

# 2026 Media and Entertainment Industry Outlook

*Evolving definitions of quality, cross-platform audience intelligence, and AI efficiency are changing competitive dynamics in the media landscape*

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Tech companies have been redefining how people create, consume, and interact with media for over 20 years. They pioneered user-created short videos,<sup>1</sup> algorithms that customize content streams,<sup>2</sup> and digital music sales.<sup>3</sup> Subscription streaming video on-demand (SVOD) services launched in 2007,<sup>4</sup> and many grew their businesses by distributing content others had created.<sup>5</sup> Companies that scaled the fastest provided content for free, monetizing through ads that could reach millions, then billions of active users.<sup>6</sup> Others sold access to a seemingly endless world of professionally produced TV shows, movies, and music through affordable subscriptions and cheap, digitally distributed unit sales.<sup>7</sup> Some started producing their own professional content.<sup>8</sup> Although tech companies often have multibillion-dollar cloud computing, retail, and device businesses, they've long been media companies, too.<sup>9</sup> They're more than tech—they're "tech media."

Competition from tech companies is a central challenge for traditional media. But what's urgent now in 2026 isn't the presence of tech media entrants; it's that the nature of the competition has fundamentally shifted. Content production and distribution matter, but quality engagement, audience data, and speed of innovation have become more critical. While tech media may be the relative newcomers, their businesses are optimized for this emerging competitive landscape. And they're writing a new script for the industry to follow.

Many traditional media companies are catching up, but they may also need to rethink long-held assumptions about quality, measurement, and how value is created. They may also need to rethink competitive dynamics. Through social platforms and deep pockets, tech media can help traditional media reach new audiences and direct them to their services.<sup>10</sup> In short, growth in media and entertainment can be complementary and synergistic, rather than zero-sum.

## About Deloitte's TMT center outlooks

Deloitte's 2026 Media and Entertainment Industry Outlook seeks to identify the strategic issues and opportunities for the industry to consider in the coming year, including their impacts, key actions, and critical questions. The goal is to help equip companies across the media and entertainment ecosystem with information and foresight to better position themselves for a robust and resilient future.

## The definition of 'quality' is shifting—and content strategies should follow

Deloitte's [Fall 2025 Digital Media Trends](#) survey showed that some consumers consider watching videos both on social media and on streaming services to be “watching TV.”<sup>11</sup> Traditional media has consistently defined quality through high production values, strong narratives, and immersive worlds. Creator-led and social video content deliver different kinds of value: relatability, immediacy, and diversity of content, each personalized for viewers through sophisticated algorithms.<sup>12</sup> As a result, the “quality” of content may be increasingly determined by how much audiences value their experience consuming it, not by how much was spent to produce it.

For many viewers, value sits at the intersection of intellectual property (IP), fandom, and audience activation. Fans and fan communities can offer a powerful connective tissue across media properties. According to Deloitte research, many Gen Zs and millennials identify as fans of a movie or TV franchise, a band or musical artist, sports teams or players, and video game franchises.<sup>13</sup> These self-identified fans are more likely to follow their fandoms across different media, and to spend money on related merchandise, services, and events.<sup>14</sup> As such, fans are often “net promoters” who organically extend the marketing reach of brands and franchises they care deeply about. In an ever-fragmenting and costly media landscape, fandoms can reduce uncertainty and risk of investments.

Creator-led and social video content are important pathways to activating fandom and building cross-channel engagement while delivering quality experiences.<sup>15</sup> Gen Zs and millennials turn to social videos and creators not only for entertainment, but also for discovery and recommendations.<sup>16</sup> This shapes which TV shows and movies they watch on streaming platforms<sup>17</sup> and presents an opportunity for traditional media companies: Treat creators as business partners who can extend the life of IP, deepen audience engagement, and unlock new and untapped audience segments.

Other short-form content, including emerging formats like microdramas, can also serve as a bridge between sticky, short-form social video and longer-form storytelling.<sup>18</sup> If leveraged strategically, these short formats could provide a new revenue stream and serve as an innovation layer for testing new ideas, developing talent, and building interest before committing to larger production budgets and timelines.

In all of this, there remains a strong role for highly produced TV series and big-budget film premieres. But as the definition of quality evolves, audiences increasingly expect more than glossy production and large budgets. Success is no longer defined by production budgets alone, but by the experiences content creates and the value audiences take away from it.

**Strategic questions to consider:**

- Does “quality” need to be redefined? If so, how can an updated definition be crafted to better align with creative strategies, core audience segments, and business needs?
- How do organizations determine the right balance between high-investment and high-production value content, and short-form, innovative content?
- What strategies can organizations deploy to engage younger consumers while continuing to grow their relationships with older cohorts?

## **Cross-platform audience intelligence: A key differentiator**

As the definition of “quality” evolves and the number of entertainment choices expands, audiences routinely move across platforms, services, and formats for their content needs. A consumer might scroll social feeds, stream a movie on a paid SVOD service, listen to a podcast, watch a TV show on a free ad-supported TV service, immerse themselves in a game world, and catch the big game on a linear TV channel—all in a single 24-hour period. For many audiences, especially digital natives, the entertainment experience is no longer tied to one device, service, or platform.<sup>19</sup> Instead, they follow content, personalities, and communities wherever their attention and affinities take them. The need to navigate across services to consume content has long frustrated consumers.<sup>20</sup> Fragmentation poses a challenge for media companies, too, as many struggle to fully know and understand their audiences.

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Most media companies use data and predictive models to understand content performance, improve ROI for new titles and deep catalogs, and strengthen production planning and investment.<sup>21</sup> Yet many still lag in understanding how audiences use their services, how advertising matches audience cohorts, and how people move across media and in between platforms.<sup>22</sup> In short, they don’t have a unified and complete profile of their consumers.

Tech media companies may be better positioned to respond to this challenge. Most are powered by recommendation systems and models built to continuously learn about users—what they watch, rewatch, skip, share, and comment on—and respond in real-time to surface relevant content and personalized advertising.<sup>23</sup> But even they often lack the capacity to create consistent user profiles in a multi-touch, fragmented landscape.

Both traditional media companies and newer entrants have made progress in leveraging data to optimize their channels, services, and pieces of content. But cross-platform audience intelligence remains fragmented and difficult to realize.<sup>24</sup> As consumers navigate across social, streaming, linear TV, gaming, commerce, and live entertainment, these touch points are captured in disconnected systems. Without a unified view of customers (their preferences, interactions, transactions, service histories), media companies could struggle to move from discovery and engagement to conversion, monetization, and long-term value.<sup>25</sup>

Closing the gap will likely require significant investments in data infrastructure and governance, metadata and analytics capabilities, and thoughtful data-sharing partnerships and privacy considerations.<sup>26</sup> But the payoff could be even more significant: better cross-promotion of content and IP, more effective content monetization, higher ad performance, and a more nuanced and sophisticated understanding of audiences across the ecosystem.

### Strategic questions to consider:

- Do organizations have a unified 360-degree view of the core audience across the media and entertainment ecosystem?
- What investments in data, metadata, and analytics are required to compete with tech media players on audience understanding and monetization?

## **Gen AI lowers the cost of creation, but raises the stakes for differentiation**

Gen AI is lowering barriers to content creation across the media and entertainment industry. Creators, small independent studios, and even the average person can create dazzling visual stories. Free or low-cost tools can convert text prompts to videos, automate the production of short-form content, and develop virtual actors that are arguably indistinguishable from the real thing.<sup>27</sup> Because of these capabilities, creators and studios throughout the industry are professionalizing their outputs, developing content at scale, and competing for time and attention.

These same gen AI capabilities present opportunities for traditional media companies. Gen AI can accelerate the entire content production pipeline—from ideation and storyboarding to production and post-production.<sup>28</sup> For large-scale media companies, the gen AI revolution may be incremental rather than completely transformational at first. For now, it's likely to improve operational efficiencies and productivity, lowering costs and accelerating time to market.<sup>29</sup>

However, the upside of gen AI may be uneven: For independent studios and creators, gen AI may allow them to produce more high-quality content than their modest size would indicate.<sup>30</sup> They'll be able to scale processes and content development in otherwise unimaginable ways, allowing them to compete with bigger, more established entities.<sup>31</sup> But as content development becomes table stakes, compelling stories and the ability to stand out with consumers will be important.

On the flipside, traditional media has the advantage of assets gen AI has yet to replicate: owned and beloved IP, relationships, brand awareness and trust, and deep creative expertise. Traditional media players can use gen AI to complement and amplify these assets, like allowing fans to cocreate content with their favorite IP,<sup>32</sup> not replace them.

One thing is clear for the year ahead: Ignoring, or sidestepping, gen AI is no longer an option. Gen AI will expand the content supply and further crowd the market, which puts pressure on creatives to use it strategically to add value and drive creative differentiation. As this happens, attention, trust, and discovery—not creativity alone—will become coveted resources in the ecosystem.

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### Strategic questions to consider:

- How can media companies deploy gen AI capabilities beyond individual creative teams to drive greater scale and widespread innovation?
- In what ways could gen AI cocreation or production tools drive new revenue streams or partnerships for media companies and IP holders?

- Gen AI tools for media are rapidly improving. How will organizations keep up? Who will test and incorporate gen AI into more value-added processes when they're ready?

## **The 2026 M&E playbook: Strategic specialization, creator-led innovation, and audience intelligence**

The media and entertainment landscape will grow even more crowded in 2026 as AI-generated content floods social feeds, platforms, and screens. To stand out, media companies might focus on redefining what quality means, growing their audience intelligence capabilities and partnerships at scale, and leveraging gen AI for innovation without eroding differentiation.

**Converge and orchestrate—or choose your lane.** Looking ahead, both tech media and traditional media may want to focus on which parts of the industry they want to own. For example, companies aiming to be content production and IP powerhouses should consider funneling investments into creative talent, new capabilities, and tech that supports high-quality video production and franchise-building. For others that want to be go-to platforms for licensed content, building dazzling user interfaces, marketing capabilities, and connected intelligent data platforms will be important. There should still be room for companies that want to do it all. They should hone their powers as trusted partners and seamless orchestrators of experience.

**Consider creator-led short-form content as an innovation lab.** Short-form content is cultural currency. The combination of gen AI, intelligence about audiences, and compelling short-form content has created a successful recipe for creators and the social video platforms they live on. Creators own attention, community, and real-time innovation. Short-form content can be used to quickly test ideas, stories, and formats, and to identify creators with star power. Leverage targeting algorithms, micro-segments, A/B testing, and measurement, and feed those results back into the franchise development and greenlighting process.<sup>33</sup>

**Own audience intelligence and the tech that supports it.** AI, data, and cloud infrastructure can improve operations and help media companies sense trends, reach audiences, understand fandoms, and target granular customer segments. Use data-driven insights to make content decisions and extract more value from catalogs, with ROI-driven planning and metadata that strengthens discovery and recommendations.

**Treat gen AI as core infrastructure, not an experiment.** As AI-generated content becomes commonplace, media companies will need to move beyond one-off experiments and hype-driven use cases. For most companies, gen AI's impact may be less visible: embedded into day-to-day operations, creative workflows, audience analytics, and production pipelines. Governance, privacy, and IP protections should be in place to help companies scale gen AI in ways that drive creative differentiation and efficiency.

## **Signposts for the future**

- Hyper-personalization, enabled by AI, becomes so ubiquitous that there are fewer “shared” cultural media moments.
- AI-generated content inundates social media feeds and platforms, overwhelming consumers and burying higher-quality content.
- As content supply swells, discovery capabilities could be a differentiator in platform success (not just production).
- Audience trust and data transparency become differentiators as personalization and AI-driven experiences scale.
- More AI-generated musicians, actors, and influencers gain mainstream visibility and popularity.

- Award shows create separate categories (for example, “Best AI-generated TV show” or “Best AI-generated album”), or new institutions are established specifically to recognize gen AI content.
  - AI fatigue sets in as consumers—especially younger audiences—moderate daily engagement on social platforms.
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