



# ODGERS INTERIM MEDIA & ENTERTAINMENT PRACTICE

## Outlook 2021

As 2020 draws to a close, it's time to bring together some thoughts on the impact of the last 12-months across the Media and Entertainment sector and to look ahead to next year. Although challenges and accelerated structural changes still lie ahead for our industries, we can hopefully start to look forward to the future with some positivity.

The end of the year is also an opportunity to say *thank you*. Whilst our key workers continue to be the heroes of the pandemic, it's your creative industries that have kept us entertained, informed and distracted during these testing times as we've collectively watched, listened and read more than ever before.

We discovered (and binged!) a whole host of new content whilst also returning to some old favourites for some much needed comfort and nostalgia. Despite the many challenges faced, the creative industries persevered, delivering quality content when the lockdowns and various restrictions could have been tremendous obstacles. This hard work and determination is exceptional, but even more so against a backdrop of looking after your people, overseeing some incredibly difficult decisions and working through the normal (yes, normal) day-to-day challenges that your demanding, fast-paced and constantly changing environments bring.

On a personal note I'd like to thank everyone who, despite their own busy diaries, continued to be generous with their time, thoughts and advice throughout the last 12-months. Although none of us have had anything resembling the year we were expecting back in January, there is no doubt that it's been made easier by the support, kind nature and good humour of those around us.

I hope you find my **Outlook 2021** useful (feedback is always appreciated!) and you all enjoy a restful and well-deserved break.

On behalf of everyone at Odgers Interim, have a great Christmas and a happy, healthy and prosperous New Year!

### **Bambos Eracleous**

Partner, Odgers Interim – Media & Entertainment



# OUTLOOK 2021

## ADVERTISING

- **Consolidation next year:** 2021 will likely see consolidation rather than growth within advertising. Continued restrictions (and their impact on industries such as travel, automotive and film) mean that it will be another 12-months before we begin to see figures exceed 2019 levels. That said, the 'bounce-back' has already begun during Q4 of this year. Whilst the early part of next year will remain challenging for out-of-home (OOH), print and cinema advertising, advertising spend will increase and other channels such as the internet and digital OOH will drive the industry's recovery.
- **'Traditional' media remains strong:** Despite the success of subscription video on demand (SVOD) services during the pandemic, 'traditional' media is still unmatched for its potential audience and mass reach (as seen with their relatively strong end to this year). The return of major sporting events will provide a further upturn during 2021.
- **A digital focus using emerging technologies:** In terms of trends, expect to see more personalised advertising and short form video ads, increased investment in the 'story' format (from Snapchat and Instagram through to LinkedIn and YouTube) and a greater volume of in-game advertising on mobile devices. Brands will also be targeting more specific audiences using programmatic advertising delivered via artificial intelligence.

## FILM & CINEMA

- **Continued distribution disruption:** With the pandemic unlikely to improve drastically before spring/summer of next year, most major films have had their release pushed back until June at the earliest. These delays, together with some studio films heading straight to streaming platforms, means the traditional Hollywood players will continue to struggle and make sense of the temporary (and maybe even permanent) distribution landscape unless they begin to take some more innovative steps.
- **Signs of a new hybrid distribution model:** Warner Brothers have made the first move by making their entire 2021 slate available to stream exclusively on HBO Max for one month whilst simultaneously releasing the movies in theatres. Although it has been billed as a temporary measure, this new hybrid model could be the start of a new path. Either way, it's the clearest sign yet that control over how content is consumed is shifting further towards the consumer and away from legacy media.
- **Further impact of delayed release dates:** Studios have so far tried to avoid losses by holding back releases, but they may still face these losses next year if the calendar is overloaded with big-budget films. With the US likely to be behind other countries in opening their movie theatres, Hollywood may have to place more value on international releases than ever before. Not for the first time, James Bond is likely to set the trend. If the scheduled spring release of 'No Time to Die' goes ahead, it will be a good sign that film and cinema has begun its road to recovery. Another delay however will further knock the already fragile confidence in the industry.

## FILM & CINEMA (continued)

- **New opportunities to connect with audiences:** Next year could also see cinemas becoming more creative in how they try to connect with audiences, re-establishing in-person experiences and shifting viewing habits away from streaming. Deep-dive live events, VIP experiences, expert Q&As and partnering with other venues, brands and creative arts will all be options to consider. By being more flexible and joined-up in its approach, the industry could also develop new and sustainable models of distribution to suit everyone. Steve McQueen's series of films this year, 'Small Axe', is a great example of what can be done. All five parts are available on both the BBC and Amazon and the first film, 'Mangrove', opened the London Film Festival.

## GAMING & ESPORTS

- **A strong year for gaming:** The next generation of games consoles were launched at the end of a strong year for video gaming (and paired downloads and spending) that was fuelled by lockdowns, restrictions and 'stay-cations'. Mobile gaming will continue to grow in 2021 as both casual and expert gamers welcome the global adoption of 5G. Research shows that millennials are becoming the prime gaming demographic and that the average age of the 'prime gamer' is mid-to-late 30s. If that is indeed the case, then next year could be the year that gaming culture has a tipping point and truly turns mainstream.
- **Growing as a spectator sport:** The other demographic playing a large part in the evolution of gaming are the 18-25 year olds, the majority of which are more likely to watch gamers play video games than watch 'traditional' sports. Gaming as a spectator sport has been growing in popularity for a number of years and will have gained more traction in the absence of live sport during 2020, on track to become a form of mainstream entertainment. There is a good chance that over the next 12 months, audience growth will overtake player growth, at which point, the product will become more about the spectator rather than the gamer. This could in turn have an impact on how games are produced and designed.
- **Cross-industry collaboration:** As gaming continues to grow, so will the likelihood of partnerships and joint events with other forms of media and entertainment. Expect more collaborations with industries such as music, particularly as touring, live shows and festivals are likely to remain on hold for most of 2021. The Tribeca Film Festival has also announced that it will be adding video games to its official starting line-up in 2021 as the format begins to be acknowledged as a serious art form. Given that gaming at its core offers narrative, artistry, immersive worlds and connections with communities across the world, it could find itself at the centre of innovation for the entire entertainment industry in the years to come.

## MUSIC, RADIO & PODCASTS

- **Virtual concerts and music experiences:** Music's first digital transformation saw the shift from physical to downloads and streaming. Given the unexpected events of the last year, 2021 will begin to see the live and concert industries following a similar path. New technologies ranging from 5G to VR, as well as live performances becoming part of the immersive gaming narrative, will create new opportunities and business models for virtual concerts and music experiences. There's no reason why this innovation cannot sit comfortably alongside the traditional live music venue and performance, particularly as the pandemic has likely increased demand and appreciation for festivals, concerts and the unique experience of attending live shows of all sizes.

## MUSIC, RADIO & PODCASTS (continued)

- **Exploring new opportunities for radio:** Although Spotify's continued push into podcasting, as well as YouTube's trial of audio only advertising, shows that big media continues to invest in the growth and power of curated audio, it doesn't necessarily mean that traditional radio should be worried for the future. Despite the decline in its advertising revenue this year, live radio offers a type of connection that other forms of audio never will. The importance of local radio, live shows and their presenters was underlined by the local and personal impact of global events such as the pandemic and the Black Lives Matter movement. There is emerging opportunity for radio as smart speakers become permanent fixtures in our homes. The challenge remains sustained engagement with the younger audience, so expect an

## PUBLISHING

- **Continued importance of digital subscriptions and data:** Most publishers with online subscriptions saw an increase in their numbers during the last 12-months, so those with a strong digital presence are likely to double down on their investment next year and we should expect to see more pay/data walls introduced across the sector. There will also be a greater strategic approach to the use of this customer data as businesses look to drive deeper engagement alongside quality content in a bid to distinguish themselves from the big-tech platforms. All that said, there are likely to be continued challenges for some newspaper titles and there is an expectation of consolidation within the industry over the next few years.
- **Book sales steady:** Whilst growth in ebooks have slowed in recent years, the opposite can be said for print with sales remaining resilient during 2020. Sadly, local and independent bookshops weren't the main beneficiaries due to high street restrictions and those without a digital presence will have struggled given the growing dominance of bigger on-line alternatives.
- **There may be consolidation on the horizon:** As is the case for most industries, the threat posed to all publishers (and particularly to the independents) by the likes of Amazon will have intensified as a result of the pandemic. It will be interesting to see how Penguin Random House's potential acquisition of Simon & Schuster plays out over the next 12-months and whether this will set a trend for further consolidation in the book industry. As we know, the bigger you are, the better your negotiation position will be when entering discussions with a tech giant pushing for profit-busting terms and discounts. With smaller publishers suffering even further as a result, this could raise an important question on the long-term impact of the scale and scope of diversity offered by books, authors and opinions in the future.

## SPORT

- **A greater focus on organisational culture, values and behaviours:** The lack of diversity within leadership roles across the industry needs to be addressed and organisations must rethink how they make the most of their platforms to deliver and promote positive change. Given the events of the last year, the need for proactivity and long-lasting change has never been more evident and the hope is that opportunities to support and develop inclusive leadership pathways are introduced during 2021. Further concerns for athletes' welfare and mental health have been raised during 2020 and it has been interesting to see individual sports stars take on the role of campaigner and advocate in a way that has never been seen before. Unless organisations demonstrate the same level of commitment and real action, there is a sense that both audiences and athletes will begin to look elsewhere for a culture and a set of values that matches their own.

## SPORT (Continued)

- **Sport playing a role in wider societal movements:** As mentioned in my recent series of articles about the current trends within sport, the combined impact of two global events this year will set the tone for the industry in both 2021 and beyond. The timing of the pandemic and social justice movement placed sport and athletes at the centre of the response and debate to both, underlining its importance among communities, audiences and the wider media and entertainment eco-system. The relevance of sport and the tone it sets for broader issues outside of its industry has never been greater which means governing bodies, franchises and rights holders must all continue to evolve.
- **Digital revenue streams and partnerships:** Phased re-openings of sports venues have begun, but the last 12-months has shown that an over reliance on game-day and stadium-related revenue sources is not sustainable in the long term. This will lead to more investment in growing sources for data monetisation and building platforms that drive increased and continued fan engagement. More importance will be placed on digital infrastructure and we could see a growth in creative commercial partnerships between sport and technology companies/platforms that enhance the fan-experience (real-time statistical overlays, gaming elements, alternative viewing feeds etc). As shortfalls in revenue and working capital appear, we should also expect to see more private equity investors considering stakes in leagues and teams/franchises across all of sport.

## STREAMING SERVICES

- **D2C has taken over the market:** The pandemic coincided with the launch of a new wave of direct-to-consumer (D2C) services and the combination of lockdowns and increased content-on-demand is likely to have accelerated the long-term global shift towards streaming. Many commentators now believe that 2021 will see online video services become the largest source of TV and video revenue globally. This obviously has repercussions for the pay-TV market and the first half of next year will be vital for any potential bounce-back.
- **The streaming wars have only just begun:** Disney + was undoubtedly the winner of the streaming wars in 2020, surpassing its initial 2024 target in less than 12 months and plans to continue expanding quickly with launches into Asia, the Middle East and Africa planned next year. Their success, now placing second in the video streaming market just behind Netflix, has influenced a company-wide move to become a D2C centric business. There is no doubt other major media companies will follow and try to replicate their strategy. However, with Amazon Prime Video completing the top three line-up globally, competition amongst the chasing pack will be intense. This will have knock-on effects across other areas of the media landscape, perhaps leading to more consolidation, and further illustrates why Warner Brothers' move to exclusively stream their entire 2021 slate on HBO Max could be a measure that extends beyond the next 12-months.

## TV

- **Public service broadcasters face new challenges:** Viewing numbers for public service broadcasters (PSB) were boosted by the demand for news and information during the early months of the pandemic, but decreased advertising revenue, gaps in production and an unpredictable economic climate mean that it will be even harder for PSB's to compete with the big streamers over the next 12-months. The demand for news programming helped the PSBs to achieve their highest combined monthly viewing share in more than six years in March 2020, but by June it had fallen to its lowest level since August of last year. Some programmes were brought forward to make-up for the gaps in scheduling left vacant by soaps, entertainment and sport, so the pipeline for new shows in the early part of 2021 could be thin, particularly as pauses in production will mean further changes to planned schedules. SVOD services, on the other hand, will have larger libraries of on-demand content for audiences to turn to.
- **The digital future:** The long-standing question regarding the future of PSBs has become more urgent because of the structural changes accelerated by the events of this year. The government's ongoing review of our PSBs and Ofcom's recently released 10-year blueprint, will further influence the paths they take. As we move into 2021, we should expect a realignment of priorities in a similar vein to Channel 4's recently launched Future4 strategy which aims to turn the broadcaster into a digital-first PSB. If commissioning for their streaming services becomes their main focus, expect fewer documentaries, factual based programmes and one-off films and more reality shows and 'binge-worthy' series in their place. The likelihood of subscription based versions of PSB catch-up services will increase and in the short term we should expect to see more digital advertising.





# INTERIM RECRUITMENT TRENDS

## POPULAR ASSIGNMENTS AND AREAS OF FOCUS FOR 2021

### **Diversity & Inclusion**

D&I reviews and consultancy projects that provide recommendations and a clear long-term model and strategy in advance of both interim and/or permanent appointments at C-suite level.

### **Building adjacent businesses, launching new products and leading a 'pivot'**

As organisations look to identify and exploit opportunities for growth, interim executives with the necessary expertise will be brought on-board to lead and deliver in these new areas.

### **Mergers and acquisitions**

With consolidation and significant investment expected across all areas of the industry, individuals will be engaged on an interim basis to help identify opportunities, execute deals and to lead the change programmes associated with post-M&A activity.

### **Digital, data and marketing**

Further doubling-down in these areas will lead to interim requirements focused on introducing a range of new products, data strategies, revenue models and more sophisticated approaches to acquiring and retaining customers.

### **Communications**

The manner in which consumers are approached and spoken to, the way in which services are delivered and the credibility of all brands will continue to remain under scrutiny. The ongoing need to communicate with empathy and social awareness will in some cases mean the introduction of new strategies and the creation of Chief Communications Officer roles.

### **Culture change and new ways of working**

As we slowly return to our offices, it is likely that new hybrid models of working will be introduced. With this comes the need to ensure that programmes focusing on organisational design, systems implementation and property are led by experts in these fields that will ensure whatever is introduced is tailored for the culture and type of business that organisations are looking to become in the post-pandemic world.



## AND FINALLY, MY TOP FIVES FOR 2020...

As is tradition, here are the programmes, music, podcasts and books that kept me entertained, distracted and (above all) sane during the strangest of years.

*Warning...these are by no means up-to-date lists full of new content that have been compiled by an expert critic (made most apparent by my choice of music during the year), but it is steeped with throwbacks, excellent drama and plenty of laughs.*

### My stand-out programmes:

- **I May Destroy You** (BBC, iplayer)
- **Schitt's Creek** (Netflix)
- **Succession** (Sky Atlantic)
- **The Last Dance** (Netflix)
- **Small Axe** (BBC, iplayer, Amazon Prime Video)

### My favourite podcasts:

- **Hip-hop Saved My Life** w/Romesh Ranganathan
- **Grounded** w/Louis Theroux
- **Sh\*ggd Married Annoyed** w/Chris & Rosie Ramsey
- **Have You Heard George's Podcast** w/George the Poet
- **Off Menu** w/James Acaster & Ed Gamble

### My favourite books:

- **The Unforgiven** by Ashley Gray
- **Broken Greek** by Pete Paphides
- **A Promised Land** by Barack Obama
- **Brit(ish)** by Afua Hirsch
- **Why We're Polarized** by Ezra Klein

### My most listened to songs (as confirmed by my Spotify 2020 Wrapped):

- **Small Axe** – The Wailers
- **St.Louis Woman** – Herbie Hancock & Stevie Wonder
- **Circles** – Rufus & Chaka Khan
- **Fool's Paradise** – Meli'sa Morgan
- **When The Sun Goes Down** – The Arctic Monkeys

**If you would like to discuss my Outlook 2021 in more detail or have any questions with regards to Interim Management, then please contact me:**

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