LIGHTS, CAMERA, AI

What consumers reveal about how AI is reshaping Media & Entertainment

For decades, science fiction authors and filmmakers have explored the essential story of man versus machine. From the apocalyptic warnings of "The Terminator" to the fight for human autonomy in "The Matrix," creative minds return again and again to the battle between human essence and artificial intelligence (AI).

AI is no longer hypothetical or futurism; it is reshaping the Media & Entertainment (M&E) landscape in real time, forcing the industry to confront what makes human creativity unique and where AI should meaningfully contribute. Will humanity prevail like the Hawkins kids from "Stranger Things" or will AI prevail like the ambitious robots in "Ex Machina"? Or is there a middle ground where humans and AI complement each other?

At this hinge point, the Alvarez & Marsal (A&M) M&E consumer study seeks to add the consumer's voice to the debate, revealing how audiences are shifting attention, adopting AI-enabled formats, and redefining the media value chain. Surveying nearly 2,000 US consumers (ages 18–65), the study uncovers five far-reaching trends:

AI is quickly gaining share in the attention battle	AI is increasingly core to media consumption	AI emerges as a gatekeeper	Trust thresholds vary by content and context	The audience enters into the story

> " AI is becoming integral to how people discover, consume, and navigate media. "

A&M MEDIA CONSUMER RESEARCH

Baseline and future-focused behavioral questions

M&E specific future scenarios, what ifs, and consumer trade-offs

Artificial intelligence tested prominently, alongside other industry and technology trends

Systematic variation of key variables to identify adoption thresholds and boundaries

Methodology and Participants

Fielded	Oct. 2025–Jan. 2026	**Gender**	49% women, 50% men, 1% nonbinary
Respondents	1,968 US consumers, ages 18–65	**All income and educational levels**	High school and above
Demographics targeted to census	Proportionally represented for statistical accuracy and weighted averages analysis	**Mix of adoption profiles**	Mainstream, high- and low-tech adopters
Generational mix	Gen Z (n=364), Millennials (n=708), Gen X (n=678), Baby Boomers (n=218)		

KEY FINDINGS

TREND #1: | **AI IS QUICKLY GAINING SHARE IN THE ATTENTION BATTLE**

Consumers are shifting attention toward AI platforms and content, accelerating pressure on traditional TV and video—and risking audience and revenue erosion.

- **AI platform and content adoption:** Consumers expect to spend **29%** more time on AI platforms in the near future.

- **Legacy broadcast and cable declining:** Respondents project **11%** decrease in time with traditional TV.

- **Streaming services softening:** Consumers forecast **3%** decrease in time with streaming video.

+29%
AI Platforms and Content

−11%
Broadcast & Cable
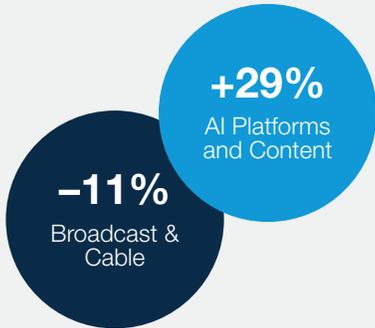
TREND #2: AI IS INCREASINGLY CORE TO MEDIA CONSUMPTION

Consumers are increasingly comfortable with AI-created media content, including premium formats. Implications for legacy players include heightened cost and speed pressure brought by AI-first studio competitors.

- **Human + AI content collaboration: 64%** believe that humans, with AI collaboration, will create premium content.

- **Neutral or excited for 100% AI-generated film: 51%** state that they're neutral or excited to see a film—and willing to pay the same or more—when told script, acting, and music was all AI-generated.

- **Short-form content adoption: 60%** accept AI-generated television commercials.

51%
equally or
more excited
to see a 100%
AI film

TREND #3: AI EMERGES AS A GATEKEEPER

Consumers readily embrace AI to filter, curate, and personalize content amidst growing choice overload—undermining traditional industry roles like programming and scheduling.

- **AI-driven content selection: 76%** want AI to filter and select content and information.

- **Broad AI curation support: 68%** of the usually-resistant Gen Z and Baby Boomers embrace AI curation.

- **Content overload: 40%** report being overwhelmed by media offerings and find it difficult to keep track of content and subscriptions.

76%
want AI
to curate
their content

> " Consumers are increasingly comfortable with AI-created media content,
> including premium long-form formats "

TREND #4: TRUST THRESHOLDS VARY BY CONTENT AND CONTEXT

Trust in AI varies by demographic and content context, shaping consumption decisions. Implications include a realignment of brand trust by consumers around AI values, audience segments, and content categories.

- **Issues distinguishing AI content:** **51%** of consumers surveyed say they can distinguish AI from non-AI content, with confidence highest among younger demographics.

- **Persistent privacy concerns:** **59%** feel privacy is gone completely or is rapidly disappearing.

- **Low trust in AI-generated voices:** In areas where verification or authenticity is deemed important—including news reporting or brand personalities—respondents have low trust in AI; for example, only **19%** of Gen Z have trust in AI-generated news reports.

59%
feel **privacy is disappearing** or gone

TREND #5: THE AUDIENCE ENTERS INTO THE STORY

Consumers are eager to actively participate in AI-enabled storytelling, opening new opportunities for M&E revenue and category expansion from adaptive content.

- **Dynamic adaptive media:** **88%** of consumers—across demographics—express interest in adaptive content enabled by AI.

- **Active audience participation:** **69%** have interest in storytelling that allows them choices and a role to play.

- **Flexible pricing models:** **43%** prefer a "freemium" experience for adaptive content.

69%
want stories where they have an **active role**

> " Audiences are becoming co-creators and participants within AI-shaped narratives. "

Implications for M&E Companies

	AI is quickly gaining share in the attention battle	AI is increasingly core to media consumption	AI emerges as a gatekeeper	Trust thresholds vary by content and context	The audience enters into the story
TREND					
KEY IMPLICATIONS	• Risk of audience and revenue erosion • Increasing competitive set from AI players • Rapidly shifting consumer media consumption behaviors • Increased cost pressure across content production lifecycle	• Speed and cost intensity from AI-first studios • Near-term reinvention or displacement of short-form creative teams (e.g., advertising, animation) • Increased talent and brand risk from AI-driven market demands	• Undermining of key M&E roles by AI curation (e.g., programming) • Redirected consumer attention, changing revenue predictability • Reinvented revenue models through AI efforts or partnerships • Critical importance of metadata quality and algorithmic alignment	• Increased focus on brand trust tied to AI values, audience, and context • Opportunity to establish trust footholds • Competitive advantage through AI transparency and ethics	• Revenue opportunities from participatory storytelling offers • Extended reach into new audiences and content categories through AI-enabled storytelling • AI content innovation as integral as AI-supported business operations

QUESTIONS FOR M&E LEADERS

As AI reshapes consumer behavior and the media value chain, the findings point to a set of consequential questions for leadership. At A&M, we have worked with media companies to help answer these challenging questions:

1
• How should we compete for consumers' shifting attention toward AI-generated short-form content while protecting brand and market position?

• How can AI-enabled content creation be integrated into our existing strategy?

• What structural advantages and risks emerge from the new production economics?

• What decisions must we make in the next 12–24 months to avoid being cost-disadvantaged as AI-native studios scale?

2
• What role should I play in media content discovery and demand in an AI-curated world, and what must be owned versus influenced to protect my core audience, revenue, and brand?

• As my content strategy expands, how should my distribution strategy and partners evolve to optimally capture and monetize shifting consumer behaviors?

• What new partnerships are required to influence and direct attention in a way that creates sustainable advantage?

3
• Where can content innovation unlock new revenue streams and emergent categories?

• How can the AI content adoption curve be exploited as consumers progress from short-form to long-from and new formats like adaptive content?

• How do we balance potential AI-led profit advantages with talent, trust, and reputational risk?

• Where can segmented demand— varying by content type and context— be optimally captured?

IMPERATIVES FOR M&E COMPANIES

As this future-focused study reveals, AI is redefining how consumers discover, trust, and engage with media. As competitive pressure intensifies, companies must quickly evolve or risk loss of share. A&M's M&E practice outlines three coordinated priorities—content, distribution, and monetization—where companies can take action. Companies that move decisively and align strategy, market dynamics, and brand will be best positioned to capture long term value.

Prospective next steps

● **Content:**

- Pursuing a dual content strategy, developing AI-generated content as well as traditional media
- Evolving AI capabilities for short-form, adaptive, and personalized content to meet emergent demand
- Expanding M&A to include AI-first studios as well as AI efficiency tools and solutions; ensuring post-merger ROI
- Instituting AI disclosures and transparency for enterprise wide consistency and values alignment
- Advocating for talent and human creativity with legislators, regulators, and guilds

● **Distribution:**

- Evolving DTC curation intelligence, personalization, and recommendations to parity with AI curators and other intermediaries directing demand
- Ensuring cross-enterprise asset orchestration so full library is ready to surface and serve across AI ecosystem
- Influencing AI intermediaries through relationships, partnerships, or licensing deals to offer content in right context to right user
- Evolving metadata, asset management, and tagging to include AI and legacy requirements
- Ensuring comprehensive enterprise AI plan and governance across business and creative

● **Monetization:**

- Enhancing audience intelligence and segmentation addressability, especially along consumer AI fault lines
- Optimizing first-party data and data collaborations—as well as creative optimization—for enhanced engagement
- Pricing and format-matching by segment preference and sensitivities by content and context
- Focusing on freeing up cash flow to invest in AI-generated content and AI efficiencies
- Redoubling efficiency efforts, particularly in the traditional content supply chain, to enhance profits and support new investment areas

ALVAREZ & MARSAL | LEADERSHIP. **ACTION. RESULTS.**℠

PERI SHAMSAI
MANAGING DIRECTOR

Media & Entertainment Industry Lead

+1 917 640 8005
pshamsai@alvarezandmarsal.com

SONIA V. GUPTA
MANAGING DIRECTOR

Media & Entertainment Data & AI Lead

+1 212 763 9551
svgupta@alvarezandmarsal.com

A&M'S MEDIA & ENTERTAINMENT (M&E) PRACTICE

From performance improvements to growth strategy, the M&E practice at A&M consistently delivers results across the M&E industry. A&M helps M&E companies modernize content pipelines, scale AI enabled operations, and evolve business models in line with shifting consumer behavior. In fact, Forbes concludes that A&M holds exemplary strength in performance improvement, benefiting all companies facing endemic and widespread change.

A&M's M&E practice team members have worked with major media companies, including film and television studios, advertising agencies and holding companies, music labels, destinations and experiences, and publishers to enable operational effectiveness, explore new revenue models, adapt to fast-evolving industry trends, and optimize AI-led enterprise capabilities. With projects ranging from large scale transformation, cost optimization, and content enablement, to supply chain modernization and IP monetization, A&M brings its unique bottom-line focus and results-oriented solutions. Industrywide, A&M is directly supporting M&E transformational efforts, serving as the AI Consultants in Residence for the Interactive Advertising Bureau (IAB), working on AI transparency, technology standards-setting, and workforce success in the AI era.

To learn more, visit: **AlvarezandMarsal.com**

Follow A&M on:

IncQuery is a leading provider of survey solutions for due diligence and strategic engagements, supporting every stage of the survey process, from design and programming through data collection and analysis. By combining expert guidance, specialized tools, and streamlined workflows, IncQuery helps clients generate insights with speed and confidence.

Visit **Incquery.com** to learn more

ALVAREZ & MARSAL
LEADERSHIP. ACTION. RESULTS.℠