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## Media and entertainment redefined: How AI is reshaping the industry

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**New technologies dominate** the collective dialogue, capturing the attention of industries on the frontlines of change. That's particularly true in the media and entertainment industry, which commands such a significant impact on popular culture and popular consciousness that any disruption to the status quo is met with heightened scrutiny.

Today, that discussion is centered around artificial intelligence—and for good reason. The emergence of generative AI especially is transforming the industry landscape and all signs are pointing toward the technology playing a huge role in its continued growth, impacting content creation, marketing, advertising, subscriber growth and loyalty, and media-driven commerce.

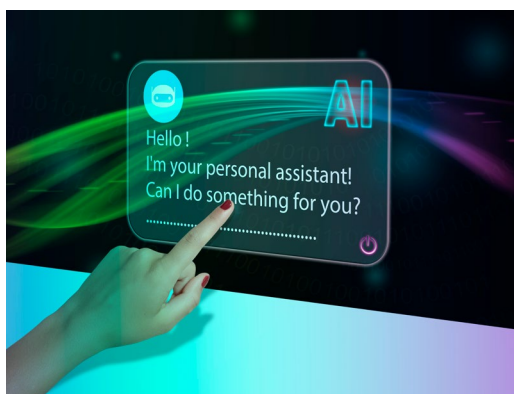
Sales of generative AI in media and entertainment are expected to reach \$11.6 billion by 2032, compared with \$1.4 billion in 2023, according to new research from Market.us. The industry is forecast to achieve a compound annual growth rate (CAGR) of 26.3% between 2023 and 2032.

And yet, with all this anticipated growth, AI also brings monumental challenges specific to the industry.

Here we'll explore these challenges while also detailing how AI is helping companies improve customer experiences and company efficiency.

## Challenges are hitting the industry on multiple fronts

At the risk of oversimplifying the myriad, seemingly existential crises that have confronted media and entertainment in recent times, many



of the challenges the industry faces can be boiled down to that other buzzword from the past year: *personalization*.

Subscribers require personalized experiences not only in the content they're served but also the customer service they receive. And they're more willing than ever to change providers to get it.

Meanwhile, media and entertainment companies are expected to do more with less.

According to the [Salesforce Media and Entertainment Insights Report](#), the annual turnover rate for streaming services is nearly one-fifth of all subscribers. So, it shouldn't come as a surprise that [customer satisfaction](#) is the top priority for media and entertainment companies to decrease churn. Second on that list is improving operational efficiencies. It's much cheaper to retain a subscriber than it is to attract a new one.

According to Deloitte, it costs streaming TV services an average of \$200 to acquire a new

customer; in other words, if a subscription service charges \$12 a month, it would take nearly a year and a half to recoup those marketing costs alone.

“Customers expect companies to anticipate their needs,” Gaby Hosokawa, senior product marketing manager at Salesforce, said. “AI-powered tools are increasingly becoming the standard for achieving faster response times, more personalized experiences and increased employee productivity.”

Hosokawa said this reality moves the discussion from fear and trepidation to the notion that AI is a positive.

“AI is no longer nice to have for the media and entertainment industry, and many other verticals. It’s really necessary for success,” she said.

#### How AI is changing media and entertainment—for the better

AI and automation are playing a role in just about every aspect of the media and entertainment industry. It’s helping deliver personalized experiences to different audience segments, augment ad sales by analyzing segments to help sellers deliver relevant content at the right time, optimizing scripts for TV and movies and making customer service smoother and more efficient, to name just a few.

Here’s a more in-depth look into how AI is being used in the industry:

**Content and marketing personalization:** Delivering personalized content is key. Predictive AI has been helping with this for years; think Netflix’s and Spotify’s content algorithms that leverage subscriber data to suggest shows, movies or songs: AI powers personalized content recommendations, using machine learning to analyze user behavior, preferences and historical data, which has transformed how audiences discover and consume content. This is crucial for helping subscribers find continual value to prevent them from churning.

Predictive AI can also help companies understand their customers’ behavior and create more effective marketing strategies. For example, this technology can identify when a customer is about to churn and provide retention plan strategies based on engagement



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Gaby Hosokawa, senior product marketing manager, Salesforce

levels. Or, AI can help companies target audiences more effectively using historical data and real-time trends to reach them at the right time and in the right context, such as retail media companies sourcing purchasing history to suggest how to bundle products, providing optimized return on investments for both the advertiser and media company.

**Audience acquisition:** AI can identify potential audiences and tailor marketing strategies to specific demographics—increasing the value of every impression to optimize budget spend. This enables companies to create targeted campaigns that resonate with different customer segments, reach the right audiences and ultimately scale customer acquisition. Big Tech companies including Google, Meta, Amazon and TikTok are increasingly turning to automation to improve targeting and personalize campaigns.

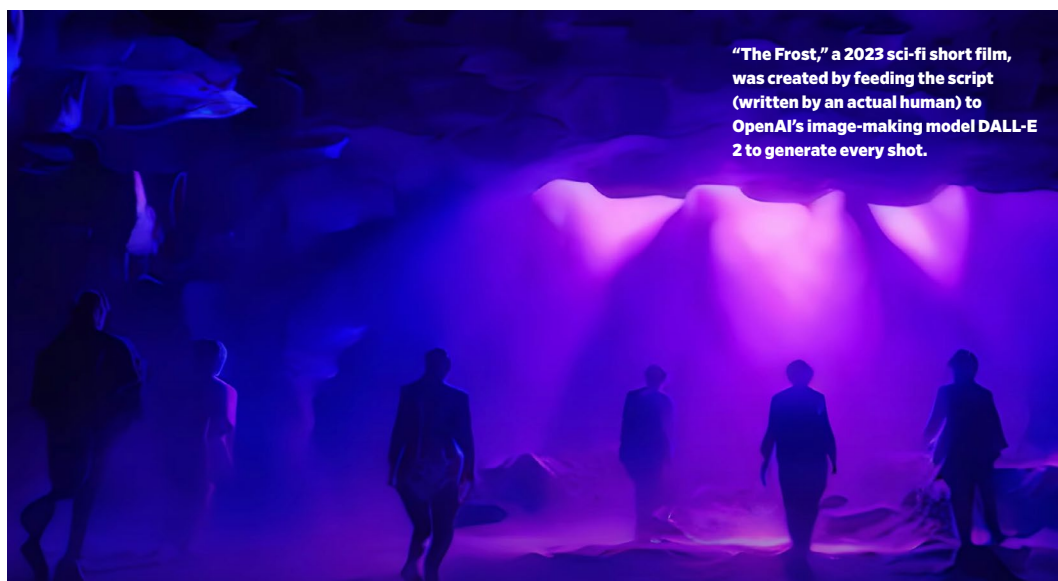
**Diversification of revenue streams:** AI can identify upselling and cross-selling opportunities by understanding user preferences and recommending premium content, merchandise or subscription packages that the right audiences are more likely to accept. AI can also help companies identify emerging trends and untapped markets, enabling informed decisions on expansion into new markets, content genres or platforms, for example.

**Improved customer service:** Chatbots and virtual assistants powered by AI can provide personalized responses to improve the overall customer experience and help service agents be more efficient. Automation can take over routine tasks such as billing inquiries or account management, freeing up human agents to focus on more complex tasks and customer interactions.

**Content creation:** For most of the past year-plus, generative AI's impact (both positively and negatively) on creating content has dominated most of the headlines and popular consciousness regarding the nascent technology. On the creation side of the business, AI can gain insights into audience preferences to aid with not only creating relevant content but also providing valuable tools for making informed thematic decisions and also enhancing creativity, efficiency and the overall quality of content.

Here are some examples of how AI is transforming media and entertainment creatively.

**Film and TV:** AI tools can enhance scripts (more on this below), for example, by identifying patterns to help writers refine their narrative, identify plot holes and even predict the success of a script based on historical data. The technology can be used in so many more creative applications, such as composing music to elicit a specific emotional response, creating



**"The Frost," a 2023 sci-fi short film, was created by feeding the script (written by an actual human) to OpenAI's image-making model DALL-E 2 to generate every shot.**



AI allowed the surviving Beatles to transform a demo from the 1970s into the last song featuring all four members.

animation, special effects, voice-overs and narration and also streamlining post-production processes like video and sound editing.

Although the more tech-friendly film and TV production creatives, such as VFX artists, are farther ahead in their adoption of AI, some filmmakers are beginning to explore the capabilities and possibilities of AI moviemaking. Waymark, a generative video production company, released a sci-fi short called “The Frost” created by feeding the script (written by an actual human) to OpenAI’s image-making model DALL-E 2 to generate every shot. Then the filmmakers used another AI tool called D-ID to add movement to still images in order to animate shots and have the characters move their mouths and bodies.

**Gaming:** In 2022, gaming revenues were more than \$170 billion globally, more than five times movie revenues. In 2023, according to Statista, worldwide gaming is expected to reach \$406.2 billion, and \$626.8 billion by 2028. In the never-ending quest to simulate reality and/or create entire worlds beyond our own, gaming utilizes most of the same high-tech storytelling techniques as Hollywood—only more so. The Market.us report predicts gaming will lead the way in media and entertainment generative AI, increasing revenues from \$478 million in 2022 to \$4.8 billion by 2032.

According to The Verge, Inworld AI and Microsoft, famously one of the major players in

AI via its investment in OpenAI, are partnering to build a multiplatform system for the Xbox they’re calling an “AI design copilot” to develop tools that will create characters, stories and other gaming scenarios. Roblox is combining AI with the metaverse by building generative AI tools to allow for easier creation in its virtual ecosystem. These offerings will include voice and text-based bots specially customized for developing game-ready assets.

**Music and audio:** In addition to offering filmmakers, game producers and composers more options in creating soundtracks, AI can also mix and master music after the recording process. Landr, an online music software app, recently launched the AI Mastering plug-in, which uses AI to allow anyone with a digital audio workstation to master professional-quality recordings.

Although using AI to mimic famous singers from Bad Bunny to Justin Bieber to Frank Sinatra has caused controversy (see “Heart on My Sleeve” on pg. 7), not to mention consternation from many musical artists, AI has been credited by no less an icon than Paul McCartney with helping the Beatles revive a long-dormant project to transform a John Lennon demo into what has been billed as the last Beatles song featuring all four members. The song, “Now and Then,” resulted in a No. 1 hit for the band, more than five decades after they officially split up.

### How AI's personalized-marketing transformation looks in practice

"AI can help companies in three main categories," Chinmayi Bettadapur, global head of product management at Salesforce, said. "It can help them make better decisions with predictive AI; it can help save time and money with intelligent automation; and last but not least, it can help increase efficiency and productivity with generative AI.

"And of course there's improved customer care," she continued. "Companies must have a 360-degree view of their customers to provide world-class service, which everyone expects today. With generative AI, representatives easily get responses to send to customers, as well as automatically create case summaries that will help them troubleshoot cases."

None of these examples would be possible without a strategy to unify your company's data into one source. It's the linchpin of every organization and forms the foundation upon which AI can elevate use cases with personalized experiences. A robust data strategy defines the purpose for collecting the data, the type of data required and the most effective methods for collecting, unifying and activating it.

Think about a Major League Baseball game, which is so much more than a platform to sell tickets. There are multitudes of data that can be collected inside of a stadium from the moment a ticket is purchased. The 2023 World Series champion Texas Rangers partnered with Salesforce to gain a complete view of their fans with AI powered by data. The result is a multifaceted operations team with a holistic view of their ballpark and how it functions.

Using Tableau, Salesforce's marketing analytics platform, the Rangers were able to improve sales and customer support and enable the marketing team's ability to do their jobs better, make smarter and faster decisions, deliver tailored experiences to fans—and ultimately improve revenue generation. The technology gives the team a complete view of the fan and insights that humans may not have even thought about.

For example, with Tableau, the Rangers operations team was able to determine that the 10 days leading up to a game, including game



AI analytics help the Texas Rangers increase ticket sales.

day, accounts for about 50% of all individual ticket sales. By monitoring the dashboards for which games were underperforming during that key time period, the sales department is able to assess various strategies to fill seats.

Other benefits to using AI-powered analytics range from determining the effect of rain delays on ticket sales, which also allowed the team to save on staffing costs due to weather-related events, to discovering the incremental increase of ticket sales due to promotions like bobblehead nights.

Another example: NBCUniversal, which delivers 100 billion hours of content to 700 million people, has partnered with Team USA and the LA28 Olympic and Paralympic Games as well as Salesforce to support its coverage across multiple platforms.

For viewers, data-driven personalization enables them to follow and get real-time updates on their favorite events and athletes while consuming content in their channels of choice. And an AI-powered marketing intelligence platform allows NBCUniversal's own teams and outside agency partners to easily track ad campaign performance. This connects advertisers and fans through more authentic, personalized experiences.

### There's reason for concern over AI

There's certainly trepidation over AI, which is understandable when it comes to fears over the technology displacing workers. Its potential effect on workers in general has been well documented.

Workers in the media and entertainment industry are certainly concerned—nearly half have some level of concern that AI will replace them, while over 40% think generative AI will hurt the quality of creative products.

The question of how much the industry can and will use generative AI to supplement—and in some cases replace—work created by actual human beings has been one of the core issues driving the recently ended writers’ and actors’ strikes that shut down Hollywood production. A recent example of those concerns came from a scene in the Disney+ movie “Prom Pact” that received backlash after viewers discovered what appeared to be computer-generated background actors cheering alongside human actors in a crowd (see below).

Grievances over how AI affects jobs will undoubtedly become more commonplace, but the contract agreement between the Writers Guild of America with Hollywood studios is a precedent of sorts with the guardrails established over the use of the technology. An important part of the agreement stipulates that studios can’t rely on AI to produce credited source material or require writers to use AI; writers can use AI but only to augment the process, and human writers will always receive credit.

Beyond its impact on jobs, broader concerns over how AI is impacting our reality are very legitimate. The news watchdog organization NewsGuard estimates that there are 557 “unreliable AI-generated news websites” currently operating—and counting—producing false

narratives and misinformation. Broadcasters specifically rely on circulating the hard facts, ensuring their audiences are receiving the news from a trustworthy source.

Mistrust in news media has gone hand in hand with the continual diminishing of local newspapers, magazines and digital journalism. Condé Nast, Vox Media and Vice Media (which filed for bankruptcy earlier in the year) all announced layoffs in Q4 2023. (On the bright side, less than a month after being shut down by G/O Media, Jezebel was revived by Paste Magazine, which purchased the women’s culture and news site.)

Before the concept was turned on its head, “1984”-style, by then-presidential candidate Donald Trump, “fake news” was leveraged to misinform the public for political purposes (coincidentally, in most cases, to benefit Trump in his successful 2016 campaign). With the advent of content creation companies that use AI to write articles for legitimate publishers, sometimes it’s the journalists who are fake.

Sports Illustrated, the former Time Inc. bastion of sports journalism, was recently called out for passing off AI-written product reviews as the work of writers who did not actually exist. The website Futurism, which revealed the ruse, also showed that the profile photo of one of the “writers” was for sale on a website that sells AI-generated headshots.

In the entertainment world, a song featuring AI-generated facsimiles of Drake and The Weeknd that went viral earlier this year



From L: “Prom Pact”; a song featuring AI-generated vocals.

was submitted for a Grammy despite the fact that neither artist had anything to do with it. The song, “Heart on My Sleeve,” was written by a human but performed with AI-generated vocals depicting the two star artists and was submitted for Best Rap Song and Song of the Year, awards given to a songwriter.

The controversy garnered a response from Recording Academy CEO Harvey Mason Jr., who initially said the song is “absolutely eligible because it was written by a human.” However, as the song was not made commercially available and vocals were not obtained legally caused Mason to further clarify saying, “Let me be extra, extra clear: Even though it was written by a human creator, the vocals were not legally obtained, the vocals were not cleared by the label or the artists, and the song is not commercially available. Because of that, it’s not eligible.”

It’s clear that this is only the tip of the iceberg when it comes to AI being leveraged for creative outputs. This example highlights the emphasis needed as considerations on how we manage and regulate usage to ensure AI is augmenting human work and not replacing it will go a long way toward building trust with audiences and the workforce.

### How your company can be ready for this transformative moment

“Many media and entertainment companies have intellectual property that drives revenue from its licensing, as well as content-driven commerce and shoppable commerce,” Christopher Dean, general manager and senior VP, communications and media, Salesforce Industries, said. “If you bring together data and AI and automation, along with unified audience profiles, then you can start to monetize around the outside with advertising, subscription-driven revenue and intellectual property rights.

“I believe AI represents a huge revenue source for media and entertainment companies in the next decade.”

There’s no question that AI represents a huge turning point in the media and entertainment industry. It is already playing a role in everything from augmenting and



AI-powered marketing intelligence will allow NBCUniversal to track ad campaign performance at the 2028 Olympics in L.A., connecting advertisers and fans through authentic, personalized experiences.

streamlining content production to how companies find new audiences, distribute and personalize content, diversify revenue streams with faster and more efficient sales teams and provide better customer service experiences.

As with all technological advances in the age of Big Tech, the implications of the innovation are difficult to discern until years or even decades later. AI represents such a fundamental shift in how not just media and entertainment, but we as a society, will function in the future that the very tech titans who are shepherding it into existence have effectively split into warring factions over whether AI will ultimately benefit—or harm—humanity. So, yes, it may be prudent to step lightly in some cases.

But when has fortune favored the timid?

History shows that the innovators who took the boldest risks at precisely the most trying times are the ones who define the future. Media and entertainment have always been inextricably tied to and defined by technology.

We are on the verge of an era that will be largely defined by AI. It is incumbent on the next generation of media and entertainment leaders to define how AI changes the industry, and our society, for the benefit of all.

# Can there be trust in AI? That depends on us

**More than half** of customers expect personalization. For that you need data. Shoppers, for example, are willing to share personal information like a birthday (70%), phone number (52%) or clothing size (52%) for access to more exclusive benefits. That relationship only works when there's a level of trust that the company is protecting that data. Another recent report found that 86% of customers are more loyal to ethical companies.

The question the industry should be asking itself is do we have the right systems and governance to embrace this new wave?

Rules and safeguards such as data masking—the process of replacing sensitive information with anonymized data for protection and privacy compliance—need to be built into all AI technology being implemented. You can also use masking to ensure all personal data is eliminated when writing AI prompts or training an AI model. Transparency around how customers' data is used and the safeguards in place to protect it will also go a long way toward building trust.

The Einstein Trust Layer is a secure AI architecture, natively built into the Salesforce platform. Built on Hyperforce for data residency and compliance, the Einstein Trust Layer is equipped with best-in-class security guardrails. Designed for enterprise security standards, the Einstein Trust Layer allows teams to benefit from generative AI without compromising their customer data.

Companies also need to ensure they have a set of policies, best practices and regulations that guide the use of their AI technologies, such as ethical guidelines, transparency around how decisions are made around



Transparency around how customer data is used will build trust.

AI systems and fairness and bias mitigation.

“Salesforce Media Cloud can help companies maximize customer lifetime value, lower costs and accelerate innovation that cultivates better loyalty, creates more efficiencies, streamlines operations and ultimately drives growth,” said Ismael Brown, product marketing manager at Salesforce. “From advertising sales management that accelerates sales and optimizes campaign performance to subscriber management that converts casual viewers into loyal customers with intelligent personalization to leveraging unified customer insights into new and diversified revenue streams, it’s a powerful platform that deepens engagement and efficiency across every channel.”

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