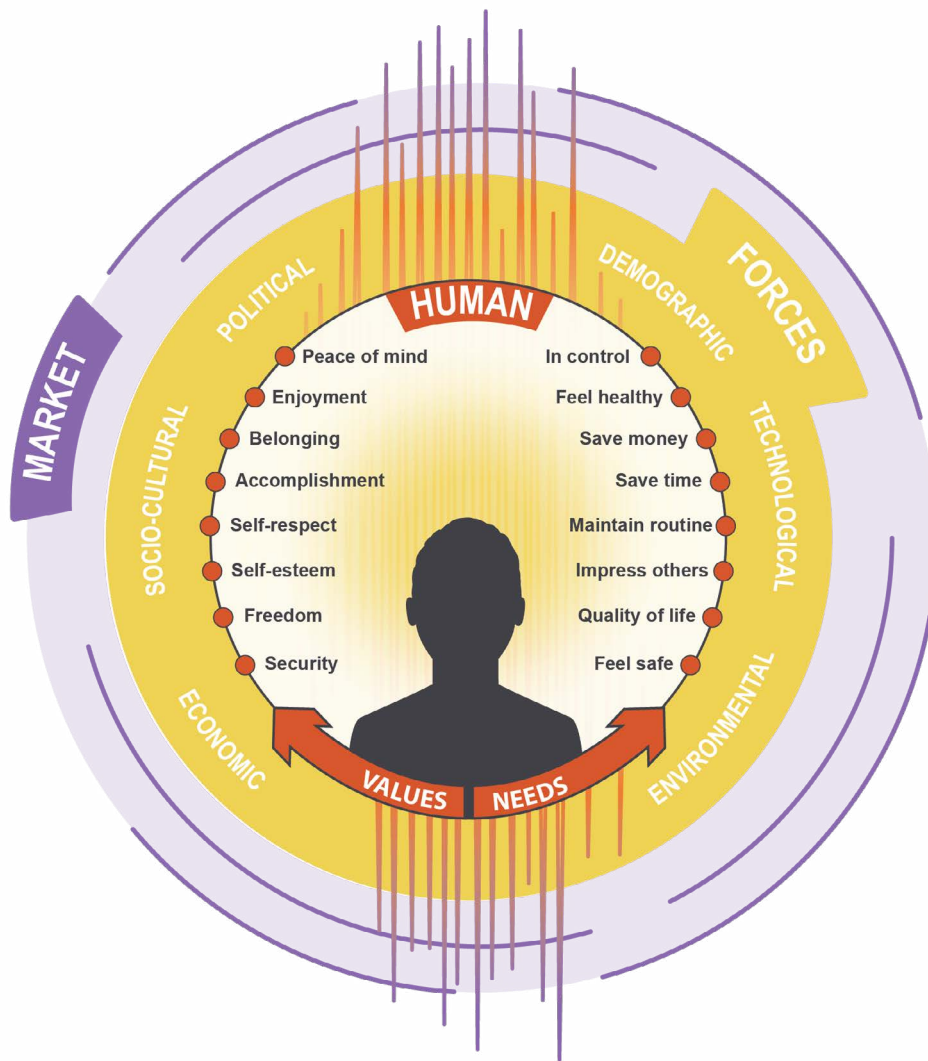


TRENDS + FORCES

Influx of Entertainment





Decisions are driven by human values, influenced by cultural forces and shaped in the context of the market.

HUMAN: We understand the human values that give importance to the needs people are seeking to fill through the choices they make.

FORCES: We define the specific cultural forces at play, from macro-forces that create movements and shifts, to micro-forces that influence daily habits, purchase behaviors, and individual and societal values.

MARKET: We identify the brand and category dynamics, such as trends, movements and influences, parts of the human ecosystem that rapidly change over time.



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FORCES AT PLAY

*economic
socio-cultural
technological*



VALUES AT PLAY

*enjoyment
fulfillment
belonging
diversity*

People love to be entertained and with the growth of streaming services in the last ten years, many people turn to media to find moments of joy in their free time. But streaming media can provide more than just a way to kill time – it can enliven people's imaginations, help them dive deeper into their passions, uncover new perspectives, or spark conversation around different topics.

To do those things, and re-energize the streaming sector, we are seeing a variety of new bets being placed in entertainment – crossovers and cross-promotion between different formats of media, access to more diverse and foreign content, and the emergence of newer, niche streaming options vying for viewers' time and money.



STREAMING PLATEAU

A staggering 85% of U.S. households have at least one video streaming subscription. But for consumers, streaming is starting to feel fragmented. Consumers are weary of trying to navigate the options and wary of price increases. In addition, people who wanted to get away from the cost of cable TV by subscribing to cheaper, streamlined alternatives might be surprised to find that cable may be less expensive than a slew of streaming service logins.

→ For years, Netflix has been relatively lax about password sharing, allowing people with accounts to share their login details with anyone who lived outside of their household – a friend, a parent, a child away at college. But in February 2023, Netflix said they would begin rolling out a system that charges fees for “extra member” sub accounts when people outside one household use the same membership. This move backfired on Netflix, causing outrage among subscribers, with some even canceling their subscriptions.



*Photo Credit: Jakub Porzycki/
Getty Images*

The Netflix crackdown on password sharing upsets subscribers.

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- HBO Max, Disney+, Apple TV+, and Netflix have all announced price increases over the past year. What started out as a cheaper alternative to cable TV is now increasingly more expensive, amid high inflation and recession worries, where consumers are more likely to cut back on unnecessary luxuries – like streaming subscriptions.
- In 2021, Netflix experienced a dramatic slowdown in subscribers, resulting in an 11% drop in its share price, but they continue to dominate the streaming market. As of December 2022, they boasted over 230 million subscribers – up 7.66 million from September 2022. HBO Max, Hulu, and Peacock saw only modest increases in the last quarter of 2022. Paramount+ was the only streaming service that saw a massive jump in subscribers – with an increase of almost 10 million – in the fourth quarter of 2022, and Disney+ was the only service reporting a decline, down 2.4 million subscribers as of December 2022. As many streaming services continue to roll out price increases – and as inflation and economic worries hit the wallets of more Americans – it'll be interesting to see how this impacts the subscriber counts.

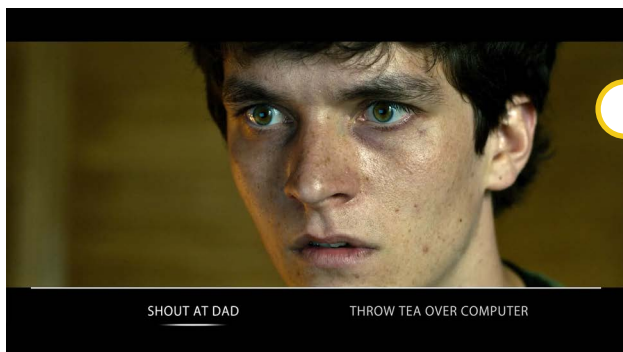


Photo Credit: Netflix

Netflix provides plot choices during the *Bandersnatch* episode, where viewers have a few seconds to decide what the character will do next.



INTERACTIVITY IS KING

Brands can capitalize on creating different kinds of content and creating crossovers between them, to create immersive, engaging content and to encourage more interaction from consumers – take video games, for example. More than half of the U.S. population are digital gamers. Some brands are capitalizing on the success of video games by releasing them in different forms, like adapting them into movies and TV shows.

But it's not just video games that can promote interactive experiences—Netflix, TikTok, and even Nike have created successful interactive content over the past few years. As audiences become more absorbed in quality content, it will be imperative for brands, marketers, content creators, and distributors to captivate their audiences by creating fresh ways to engage with the core content or narrative storytelling.

- In January 2023, HBO premiered the new TV show *The Last of Us*, based on the popular video game. After the premiere of the show, the video game saw a 238% increase in sales – proving that distributing content in different formats can be wildly successful for cross-promotion, picking up new fans who otherwise might not have been interested.
- Netflix's *Black Mirror: Bandersnatch* episode was a groundbreaking example of interactivity in a choose-your-own-adventure format, where the viewer's choices influence the outcome of the story. This innovative storytelling technique was well-received by audiences and helped create buzz around the franchise.
- The Weeknd's virtual concert, live streamed on TikTok, included a range of interactive features – AR, custom filters, and behind-the-scenes content. The concert generated over 2 million views and promoted The Weeknd's latest album.



INCREASING VISIBILITY OF INTERNATIONAL ENTERTAINMENT

With the rise in popularity and validation of foreign TV shows and movies in the last few years – think *Squid Game* and *Parasite* – audiences are hungry for more international content. The globalization of society, the access delivered by streaming services, and a greater acceptance of international culture and language have paved the way for audiences to be able to watch content from all over the world. This content allows audiences to peer into different cultures and to see another perspective other than their own.

- Netflix's original series, *Squid Game*, a Korean survival drama released in 2019 had over 140 million households tuning in to watch the show. Netflix has been a large catalyst for successful international shows, including *La Casa de Papel* (Spanish), *Narcos* (bilingual in English and Spanish), and *Dark* (German) – interestingly, 90% of *Dark's* viewers live outside of Germany.
- When Disney released the trailer for the upcoming live-action movie *The Little Mermaid* – which showed Halle Bailey, a Black actress, as the titular character – it sparked a phenomenon on social media with parents sharing their children's wholesome reactions to seeing themselves represented through Ariel. University of Toronto professor Lauren McLeod Cramer interpreted this trend to mean "If people who look like me are on screen, I matter." Representation has a direct impact on how we think and view other people – increasing open-mindedness, decreasing stereotypes of other cultures, and fostering inclusivity.



Photo Credit: Jeff Kravitz/FilmMagic

Michelle Yeoh and Ke Huy Quan, both Asian Americans, win Academy Awards for their performance in *Everything Everywhere All At Once*.

- 2020 marked a distinct change in the Western acceptance of foreign media. At the 2020 Oscars, *Parasite* – a Korean film – won Best Picture, which came as a massive surprise. Not because the film was undeserving, but because America has a historically bad track record when it comes to honoring foreign media. Since then, Hollywood has continued to appropriately honor other foreign films. Although not considered a foreign film, *Everything Everywhere All At Once*, a low budget sci-fi film telling the story of a Chinese immigrant and her family, featured a diverse cast, including two Asian actors in lead roles – both of whom won Oscars in their respective categories – and took home 7 awards overall at the 2023 Oscars. *All Quiet on the Western Front*, a German WWI drama, also swept a lot of categories that same night. As *Parasite* director Bong Joon Ho famously said in his Oscars acceptance speech, "Once you overcome the one-inch-tall barrier of subtitles, you will be introduced to so many more amazing films."



OPPORTUNITIES FOR 2023

- Consumers are tired of price increases and may be keeping a tighter hold on their wallet as economic worries continue to grow – meaning if they don't see value in what you offer, they're likely to cut it out of their budget.
- Understand your audience and tap into new media formats that can extend the life and interactivity of your content, with the ultimate goal of solidifying and strengthening audience engagement.
- The rise of international TV and films shows us the importance of diversity, inclusion, and representation – highlighting the innate need for humans to feel belonging and allowing us to champion the human at the heart of every story, regardless of if they look like us.

HEART & MIND STRATEGIES

