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Media Reimagined
How making progress on equity could help establish tomorrow's leaders.

March 2023

Contents

About this report

We created *Media Reimagined* to help address the need for Media and Entertainment (M&E) organizations to pursue equity as a necessity to future success. It is composed of three sections that identify why equity is a business imperative, examine the current state of equity among M&E consumers and talent, and suggest steps for leaders to pursue equity at every level of their organization's ecosystem. Each section can be read separately, but they are intended to work together to build, inspire, and mobilize the entire industry.

Throughout this exploration, we embraced a definition of equity that acknowledges it as an outcome of consistent actions across representation, inclusion, and anti-oppression. Knowing this is a complex and layered definition, our efforts in this research were focused on determining potential gains from "next step" actions while also acknowledging where there are immediate opportunities for action.

As such, much of the focus of this report is on two of the most fundamental building blocks of an equitable future: inclusion and representation—in content choice, user experience, downstream monetization/commercialization, and employee engagement.

The ideas, insights, and perspective in *Media Reimagined* were informed by three sources:

- A quantitative survey fielded in November 2022 among n=3,000 US adults ages 18 and up who consume at least two forms of media at least once per week.
- A quantitative survey fielded in November 2022 among n=500 US M&E professionals across all levels.
- Interviews with industry-leading stakeholders, which were conducted in summer 2022.

Illustrations by MVM

The Media and Entertainment industry faces an uncertain future.

It may not surprise many how much media and entertainment shapes the way we view the world—especially what we consider "normal" in society.

In fact, according to our research, **the average consumer respondent spends about 50–60 hours per week engaging with at least one form of media**. That's about a third of their time browsing social media, listening to music, or binge-watching the newest obsession.

Yet, despite near universal household penetration within the United States, our research found that only 1 in 4 people surveyed feel included within the Media and Entertainment (M&E) industry.

As a $717 billion industry,[1] it also touches significant portions of the global population, comprising everything from broadcast to streaming, social to gaming, and concert tours to movie theaters. The stories told, images endorsed, experiences provided, and products launched often have the power to influence the global socialization of key topics.

However, as important as the ethical questions of equity in media are, we also understand many leaders are struggling to prioritize the necessary actions to advance equity because they may be unclear on the practical impacts to their businesses—both positive and negative.

1 in 4

Only a quarter of respondents feel included in the Media and Entertainment industry.

With this in mind, we set out to answer three key questions:

1. Does equity actually matter in content choice and increased revenue across the value chain?
2. Is investment in inclusivity sufficient for businesses to succeed?
3. Is the Media and Entertainment industry doing enough to satisfy current expectations?

While we delve into the results in the following pages, one truth is clear: **Meaningfully prioritizing and integrating equity as a guiding business principle will help M&E organizations stand out and have greater potential to lead the future of the industry.**

Part 1
Recognizing agents of change

Q:

Does equity actually matter in content choice and increased revenue across the value chain?

A:

Yes. Black, Latinx, and LGBTQIA+ audiences are helping to lead behavioral changes that are redefining what success looks like in M&E—especially when it comes to inclusivity and representation. Success will require dedicated focus for both stabilizing current spend and unlocking future revenue opportunities.
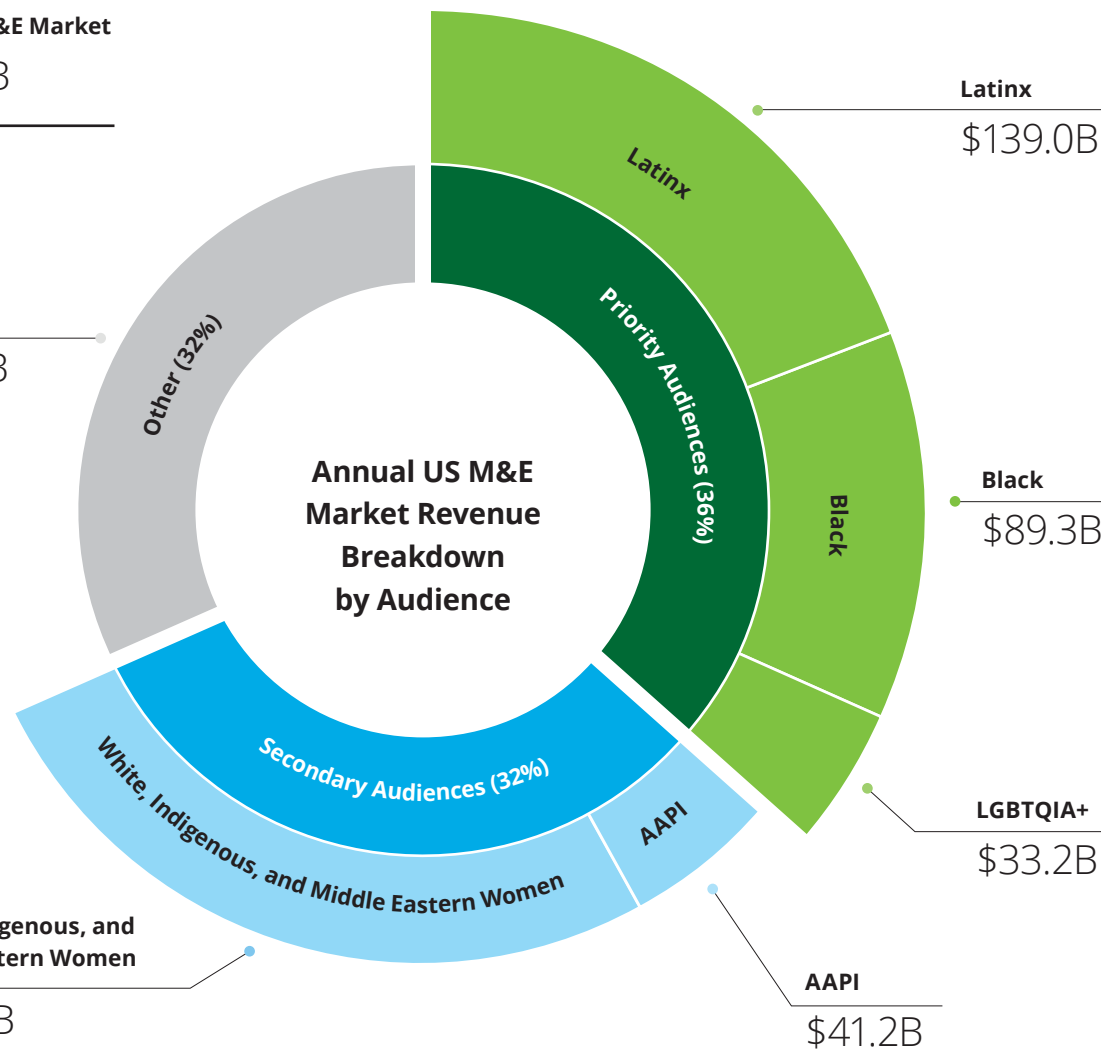
Total US M&E Market
$717.0B

Other
$231.1B

Annual US M&E Market Revenue Breakdown by Audience

Other (32%)

Priority Audiences (36%)

Latinx

Black

Secondary Audiences (32%)

White, Indigenous, and Middle Eastern Women

AAPI

Latinx
$139.0B

Black
$89.3B

LGBTQIA+
$33.2B

AAPI
$41.2B

White, Indigenous, and Middle Eastern Women
$183.2B

Black, Latinx, and LGBTQIA+ audiences alone drive over a third of the total $717 billion US M&E market.

Together, **these three audiences spend $250 billion+ annually** and contribute an even higher percentage (52%) among US adult Gen Z entertainment spend.

Source: Zippia, Deloitte *Media Reimagined* Consumer Survey.

Recognizing agents of change

Feelings of exclusion contribute to key audiences' deeper engagement with emerging channels.

Trust in the Media and Entertainment industry has fallen over the past few years, with a 12% decrease from 2021 to 2022 alone.[2] In fact, according to our survey, in the United States there are now more people who distrust the industry than who trust it—especially when it comes to operating with transparency and humanity.
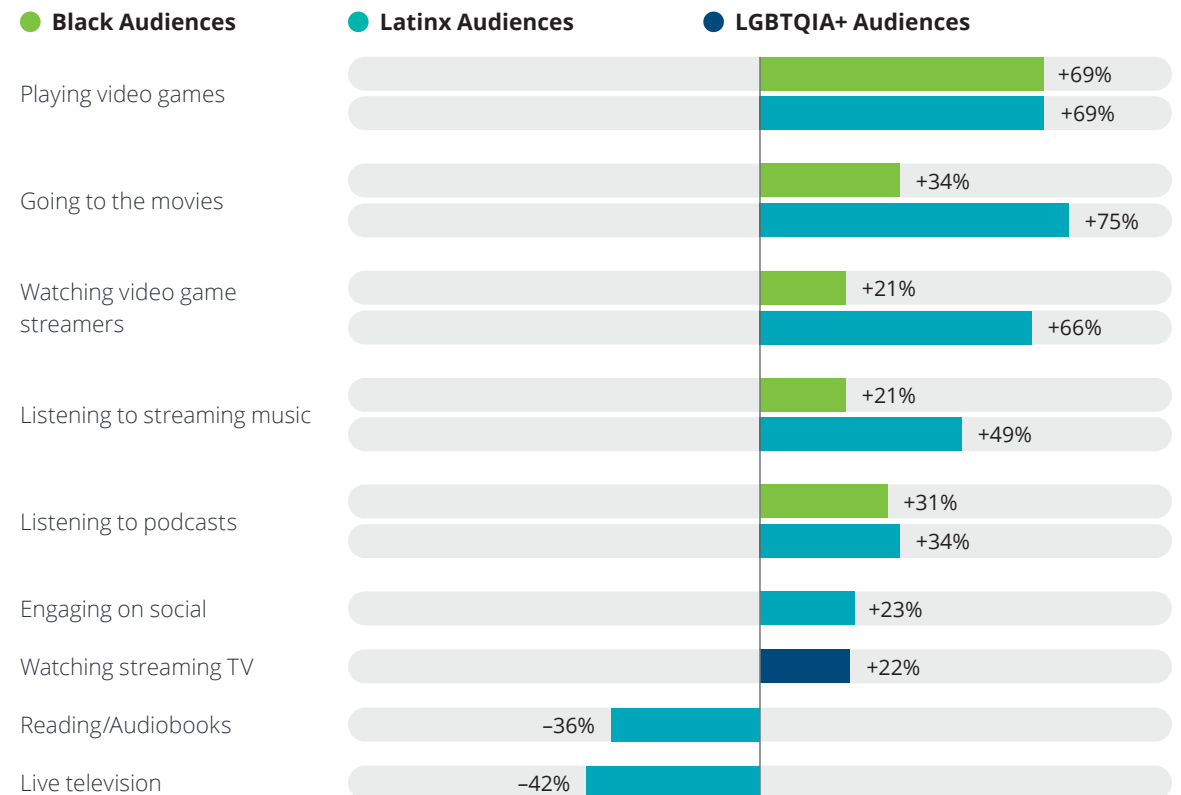
While this finding was nearly universally true for all respondents, some of **the most meaningful distrust is found among Black, Latinx, and LGBTQIA+ communities**, which have felt uniquely excluded, and seems to contribute to an evolution in the way they engage with media.

While not wholly attributed to trust deficits (socioeconomic access also plays a significant role), the most relevant channels among these audiences are those where trust tends to be the highest: streaming, social, gaming, and music.

The converging forces of inclusivity and accessibility of next-gen channels have created a generational shift toward products, services, and experiences that allow people from all communities to personally **curate** their experiences, **share** within their own communities (both shared identities and personal values), and directly **interact** with creator culture.

Bellwether audiences are more engaged with streaming, social, and gaming

Percentage more/less compared with the "average consumer"

● **Black Audiences**   ● **Latinx Audiences**   ● **LGBTQIA+ Audiences**

Playing video games	+69% (Black)	+69% (Latinx)
Going to the movies	+34% (Black)	+75% (Latinx)
Watching video game streamers	+21% (Black)	+66% (Latinx)
Listening to streaming music	+21% (Black)	+49% (Latinx)
Listening to podcasts	+31% (Black)	+34% (Latinx)
Engaging on social	+23% (Latinx)	
Watching streaming TV	+22% (LGBTQIA+)	
Reading/Audiobooks	−36% (Latinx)	
Live television	−42% (Latinx)	

Source: Deloitte *Media Reimagined* Consumer Survey.

Recognizing agents of change

We found that compared with the national average, Black, Latinx, and LGBTQIA+ audiences are driving meaningful adoption of gaming, streaming, and social channels, with the largest shifts being:

- Black and Latinx respondents are tuning in the most to video game streamers.
- Black and Latinx respondents are the most likely to seek out culturally relevant in-theater experiences.
- LGBTQIA+ respondents are leaving broadcast channels to try to find more-inclusive stories on streaming.
- Latinx respondents are leading the charge on social channels to actively engage—not just passively consume.

In many ways, the shifts of these three audiences toward streaming, social, and gaming can signify that together they can be seen as a bellwether audience for the generational shifts led by Gen Z—and engaging them could be critical for stabilizing and growing M&E revenue.

We have established that these three audiences comprise a little over a third (36%) of the industry's total annual revenue—and over half (52%) of the spend specifically among US adult Gen Z. Applying this to our known market size for the US M&E industry, there is

currently **$250 billion in annual revenue tied to appropriately engaging these three historically underrepresented audiences**.

However, that revenue may not be guaranteed. Black and Latinx consumers are the most likely to "churn" through platforms and services—as we have found most often in streaming services —for a variety of reasons, from cost containment to lack of representative content.

When analyzing this at the behavioral level (e.g., the percent of the population who disloyally engages with subscription content) across these groups and the LGBTQIA+

community, **total churn behavior has resulted in about $93.1 billion of current spend being "at risk,"** with the maximum growth potential still unclear for what a trust-backed, inclusive future could bring.

When appropriately engaged, however, these audiences could help leading and disruptive M&E organizations usher in a so-called new normal for the industry that does a better job at including all audiences.

Part 2
Prioritizing opportunities for inclusivity

Q:

Is investment in inclusivity sufficient for businesses to succeed?

A:

No. There is a long road to equity and no *one thing* will achieve success. However, investing in inclusivity does show meaningful market potential as business leaders aim for a more equitable future.

Consumers across all communities will spend more on brands that prioritize inclusivity and engage creators equitably

Increase in potential monthly spend by category, based on trend differences at the audience level between those who currently feel included in content and those who do not across different identities and communities—US total audience

Potential increased monthly spend on social media engagement

+88%
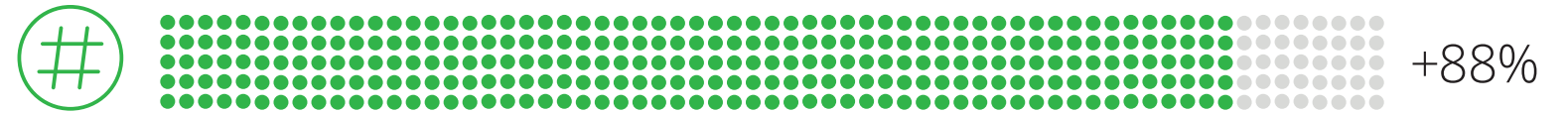
Potential increased monthly spend on streaming TV/movies

+35%

Potential increased monthly spend on live/streaming music

+27%

Potential increased monthly spend on watching/playing games

+16%

Prioritizing opportunities for inclusivity

Equity is a long-term ambition, not a short-term objective.

We've heard it from many conversations with industry leaders: **Equity, at times, can feel daunting and impossible to achieve**.

While ultimately a systemic shift is needed, our research uncovered that there are near-term opportunities to help drive revenue stabilization, secure audience loyalty, and potentially unlock new sales channels, simply by prioritizing inclusivity in how business leaders engage creator culture more broadly.

In fact, **our research can attribute about $84.4 billion of current spend across all audiences specifically to secured revenue due to feelings of personal inclusivity and relevance**—let alone potential incremental gain if organizations were able to close the inclusivity gap.

71%
of current media and entertainment spend among Black, Latinx, and LGBTQIA+ "bellwether" audiences is driven by feelings of inclusivity.

54%
of current media and entertainment spend tied to inclusivity can be traced to women-identifying audiences.

+13%
increase in either incremental and/or stabilized revenue potential from audiences who want to spend on more-inclusive content.

Prioritizing opportunities for inclusivity

Looking to the future, we see that we may have only begun to scratch the surface of what the business potential could be for investing in more-inclusive and representative content.

Challenge your audience and creator strategy

At a basic level, successful brands should be thinking about how to bring in untapped or underdeveloped markets in a way that challenges a "dominant culture" mentality. By embracing diversity as the default, brands can more successfully cast shows, create marketing assets, and engage creative talent in a way that would be more relevant and resonant. Ultimately, this could help secure more interest, spend, and loyalty with the 75% of audiences who don't currently feel represented in media and entertainment.

It is important to note that this approach is not solely engaging historically underrepresented

75%

of respondents don't currently feel represented in media and entertainment.

audiences. In fact, over the next six to 12 months, the vast majority of Americans surveyed are looking to increase the amount of content they see from women creators (89%), racially diverse creators (85%), and LGBTQIA+ creators (80%).

Evolve how you activate social commerce

Social media consumption and engagement have evolved so rapidly that these channels are now primary outlets for both search and buying behavior. This could be especially important among Black and Latinx consumers, who were among the most likely of our respondents to turn to social media to be informed about topics and to have influencers change their minds.
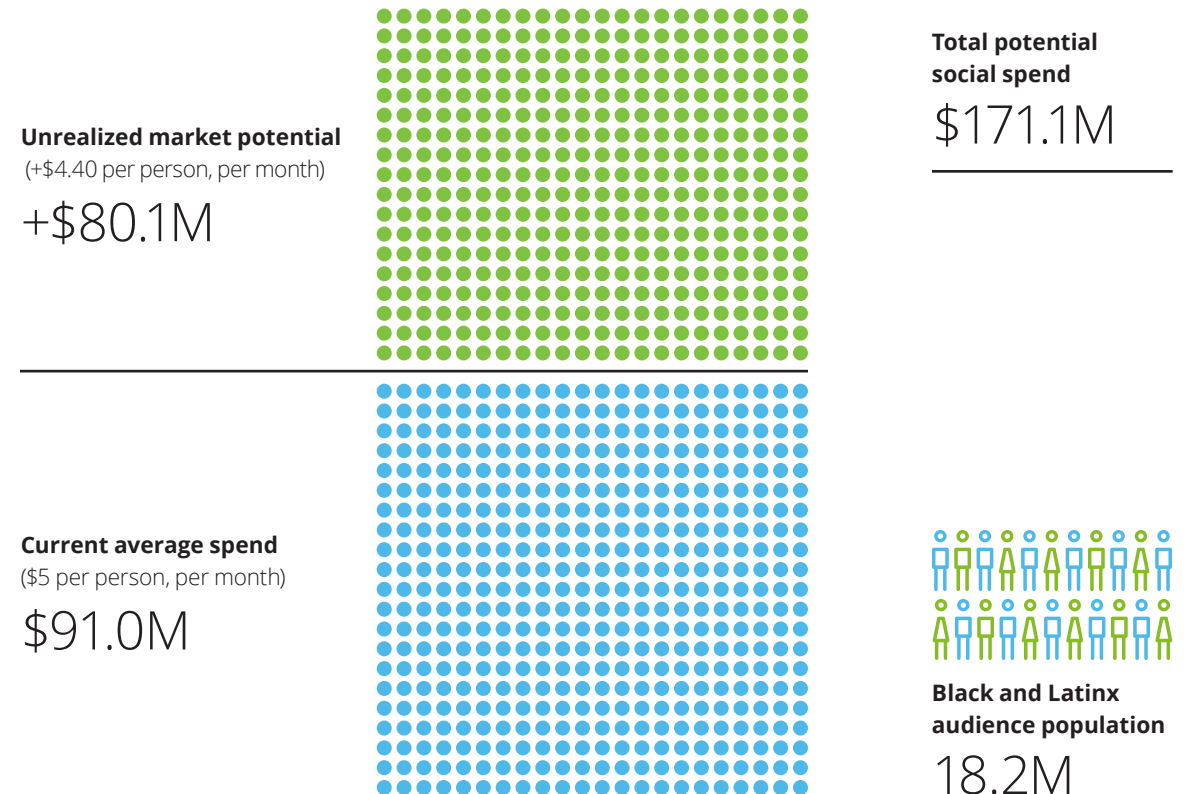
Prioritizing opportunities for inclusivity

Based on our findings, if brands were able to embrace a more equitable approach to social commerce (e.g., stronger investments in creator culture, improvements in search and filtering features and functionality, enhanced transparency, and consumer autonomy), there could be an opportunity for gains.

We found that respondents would be willing to spend up to 16% more on video gaming and supporting streamers, around 30% more on streaming services, and up to 88% more per month on social purchases if those channels were to be more inclusive.

For example, if their current average spend is about $5 per month, this 88% increase would result in an additional $4.40 per person, per month. Applying that to the population of 18.2 million Black and Latinx social media users,[3] who are most likely to turn to social channels for community and culture, we see an incremental market potential of $80.1 million within those bellwether audiences alone.

If brands were more inclusive, the increase in social spend among bellwether audiences could nearly double the market potential

Monthly social spend for Black and Latinx audiences

Unrealized market potential
(+$4.40 per person, per month)

+$80.1M

Current average spend
($5 per person, per month)

$91.0M

**Total potential
social spend**

$171.1M

**Black and Latinx
audience population**

18.2M

[3]Pew Research Center, 2021.   Source: Deloitte *Media Reimagined* Consumer Survey.

Prioritizing opportunities for inclusivity

Address risk tolerance in modernized storytelling

About 1 in 4 M&E professionals across all levels surveyed feel their organization will not prioritize diversity and inclusion because their leadership is worried about the risk of alienating people.

As the threat of competition continues to increase, businesses may need to challenge this discomfort. This can begin by satisfying the need for content that appeals to a more diverse viewer base and understanding that does not mean limiting access to relevant content among existing audiences. This is especially relevant when discussing streaming and social channels, where access to culturally relevant and inclusive content is rapidly growing.

Take, for example, that half (50%) of LGBTQIA+ respondents make decisions on what to watch and which platforms/services they engage with based on how unique the content is. This creates an opportunity to feature LGBTQIA+ characters in nontraditional roles, while keeping the content of the stories universally appealing.

Increasing inclusivity may be especially pertinent for M&E organizations and functions that have a finite number of opportunities to bring content and/or experiences to the market. However, this will most likely succeed only with a systemic change in the way organizations engage their creative teams—ensuring that they have the autonomy to make decisions that center inclusivity and equity.

If organizations reimagine their audience development—reconsidering the notion of "key audiences"—they could be able to tell a broader set of inclusive and authentic stories, and capitalize on the breadth of opportunity.

Part 3
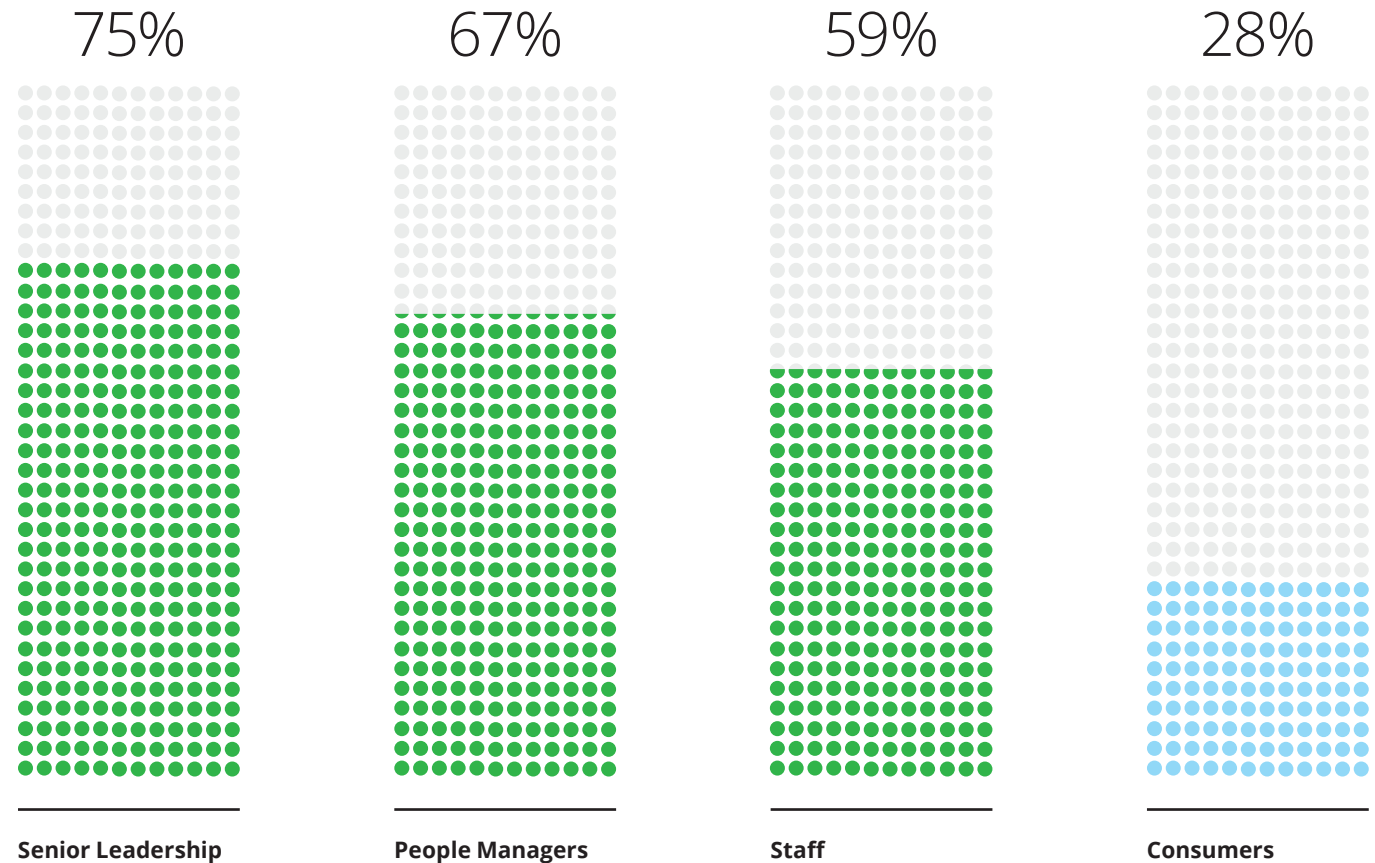**Turning equity ambitions
into reality**

Q:
Is the Media and Entertainment industry doing enough to satisfy current expectations?

A:

No. Consumers are very clear about the perceived lack of inclusivity in the industry, and staff tend to agree that progress made to date is not enough—especially as it pertains to the employee experience, and their own ability to prioritize equity in decision-making.

There is a gap in how different groups perceive inclusivity in M&E

Percentage who believe M&E industry is inclusive—US total audience

| 75%	67%	59%	28%
Senior Leadership	**People Managers**	**Staff**	**Consumers**

Delivering a more equitable business strategy requires deliberate focus.

Expectations for a more inclusive and equitable M&E industry don't stop with the consumer, but should also take into account the realities of how diverse, inclusive, and equitable the current M&E workplace is.

In fact, our study found that **embracing anti-oppression ideals and diversity, equity, and inclusion (DE&I) policies and practices is now the second-most-important thing for surveyed M&E professionals at all levels** when choosing to work for an organization—behind only compensation.

While effort has been put into equalizing the playing field, consumers may not be as ready to congratulate leadership on progress as leadership is ready to congratulate themselves. In fact, our study discovered that **there is a 62% difference between how the average consumer and the average leader assess the current inclusivity of the M&E industry**.

Top three reasons M&E professionals choose to work for an organization

1
Compensation (pay and benefits)

2
Company's DE&I policies and practices

3
Customer and subscriber loyalty
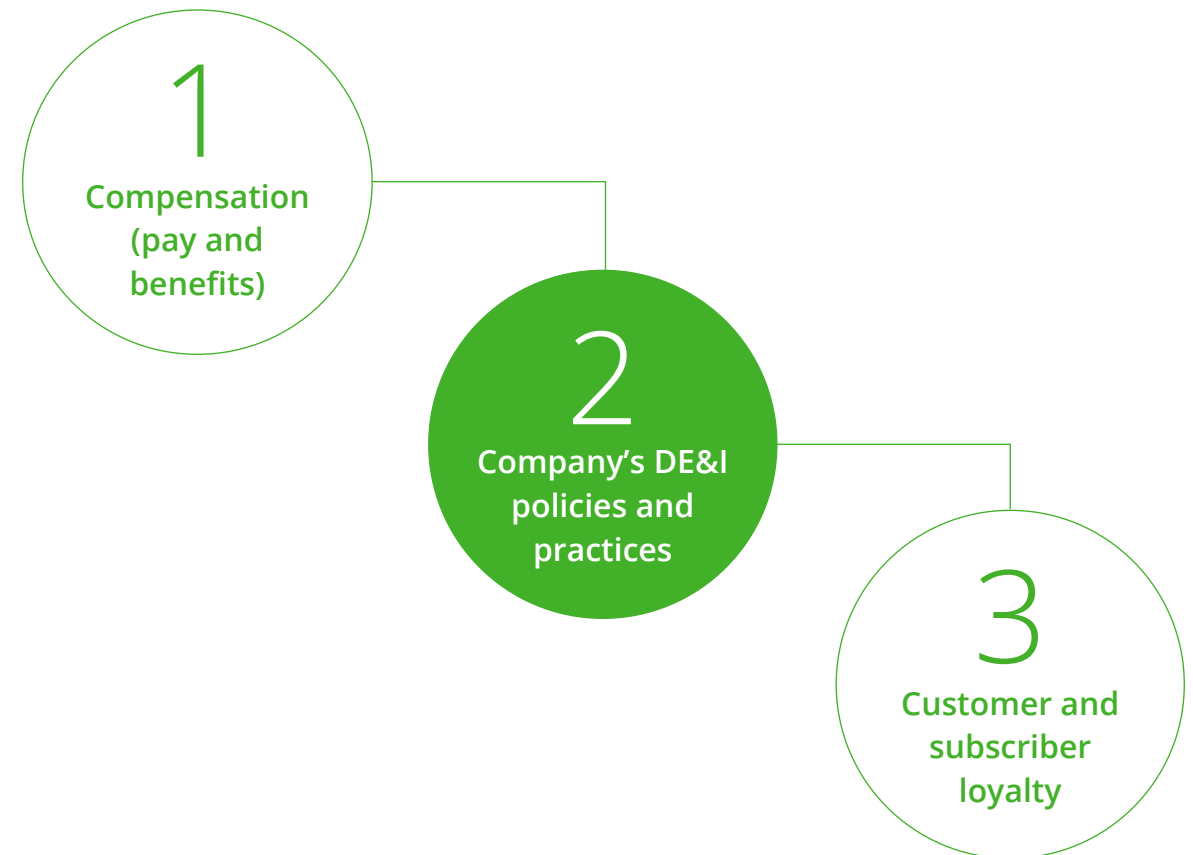
Turning equity ambitions into reality

According to M&E employees, there are a number of potential explanations for this gap, ranging from concerns that leadership doesn't fully understand what diversity and inclusion actually means to frustrations surrounding a lack of diversity at senior levels.

Regardless of the reason, **3 in 5 respondents across all levels in the business feel like they cannot prioritize equity in decision-making**. Looking across the value chain, we see that each phase of the content production life cycle is scrutinized by at least two-fifths of employees with the least equitable process being greenlighting. Only a little over half (57%) of all employees consider the greenlighting process to be equitable—which drops to a third when looking at only staff-level employees.

Repairing the gap between consumer expectations and experiences could start by addressing the disconnect between staff and leadership
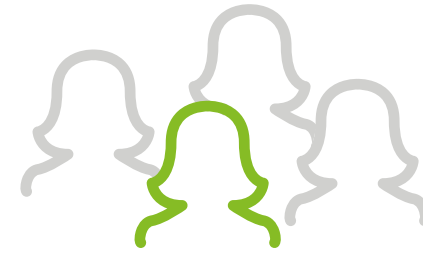
3 in 5
respondents do not feel empowered to prioritize equity in decision-making.

1 in 3
respondents feel their leaders don't understand what diversity and inclusion means.

1 in 4
respondents say the lack of diversity at senior levels is an issue.

1 in 4
respondents feel their leaders don't prioritize equity because they worry they'll alienate audiences.
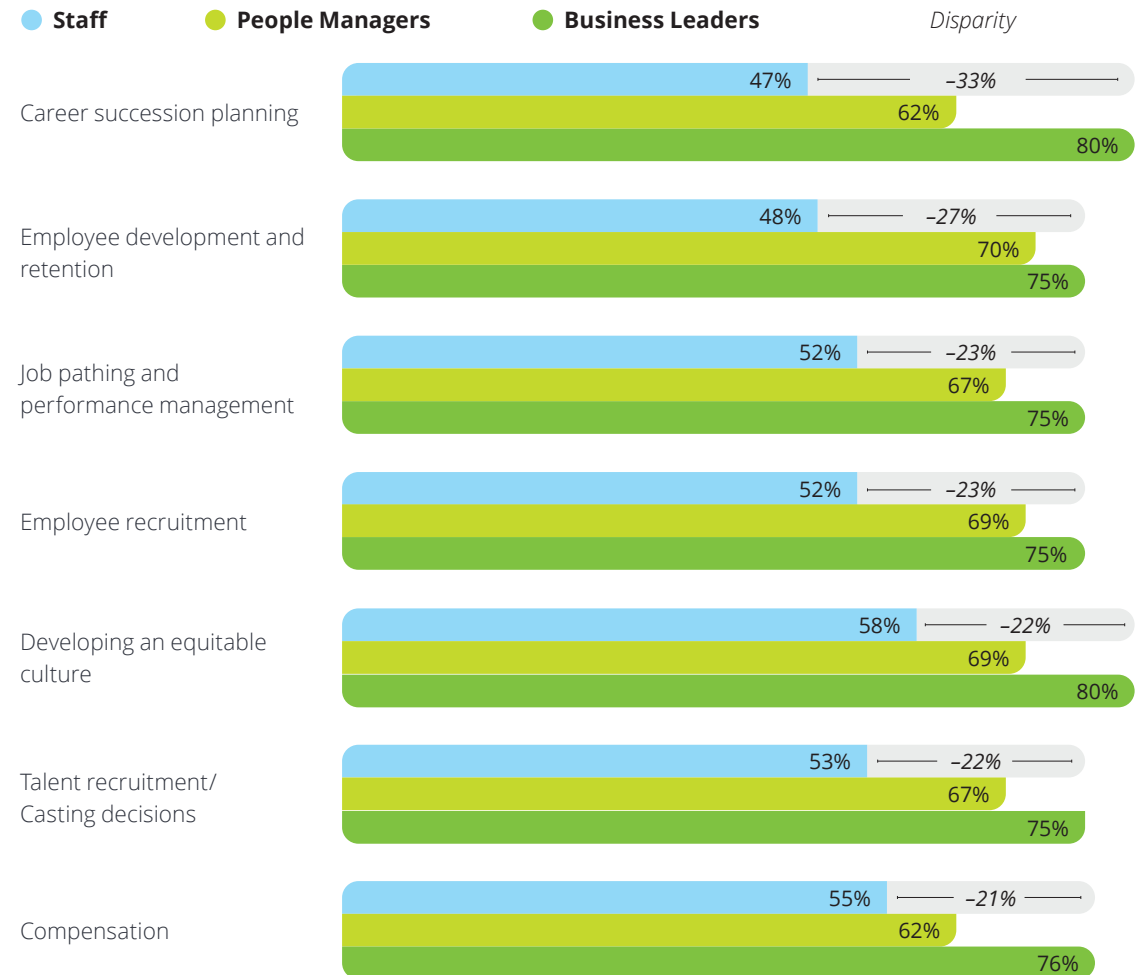
Turning equity ambitions into reality

For change to be sustained and impactful, empowering everyone within the organization to own their own microdecisions may be the missing key. Leaders should prioritize learning about and understanding equity so they can clearly outline it as a business imperative and showcase how it can be implemented in day-to-day business. Furthermore, successful leaders will likely have clearly articulated and transparent goals for themselves and their teams that get regularly discussed.

Ultimately, this could start with a careful balance between improved talent acquisition and a cultural evolution that supports a more diverse employee base at all levels, but especially in leadership positions. Organizations should take a pragmatic approach across all core business practices (like career succession planning, employee development and retention policies, and compensation) to close **the 20+ point gap between staff-level employees and leadership surveyed in current perceptions of inclusivity within those practices**.

Employees across different organizational levels have differing opinions of inclusivity within various business processes

Percentage who believe each business process is inclusive in their organizations

● **Staff**   ● **People Managers**   ● **Business Leaders**   *Disparity*

Career succession planning
- Staff: 47%   *−33%*
- People Managers: 62%
- Business Leaders: 80%

Employee development and retention
- Staff: 48%   *−27%*
- People Managers: 70%
- Business Leaders: 75%

Job pathing and performance management
- Staff: 52%   *−23%*
- People Managers: 67%
- Business Leaders: 75%

Employee recruitment
- Staff: 52%   *−23%*
- People Managers: 69%
- Business Leaders: 75%

Developing an equitable culture
- Staff: 58%   *−22%*
- People Managers: 69%
- Business Leaders: 80%

Talent recruitment/ Casting decisions
- Staff: 53%   *−22%*
- People Managers: 67%
- Business Leaders: 75%

Compensation
- Staff: 55%   *−21%*
- People Managers: 62%
- Business Leaders: 76%

Four key areas stand out as next-step priorities for business leaders to consider:

1

Break glass on new working models

Redevelop key talent processes (e.g., talent acquisition and job pathing) by addressing both procedural and perceptual biases that limit your organization's ability to bring in fresh, diverse talent at all levels and help business leaders better meet evolving consumer realities and needs.

2

Set measurable and transparent targets for brand growth

Employ new data systems that both help you better understand the complexity of your audience base to address the myth of audience alienation, and better track your progress toward goals with incentives and promotion strategies that ensure the organization is aligned on decision-making across levels and within leadership.

3

Empower the people who build your brand

Devote time and resources to empower your teams at all levels to own the microdecisions that drive downstream value for the business— especially when doing so affords your team the ability to invest in new audiences and/or meaningful creator culture opportunities.

4

Model personal accountability

Embrace transparency in how you communicate internal decision-making priorities that drive organizational growth initiatives across all stakeholders in a way that demonstrates self-reflection. This can lead to a growth mindset that helps ensure everyone (especially senior leadership) owns the responsibility for their actions, decisions, biases, and impact.

Acknowledgments

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