How COVID-19 has changed what we watch and how we watch it

January 18 2021, by Dave Hendrick

Credit: Pixabay/CC0 Public Domain

University of Virginia Darden School of Business professor Anthony Palomba is an expert in media management, an interdisciplinary academic discipline that examines how audiences consume media and entertainment products and services, as well as how entertainment companies compete amid shifting consumer preferences.

During the COVID-19 pandemic, which has ushered in significant changes to both media consumption habits and the manner in which major entertainment companies promote and display their offerings, Palomba has had no shortage of new material to consider.

He recently answered five questions on the rapidly shifting media landscape amid the pandemic.

Q. What is your sense of how media consumption habits have changed for U.S. consumers during the pandemic?

A. This pandemic has forced consumers to recalibrate their entire lives. What matters to them? What doesn't? I think consumers are getting to know themselves a bit more. Rather than being told what is good by advertisers, they have to consider for themselves what is good.

We are all consumers. We have been stopped in our tracks for nearly an entire year. We have reprioritized our lives. This impinges upon advertisers' and marketers' abilities to consistently reach and speak to us.

Consumers' acumen over available entertainment and media options has risen quite a bit. Consumers have had more time at home to watch, view, subscribe and try out these options. Marketers must consider how to position entertainment products and services to consumers who have greater market awareness. More consumers have begun to consume digital entertainment, and podcast audiences have swelled while consumers work from home. There is also intensified yearning for immersive escapes into other worlds and realms, which I think has fueled interest in the PlayStation 5.

Consumers are seeking entertainment brands that they can trust. It is astounding to think that Disney + got to 50 million subscribers in five months. It took Netflix seven years to reach that milestone. This business feat is emblematic of consumers' predominant need to find trusted, feel-good, high-quality brands as consumers reconcile bills against unemployment, salary cuts and other unknowns.

I also wonder: Do consumers enjoy searching for videos and finding the unexpected? With colossal and meticulous algorithms used to determine consumer preferences on streaming video on demand platforms and new [streaming video on demand] program advertisements, the joy of discovery may very well be undermined for consumers. Part of the human experience is discovery. Ensconced in the unknown, will we find something meaningful? Past studies have illustrated that engaging in discovery and exploratory activities is restorative and renews our perspectives about ourselves, imbuing us with confidence and better outlooks of ourselves.

Now, more than ever, consumers need reasons to be lost in discovery.

Q. We have seen significant changes in entertainment offerings in 2020, and recently Warner Brothers announced plans to send its entire slate of 2021 films to HBO Max on the same day they hit movie theaters. What practices might continue long after the pandemic?

A. Going forward, producers and movie studios will be more flexible on business strategies. A movie theater debut should not be a litmus test for movie success. If anything, it can serve as a temperature gauge of how popular a movie is, and how movie executives should exhibit it across other platforms or further monetize it. If there are movies that will likely not perform well in movie theaters, they will be sent directly to streaming services, where they can feature targeted trailers and still galvanize audiences to view them. More movie studios will work to create profit participation agreements such that movie theaters will be able to earn a cut of all premium video on demand purchases on other platforms.

I'm not sure how much audience fragmentation will occur in the movie industry. The television and home video industries are absolutely fragmented, fractured, split, cut, diced, sliced and even spliced in manners no one could have anticipated even 10 years ago. I think blockbusters will still be seen by most consumers. However, movie audiences will see less together after the pandemic. The quality of movies has risen on [streaming video on demand] platforms, and these paywalls will shrink movie watercooler conversations.

Q. As fragmented as the media landscape is, there have been times during the pandemic when a streaming video series seems to capture the national zeitgeist. Have the streaming kings grown stronger than ever in 2020?

A. Due to seemingly limitless libraries, development deals with A-list celebrities and fearlessness of accruing debt during a pandemic, [streaming video on demand] platforms have become stronger in 2020. For a period of time, consumers were fish in a barrel. They were home trying to navigate a pandemic, seeking opportunities to abscond to different worlds without any of the risk. They were very interested in becoming new subscribers on [streaming video on demand] platforms. I think this trend has subsided a bit and will continue to level off as we move toward the end of the pandemic.

It is very telling that [streaming video on demand] platforms vary in how they lure consumers to subscribe. The Netflix homepage and Hulu homepage divulge little about what content they offer. The Disney+ home page discusses some offerings, but the HBO Max and Apple TV home pages exhibit notable portions of respective libraries. The latter [streaming video on demand] services are fighting to break into a crowded market.

Disney is the most prominent [streaming video on demand] brand that has successfully aligned its branded product with its parent brand name. Most consumers cannot tell you what a Paramount movie looks like, a Lionsgate movie looks like, or a Hulu movie looks like. I am not sure what HBO Max will become. If HBO Max becomes more like Hulu and Netflix, it inevitably becomes less like HBO. Perhaps brand equity matters less here, or perhaps [streaming video on demand] platforms will engage in value chain business for media conglomerates, serving as cogs in the marketing and sales of parent brand intellectual property.

Consumers subscribe to [streaming video on demand] platforms in anticipation for future viewing, not only for current viewing. Every time a consumer plunks down $5, $10 or $15 for a monthly subscription service, it is done because the viewer has faith that future programming will be good. [Streaming video on demand] platforms are now competing for live TV content, including sports and news, and are also selling and exhibiting movies included in the subscription.

Movie studio brands will benefit from this manner of movie distribution, because consumers will need to know who distributes which movie in movie theaters, as this will tell them on which [streaming] platform the movie will eventually reside. Perhaps all Warner Bros. movies will reside on HBO Max after theatrical debuts. There may be new consumer segments that are born out of this, giving marketers insights into tiered windowing strategies.

Q. One of the storylines of the pandemic has been the continued boom in video gaming. It can be difficult to find a Nintendo Switch, the PS5 is the hot item of the holidays and the video game streaming service Twitch continues to boom. How much of this do you think is tied to the interactive nature of gaming when so many of us are stuck at home?

A. Recently, I wrote a gaming industry chapter in The Rowman & Littlefield Handbook of Media Management and Business. In it, I discussed business models, data collection methods and theories that can help explicate video game play. Consumers seek to engage in autonomous tasks that they are competent in. Additionally, consumers are eager to share these experiences with others. The theory that underlies this behavior is self-determination theory, and it can be used to explain numerous video game play processes.

I mention this theory first to bring context to my answer. Consumers are seeking to achieve, conquer, beat, destroy, win, accomplish and just feel good about themselves as they are fired, laid off and experience salary cuts and other malaise from the pandemic. Video games quantify achievements with great alacrity and precision. We are able to compare ourselves to others, or simply to our own individual previous performances. Video games remind us that, with some elbow grease, we can beat, win and level up in anything.

For many of us, the American ethos of working hard, accomplishing, earning and receiving for our labor is inextricably tied to video game play. We want our gold coins, stars, points, health points, hearts, magic points, awards, unlocked treasures and weapons to receive a hit of dopamine and boost our self-esteem. There is a psychological undercurrent here to feel useful beyond the walls of our houses and to use this as a way to connect to others.

To varying degrees, the Nintendo Switch, PS5, Twitch and other interactive platforms allow us to digitally beat our chests. We are able to engage in challenges alone or with others, and find self-worth, demonstrate competence and earn recognition from a third party, which is in this case a video game.

For so many of us, we are removed from many friends and family. However, if I play NBA 2K21 on my PS5 or New Super Mario Bros. U on my Nintendo Switch, I am engaging in a world in which I can invest a lot of energy into tasks and have agency. I know the rules of the game, and I may even be able to change the rules, if I desire. I can measure my outcome, I can fail and I can keep trying to get better at something. Humans have a visceral connection to failure, learning and winning. We can still obtain this with video game play.

Q. You're an expert in media management. How have the dramatic changes in 2020 changed how you consider your field, if at all?

A. I define media management as an academic discipline that examines how audiences consume media and entertainment products and services, as well as how media and entertainment companies compete and are influenced by technology and shifting consumer preferences.

As scholars, we are used to analyzing variance in consumer behavior at a glacial pace. While media and entertainment industries do move fast, media habits are not formed overnight. I think COVID-19 has accelerated adoption of digital media habits and has also forced us to consider how to measure actual consumption behavior. There are myriad opportunities to capture actual consumer behavior and analyze it.

There is public video game sales data as well as historic movie box office data. Digital menus like Netflix and Hulu offer myriad experiment opportunities regarding how consumers learn about different programs and memorize particular programs based on position in menu carousels. Netflix houses actual viewer behavior that is accessible by consumers.

I think COVID-19 has illustrated that academic research does not need to cease or halt. Instead, data gathering can occur away from offices and universities.

Provided by University of Virginia