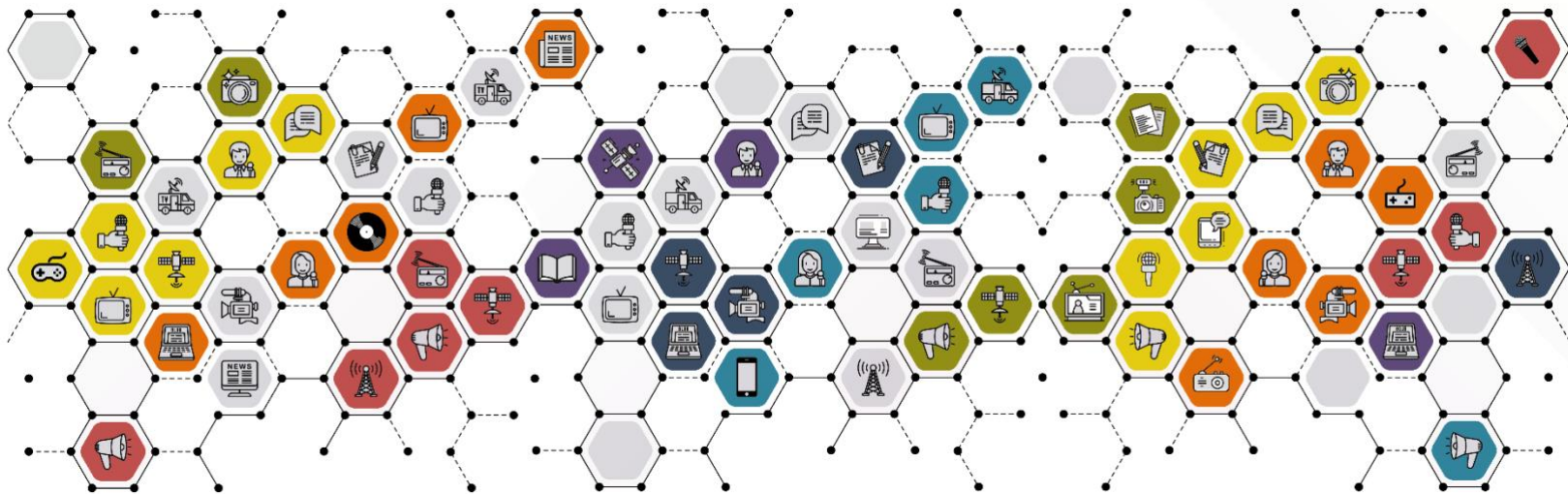


# The MEDIA Report Media & Entertainment Data In America 2015 to 2020

## COVID-Adjusted Industry Landscape

Nelson F. Granados and Amy Zwagerman



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**The MEDIA Report**  
**Media & Entertainment Data In America**  
**2015 to 2020**  
**COVID-Adjusted Industry Landscape**

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## INTRODUCTION

The media and entertainment industry<sup>1</sup> is going through a digital transformation, in the midst of COVID-driven shutdowns of live events and an economic downturn. This report provides a COVID-adjusted outlook for the industry to inform executives making strategic decisions, industry professionals seeking education and career advancement, and academic institutions developing educational programs for the media and entertainment industry.

The MEDIA Report contains U.S. economic data from 2015 to 2020 across these sectors: internet publishing, social media, filmed entertainment, video games, sports franchises, advertising agencies, music, newspapers, books, and magazines and periodicals. We combined film and television into “filmed entertainment” since the sector trends are similar.<sup>2</sup>

The report summarizes trends in the media and entertainment industry from both the supply and demand side, based on COVID-adjusted forecasts by IBIS World (root source is the Bureau of Economic Analysis) and Price Waterhouse Coopers. On the supply-side, we report on firms that produce and publish content across sectors. We analyze aggregate revenues, gross profit, and employment across these firms to identify the key trends. From the demand-side, we examine consumer and advertising spend, plus we include distribution

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<sup>1</sup> The media and entertainment industry is comprised of businesses that create, produce, and distribute media & entertainment.

<sup>2</sup> Detailed definitions for the sectors and other terms are provided in the Terminology section.

revenues for radio and TV broadcasting, including cable. Throughout the report, annual percentage growth is the compounded annual growth (CAGR) for the period.

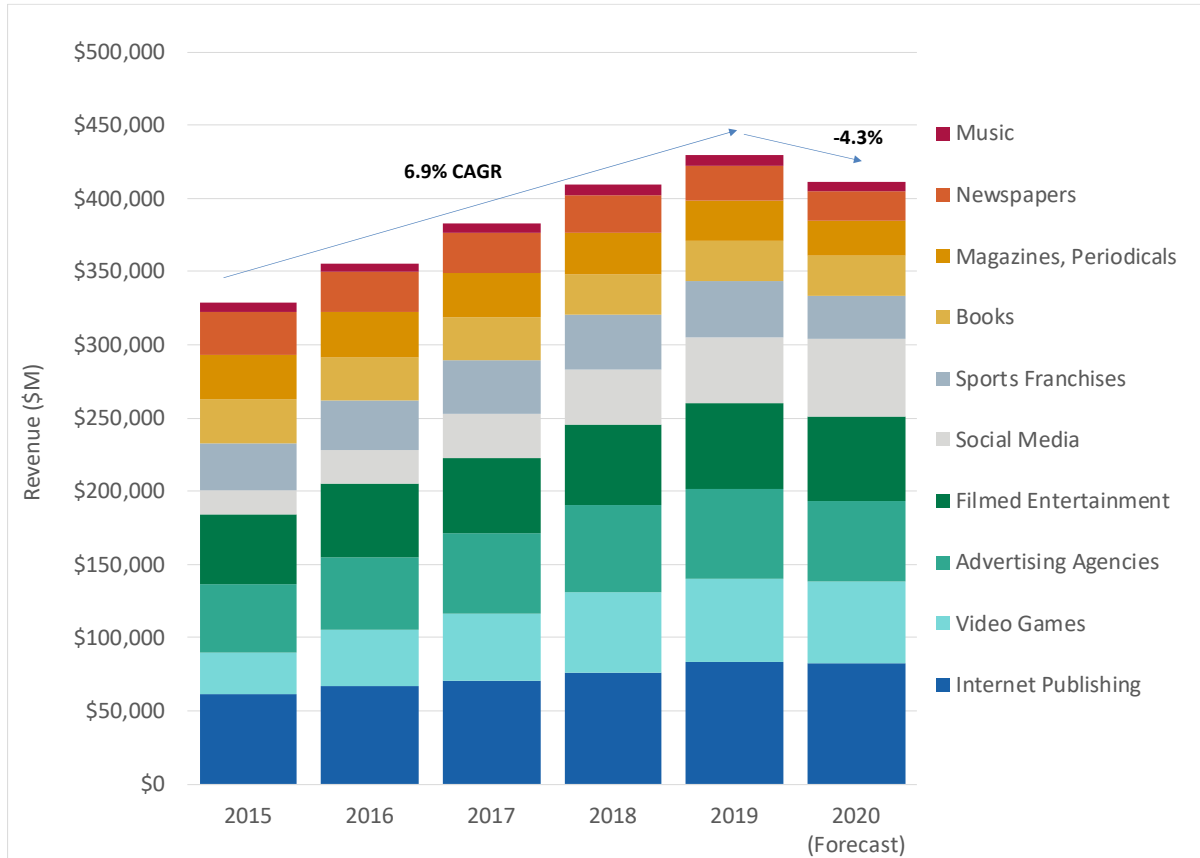
## **Summary of Key Industry Trends**

1. Revenues for content producers and publishers had a 6.9% annual growth rate between 2015 and 2019, for a total of \$429.5 billion in 2019. For 2020, revenues are expected to decrease by -4.3%, which will bring the total revenues to \$411.3 billion.
2. Video and advertising-based sectors (social media, video games, filmed entertainment, sports, music, internet publishing and advertising) drove growth from 2015-2019, while the traditional print-based sectors steadily declined.
3. COVID-19 has affected every area of the media and entertainment marketplace, though not equally. Sectors relying on fan-based ticket and merchandise sales like sports, music, and filmed entertainment as well sectors supported by advertising revenues (advertising agencies, internet publishing, newspapers, magazines & periodicals) have seen significant declines, while digital media sectors like social media and video games have managed to remain flat or grow.
4. Consumption of digital media and entertainment continues to compensate for flat or negative growth in traditional channels. In 2020, a sharp decline in traditional channels (-22.9%) is expected to drive a 14% decrease in consumer and advertising spend. Digital consumption is forecasted to remain stable at 2%.
5. Books have seen higher demand as consumers seek entertainment that is socially distanced and turn to reading while staying at home.
6. Across sectors, consumer engagement is shifting further into on-demand viewing in digital channels.

## **SUPPLY-SIDE REVENUE TRENDS**

From 2015 to 2019, production and publishing revenues grew from \$328.7 billion to \$429.5 billion at an annual rate of 6.9%, significantly outpacing U.S. GDP growth, which was 2.3% during the same period (IBISWorld Inc.). Going forward, we expect to see a dip of -4.3% in 2020 due to the effects of COVID-19, which will bring the total industry revenue to \$411.3 billion.

**Exhibit 1. 2015-2020 Production and Publishing Revenues by Sector (\$M)**

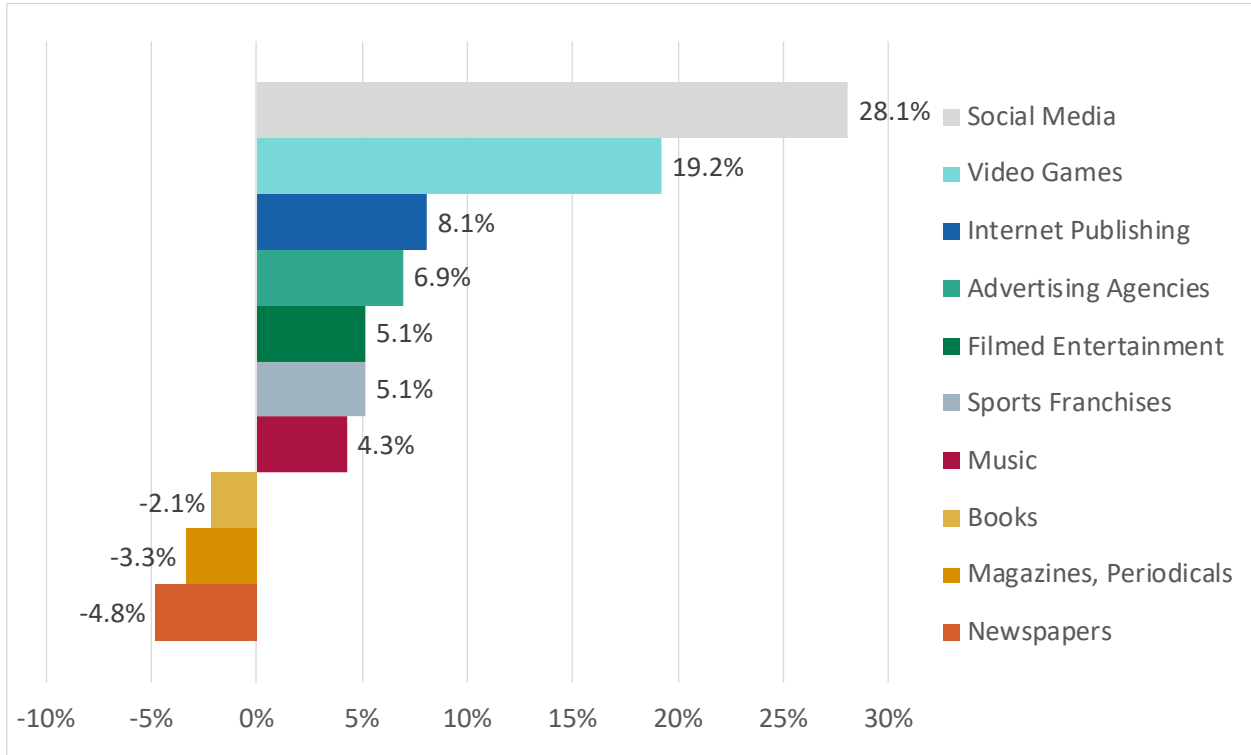


Source: IBISWorld Inc. See Appendix 1 for data legend. See Terminology for sector definitions. 2015-2019 are actuals, 2020 is forecast.

**The highlights and trends by sector are:**

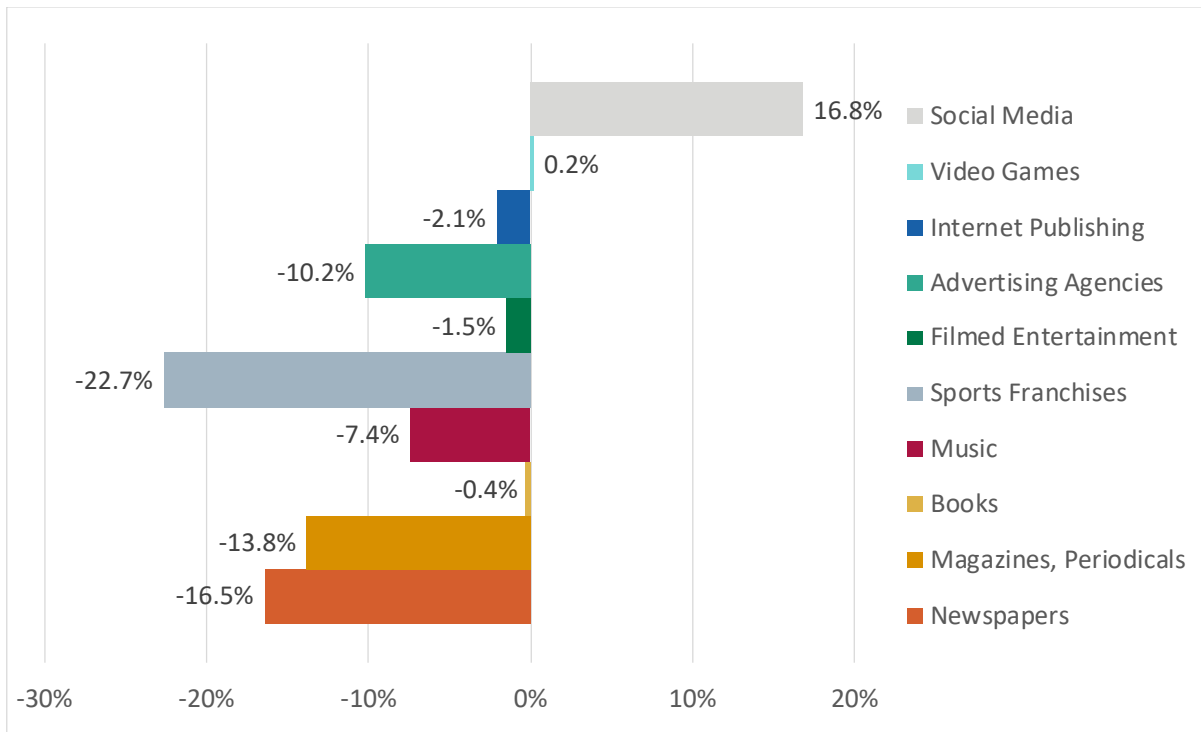
- In the last 4 years, social media has had by far the highest revenue growth at 28.1%, albeit on a small base, driven by mobile consumption. This average is the product of a declining trend in growth as the sector matures, going from 44% growth in 2015 to 20% in 2019. In 2020 the expected growth is 16.8%, in line with the pre-COVID declining trend, which suggests social media revenues have been virtually unaffected by COVID, as consumers stay connected virtually and seek new entertainment from the comfort and safety of their homes.
- With the rise of online and casual gaming, the video games sector has also increased substantially in the last 4 years at 19.2% annual growth, but the revenue growth forecast for 2020 is near flat at .02%. So, despite increased gaming activity, the revenues from gaming purchases and downloads has curbed the growth trend.

**Exhibit 2. 2015-2020 Revenue Growth by Sector – Producers and Publishers**



Source: IBISWorld Inc. See Appendix 1 for data legend.

**Exhibit 3. 2020 Revenue Growth Forecast by Sector – Producers and Publishers**



Source: IBISWorld Inc. See Appendix 1 for data legend.

- Internet publishing and filmed entertainment had seen healthy increases in revenues in 2015-2019 (8.1% and 5.1% respectively), but they will experience modest decline in 2020, with forecasts of -2.1% and -1.5%, respectively.
- Music generated \$7.2 billion in revenues in 2019, and is projected to decline by -7.4% in 2020 to \$6.6B.
- Sports franchises have historically experienced steady growth at 5.1% annually, but are expected to see the sharpest decline of all sectors in 2020 and fall to \$29.7 billion in revenues, a -22.7% decrease.
- Advertising agencies had experienced healthy growth of 6.9% in 2015-2019, but in 2020 it will see a sharp decline in revenues, with a forecast of -10.2%.
- All of the traditional print sectors experienced revenue declines in 2015-2019: books at -2.1% annually, magazines and periodicals at -3.3%, and newspapers at -4.8%. The trend continues, with the exception of the books sector, which is expected to see only a modest decline of -0.4% in 2020. On a relative basis, this signals at least a temporary comeback for book publishers as demand for books increases to replace entertainment that has been shut down by COVID.

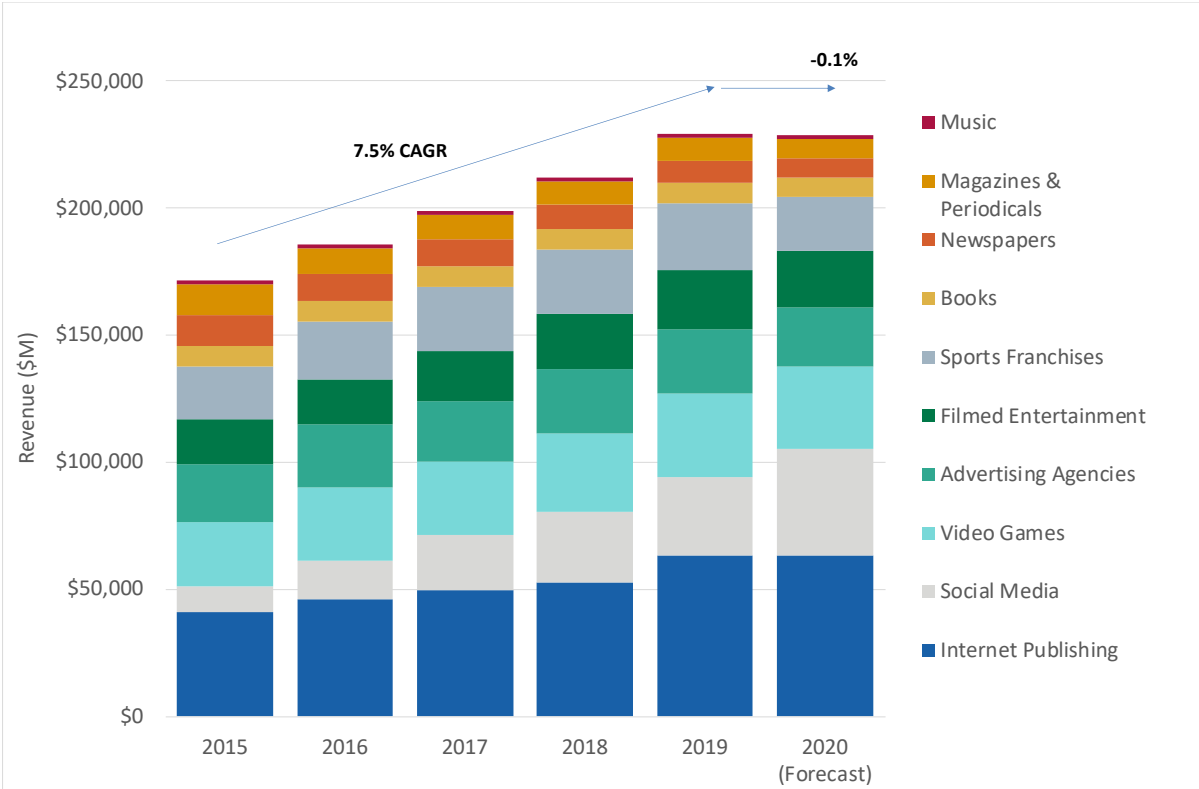
The change in growth patterns due to COVID signal that digital entertainment will continue to grow, as social media, internet publishing, and filmed entertainment are increasingly consumed at home. A key question will be whether consumers are able to pay for new content, given the economic downturn. If not, increased consumption of digital content will only partially translate into revenues, as we are starting to observe in video gaming. Interestingly, books are having a relative comeback, and it will be interesting to see whether this trend will remain post-COVID as the habit of reading makes a comeback, or whether consumers will return to pre-COVID consumption patterns as entertainment that was shutdown due to COVID ramps again, such as live events, sports, and theaters.

### **CONTRIBUTION TO GDP (akin to Gross Profit)**

We use IBISWorld's contribution to gross domestic product (GDP) as a rough measure of gross profit by producers and publishers of content. The industry's contribution to GDP is defined as content producer and publisher revenues minus their costs. The industry's contribution to GDP grew 7.5% annually, from \$171.5 billion in 2015 to \$228.9 billion in

2019. Contribution to GDP will remain almost flat in 2020 according to the forecast, at \$228.6 billion.

**Exhibit 4. 2015-2020 Total Contribution to GDP by Year and Sector**



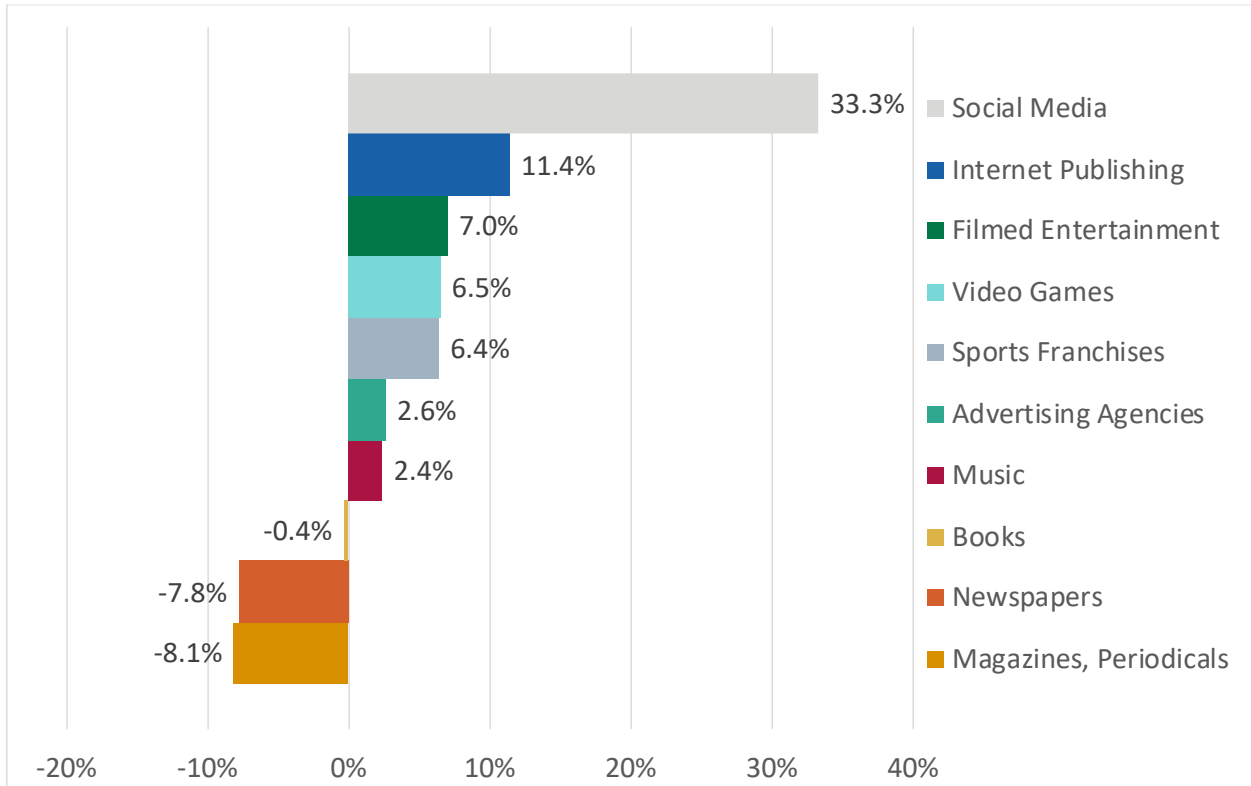
Source: IBISWorld Inc. See Appendix 2 for data legend. 2015-2019 are actuals, 2020 is forecast.

As the figure illustrates, the larger contributors to GDP in the industry are internet publishing, social media, video games, and filmed entertainment. Other than social media, between 2019 and 2020 contribution to GDP is bound to remain flat or decrease across sectors.

**The highlights and trends by sector are:**

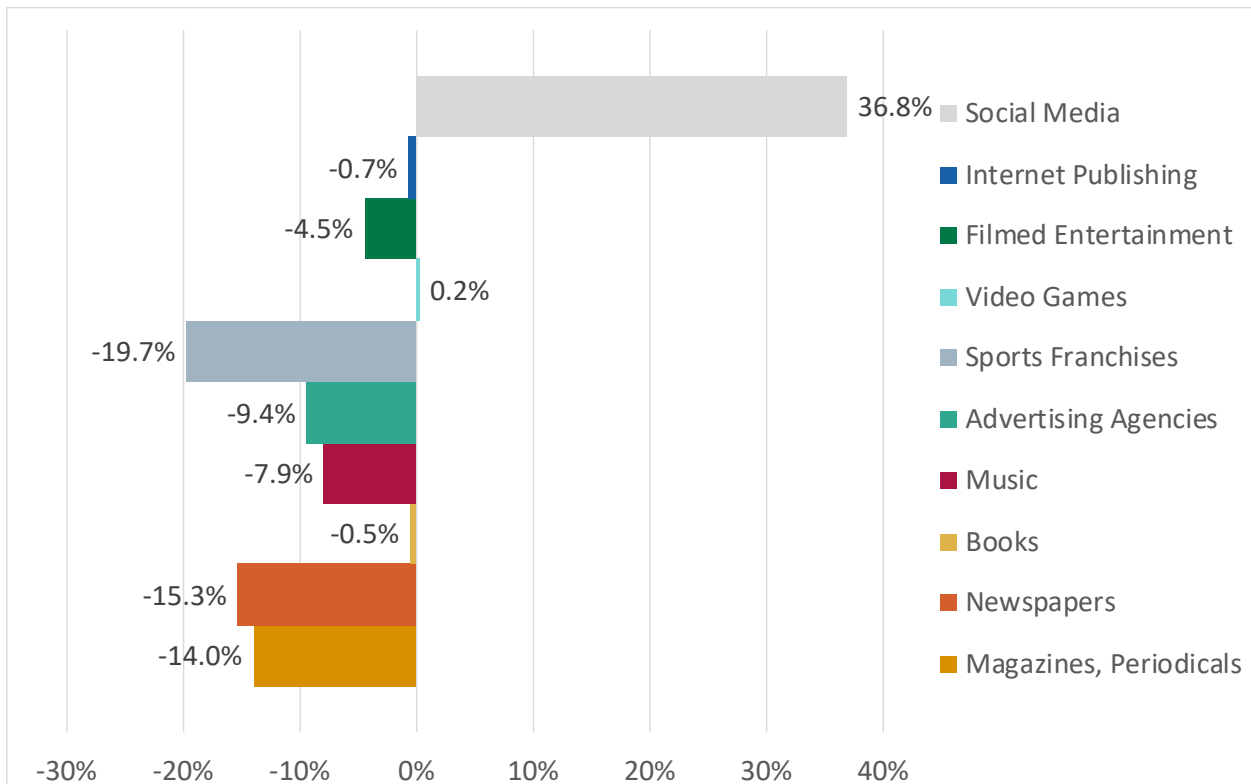
- Social media’s contribution to GDP grew fast in 2015-2019 at 33.3% annual growth, although at a declining trend. The growth forecast for 2020 is 36.8%, which signals that social media eplatforms are bound to increase profitability as consumers gravitate to them during the pandemic.
- Internet publishing, video games, and books, which are resisting the COVID downturn, will all be on the margin of profit based on their respective 2020 forecasts which show almost flat or positive growth, at -0.7%, 0.2, and -0.5%, respectively.

**Exhibit 5. 2015-2019 Contribution to GDP Growth by Sector**



Source: IBISWorld Inc. See Appendix 2 for data legend.

**Exhibit 6. 2020 Contribution to GDP Growth – Forecast by Sector**



Source: IBISWorld Inc. See Appendix 2 for data legend.

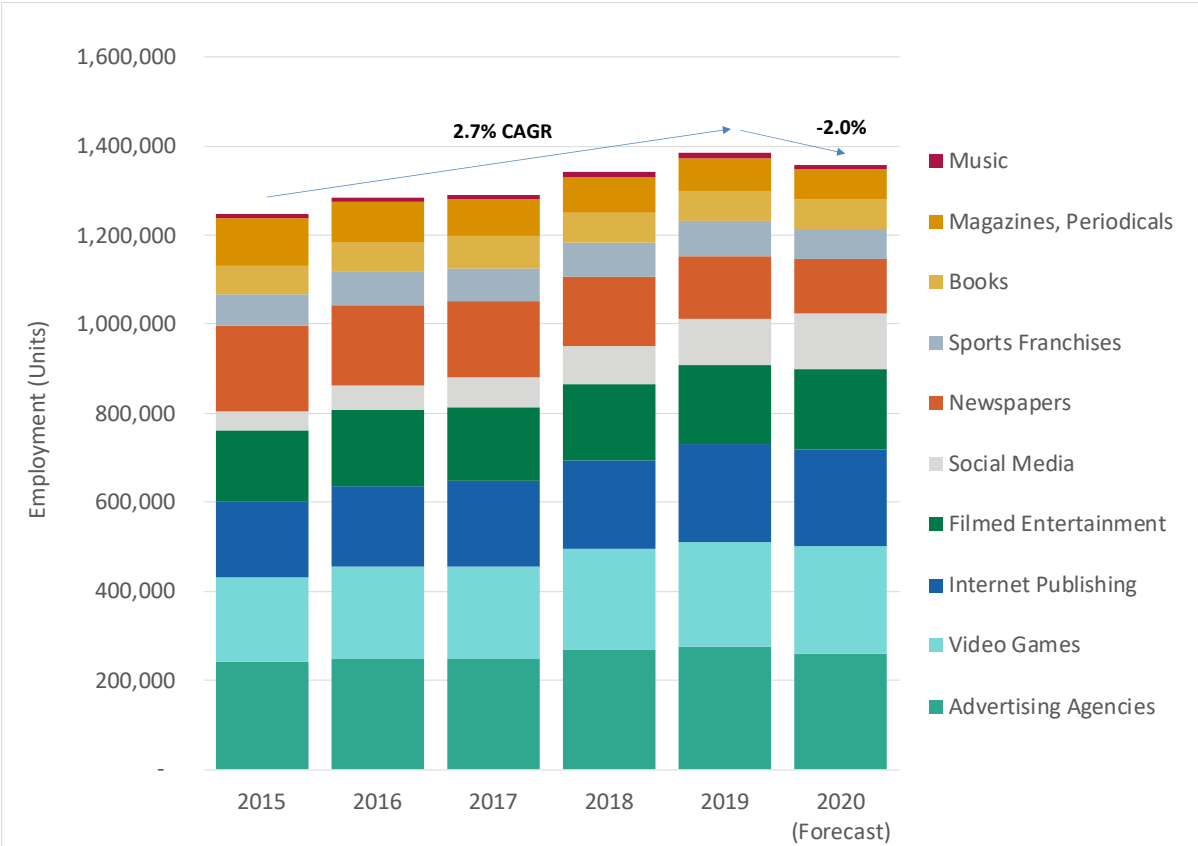


- Filmed entertainment, sports franchises, advertising agencies, and music have had a healthy single-digit growth in contribution to GDP in 2015-2019. This trend could be at least temporarily broken, with 2020 forecasts of -4.5%, -19.7%, -9.4%, and -7.9%, respectively.
- The contribution to GDP of newspapers and magazines & periodicals has been negative in 2015-2019 (-7.8% and -8.1% respectively), and the trend will accelerate in 2020, based on forecasts of -15.3% and -14%, respectively.

**EMPLOYMENT**

The media and entertainment industry employed 1.39 million people in 2019. Advertising agencies had the highest employment at 276,000 people employed, with video games coming second at 236,000. The IBIS World forecast for employment in 2020 is 1.36 million people, a decline of 2% compared to 2019.

**Exhibit 7. 2015-2020 Total People Employed by Sector**

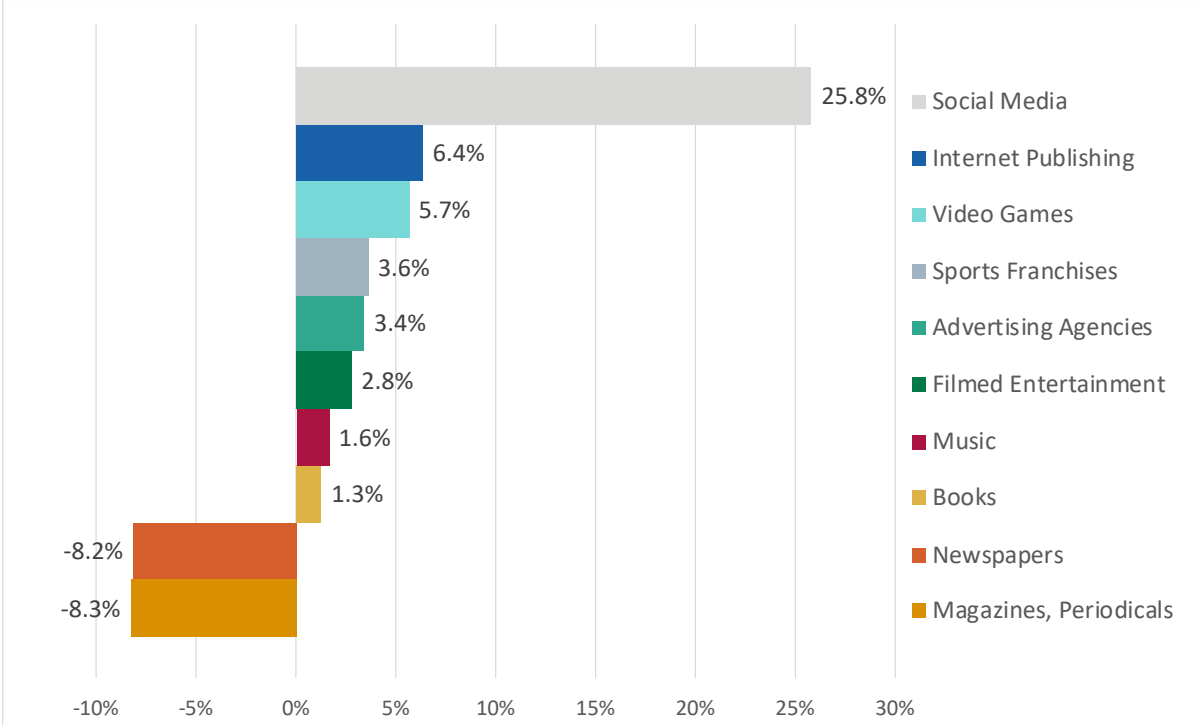


Source: IBISWorld Inc. See Appendix 3 for data legend. 2015-2019 are actuals, 2020 is forecast.

**The highlights and trends by sector are:**

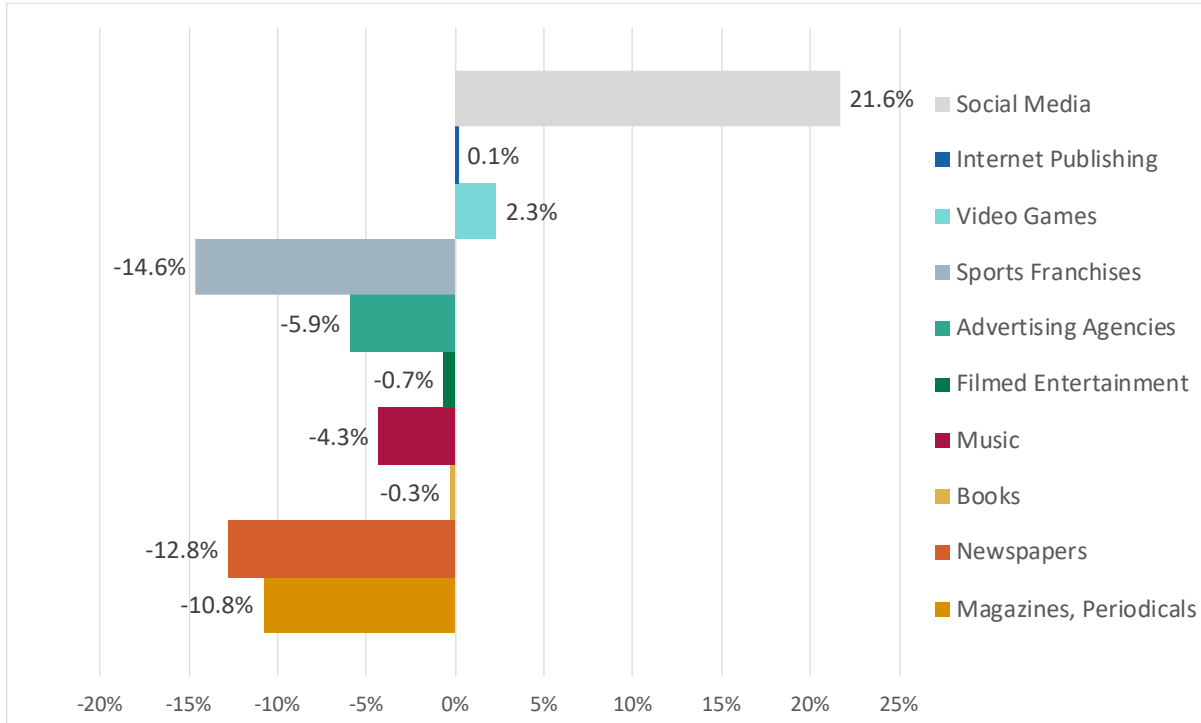
- In the period 2015-2019, social media had substantial employment growth of 25.8%, in line with its revenue and profit growth. This trend will continue despite COVID as media and entertainment offerings continue to expand on social platforms. Social media’s forecast of employment growth in 2020 is 21.6%.
- Newspapers, magazines and periodicals each employed about 8.2% less people in the period 2015-2019. The trend will continue in 2020, with a forecast of -12.8% for newspapers and -10.8 for magazines and periodicals.
- All other sectors in the industry had modest to healthy employment growth between 2015 and 2019, ranging from 1.3% growth for books to 6.4% growth for internet publishing. Except for video games, these sectors have employment decline forecasts in 2020.
- Employment in filmed entertainment and books is forecasted to be close to flat in 2020, at -0.7% and -0.3, respectively. Music, advertising agencies, and sports franchises will have substantial employment declines, at -4.3%, -5.9%, and -14.6 respectively.

**Exhibit 8. 2015-2019 Employment Growth by Sector**



Source: IBISWorld Inc. See Appendix 3 for data legend.

### Exhibit 9. 2020 Employment Growth – Forecast by Sector



Source: IBISWorld Inc. See Appendix 3 for data legend.

- 2020 employment growth rates trended similarly to contribution to GDP, with digital sectors like social media, video games, and internet publishing holding ground or increasing at a rate of 21.6%, 2.3%, and 0.1% respectively, while the rest of the market is experiencing a decline.
- The sports industry is expected to take the hardest hit with a -14.6% growth rate in 2020, followed by the traditional print sectors of newspapers (-12.8%) and magazines and periodicals (-10.8%).
- Filmed entertainment and books have forecasts of modest decline in employment for 2020 at -.7% and -.3% respectively, indicating a possible faster recovery when the media and entertainment economy goes back to normal.

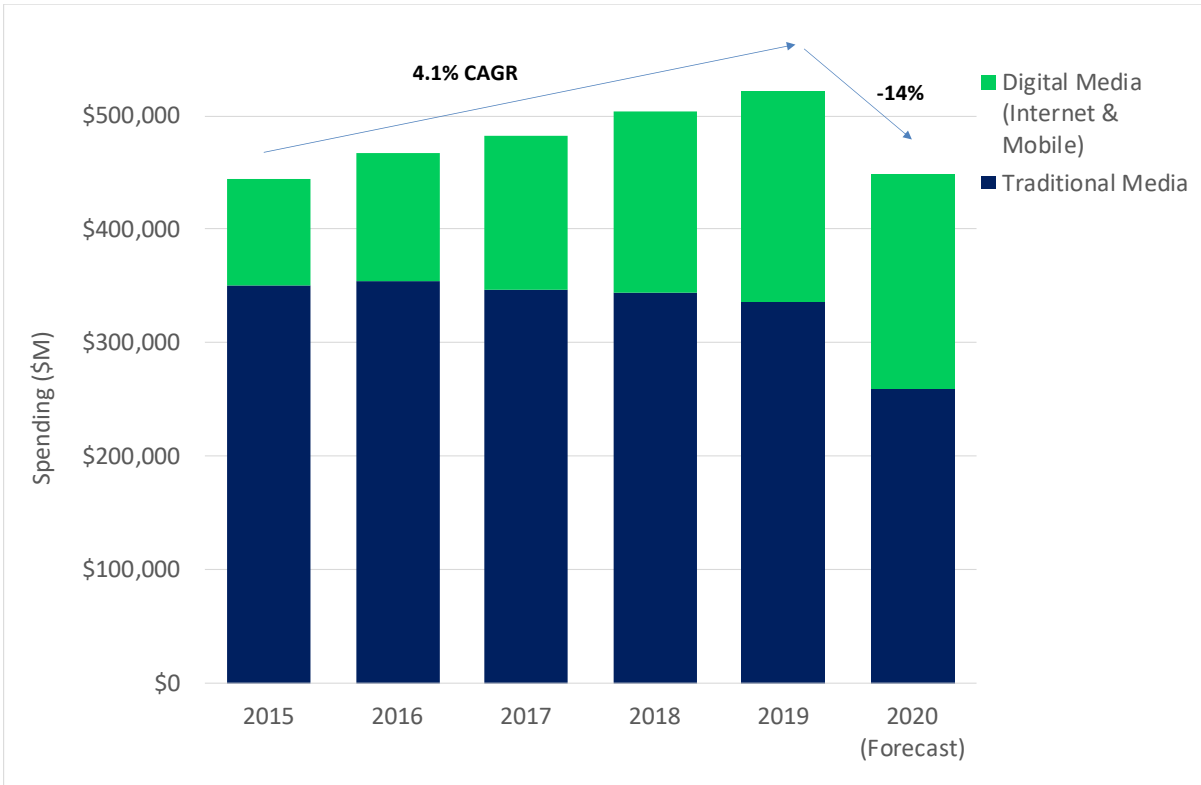
### DEMAND SIDE TRENDS

We also examined consumer and advertising spending, using data from the PwC Global Entertainment & Media Outlook 2020-2024. In this *demand-side* section, we include revenues from television broadcasting, radio broadcasting, and theatrical to provide a

complete picture of all revenues captured from the distribution of media and entertainment. There is some overlap with supply side revenues. For example, social media and internet publishing are included in 'internet advertising' in these calculations, since the primary source of revenue for these sectors is advertising spend.

**2015-2019 Trends.** Total spend on media and entertainment content grew at an average annual rate of 4.1% between 2015 and 2019, to \$521.7 billion. Across sectors, consumer and advertising spend on digital (internet and mobile) channels totaled \$184.8 billion in 2019, which represents about one-third of total spend (35.4%). Consumer spending on digital channels grew fast at 18.3% annually, while traditional spending declined at -1%. As Exhibit 9 shows, up until 2019 growth in digital spend had more than offset the gradual decline in traditional channels, to keep the industry growing.

**Exhibit 10. 2015-2020 Digital vs. Traditional Consumer and Advertising Spend**



Source: PwC (2020). PwC Global Entertainment & Media Outlook: 2020-2024 and IEMSC. See Terminology for definitions. 2015-2019 are actuals, 2020 is forecast of annual growth.

**Forecast.** The picture going forward looks quite different, accounting for the COVID effects. In 2020, total spend is forecasted to decline to \$448.6 billion, or -14% compared to 2019. PwC projects that from 2020 to 2024, digital spend will slow down to roughly one-

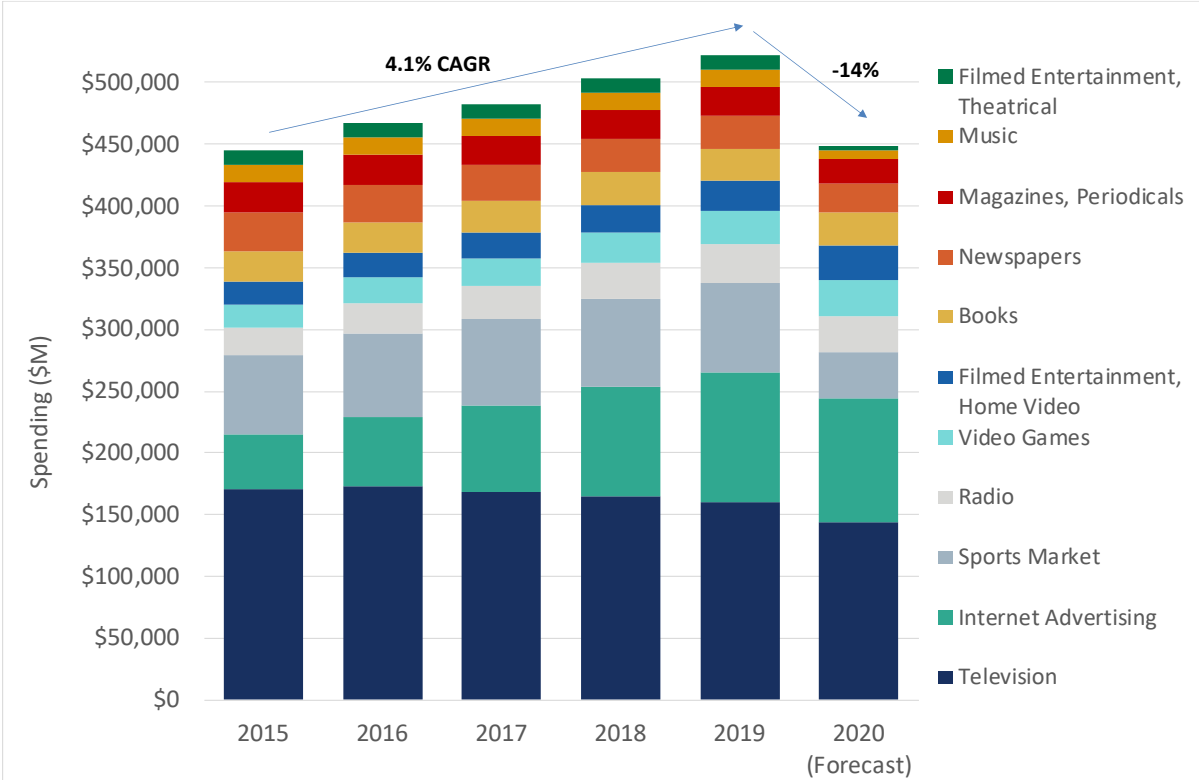
third of the 2015-2019 rate, to 6.5% annually. Meanwhile, spend on traditional channels is expected to continue declining at a rate of -2.1%. Therefore, digital channels will continue to capture share of media and entertainment consumption.

For 2020, the PwC is forecasting a 22.9% decline in revenues for traditional channels. Meanwhile, digital channels will remain stable at 2%. This trend is illustrated in Exhibit 10 above, which shows traditional channel revenues (blue bar) shrinking in 2020, while digital revenues (green bar) remain stable.

**The highlights and trends by sector are:**

- As Exhibit 11 illustrates, the 2020 shortfall in spend is driven by annual declines in sectors that rely heavily on live events for ticket sales and live broadcasting, including sports, theatrical, and music.

**Exhibit 11. 2015-2020 Consumer and Advertising Spend by Sector**

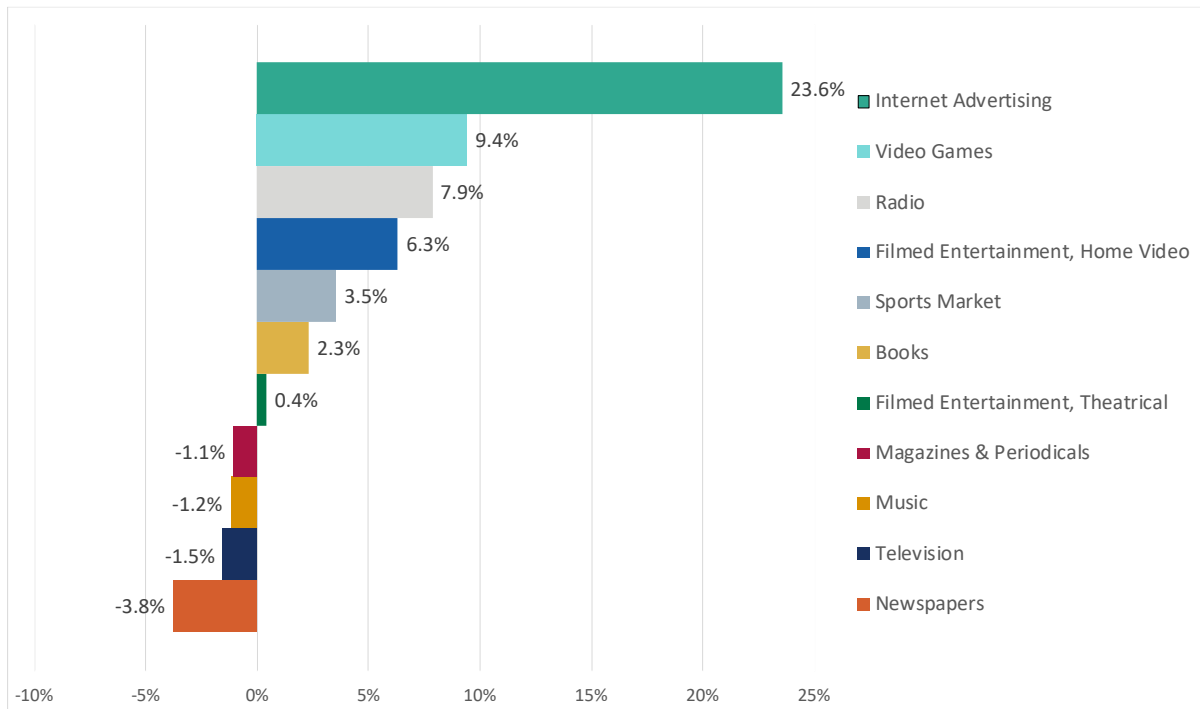


Source: PwC (2020). PwC Global Entertainment & Media Outlook: 2020-2024 and IEMSC. 2015-2019 are actuals, 2020 is forecast.

- In 2015-2019, in addition to the ongoing decline of revenues for newspapers (-3.8%), and magazines and periodicals (-1.1%), television broadcasting has also seen gradual declines due to cable subscriptions cancellations (-1.5%). This cord-cutting trend

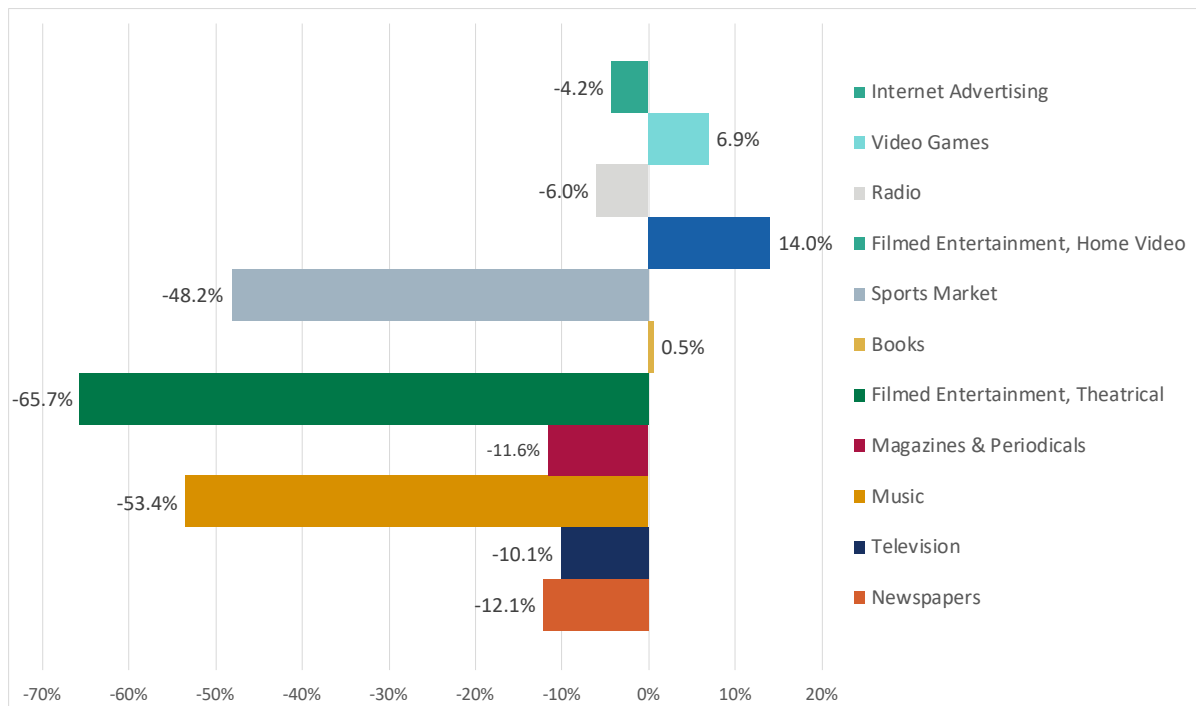
intensified in 2020, plus many live events were cancelled, further reducing broadcast viewership. As a consequence, television revenues are expected to decline -10.1%.

**Exhibit 12. 2015-2019 Consumer and Advertising Spend Growth by Sector**



Source: PwC (2020). PwC Global Entertainment & Media Outlook: 2020-2024.

**Exhibit 13. 2020 Consumer and Advertising Spend Growth - Forecast by Sector**



Source: PwC (2020). PwC Global Entertainment & Media Outlook: 2020-2024 and IEMSC.

- The largest negative impact of the pandemic in 2020 on media and entertainment has been the shutdown of live events. The forecast of consumer and advertising spend will be significantly down for sports (-48.2%), theatrical (-65.7%), and music (-53.4%).
- The only sectors that are expected to see an increase in revenues in 2020 are video games (6.9%) and home video (14%), driven by an increase in consumption of existing streaming services like Netflix and Twitch, and recently launched services like HBO Max, Disney+, and Peacock, among others.

## APPENDIX

### Appendix 1. Total Supply-Side Revenue (IBISWorld Inc.), \$M

	2015	2016	2017	2018	2019	2020 F	2021 F	2022 F	2023 F	2024 F	CAGR 15-19	CAGR 20-24	GR 19-20
Social Media	16,779.9	23,101.4	30,184.1	37,549.5	45,114.7	52,691.9	61,362.4	73,764.2	88,594.7	106,497.7	28.05%	19.23%	16.80%
Video Games	27,999.0	38,292.5	45,775.6	54,431.8	56,526.2	56,623.5					19.20%	--	0.17%
Internet Publishing	61,492.2	67,323.5	71,053.3	76,538.1	83,886.5	82,110.7					8.07%	--	-2.12%
Advertising Agencies	46,730.6	49,439.1	54,125.5	59,676.7	61,107.9	54,863.5	56,956.2	60,208.0	64,067.9	66,549.4	6.94%	4.95%	-10.22%
Filmed Entertainment	47,971.9	50,005.7	52,169.2	55,078.7	58,620.2	57,728.8					5.14%	--	-1.52%
Sports Franchises	31,411.2	33,506.5	36,127.0	37,115.1	38,398.3	29,690.8	31,429.6	32,441.6	33,616.9	34,723.1	5.15%	3.99%	-22.68%
Music	6,051.7	6,218.0	6,529.5	6,976.6	7,150.4	6,617.8	6,984.3	7,197.5	7,354.6	7,491.4	4.26%	3.15%	-7.45%
Books	30,265.3	30,028.8	29,793.4	27,925.4	27,794.1	27,691.3	27,627.5	27,550.6	27,494.0	27,437.3	-2.11%	-0.23%	-0.37%
Magazines, Periodicals	30,963.0	30,562.4	30,019.6	28,276.9	27,058.8	23,316.4	22,930.7	22,902.2	20,770.2	19,682.5	-3.31%	-4.15%	-13.83%
Newspapers	29,033.9	27,326.2	27,286.2	25,568.1	23,882.8	19,950.1	19,588.8	18,674.6	17,677.3	16,735.9	-4.77%	-4.30%	-16.47%
Total (Check)	328,698.7	355,804.1	383,063.4	409,136.9	429,539.9	411,284.8	226,879.5	241,738.7	259,575.6	279,117.3	6.92%	-9.24%	-4.25%
Growth Rate	4.75%	8.25%	7.66%	6.81%	4.99%	-4.25%	-44.84%	6.55%	7.38%	7.53%	--	--	

### Appendix 2. Total Supply-Side Contribution to GDP (IBISWorld Inc.), \$M

	2015	2016	2017	2018	2019	2020 F	2021 F	2022 F	2023 F	2024 F	CAGR 15-19	CAGR 20-24	GR 19-20
Social Media	9,779.3	15,225.8	21,688.9	27,868.5	30,865.9	42,237.9	54,476.0	70,623.3	92,661.6	119,519.3	33.29%	29.70%	36.84%
Internet Publishing	41,156.3	46,176.7	49,364.3	52,434.6	63,407.8	62,988.9	62,793.3	59,122.8	50,868.5	39,050.6	11.41%	-11.27%	-0.66%
Filmed Entertainment	17,678.6	17,478.5	19,707.1	21,926.5	23,183.3	22,148.9	23,167.3	24,074.5	25,005.2	25,789.8	7.01%	3.88%	-4.46%
Video Games	25,224.6	28,742.3	28,913.7	31,046.1	32,456.2	32,516.0	33,076.0	33,871.1	34,718.1	35,586.3	6.50%	2.28%	0.18%
Sports Franchises	20,415.0	23,232.2	25,494.2	25,305.1	26,159.2	21,010.2	21,975.2	23,727.2	24,435.8	25,080.2	6.39%	4.53%	-19.68%
Advertising Agencies	23,092.3	24,584.3	23,677.1	24,983.6	25,608.3	23,204.0	24,871.1	26,140.4	27,654.5	28,681.4	2.62%	5.44%	-9.39%
Music	1,456.9	1,393.4	1,520.0	1,550.1	1,601.2	1,475.0	1,556.1	1,603.3	1,639.4	1,668.4	2.39%	3.13%	-7.88%
Books	8,069.0	7,835.5	8,111.1	8,060.2	7,947.4	7,905.4	7,866.5	7,824.5	7,794.3	7,779.3	-0.38%	-0.40%	-0.53%
Newspapers	12,339.5	10,807.7	10,688.1	9,477.4	8,907.5	7,544.9	7,329.6	6,932.8	6,528.4	6,158.9	-7.82%	-4.95%	-15.30%
Magazines, Periodicals	12,284.8	9,864.9	9,540.2	9,176.1	8,743.5	7,521.9	7,322.4	6,914.5	6,486.2	6,109.7	-8.15%	-5.07%	-13.97%
Total (Check)	171,496.3	185,341.3	198,704.7	211,828.2	228,880.3	228,553.1	244,433.5	260,834.4	277,792.0	295,423.9	7.48%	6.63%	-0.14%
Growth Rate	2.24%	8.07%	7.21%	6.60%	8.05%	-0.14%	6.95%	6.71%	6.50%	6.35%	--	--	--

### Appendix 3. Total Supply-Side Employment (IBISWorld Inc.), Units

	2015	2016	2017	2018	2019	2020 F	2021 F	2022	2023 F	2024 F	CAGR 15-19	CAGR 20-24	GR 19-20
Social Media	41,525	54,835	69,101	84,544	104,044	126,563	153,734	183,277	214,343	248,372	25.81%	18.36%	21.64%
Internet Publishing	171,000	181,834	190,369	199,608	218,843	219,143	229,866	236,309	244,505	251,875	6.36%	3.54%	0.14%
Video Games	189,381	207,196	208,218	225,861	235,962	241,389	249,151	257,847	267,086	276,154	5.65%	3.42%	2.30%
Sports Franchises	68,884	74,919	74,633	76,858	79,381	67,788	70,568	72,232	74,053	75,594	3.61%	2.76%	-14.60%
Advertising Agencies	241,173	247,814	248,852	268,749	275,876	259,495	267,851	279,918	294,368	304,856	3.42%	4.11%	-5.94%
Filmed Entertainment	160,068	171,585	165,047	172,413	178,667	177,466	182,965	187,937	192,739	196,696	2.79%	2.61%	-0.67%
Music	11,537	10,777	11,441	12,035	12,317	11,784	12,305	12,645	12,924	13,211	1.65%	2.90%	-4.33%
Books	64,520	64,085	71,935	68,418	67,891	67,672	67,426	67,195	67,027	66,843	1.28%	-0.31%	-0.32%
Newspapers	194,870	180,637	169,421	154,482	138,664	120,920	117,127	111,197	105,111	99,273	-8.16%	-4.81%	-12.80%
Magazines, Periodicals	105,294	90,640	82,451	77,959	74,490	66,427	64,555	61,292	57,888	54,780	-8.29%	-4.71%	-10.82%
Total (Check)	1,248,252	1,284,322	1,291,468	1,340,927	1,386,135	1,358,647	1,415,548	1,469,849	1,530,044	1,587,654	2.65%	3.97%	-1.98%
Growth Rate	0.71%	2.89%	0.56%	3.83%	3.37%	-1.98%	4.19%	3.84%	4.10%	3.77%	--	--	--

## TERMINOLOGY

### Financial Terms <sup>1</sup>

**Average Annual Growth Rate:** Calculated as the mean annual growth rate over a specified period of time. This calculation can also be described as Compound Annual Growth Rate (CAGR).

**Contribution to GDP:** Calculated as the market value of goods and services produced by the industry minus the cost of goods and services used in production. This calculation can also be described as industry value added (IVA) or profit plus wages and depreciation.



**Employment:** The number of permanent, part-time, temporary and seasonal employees, working proprietors, partners, managers and executives within the industry.

**Gross Domestic Product (GDP):** The total monetary value of all the finished goods and services produced by all the people and companies within a country in a specified time period.

**Growth Rate:** The annual percentage change at which a variable, such as gross domestic product or a firm's earnings, has been or is expected to grow.

**Revenue:** Calculated as the total sales of industry goods and services (exclusive of excise and sales tax); subsidies on production; all other operating income from outside the firm (such as commission income, repair and service income, and rent, leasing and hiring income); and capital work done by rental or lease. Receipts from interest royalties, dividends and the sale of fixed tangible assets are excluded. For the purposes of this report, please note that company revenues are estimated using only the industry-relevant revenues within each sector.

**Profit:** Calculated as revenue minus expenses, excluding interest and tax. This calculation can also be described as earnings before interest and tax (EBIT).

### Industry Lingo <sup>2</sup>

**Content Aggregator:** An individual or organization that collects content from multiple sources for re-distribution in a single location.

**Digital Media Channel:** Any form of mass media advertising / communication / media that is transmitted electronically over the internet.

**Direct-to-Consumer (DTC):** A marketing or sales activity where a product or service is promoted or sold directly to the consumer without the use of an intermediary advertising medium such as a TV or radio commercial or a 3rd party distributor.

**Filmed Entertainment:** Any form of filmed (video) content produced for mass distribution via digital (online) and / or traditional (non-digital) media including motion pictures (films), television (TV) programming and original internet productions. Filmed entertainment can also be described as video productions.

**Intellectual Property (IP):** A proprietary creation, typically an intangible asset such as a literary or artist work or design, that is protected by a copyright, trademark, patent or other legal measure.

**On-Demand:** A distribution mechanism whereby a product or service is available for customer use at any time. In the media and entertainment industry, on-demand is often commonly described as video-on-demand and / or music-on-demand.

Over-the-Top (OTT): A type of digital media delivery whereby audio and video productions are delivered over the internet (online) by a digital media distributor / internet publisher without the involvement of a traditional media distributor or the use of a traditional distribution network.

Subscription Video-on-Demand (SVOD): A type of digital media delivery whereby subscribers are charged a re-occurring fee for unlimited access to a library of audio and / or video productions. Common SVOD providers include Amazon Prime Video, Hulu, Netflix and Spotify. SVOD can also be described as subscription streaming.

Traditional Media Channel: Any form of mass advertising / communication / media that is distributed through a physical medium that was available before the advent of digital media including, but not limited to, broadcast, cable / satellite, print, radio, and theatrical media as well as physical home video and video game products. Traditional media channels can also be described as non-digital media channels.

### Sector Definitions

Advertising Agencies: The advertising industry includes agencies that develop advertising campaigns for all forms of physical and digital media. Additionally, whether via in-house capabilities or subcontracting, advertising agencies provide clients with advice, creative services, account management, production, and media planning and buying (e.g., ad placement) services. The primary source of revenue in this industry is service fees. <sup>1</sup>

Books: The book industry includes companies that edit and design books. Additionally, companies in this industry also engage in marketing activities and make distribution agreements with operators in the Book, Magazine and Newspaper Wholesaling industry. The industry does not include authors, who are part of the Performers and Creative Artists industry. The primary source of revenue in this industry is physical and digital product sales.<sup>1</sup>

Filmed Entertainment: The filmed entertainment industry includes companies operating in the Movie & Video Production, Television (TV) Production and Internet Video Production industries. The primary sources of revenue in this industry are physical and digital product sales, subscription service fees, and box office receipts (e.g., theatrical ticket sales). For the purposes of this report, revenues attributed to international distribution have been removed from the total revenue calculation for the industry. *The subsectors of this industry include:*

Movie & Video Production: The companies in this industry produce and distribute motion pictures (films) and videos (video productions). This industry excludes third-party distributors and disc manufacturers and products produced for the television, such as TV shows and made-for-television movies. <sup>1</sup>

Television Production: The companies in this industry produce TV programming that is then licensed or sold to broadcast or cable networks. Movie production is excluded from this industry, with the exception of made-for-TV movies. <sup>1</sup>

Internet Video Production: The companies in this industry produce original motion pictures (films) and TV programming, which can also be described as original internet productions, for distribution via stand-alone over-the-top (OTT) streaming services such as Netflix. This industry excludes products originally produced by movie & video and TV production companies for theatrical or TV distribution. For the purposes of this report, revenues in this industry reflect IEMSC calculated estimates of consumer spending on subscription service fees to access original internet productions on Amazon & Netflix. <sup>2</sup>

Internet Publishing: The internet publishing and broadcasting (internet publishing) industry includes organizations and individuals that offer non-physical products, such as news, music and information, exclusively through the internet (online). This industry does not include search engines, internet service providers or publishers of offline content. The primary sources of revenue in this industry are advertising and subscription service fees. For the purposes of this report, revenues attributed to the social media sector have been removed from the total revenue calculation for the industry and captured separately. Additionally, revenues attributed to Netflix and Apple are not included in the total revenue calculation for the industry to avoid duplication with the filmed entertainment sector. <sup>1</sup>

Magazines & Periodicals: The magazine and periodical publishing industry includes companies that produce and distribute information via both traditional print (physical) and digital (online) magazines and periodicals. Publishers that exclusively sell online magazines or periodicals are excluded from this industry as they are part of the internet publishing sector. The primary sources of revenue in this industry are advertising and subscription (i.e., circulation) service fees. <sup>1</sup>

Music: The music industry includes companies that acquire, copyright and authorize the licensed use of musical compositions and recordings. The primary sources of revenue in this industry are physical and digital product sales, licensing / royalty fees, and live events (e.g., concert ticket sales). <sup>1</sup>

Newspapers: The newspaper industry includes companies that produce and distribute information via both traditional print (physical) and digital (online) newspaper editions. Companies that solely publish news digitally on the internet (online) are excluded from this industry as they are part of the internet publishing sector. The primary sources of revenue in this industry are advertising and subscription (i.e., circulation) service fees. <sup>1</sup>

Social Media: The social media industry includes social networking website publishers and developers. The industry does not include companies that predominantly develop blogs, games, internet content, messaging services, online dating websites, online recruitment websites, online forums or online videos. The primary source of revenue in this industry are ticket sales, advertising. <sup>1</sup>

Sports Franchises: This sports franchises industry (sports) includes sports teams or clubs that participate in live professional or semiprofessional sporting events (e.g. baseball, basketball, football, hockey, soccer and other team sports) before a paying audience. The sports franchises included in this industry may or may not operate their own facilities for staging games or other spectator sports events. The primary sources of revenue in this industry are advertising, licensing, box office receipts (e.g., ticket sales), physical product (e.g. branded merchandise) and concession sales.<sup>1</sup>

Video Games: The video games industry includes the broader operations of all industries within the sector including companies responsible for the development and manufacturing of games, consoles and accessories, retail sales, and revenue from online gaming subscriptions. The primary sources of revenue in this industry are physical and digital product sales and subscription service fees. For the purposes of this report, revenues attributed to the video game retailer GameStop are not included in the total revenue calculation for the industry.<sup>1</sup>

<sup>1</sup> Terms and definitions are based on IBISWorld Inc. reports.

<sup>2</sup> Terms and definitions provided by IEMSC.

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