The Transformative Power of Generative AI in the Media & Entertainment Industry

Executive Summary

The Media and Entertainment (M&E) industry continues to rapidly evolve as new technologies redefine how content is created, consumed, and monetized. Generative AI (GenAI) is at the forefront of this transformation, producing opportunities and challenges for traditional back-office operations, primary media processes and business functions.

This article explores how media companies can leverage GenAI opportunities while strategically managing associated risks. Key takeaways include:

1. **Generative AI in the Media Industry:** New technologies are transforming the manner in which we create, consume and interact with media content. This shift is changing traditional back-office operations as media companies evolve into digital businesses, while digital-first companies are expanding into media.

2. **Content Creation Processes:** By using GenAI, companies can now produce large volumes of content by automating some aspects of content creation and curation. This technology provides insightful suggestions for human creators and assists in writing, editing, brainstorming, and creating visuals, among other tasks.

3. **Licensing and Monetization:** As Large Language Models (LLMs) are training on web content, copyright and intellectual property infringement are an imminent risk because the content they generate may be similar to existing brands' tone and style. On a positive note, media companies can license valuable content to AI companies for LLM training, opening new revenue streams.

4. **Original and AI-Generated Work:** As AI improves in content creation, it becomes harder to distinguish between original and derivative works, introducing new challenges regarding intellectual property rights. However, GenAI also provides new opportunities such as revenue generation by reviving established content franchises with AI-assistance.

5. **Content Distribution:** GenAI has reduced the time to regionalize and distribute content, expediting the content production lifecycle, and allowing for dynamic, personalized iterations tailored to regional or demographic preferences.

6. **Personalized Advertising:** GenAI optimized-data and predictive analytics enable highly personalized and more effective ad campaigns. Media companies should leverage algorithms and test campaigns at a more strategic level while providing users the ability to manage ad preferences and data privacy.

7. **Genuine and Fake Content:** As GenAI becomes increasingly sophisticated, users are finding it harder to distinguish genuine from fake content, leading to heightened skepticism among audiences about the authenticity of content. This pushes an even higher burden on media companies and publishers to establish trust and credibility.

Key Takeaways

1. Industry shift with new technologies & GenAI

2. Content creation processes can be made more efficient

3. New opportunities for content licensing

4. Content distribution efficiencies

5. Personalization in advertising

6. Establishing trust & credibility with content quality

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The Transformative Power of Generative AI in the Media Industry

New technologies are transforming the way consumers create, consume, and interact with media content. As companies adopt these innovations, many industries have developed media capabilities, leading to an overlap with the M&E industry. This shift is changing traditional back-office operations as media companies are evolving into digital businesses, while digital companies are expanding into media. This has led to increasing competition for key media revenue sources like content, advertising, and subscribers. As such, media companies are particularly vulnerable, creating the need to protect their market share and adopt digital-first strategies. While GenAI has heightened the urgency for media companies to transform, it has also accelerated their evolution and boosted their competitiveness against technology companies.

Particularly, the use of new technology has brought traditionally consumer-distant media companies closer to their audience. Technology, including GenAI, has brought significant advantages to companies, such as the quick production of large volumes of highly personalized, quality content and the reduction of labor time and costs through the automation of some aspects of content creation. However, with these opportunities, there are associated risks and challenges. For instance, as audiences are becoming increasingly skeptical about authenticity, media brands now risk negative user sentiment and perception, which may lead to issues like lower engagement, among others.

In this article, we discuss how GenAI impacts all areas of media, from content creation to distribution and audience engagement. We also provide recommendations on how to capitalize on these changes.

Revolutionizing Content Experience

GenAI technology gives subscribers more personalized, engaging, and interactive content. For example, users can now interact with GenAI through interactive dialog that retains the context and continues the discussion in a human-like conversation. AI models have the ability to generate responses based on the user's input, making it possible for users to solve problems, request specific content, and make transactions, among other actions. A great example of this type of content is Black Mirror: Bandersnatch, an interactive science fiction film in which viewers make decisions for the main character. Another example is Amazon Prime's X-ray feature, which helps viewers access information about actors, soundtracks, production details, and bonus content.

What should media companies do?

- Offer users interactive experiences when consuming content.

- Improve and personalize user experience by leveraging algorithms.

- Simplify tools for users to manage evolving ad preferences and data privacy settings.

What is the impact on media companies?

Enhanced personalization and interactivity keep audiences on platforms for longer periods, reducing churn rates and providing deeper insights into user preferences through predictive analytics.

Streamlining the Content Creation Process

GenAI is revolutionizing content creation and enabling high-volume, quality content by assisting in tasks across all the stages of production, from ideation, scriptwriting and editing to visuals and special effects. For instance, The Washington Post developed Heliograf, an AI-powered tool that generates real-time news reports, while Alibaba uses AI to create product descriptions for its e-commerce platforms.

What is the impact on media companies?

By using GenAI, media companies can produce large volumes of engaging, quality content targeted to specific audience segments with reduced effort. If used effectively, this approach can save time and reduce labor while allowing human creators to focus on higher impact content production activities.

What should media companies do?

- Leverage AI to generate ideas as a starting point, streamlining the initial content creation process.

- Refine and build upon AI-generated content with human creativity to ensure alignment with brand image.

Monetizing Intellectual Property: New Opportunities in Content Licensing

The proliferation of Large Language Models (LLMs) trained on web content has increased copyright and intellectual property infringement as they can support production of content similar in tone and narrative style to existing brands, authors, or media companies. However, new content licensing opportunities for publishers to AI companies opens the door for incremental revenue streams, as seen with News Corp's multi-year agreement with OpenAI and Reddit's content licensing deal with Google.

What is the impact on media companies?

Licensing agreements open revenue streams and give media companies access to advanced AI technologies. This strategic approach can enhance brand awareness and create new content monetization opportunities.

What should media companies do?

- Identify valuable content for licensing opportunities.
- Establish pricing strategy for licensing deals.
- Negotiate with select LLM partners.

Distinguishing Original and Derivative Works: Maintaining Authenticity

As AI-generated content becomes more realistic, distinguishing between original and derivative works becomes harder. Midjourney, an AI text-to-image service that generates images from natural language descriptions or prompts is the subject of an ongoing lawsuit. The case argues that the company's AI picture generator successfully mimics and purloins artists' work without their permission. In a similar vein, Scarlet Johansson raised concerns to OpenAI about one of their chatbot voices, which she argues sounds just like her.

In this new landscape, media companies must prioritize building trust with audiences and key stakeholders by establishing mechanisms to identify AI-generated and human-generated content.

What is the impact on media companies?

Some benefits of GenAI sophistication include potential revenue generation in the ability to revive established content titles using AI for images and voice, boosted brand awareness from strategic partnerships, along with new challenges of determining intellectual property rights of derivative works.

What should media companies do?

- Monitor content usage across the web and maintain quality control.
- Prioritize "owning the audience" and creating high-quality, differentiated content to avoid commoditization by GenAI.
- Establish clear audit trails for content, traceable to the sentence level.

Reducing Time to Distribute and Regionalize Content: Efficiency and Scalability

AI tools help create dynamically adjusted content iterations based on audience preferences and tailor content delivery segmented by region or consumer demographic. In other words, GenAI improves the content distribution process, enabling companies to operate more cost-effectively. For example, Netflix uses AI to translate subtitles and synchronize actors' mouth movements to fit different languages, while the Wall Street Journal uses dynamic paywalls based on consumer behavior to gain subscribers.

What is the impact on media companies?

Media companies can accelerate the content production lifecycle, producing iterations without a proportional cost increase. This scalability is crucial for meeting the diverse needs of global audiences.

What should media companies do?

- Use data to identify audience preferences.
- Leverage AI tools to create iterations of content, dynamically adjusted, based on audience preferences.
- Optimize content distribution process and tailor content delivery, segmented by region or consumer demographic.

Personalizing Ad Campaigns to Improve Performance

GenAI enables optimized data collection and content creation. Algorithms analyze vast amounts of user data to create personalized ad campaigns tailored to individual preferences while predictive analytics offer deeper insights into consumer behavior. For example, Nike uses optimized ad placement based on data and user behavior.

GenAI has also impacted the social media and marketing landscape with a new kind of influencer: AI-generated celebrities. This creative method uses GenAI to create new social media celebrities as well as improve advertising personalization and better engage audiences, providing companies a great opportunity to use these influencers as brand ambassadors to promote their products.

What is the impact on media companies?

Customers expect more personalized experiences and features while marketers expect higher Return on Ad Spend (ROAS) using personalized AI advertisements.

What should media companies do?
- Prioritize building trust with the audience and key stakeholders.
- Create safe and reliable content consistently to maintain branding.
- Establish industry standards to identify AI-generated and human-generated content.

Distinguishing Genuine and False Information: Fake Content Has Altered Perception of Media

AI can generate highly realistic but false information, making it harder for audiences to distinguish genuine from fake content. This leads to increased skepticism among audiences about the authenticity of content, as they question whether or not it was created by GenAI. An interesting example of fake news is the video of the Pentagon Attack created with AI generated images or deep-faked celebrities used to promote products or state out-of-character messages.

What is the impact on media companies?

AI-generated content that mimics established brands can dilute a brand's unique voice, leading to a homogenization of media. Moreover, if perceived as unreliable, media brands may face negative user sentiment and perception, leading to issues such as lower engagement.

What should media companies do?
- Prioritize building trust with the audience and key stakeholders.
- Create safe and reliable content consistently to maintain branding.
- Establish industry standards to identify AI-generated and human-generated content.

Conclusion

Generative AI is transforming the media industry by assisting in content creation processes, personalizing viewer experiences, opening new licensing opportunities, and streamlining distribution processes. To fully reap the benefits of this transformative technology, media companies must strategically face challenges of authenticity and brand integrity. By responsibly leveraging GenAI, media organizations can stay competitive and successfully navigate this new digital-first landscape.

How A&M Can Help

At A&M, we understand the transformative power of Generative AI in the Media and Entertainment industry. We can help you navigate this complex landscape, capitalizing on the opportunities presented by this technology while effectively managing associated risks and challenges. If you have questions or wish to discuss any aspect of GenAI, please reach out to a member of our team.

Key Contacts

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