- Consumers are seeking out **new ways to connect**, mostly through video chat apps like Zoom, Google Hangouts, Houseparty, Nextdoor, Google Duo and more[7]
- Consumers are spending **15% more** on at-home entertainment[8]
- Consumers are spending considerably more **time on devices** as a result of the pandemic[9]
  - Smartphone usage up **40%**
  - Laptop usage up **37%**
  - Smart TV/Streaming usage up **29%**
- Time spent with **digital audio** (Spotify, Pandora, podcasts) is **down slightly** (2%) due to lack of time spent commuting/traveling, being at the gym, etc.[10]

The industry as a whole needs to **rethink how it interacts with consumers**. From the services they offer to their go-to-market and distribution strategies, companies need to find new ways to engage consumers

Messaging ideas that align with consumer trends:[5]

- **Be helpful as needs evolve** - customer service is key
- **Forge new communities** - help create connections
- **Embrace novelty to combat boredom** - pivot platforms and formats

SEGMENT DEEP-DIVE

The Entertainment industry is broad, and the pandemic is impacting each category in different ways.

Music

- Total **ad spend** was **down 33%** in April compared to March within the Music category[11]
- With digital now their only means of connecting with fans, musicians are going **online** and relying on **streaming platforms** to replace live shows
  - Artists are streaming from: Instagram Live, Facebook Live, YouTube Live and Twitch[12]
- Music is having its moment on **Twitch**
  - Artists are building communities and hosting or participating in live events, which offers them a way to monetize their music and personality[13]
- **11% increased** interest in **Amazon Prime Music** subscriptions (compared to 8% for Apple Music)[3]
- Live performances are typically expected to be the largest product segment for the Music industry.[14] With that now on hold, the industry will be looking for new revenue streams, one of which could be the **"ticketing" of streaming events**
- Google is showing a spike in the sales of creation software[15]
  - **55% increase** in Google searches for GarageBand and **13M downloads** since February
- During Week 2 of the pandemic, there was a surge in **music purchases, up 75%**[16]

Gaming

- Gaming is the only industry to see an **increase in ad spend**, **up 2%** April compared to March[11]
- Consumer spend on video games is **up 65%** over this same period last year[18]
- Consumers spend **13% more time** using their gaming console as a result of the pandemic[9]
- **47%** of consumers report they are playing more video games than before COVID-195
- Subscription interest is up[3]
  - **7%** for Xbox Live
  - **5%** for PlayStation Network
- Gaming platforms are setting records weekly[19]
  - **24.5M** logged-in concurrent users, **up 20%** from early March
- Mobile-player behaviors in the US are also shifting[20]
  - **13% increase** in number of people playing
  - **6% more** people are engaging with ads
  - **25% growth** in installing new games
  - **7% decline** in mobile CPMs
- **Gaming apps** are among the most downloaded[5]

Events

- Consumers are turning to **live-streaming platforms** to hear from entertainers and creators[5]
- Digital ad spend is **down 25%** within the Sports segment[2]
- Fans miss their sports, as NFL Draft shatters viewership records with **15.6M** viewers on night one (+37% increase over 2019 viewers)[21]
- With major sports on hold, brands like BMW are pouring more money into **eSports**[22]
- When U.S. internet users were asked what they would **live stream** at home in lieu of attending a live event:[23]
  - **38%** said sports events
  - **35%** said music concerts
- Celebrities are stepping up to host and/or participate in live streaming events during this time, many of which are also tied to **charitable causes**, including:
  - One World: Together at Home concert
  - Stay at Home Slam (virtual tennis aces tournament via Mario Tennis)
  - Twitch Stream Aid

CROSSOVER **Music and Gaming unite** as Travis Scott and Epic Games host the largest in-game experience ever. The five-day event saw over **27M** unique players 'attend' the Fortnite concert in-game, including **12.3M** simultaneous views on the first day of the event.[17]

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The numbers below are all as a result of the pandemic and stay-at-home orders.

MEDIA IMPACT & CONSIDERATIONS

With 95% of consumers spending more time consuming in-home media[6] as a result of stay-at-home orders, just where are they spending their time?

TikTok [24]

- **Added 12M** unique visitors in March, up 50% since January, reaching **52.2M** unique visitors
- Users spent an average of 858 minutes (14 hrs, 18 min) on the app in March (**up 26%** from Jan and **94%** from Oct)
- **80%** of users are **under 34** years old, but awareness is growing among the 34+ audience

Nearly **50%** of people are spending 1–3 hours more time on social platforms[26]

YouTube [25]

- Usage is **up 15.3%**
- **73%** of U.S. adults use YouTube (90% among 18-24 year olds)
- **70%** of those 18-28 are seeking entertainment content (compared to 48% of the general population)

36% more minutes spent streaming movies/videos[5]

twitch [13]

- **10B** hours streamed in 2019
- **+50%** MoM increase
- Average session is **90 minutes** (Currently bigger than Netflix, Hulu, ESPN & HBO combined in terms of hours watched)

"Video conference" searches increasing **17x** as people search for ways to stay connected[5]

VOD

VIDEO ON DEMAND

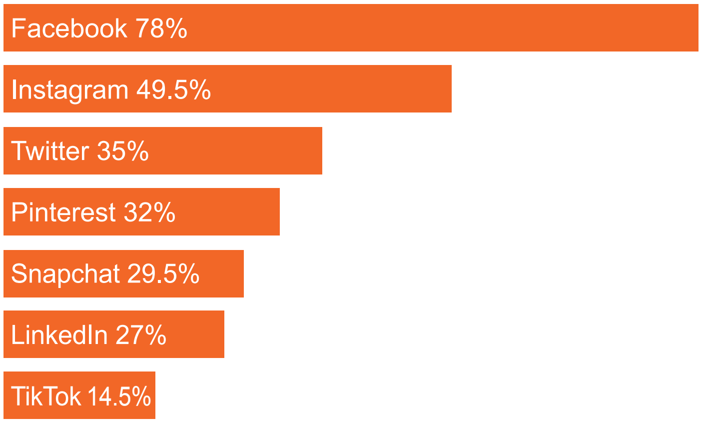
Rapid growth in new users[5]

- 300% Disney+
- +90% HBO
- +78% Showtime
- +47% Netflix

State of TV Viewership[28]

- **14% increase** in time spent watching
- Live TV **up 12%**
- Cable news **up 100%**
- Daytime viewers **up +34%**

Increases in social media platforms usage[27]



The entertainment industry is broad, so if you are seeking more-specific insights into your category, or to talk about how to bring some of these insights into action for your organization, contact **Julie Verhulst** — VP, Strategy & Account Services: julie@ciceron.com

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Final Sources:
1. Resonate 2. Pathmatics 3. eMarketer 4. eMarketer 5. Google Consumer Insights 6. Centro 7. NYTimes.com 8. eMarketer 9. eMarketer 10. eMarketer 11. MediaPost 12. Billboard.com 13. Brand Innovators 14. IBIS World Report 15. RollingStone.com 16. Steelhouse 17. Variety.com 18. CNBC 19. PC Games Insider 20. Medium 21. ESPN 22. Digiday 23. eMarketer 24. eMarketer 25. Search Engine Journal 26. eMarketer 27. eMarketer 28. EffecTV

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