

Media & Entertainment Industry March 2026 Outlook

Structural Shifts, Growth Drivers and Valuation Outlook



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Executive Summary

The Media & Entertainment (M&E) industry remains one of the most influential and fast-evolving global sectors, positioned at the intersection of technology, creativity, and consumer behavior.

Growth is increasingly driven by internet advertising, social video, gaming, and streaming, while legacy segments such as physical media and print advertising continue to decline. The competitive landscape is characterized by a hybrid structure: while approximately 45% of global revenues are concentrated among the top 10 players¹, the broader ecosystem remains fragmented across content creation and distribution.

In particular, the sector is facing several challenges. Competitive intensity is rising due to low switching costs and increasing content substitution, while regulatory complexity raises compliance costs. Additionally, technological disruption, especially AI, introduces risks related to content commoditization and loss of differentiation, while ESG and reputational considerations further increase operational complexity. Looking ahead, growth and resilience will increasingly depend on companies' ability to continuously reinvent their operating models.

Geographically, Asia-Pacific represents the primary growth engine driven by digital adoption, while North America remains the industry's profitability anchor. Europe, although structurally large, is expected to remain more fragmented and regulation-heavy.

Key Figures



Key Leaders

 **Alphabet**
Pure Streaming/Platforms

 
Integrated Media (Hybrid/Diversified)

 
Music & Audio

1. Mordor Intelligence, Media & Entertainment Market Landscape, 2026

2. Global entertainment and media market outlook 2025-2029, PWC, Omdia

3. Dentsu, Global Ad Spend Forecasts (December 2025)

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Industry Overview

Objective: Provide a comprehensive overview of the M&E industry and each of its segments with a focus on competitive landscape, key players, market structure and concentration, and the primary drivers of growth with recent industry developments.

The analysis combines industry data and company-level financial assessment. We calculated the ROIC and WACC to assess value creation, competitive advantages, and long-term sustainability.

Market and Macroeconomic Overview

Objective: Assess the global M&E market across regions, identifying the most attractive geographies, and evaluating the impact of macroeconomic and geopolitical dynamics.

The analysis is based on a combination of regional market data and macroeconomic indicators.

Tailwinds and Headwinds, Porter's analysis

Objective: Look into the structural tailwinds and headwinds affecting the sector, assess industry profitability through Porter's Five Forces, and identify the key factors relevant for valuation and long-term competitive positioning.

The analysis is based on a review of industry reports, consulting studies, and forward-looking outlooks (2026 onwards) published by leading institutions.

Industry Overview

The Media and Entertainment (M&E) sector represents one of the most influential and fast-evolving industries globally, playing a central role in consumers' everyday lives. It spans a wide range of activities, including **music, television and streaming content, video games, advertising, and digital media platforms**. These services are no longer occasional purchases but continuous, immersive touchpoints that shape how individuals spend their time, consume information, and interact with brands.

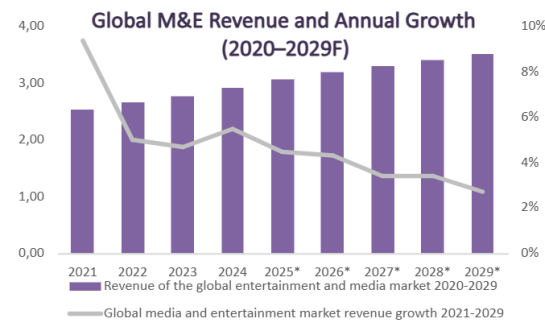
The sector's relevance is further amplified by the rise of Gen Z and Gen Alpha, generations that are redefining how content is created, distributed, and monetized.

From an investment perspective, the sector is particularly attractive due to its ongoing engagement with end users and its structural capacity to adapt to shifting consumer behavior. Companies have progressively transformed their business models to improve cost efficiency, diversify revenue streams, and strengthen customer acquisition and retention strategies. More recently, technological innovation (particularly AI) has begun reshaping content production, recommendation systems, audience analytics, and advertising effectiveness, unlocking new avenues for growth and competitive differentiation.

Global Growth Trends

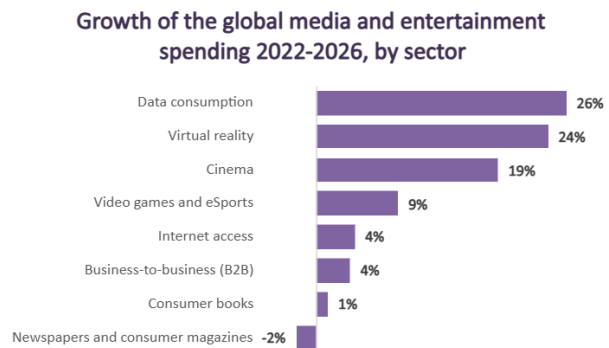
Looking ahead, total global Media & Entertainment revenues are projected to grow at a compound annual growth rate (CAGR) of **3.7%** over the next five years, reaching \$3.5tn by 2029. Although the pace of expansion is expected to moderate, the sector will remain highly resilient, continuing to grow steadily despite profound technological disruption and structural transformation. Indeed, user engagement is intensifying, and the industry's overall growth rate is set to outpace that of the global economy, generating approximately \$577bn in incremental revenues by 2029. In particular, the annual growth rate of revenue is forecast to decline gradually over the projection period. This deceleration is primarily driven by persistent constraints on consumer spending, including economic uncertainty and slowing macroeconomic growth (see [Macroeconomics Drivers](#)).

Figures 1: Global M&E Revenue and Growth



** Revenue in trillion U.S. dollars

Figure 2: Growth of Global M&E by Sector



Source: Global Entertainment & Media Outlook 2025-2029, PwC, Omdia

Competitive Dynamics

The M&E industry presents a **hybrid market structure**: while economic power and distribution infrastructure are highly concentrated among a limited number of global players (~45% of 2025 global revenue is held by the top 10 firms), the content production and streaming landscape remains structurally fragmented. This combination of concentration and fragmentation intensifies competitive pressure.

Figure 3: Market Concentration

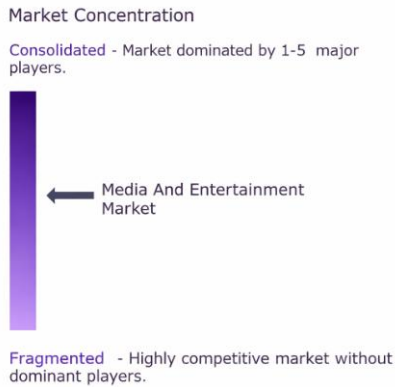
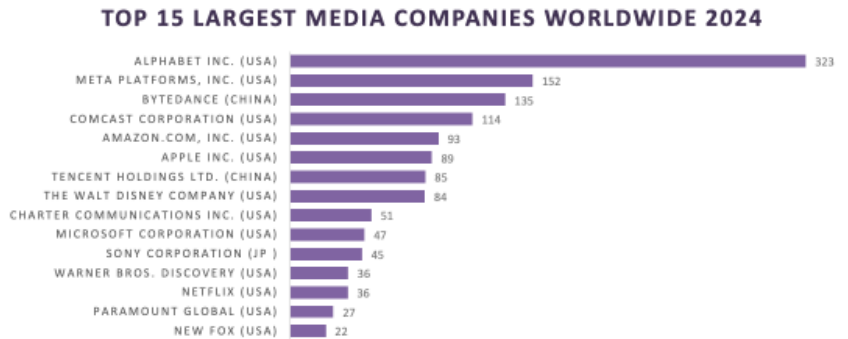


Figure 4: Largest Media Companies Worldwide



Sources: Mordor Intelligence, Media and Entertainment Market Landscape; Statista

The Structural Foundations of Competition

The overall competitive landscape is increasingly characterized by digital convergence and platform integration. As audiences demand more personalized and accessible content, companies are forming strategic partnerships and expanding into adjacent verticals.

Across all signals, a unifying theme emerges: growth and resilience will favor media companies that move beyond rigid models and continuously adapt to shifting audience behaviors, evolving technologies, and new economic realities. Reinvention is no longer episodic. Clear examples include Netflix, which reinvented its business model from content distributor to content producer, investing in proprietary content and data-driven personalization, and Disney, which shifted from a traditional linear broadcasting model to a direct-to-consumer strategy through Disney+. Thus, it is an ongoing discipline of reallocating capital, redesigning engagement models, and restructuring operating systems. Notably:

- Over one-third of media executives state that without reinvention, their company may cease to exist within five years;
- 50% acknowledge that traditional business models are no longer sustainable.

Segmentation

The sector is broad and spans multiple segments. These segments can be divided into six macro areas.

Table 1: Segmentation by type of the M&E industry

Segments	Activity	Main companies	Stage
Film & Television	Film production and distribution; TV broadcasting; pay-TV services; OTT and streaming platforms; content licensing	Disney, Netflix, Warner Bros, Paramount	Mature
Music & Sports	Recorded music production and distribution; music streaming; live events and concerts; music publishing	Universal Music Group, Sony Music (Sony Group), Spotify	Mature
Gaming	Development and publishing of console, PC and mobile games	Microsoft (Xbox), Sony (PlayStation), Nintendo	Growth
Publishing	Book publishing (print & digital); newspapers; magazines; academic publishing; digital subscriptions	The New York Times Co., Financial Times	Declining
Radio & Audio	Traditional radio broadcasting; podcast production; audio streaming platforms	RTL group, Spotify	Mature
Digital Media Platforms	Social media platforms; user-generated content; digital content distribution; online monetization and advertising	Alphabet (YouTube), Meta Platforms, TikTok, Amazon (Twitch)	Growth

Sources: Minerva Investment Management Society elaboration, Umbrex, How the Media & Entertainment Industry Works

1. Film, TV & Broadcasting: **Mature**

After years of expansion fueled by streaming competition, easy access to capital, and volume-driven growth strategies, the Film & TV segment of the entertainment industry is undergoing a structural transformation. In this new environment, performance differences are driven less by content scale and more by business model structure, which can be grouped into four sub-segments: pure streaming, hybrid media, diversified players, and distribution operators.

Table 2: Performance Dispersion Driven by Business Model Structure

Segment	Representative Companies	ROIC (3Y avg)	WACC	Reinvestment Intensity	Leverage
Pure Streaming	Netflix	27.2%	8.9%	39.7% of revenues	0.6x D/E
Hybrid Media	WBD, Paramount	-5.3% (WBD), 4.2% (Par)	-8.7% (WBD), 7% (Par)	52.8% (Paramount)	Elevated
Diversified	Disney	7.6%	7.5%	Lower vs peers	1.9x D/E
Distribution	Comcast, Charter	9.9% (Com)-12.6%(Char)	5.9%(Com), 5.7%(Char)	Reinvestment intensity is largely allocated to sustaining and upgrading legacy network infrastructure	1.1x (CMCSA); 5.34x (CHTR)

Sources: Refinitiv data, Minerva Investment Management Society, Umbrex, How the Media & Entertainment Industry Works

- **Pure streaming (Netflix)** exhibits a structurally attractive spread, with a 27.2% ROIC versus an 8.9% WACC that is supported by a 24.7% EBIT margin, disciplined leverage, and high but productive reinvestment intensity. Its model favors high-volume, diversified content production, where unexpected hits emerge organically, keeping per-title costs structurally lower than peers.
- By contrast, **Hybrid Media (WBD, Paramount)** reflects structural transition stress. For example, WBD's negative ROIC, alongside negative operating margins, signals value destruction during restructuring.
- In the **diversified** segment, Disney operates in a nearly steady-state equilibrium, with ROIC (7.6%) broadly in line with WACC (7.5%). The minimal spread is a direct result of aggressive advertising and promotional expenditure behind each release, driving high per-title costs that weigh on capital efficiency and limit Disney's ability to generate returns above its cost of capital at scale.
- Finally, **Distribution** players (Comcast, Charter) demonstrate moderate but compressing spreads while elevated operating margins reflect infrastructure-like economics, yet leverage introduces differentiated financial risk.

Overall, the sector exhibits significant heterogeneity in ROIC-WACC spreads, suggesting that this segment cannot be characterized as a uniformly “steady-state” or “expansionary”. Rather, competitive positioning must be assessed through the lens of capital efficiency and value spread sustainability.

2. Music & Sports: **Mature**

The music industry is in the mature stage of its lifecycle. Key global players and well-defined roles are present. However, it has experienced growth in the past couple of years due to the disruptive change of digital distribution and consumption through music streams offered by platforms such as Spotify.

The segment is structurally divided between IP owners and digital distributors. Labels monetize ownership of scarce intellectual property through royalty streams, while DSPs monetize access and scale but structurally pass through the majority of revenues to rights holders.

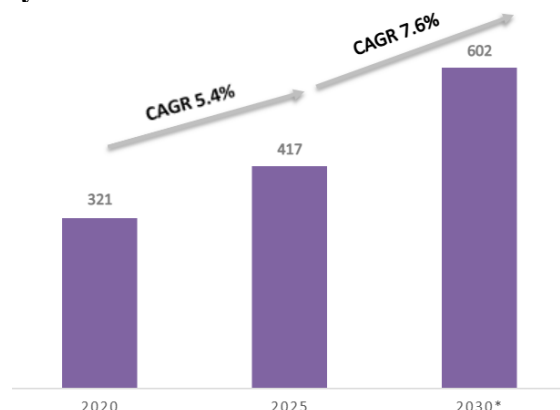
Table 3: Music Industry – IP Ownership vs Platform Model

Segment	Representative Companies	Business Model	Gross Margin	ROIC–WACC Spread	Revenue Structure	Reinvestment Intensity	Balance Sheet Profile	Key Economic Driver
Music IP / Rights Ownership	Universal Music Group (UMG), Warner Music Group (WMG)	Ownership of music catalogs; monetization via royalties	UMG 42.5%WMG 45.8%	UMG +10.3ppWMG +7.5pp	Royalty streams with higher revenue retention	Low at P&L level; catalog acquisitions mainly balance-sheet investments	Asset-backed; IP-intensive	Long-duration IP; recurring cash flows
Digital Service Platform (DSP)	Spotify	Distribution-led platform; monetizes access & engagement	32.0%	Positive but structurally constrained	~2/3 revenue passed through as royalties	Asset-light; reinvestment driven by platform scale	Net cash; asset-light	User scale; operating leverage

Source: Minerva Investment Management Society, Umbrex, *How the Media & Entertainment Industry Works*

In the meantime, the sports industry operates as a high-margin content factory, with value centralized in media rights (\$58B in 2025) and sponsorships (\$68B+), which serve as the primary economic engines. Monetization is anchored by professional leagues (e.g., NFL, EPL) that control the core product and auction exclusive distribution rights to broadcasters and digital platforms. Revenues are further layered through ticketing (\$266B live events market), licensed merchandise (\$34B), and betting partnerships, supported by a rapidly expanding sports betting market valued at \$70B in 2024 and projected to approach \$100B by 2029.

Figure 5: Total sports industry size worldwide 2020-2030



Source: Kearney, 2025 Forecast

3. Gaming: Growth

The gaming segment is characterized by a wide range of sub-segments with structurally distinct business models positioned across different layers of the value chain. As a result, performance differences are primarily driven by monetization structure and capital intensity.

Table 4: Gaming segmentation analysis

Model	Company	Operating Margin	Key Structural Features	Key Risk / Constraint
IP Owner / Publisher	Electronic Arts	17%	Franchise-led model; high-margin digital distribution; R&D 34.6% of revenue	Goodwill = 51.8% of operating assets → impairment sensitivity
Platform Ecosystem Owner	Nintendo	15.8%	Vertically integrated hardware–software; hardware = 69.8% of sales; self-financed console cycle	Hardware mix dilution affecting margins
Mobile & F2P Specialist	NetEase	31.8%	Live-service engagement model; OCF margin 45.1%; scalable digital economics	Positioned in harvest mode (lower reinvestment intensity)
Distribution / Marketplace	Roblox	–25.2%	UGC marketplace; ecosystem monetization; platform scaling phase	Negative ROIC; infrastructure-heavy build phase; deferred revenue liabilities

Source: Minerva Investment Management Society, Umbrex, *How the Media & Entertainment Industry Works*

Beyond the operating metrics reported in the table, capital efficiency and financial structure further differentiate the four models. Electronic Arts generates a 3-year average ROIC of 14.2%, comfortably above its 6.3% WACC, indicating sustained value creation and disciplined capital allocation. Roblox, by contrast, remains in a build-phase profile reflecting heavy reinvestment ahead of profitability despite

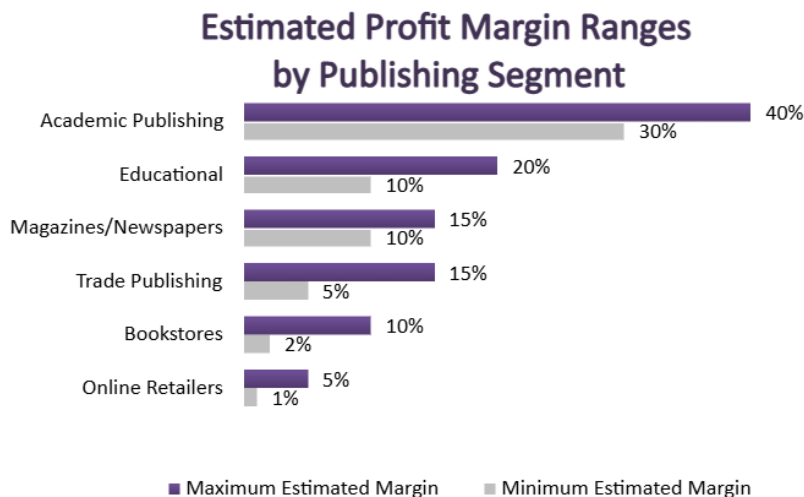
structurally high gross margins. NetEase combines a 45.1% operating cash flow margin with a substantial \$23.4bn net cash position, reinforcing financial flexibility and limited funding constraints. Nintendo maintains a structurally net cash balance sheet, allowing full internal funding of its hardware cycle and reducing exposure to capital market volatility.

In conclusion, while some operate with stable returns and solid financial buffers, others prioritize reinvestment and platform expansion, accepting weaker short-term performance in pursuit of longer-term strategic positioning.

4. Publishing: Declining

The revenue structure in this type of segment is very heterogeneous, depending on what we are looking at. In particular, revenues are strongly driven by pricing decisions; at the same time, pricing itself depends on the different pricing models adopted for the various types of products offered. This configuration reflects a content-based model, in which the main revenue streams consist of direct sales, subscription-based revenues, and licensing or rights exploitation, which together represent the primary value and performance drivers. The costs are structured around content acquisition, production, distribution, and marketing, with significant fixed upfront costs (royalties, editing, design) and variable costs mainly related to printing and distribution for physical books. Overall, the segment is characterized by high fixed costs and low marginal costs, making economies of scale and cross-subsidization key to long-term sustainability.

Figure 6: Estimated Profit margin by segments for publishing



Source: Umbrex, How the Media & Entertainment Industry Works (Minerva elaboration)

The margin dispersion illustrated in the figure reflects the structural differences embedded in the various publishing models. In particular, Academic & Professional Publishing stands out for its structurally higher profitability, supported by recurring subscription revenues, strong pricing power, and content largely supplied by authors at limited direct cost. RELX (Elsevier), as a leading player in this segment, exemplifies this economic profile, consistently generating superior margins relative to other areas of the publishing industry. It shows a strong ROIC–WACC spread (~23% vs ~5%, ~18pp), highlighting

significant value creation and disciplined capital allocation. Moreover, its net margin (21.7%) far exceeds the industry median (0.03%), marking RELX as a clear outlier and evidence of a durable competitive advantage. Nevertheless, this conclusion cannot be extended to other sub-segments, where lower margins and different competitive dynamics may limit the ability to consistently generate returns above the cost of capital.

5. Radio and Audio: Mature

Radio and audio refer to the distribution of audio content to mass audiences through traditional channels (AM/FM radio) and digital formats (online streaming and podcasts). The segment has evolved into a hybrid model, combining live broadcasting with on-demand listening and increasingly digital consumption. The revenues derive from a diversified set of income streams, the composition of which depends on the specific market context and underlying business model.

Table 5: Sub-segments of Radio&Audio

Revenue Stream	Share of Industry (approx.)	Revenue Source & Drivers
Advertising	40%–50%	Source: sale of advertising slots. Drivers: audience size, ratings, advertiser demand.
Subscription Fees	45%–50%	Source: subscription and carriage fees. Drivers: subscriber base, exclusive content.
Public Funding	5%–15%	Source: license fees or government grants. Drivers: regulatory framework, public mandate, household coverage.
Syndication & Licensing	Significant (content owners)	Source: sale of content rights (B2B). Drivers: strength of IP, global demand, exclusivity.
Other Streams	Minor (growing)	Source: merchandising, events, ancillary monetization. Drivers: brand value, fan engagement, cross-platform reach.

Source: How Industries Work: Media & Entertainment, Umbrex

The traditional economics of bundled cable TV and linear radio are weakening, while advertising revenues are increasingly fragmented and partially captured by digital platforms such as Google and Meta. Within this transformation, although traditional radio revenues are declining, the broader audio segment (streaming, podcasts, and digital formats) is growing, capturing a larger share of listening time and advertising budgets. Overall, profitability is not disappearing but reallocating toward digital, scalable, and vertically integrated models.

6. Digital Media Platforms: Growth

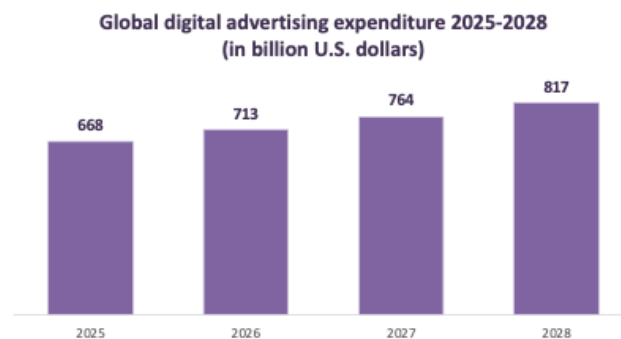
The main revenue comes from advertising, where brands pay to reach users. Platforms keep a share of this revenue and often share part of it with creators, sustaining the ecosystem. Additionally, it is possible to have hybrid models, where platforms combine multiple revenue streams. Although digital content is intangible, operating a social media platform involves substantial costs:

Table 6: Main costs for Digital media platforms

Cost Category	Description (Summary)
Infrastructure & Bandwidth	Data centers, cloud services, servers, storage and global content delivery (especially costly for video). Often the largest operating expense .
R&D & Product Development	Engineering teams, platform innovation, AI algorithms, feature development and security improvements to stay competitive.
Content Moderation & Trust & Safety	Human moderators, AI filtering systems, compliance tools and brand safety measures to manage harmful or illegal content.
Revenue Share & Creator Payouts	Payments to content creators and music licensing royalties. Reduces gross margins but supports ecosystem growth.
Marketing & User Acquisition	Advertising, branding campaigns, install acquisition costs, sales force expenses to attract users and advertisers.

Source: *How Industries Work: Media & Entertainment*. Umbrex

In mature social media markets, leading platforms like Meta and Google have historically achieved very high profitability, while smaller players such as Snapchat and Twitter have struggled to reach similar levels due to lower revenue per user and high fixed costs. Overall, value and profit pools are highly concentrated at the platform level, particularly in mature markets where scale, data, and network effects reinforce dominant positions. With regard to future segment expectations, it has been estimated that global digital advertising spending will reach approximately \$713.4bn in 2026, representing a 6.7% increase compared to the previous year. The market is projected to continue expanding, surpassing \$817 billion by 2028. In particular, digital advertising expenditures are expected to grow from \$668bn in 2025 to \$817bn in 2028 (i.e., ~6.9% CAGR).

Figure 8: Global Digital Ad Spend (Sustained Expansion Through 2028)


Source: Dentsu, *Global Ad Spend Forecasts* (December 2025)

Structural Shifts Across M&E Segments

An analysis of the five fastest-growing and five fastest-declining M&E metrics over the next five years highlights a clear reallocation of value within the industry. Internet advertising dominates the growth rankings, with leading segments expanding at double-digit CAGRs (11-15%), including social video, connected TV, and retail digital advertising. By contrast, the steepest declines are concentrated in legacy physical segments: physical PC games are projected to contract by 42%, while print advertising in trade

and consumer magazines will shrink by 8-9%. This divergence underscores the structural shift from physical media to digitally driven, advertising-supported revenue models.

Figures 9: CAGR Trends

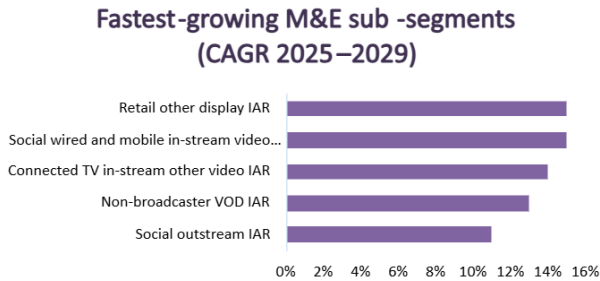
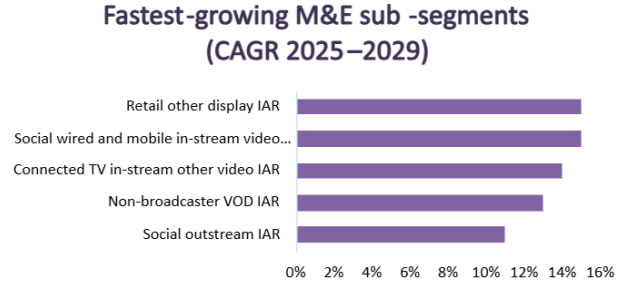


Figure 10: Structural Shifts Across M&E Segments



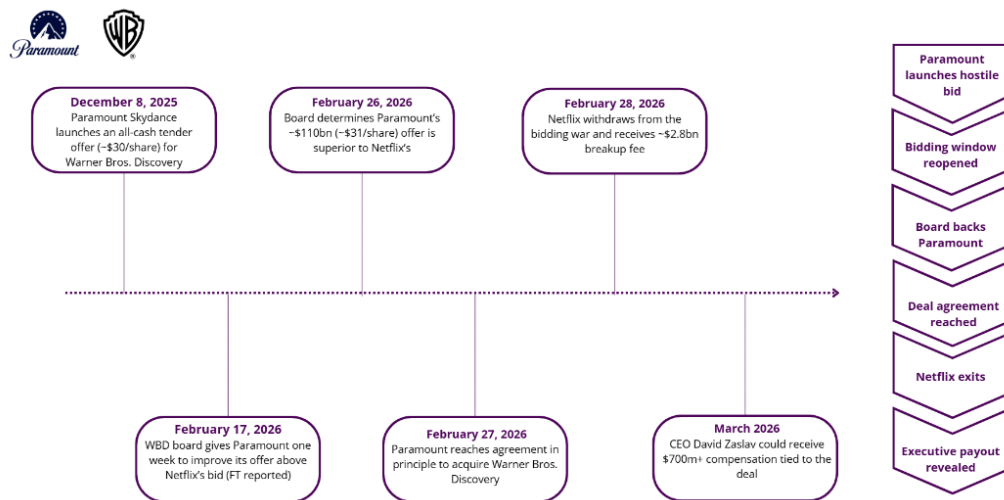
Source: Global Entertainment & Media Outlook 2025-2029, PwC, Omdia

Recent Industry Development

Deal activity has accelerated sharply, with M&A emerging as the dominant strategic response to structural pressure on legacy business models.

The most consequential transaction has been Paramount Skydance's ~\$110bn acquisition of Warner Bros. Discovery (the culmination of a competitive bidding war that saw Netflix exit with a ~\$2.8bn breakup fee), creating a content giant positioned to credibly challenge Netflix's streaming dominance, pending regulatory review. The deal is expected to close by Q3 2026, and (President and CEO of Warner Bros. Discovery) David Zaslav's total compensation package could exceed initial \$700m estimates, including cash severance, equity in the combined entity, and additional benefits (WBD SEC filing).

Figure 17: Deal development between Paramount and Warner Bros. Discovery



Sources: Financial Times, Bloomberg, Minerva Investment Management Society

Beyond broadcasting, the ~\$55bn take-private of Electronic Arts by Silver Lake (the largest LBO on record) signals that consolidation logic is now spreading into gaming. In particular, this development highlights a broader industry shift, with gaming evolving from a niche entertainment segment into a fundamental pillar of the global digital infrastructure.

Meanwhile, Spotify's premium price increase to ~€11.99 marks a broader industry inflection: platforms are pivoting from growth-at-all-costs toward margin discipline and monetization efficiency. This decision reflects a very clear pattern: maintaining strong revenue levels in a business where costs remain elevated, while addressing inflationary pressures and trying to avoid losing users in key markets (the U.S.).

Finally, Berkshire Hathaway's ~\$350m stake in The New York Times stands as a contrarian signal, a bet that subscription-driven, trust-anchored media can endure in a landscape otherwise defined by disruption and scale consolidation. Indeed, although the position represents only about 0.1% of Berkshire Hathaway's overall portfolio, it is significant for The New York Times, representing roughly a 3% stake in a company with a market capitalization exceeding \$12 billion. For these reasons the new investment is interesting, and it prompts the question: Should investors follow Berkshire's footsteps?

Table 11: Recent Industry Events

Company	Event	Details
Spotify	Spotify price increase reported	Spotify will raise premium subscription prices to ~€11.99 in multiple regions as part of profitability push and new features rollout
Electronic Arts	Silver Lake-led EA acquisition announced	FT reports \$55bn take-private of Electronic Arts led by Silver Lake and partners, marking largest leveraged buyout ever
The New York Times	Berkshire Hathaway stake in New York Times	Berkshire Hathaway takes a ~\$350m stake in the New York Times, marking a return to newspaper investments after exiting the sector years earlier

Sources: Financial Times, Minerva Investment Management Society elaboration

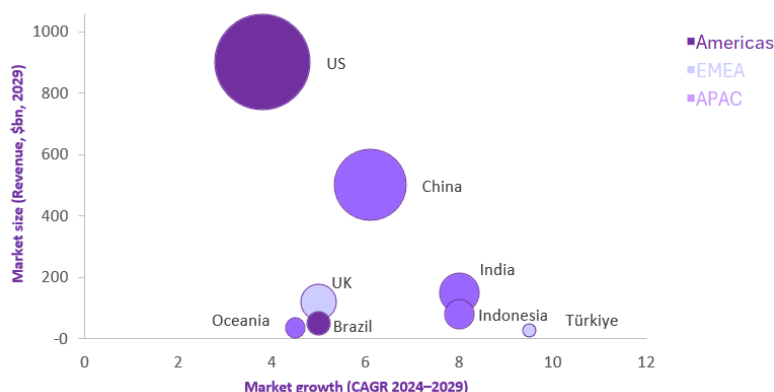
Market and Macroeconomic Overview

In 2024, the global Media & Entertainment market reached approximately \$2.93tn (+5.5% YoY) and, while growth is expected to moderate, is projected to exceed \$3.5tn by 2029, highlighting continued structural expansion despite a normalization in growth.

Regional Market Breakdown

Global M&E growth reflects a divergence between fast-growing emerging markets and slower mature economies. While the United States remains the largest single national market, Asia-Pacific represents the largest regional aggregation globally. However, the U.S. projected CAGR of 3.8% (excluding connectivity) remains below the global average of 4.2%, whereas China is expected to grow faster at 6.1%, supported by strong expansion in internet advertising (8.9% CAGR). In particular, developing markets are showing the highest rates of expansion.

Figure 11: Cross-Country Comparison of M&E Market Growth and Size



Source: Global Entertainment & Media Outlook 2025-2029, PwC, Omdia

Region	Global Market Share (2025)	CAGR 2026-2030F	Key Revenue Drivers
North America	40%	3-4%	Streaming (47.5% TV share), Sports rights (>\$30B), Gaming (\$60.7B), Music (1.4tn streams), Box office (\$10.5B)
Europe	30%	3%	Film & TV (€119B), Music (€5.7B), Sports (€48B), Gaming (13% global share)
Asia-Pacific	25%	5-6%	China gaming (\$45B mobile), India 5G-led streaming, SEA digital growth
Middle East & Africa	5%	9-10%	Market \$15B → \$18B by 2028, Digital 74%, Ad share 28%

Sources: Minerva data elaboration, Market Research Future, *Entertainment and Media Market, How Industries Work: Media & Entertainment*. Umbrex

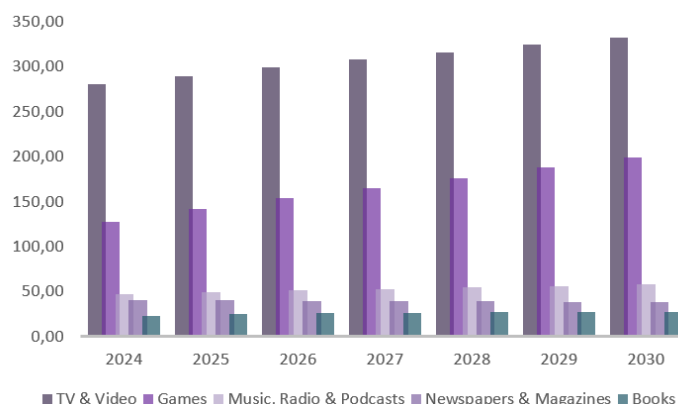
Asia-Pacific

China and India are the leading countries in the region, with China hosting major global players such as Tencent and Alibaba. In India, the rapid expansion of 5G is accelerating digital content consumption, while China remains a key revenue contributor, with mobile gaming revenues of roughly USD 45 billion. Meanwhile, Australia mirrors U.S.-style consumption patterns, with a smaller and more mature market.

North America

North America remains the industry's structural profit engine, combining scale, high monetization intensity, and deep digital penetration despite approaching subscriber saturation. The streaming is consolidating its lead at 47.5% of total TV viewing while sports engagement continues to deepen and the domestic box office reached \$10.5bn despite high distributor concentration. Across other segments, music, gaming, and digital publishing remain resilient, with advertising increasingly driven by digital formats in a market focused more on monetization efficiency than user growth.

Figure 12: Revenue in the Media market in North America 2024-2030 by segments

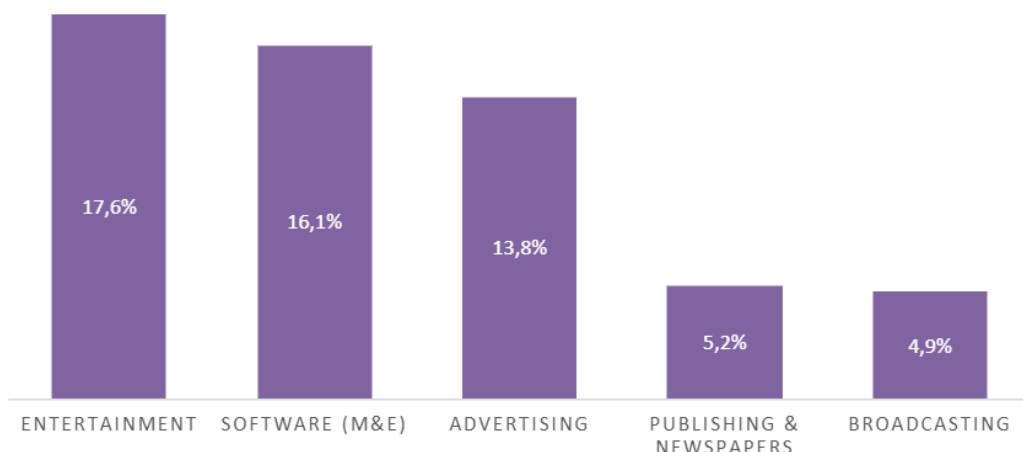


Source: Statista Market Insights

Europe

Europe represents about the 30% of the global M&E market, being structurally large but more fragmented and regulation-heavy than the U.S., with increasing pressure from the Digital Services Act (DSA) and Digital Markets Act (DMA). The UK, Germany, and France anchor regional revenues, while Central and Eastern Europe continue to expand at a faster. Historically, major markets such as the UK and Italy have demonstrated strong scale, with the UK market significantly exceeding £60 billion and Italy surpassing \$30 billion in value. Internet access represents one of the highest-value components of the ecosystem, reflecting Europe's advanced digital infrastructure and widespread online media consumption.

Figure 13: Compound annual growth rate of revenue for media and advertising in Europe 2025

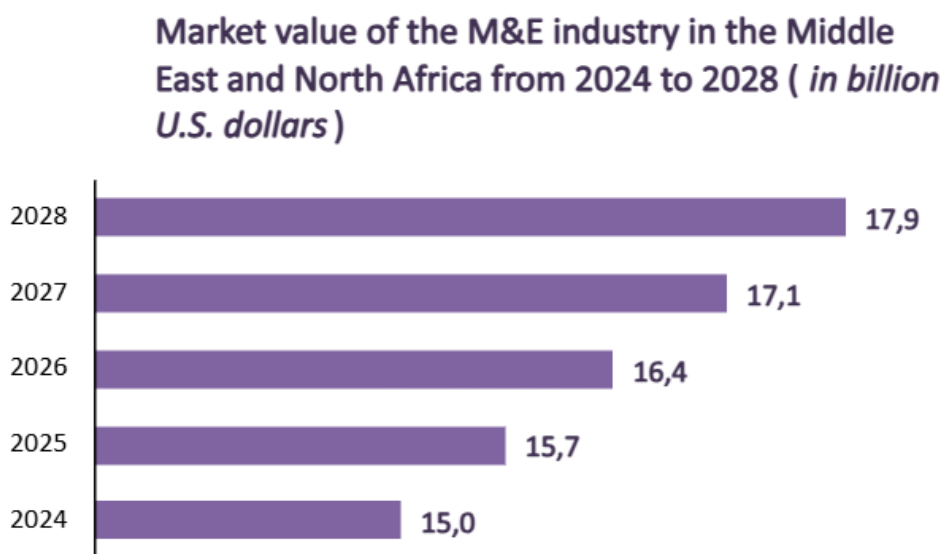


Source: Leonard N. Stern School of Business, Five-year compound annual growth rate (CAGR) in revenues in the media and advertising

Middle East & Africa

The Middle East and Africa continue to face structural limitations, particularly in payment infrastructure. However, technological advancements such as AI-driven dubbing and the expansion of mobile money services are reducing access barriers and supporting broader content distribution. In addition, Saudi Arabia's Vision 2030 program is accelerating investment in digital entertainment, further strengthening the region's growth outlook. In particular, the M&E market is expected to grow in line with the global markets in the years ahead. The primary driver is expected to be the ongoing transition to digital formats, which is expected to reach 74% in 2028, compared to the global average of 68%.

Figure 14: Total entertainment and media market value MENA 2024-2028



Source: Statista Market Insight

Macroeconomic Drivers

According to the International Monetary Fund (IMF), we are experiencing a fairly steady period, with global growth standing at around 3.2%. This implies relatively stable consumption, which is particularly relevant for discretionary consumption of goods such as those offered by the M&E sector. However, downside risks related to geopolitical tensions, trade fragmentation, and potential financial market corrections remain significant. In particular, the “*global headline inflation is expected to decline from an estimated 4.1% in 2025 to 3.8% in 2026 and further to 3.4% in 2027*”. Therefore, the increased purchasing power that consumers would experience and the reduced pressure on household budgets would be beneficial in terms of increased demand for events, streaming subscriptions, gaming, etc. However, it is important to note that inflation does not affect all geographical areas in the same way.

Table 7: Impact of macroeconomic variables on the M&E industry, by geography

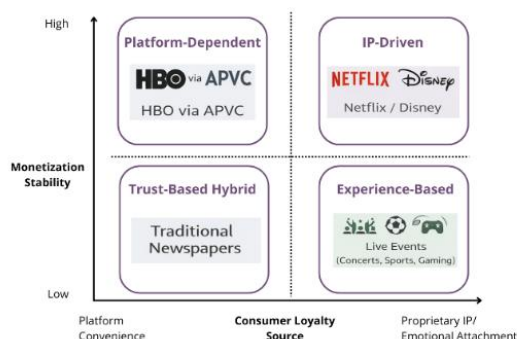
Region	Growth rate	Impact on M&E industry
USA	The economy's growth rate in 2026 is expected to settle at 2.4% and then stabilise at 2% in 2027, supported by tax incentives and corporate investments provided for in the 'one big beautiful bill act'.	Solid market supported by investments in AI and consumer incentive policies. Solid but not 'explosive' M&E growth.
Eurozone	Growth is stable at 1.3% in 2026 and 1.4% in 2027, held back by unresolved structural issues, the ongoing impact of the war on energy prices, and a delayed technological push.	M&E stable growth but structurally limited.
Japan	Japan continues to slow down with growth forecast at 0.7% in 2026 and 0.6% in 2027.	M&E market solid but growth limited.
China	China faces difficulties, especially due to tensions with the US. The growth rate is expected to fall to 4.5% in 2026 and 4% in 2027. Consider also the political and regulatory limitations of the regime.	Expanding market but constrained by geopolitical and domestic political situation.
India	In India, growth was 7.3% in 2025 but is expected to moderate to around 6.3% in 2026-2027.	Strong dynamism, great growth potential.
Emerging Markets	After a slowdown in 2025, growth is expected to recover to 2.4% in 2027.	Opportunities in expansion for Africa, which is accelerating, the Middle East, which is growing, and emerging Europe, which is recovering.

Source: Minerva elaboration, *WORLD ECONOMIC OUTLOOK UPDATE Global Economy: Steady amid Divergent Forces (IMF)*

Emotional and Cultural Drivers

The reality is that the consumer does not simply consume content; they develop long-term relationships with the platforms or brands themselves. When a platform can develop a significant emotional connection with its subscribers via differentiated content, this directly equates to subscriber loyalty. However, sustained loyalty is only achieved under conditions of true differentiation, and retention depends on the depth and exclusivity of proprietary IP.

Figure 15: Distribution Dependence vs. IP-Based Loyalty Matrix



Source: Minerva Investment Management Society

We can conclude that the structural winners will be those that consistently reinvest in differentiated content, brand strength, and platform capabilities, thereby converting emotional engagement into durable loyalty, pricing power, and recurring revenue resilience.

Tailwinds and Headwinds

The M&E sector is navigating a period of profound transformation. Structural growth drivers and emerging risks are reshaping the industry in equal measure.

Table 8: Tailwinds and Headwinds

Tailwinds	Headwinds
Shift toward targeted & digital advertising	Reputation and consumer trust
Niche audiences & micro-moments	ESG concerns
Gaming structural expansion	Regulatory pressures
Generative AI adoption	AI-driven disruption

Sources: PwC (2025); Statista; Deloitte (2025), Minerva elaboration

Tailwinds

The M&E industry is well-positioned for structural growth over the coming years. Advertising will be the primary engine, with *PwC* projecting it will account for roughly 55% of total industry revenue growth. Connected TV, retail media, and shoppable ad formats are driving this expansion, alongside a broader shift toward targeted, data-driven advertising.

Audience behavior is also evolving. Consumers increasingly gravitate toward niche content and micro-moments (short, personalized media interactions built around specific interests). New formats such as influencer marketing and interactive ads are deepening engagement across devices.

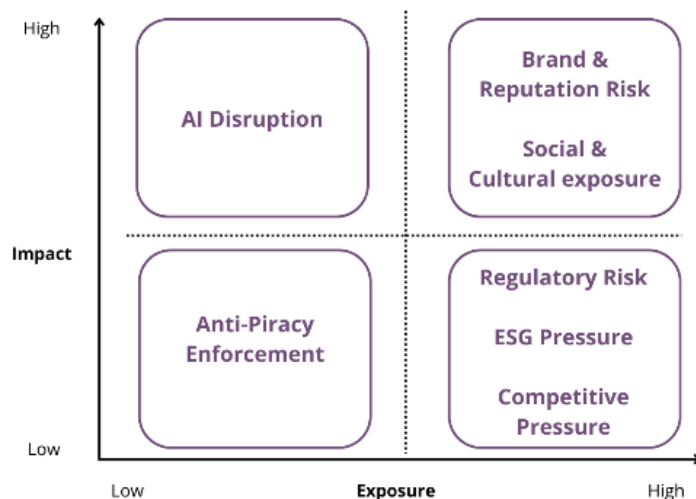
Gaming continues its rise, with revenues projected to surpass \$300 billion by 2028 and the global player base expected to exceed 3 billion users by 2029. Cutting across all these trends, generative AI is accelerating transformation, from content production and recommendation systems to user experience optimization.

Headwinds

Brand equity and consumer trust sit at the core of the sector's value, making it acutely sensitive to reputational shocks. Disney's recent CEO transition illustrates just how exposed large players can be. ESG pressures add to this: debates around representation and cultural positioning risk polarizing audiences, while sustainable production requirements demand significant capital investment.

Regulation presents a double-edged challenge. Stricter copyright rules and advertising transparency requirements raise compliance costs, while anti-piracy enforcement remains inconsistent. Moreover, over the longer term, AI introduces the risk of creative commoditization and the gradual erosion of brand identity.

Figure 16: Exposure Impact Risk Matrix in M&E



Source: Minerva Investment Management Society

Beyond these strategic and regulatory risks, the M&E industry faces four structural vulnerabilities that further compound uncertainty.

Subscription fatigue and ecosystem overcrowding are fragmenting the market and eroding customer lifetime value. Talent shortages and cultural resistance to change are slowing digital transformation, while looming debt maturities are pushing players toward defensive M&A and limiting strategic flexibility.

Underpinning all of this, heavy reliance on digital gatekeepers continues to compress margins and weaken direct customer ownership.

Table 9: Structural and financial risks

Structural and Financial Risks	
Market fragmentation	Operational capability gap
Financial leverage risk	Platform dependency

Source: EY, 2020; AlixPartners (2025); Minerva elaboration

Porter's Five Forces Analysis

Threat of New Entrants: Moderate

Entry barriers in the M&E industry are high but heterogeneous. Incumbents benefit from high capital requirements, control over premium IP, advanced data and technology capabilities, and strong brand loyalty, with the top 10 players collectively holding approximately 45% of 2025 global revenues. That said, digital distribution has structurally lowered physical barriers in segments such as music and publishing, allowing niche and digital-native entrants to compete at the margins. The most decisive barrier today is arguably organizational agility rather than capital alone.

Bargaining Power of Suppliers: High

Supplier power is a structural constraint across the M&E value chain, rooted in the concentration of IP ownership and scarce creative talent. Music labels capture roughly two-thirds of DSP revenues through royalty pass-throughs, permanently compressing distributor margins. In sports, U.S. rights spending has surged +122% to over \$30bn annually. Taken together, content suppliers extract a disproportionate share of value, leaving platforms and distributors with limited margin headroom.

Bargaining Power of Buyers: High

Buyers wield considerable power, underpinned by low switching costs and deepening subscription fatigue. The average OTT household subscribes to five services simultaneously, yet platform loyalty remains structurally fragile, as discussed in the emotional engagement section, consumers reserve sustained attachment primarily for content-driven ecosystems with strong proprietary IP. This dynamic forces companies toward bundling, ARPU optimization, and differentiated content investment simply to defend their existing base.

Threat of Substitutes: High

The competition for consumer attention is intensifying across formats. User-generated content and gaming are expanding at double-digit CAGRs, steadily drawing time and advertising budgets away from legacy media, while physical and print segments face structural decline, trends covered in depth in the segmentation section. For incumbents, the core challenge is a persistent fragmentation of attention that demands continuous content reinvention across an increasingly crowded landscape.

Competitive Rivalry: High

Supplier power is a structural constraint across the M&E value chain, rooted in the concentration of IP ownership and scarce creative talent. Music labels capture roughly two-thirds of DSP revenues through royalty pass-throughs, permanently compressing distributor margins. In sports, U.S. rights spending has surged +122% to over \$30bn annually. Taken together, content suppliers extract a disproportionate share of value, leaving platforms and distributors with limited margin headroom.

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