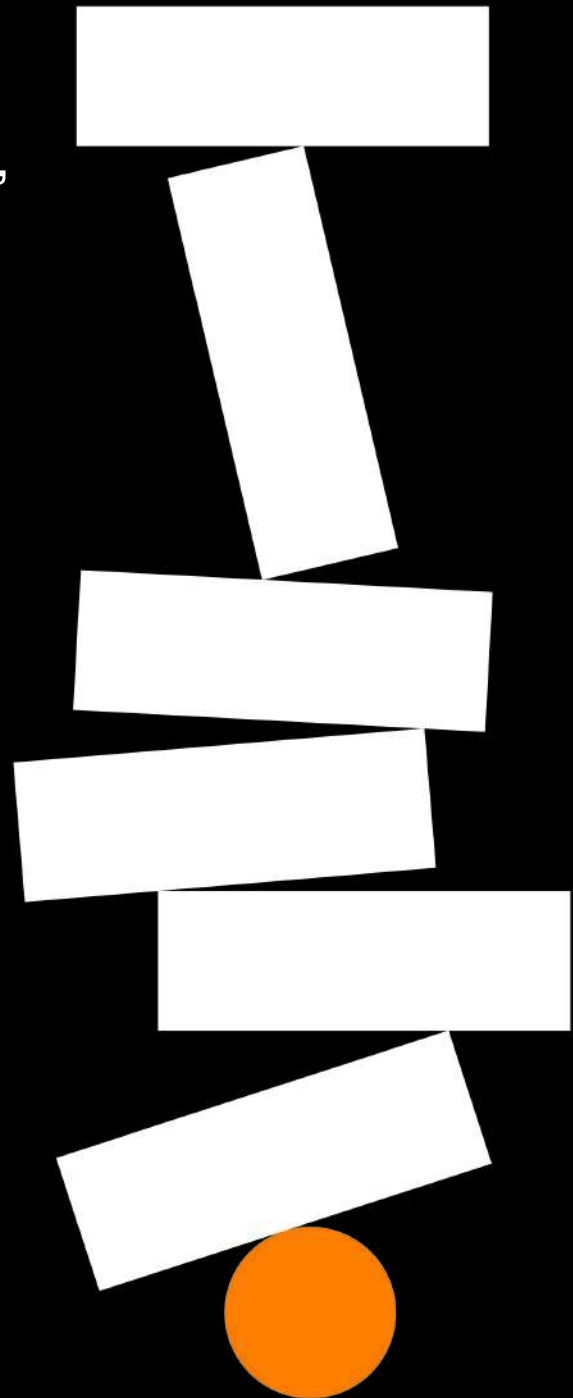


Week in review

China's e-commerce adapts, blurring generational lines, and esports move to the mainstream. PLUS an in-depth look at the impact of COVID-19 on the Entertainment sector.



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A row of blue shopping carts is parked against a bright yellow wall. The carts are blue with silver metal frames and wheels. The background is a solid yellow wall, and the foreground is a dark, textured surface, possibly asphalt or concrete.

Introduction

In this week's review: How China's e-commerce has reacted to the crisis, the blurring of generational demographics, and esports move to the mainstream. PLUS an in-depth look at the impact of COVID-19 on the Entertainment sector.



Chinese e-commerce giants rise to the challenge during the Wuhan province lockdown

A high degree of innovation and flexibility in adapting their technology solutions and approaches to talent and processes has enabled JD.com and Alibaba to keep the supply chain flowing and taking advantage of new opportunities. From re-opening factories in 58 cities in the first 48 hours to produce masks and medical supplies, deploying smart vehicles for remotely operated deliveries, hiring workers from shuttered restaurants and offering medical online consultation, the rapid responses of the Chinese e-commerce giants offer guidance on how retailers can play their part as businesses and governments around the globe continue to combat the coronavirus crisis.



How China's e-commerce giants kept Wuhan going during lockdown

[Click to read](#)



China's e-commerce giants deliver despite the lockdown

[Click to read](#)



Physical distancing has blurred generational lines

Much has been written about the potential benefits of our new living conditions; the World Economic Forum wrote this week on the increased development of creativity under similar conditions. This newfound creativity is no more present than in new virtual ways people are socialising with friends, from karaoke to music festivals. Anecdotal evidence suggests that people are speaking with their friends more often than prior to the outbreak, with many citing the need to detox from too much virtual socialising. This is supported by the 1270% increase in Zoom downloads between 22nd February and 22nd March as the #ZoomParty is now well and truly in full swing!

This creativity is also evident in how we are tackling the outbreak head on. Humans are remarkable in their ability to laugh in the face of adversity, to take control via silly jokes and hashtag. As Her Majesty The Queen said this generation will be remembered for their attributes of 'good-humoured resolve'. At this point there is already a full catalogue of COVID-19 memes and jokes to look back upon. Hard to quantify, one simply has to search #coronavirus to access these little pockets of childish bliss amongst the apocalyptic headlines and clickbait.



Why quarantine can make you more creative [Click to read](#)

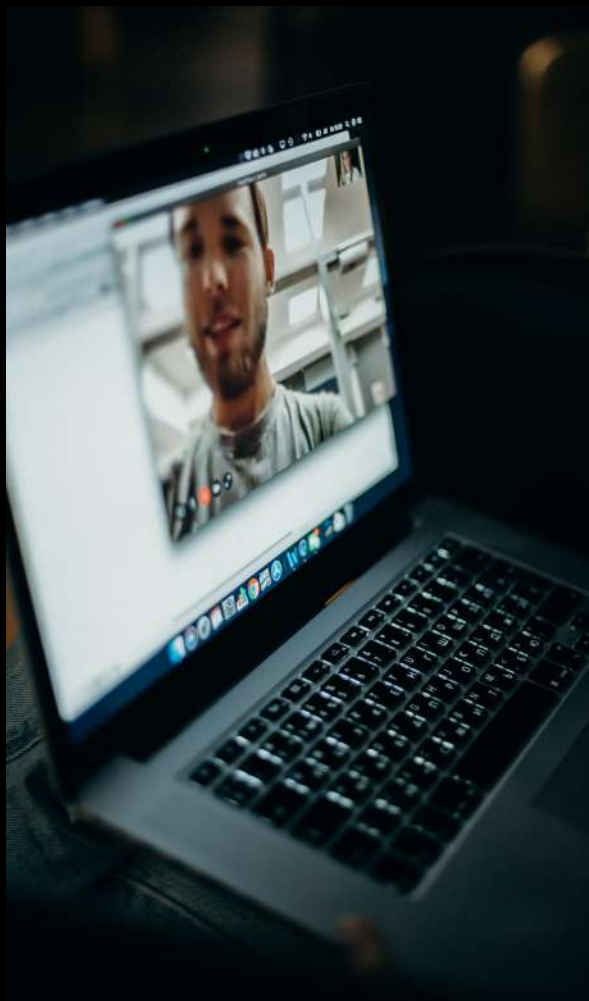


Quarantine socialising [Click to read](#)



Yes, make coronavirus jokes [Click to read](#)

It is easy to view this through a generational lens and to assume that these behaviours are reserved for the millennials and Gen-Zers, and it could be true that these groups are leading the charge. However, the 'old normal' rules no longer apply - this universal threat has blurred the lines between generations as 'physical-distancing' has forced older generations to accelerate their adoption of technology. Facebook is now working with the NHS and multiple care homes on a pilot scheme to hand out 2000 portals ensuring that generations stay connected. Beyond simply using technology, generations have more in common than ever, and family-forums have become filled with funny videos and satire for all to enjoy!



In lockdown, parents are mastering the art of the meme. What could go wrong? [Click to read](#)



Facebook plans to install Portals in thousands of UK care homes [Click to read](#)

Gaming sees growth and brings esports to the mainstream

Gaming has seen a sharp rise in popularity globally as COVID-19 forces people inside looking for ways to be occupied, entertained and socially engaged. In the month of March Captify reports a 253% increase in search for the gaming vertical and a separate source reports that viewership on Twitch was up 31%.

It's this growing interest in not only playing games, but watching others compete, that is bringing esports to a mainstream audience. More people are tuning into everything from Counter-Strike to League of Legends. This take-up of esports presents a solution for conventional sports looking to keep their fans engaged while live events must be cancelled. F1 for example achieved 3.2 million online viewers of their inaugural Virtual Grand Prix around Bahrain's Sakhir circuit in March. It involved F1 drivers themselves, alongside other celebrities, and aired across YouTube, Twitch and Facebook.

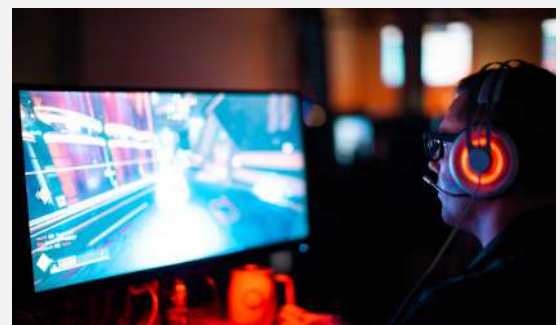
Recognising their mounting influence, 18 companies across the industry including Activision Blizzard and Twitch are partnering through the #PlayTogetherApart campaign. This campaign nods to the effectiveness of gaming itself to reinforce physical distance while enabling social connection, but also actively reinforces WHO guidance. It will 'incentivize players to tune into games with special events, exclusives, activities, and rewards; companies and platforms are in turn incorporating COVID-19 self-protection messages direct from the WHO into games'.

For more on how COVID-19 is impacting Gaming and consumer entertainment as a whole, read on for this week's Deep Dive into the Entertainment category.



'The remote controller' Corona's impact on streaming and gaming

[Click to read](#)



'Something Needs to Fill That Void.'

[Click to read](#)



F1's inaugural virtual Grand Prix draws 3.2m online viewers

[Click to read](#)



Gaming companies are inserting WHO coronavirus guidance into games [Click to read](#)



Category Deep Dive: Entertainment

This week, the latest data and intelligence on COVID-19 and its impact on Entertainment. We've split the latest (and best) research into three sections: business, consumer and brand impact of the virus. For the purposes of this review, we cover Film, TV, Streaming, Gaming, Social, Theatre and Museums within Entertainment.

In this week's Deep Dive into the Entertainment Category, we look at the cocooning effects on streaming services, Zoom bombing, the beginning of the end of the Theatrical film release, and how new gaming releases offer a happier (alternate) reality.



01

Business



01 Business

1. COVID-19 is having a catastrophic impact on the Film Industry

2020 was already likely to be a challenging year even before the impact of COVID-19. The studios were battling the gradual shift in consumer behaviour away from movie theatres and onto streaming platforms, and constrained by a far weaker slate (with fewer Marvel blockbusters) than in 2019. As Richard Greenfield, Media Analyst at Lightshed Partners puts it:

“This was going to be the worst year in movie theater history before the coronavirus hit... this is like pouring lighter fluid on the fire”ⁱ

Cinemas are closed and there has been a complete shutdown of movie production, with big trade markets like Cannes also cancelled. Hollywood Reporter suggests that **the global box office could be hit with a \$20bn loss in sales** this year.ⁱⁱ That equates to almost half of total global box office revenue made in 2019.ⁱⁱⁱ The impact is likely to be felt in Q2 and Q3 which historically accounts for more than a third of the annual box office.^{iv} As Quartz puts it:

“Hollywood can survive a March without movies. Whether or not it can survive a June or July without them is much less clear.”

Even the industry leader, Disney, with arguably the strongest collection of global entertainment brands is feeling the impact. Kannan Venkateshwar, a Barclays analyst, believes that the impact on Disney’s balance sheet will be significant:

“Theme parks, experiences (like cruises) and consumer products made up nearly half – 45% – of the company’s operating income last year. Every day that Disney’s domestic parks are closed costs the company \$20 million to \$30 million”^v

The crisis is already altering the structures of the industry with studios set to stream some new releases without a theatrical release. As The Guardian noted: **“Universal announced they were moving to stream new releases, having fought for years to keep that theatrical window open”.**

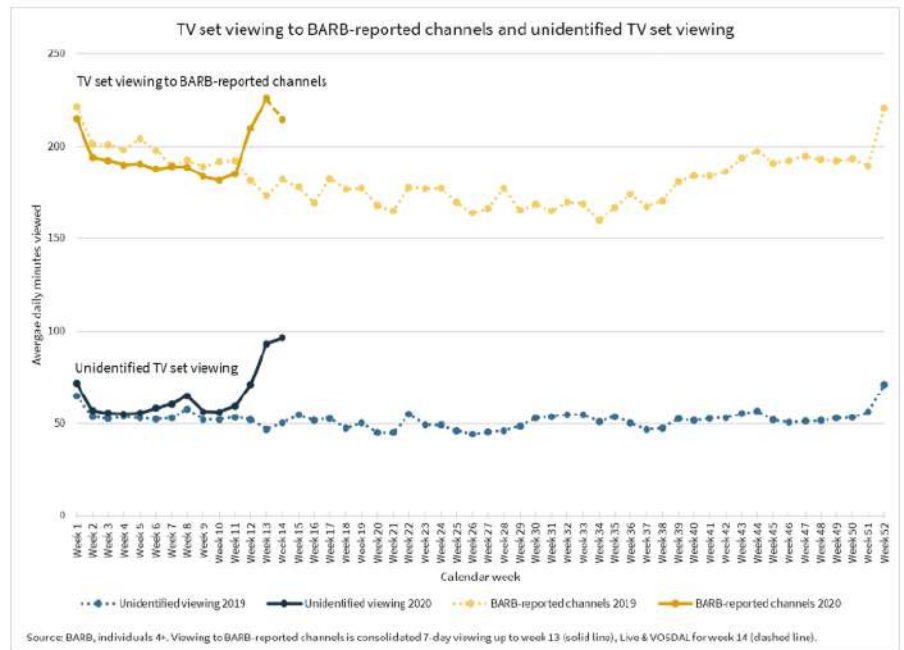


2. Short term gain but possible long term pain for TV companies

The more people stay home to avoid the Coronavirus pandemic, the more they find themselves glued to their screens.

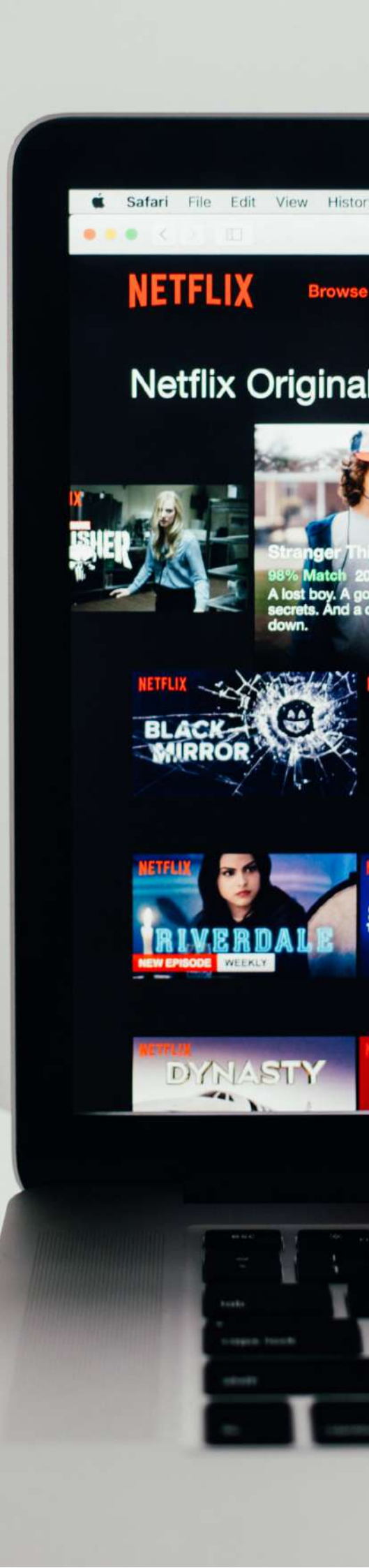
Figure 1: TV viewing has spiked (UK data)

Source: BARB, What People Watch



Some analysts believe that the current disruption is accelerating the slow shift onto streaming services from other forms of TV. As research firm Moffett Nathanson say: **“The gain in audience size will be replaced pretty quickly by the necessity of reducing monthly bills, when people will have to deal with the financial impacts of a recession”.**

This is of concern to media giants like ViacomCBS that are selling high-cost subscriptions around expensive live sports content. It has abandoned its financial guidance for the year, citing the COVID-19 impact.^{vi}

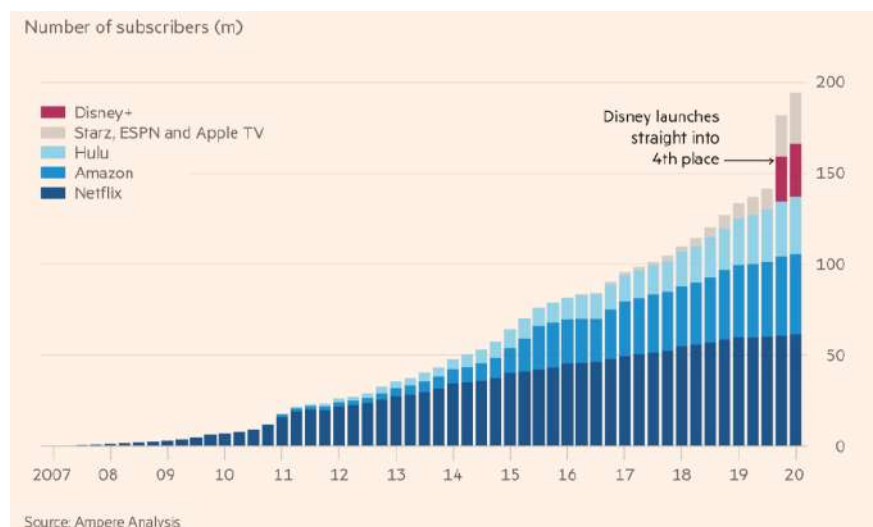


3. Streaming companies set to capitalise but wary of post-COVID recessionary fall out

Streaming services are, at least initially, benefitting from the lockdown, with streaming subscriptions accelerating and an increase in streaming of 13% recorded in its early stages.^{vii} Netflix's stock rose nearly 7% in February outperforming the S&P which was down 8.4%.^{viii}

Figure 2: Streaming subscriptions accelerate in the US

Source: Ampere Analysis/FT



However, some analysts are noting that the positive impact of the 'cocooning effect' – people riding out the outbreak at home in front of their TVs - might be overblown. Laura Martin, a Needham analyst comments: "Having people at home binging on more hours of Netflix won't necessarily translate into higher revenue... the Coronavirus outbreak threatens to cap growth in Netflix's international subscriber base."^{ix}

A close-up, low-angle shot of a video game controller, likely a PlayStation DualShock 4, with its buttons and analog stick illuminated by vibrant purple and blue light. The controller is positioned on the left side of the page, partially overlapping the text area.

4. Gaming businesses quietly thriving as Coronavirus rages, with new gaming releases that offer a happier alternate reality

Gaming is one form of entertainment that is substantially increasing its share of eyeballs during the pandemic. Verizon reported a 75% week on week increase in US gaming traffic over its networks.^x Cowen, an independent financial services company, noted^{xi}

"We expect videogame sector fundamentals to fare far better than the market average during the current COVID-related extraordinary measures, and during any possible resulting recession. As such, we think the sector is a (relatively) good place to weather market volatility."

Nintendo has reported selling 1.88m copies of **Animal Crossing: New Horizons** in its first three days in Japan.^{xii} The new Animal Crossing game has perfectly tapped into the consumer need to sooth Coronavirus angst: a laid-back sim that transports players out of the current reality. At the other end of the spectrum, Activision Blizzard is also capitalizing on the lockdown. **Call of Duty: Warzone** attracted 15m players within three days of its release.^{xiii}

A young boy and a woman are seen from behind, looking out a large window. The boy is on the left, wearing a dark t-shirt and shorts. The woman is on the right, wearing a dark top with a colorful, abstract pattern. The window shows a blurred view of the outdoors. A white rectangular box is overlaid on the image, containing the text '02 Consumer'.

02

Consumer

02 Consumer

The Coronavirus pandemic is gripping communities worldwide, as levels of concern about the illness in one's own country either remain high or continue to increase.^{xiv} With more than a third of the global population under some form of restriction,^{xv} people are looking for ways to escape boredom and engage with entertainment while confined to their own homes.

1. Increased consumption of in-home entertainment; generational differences emerge

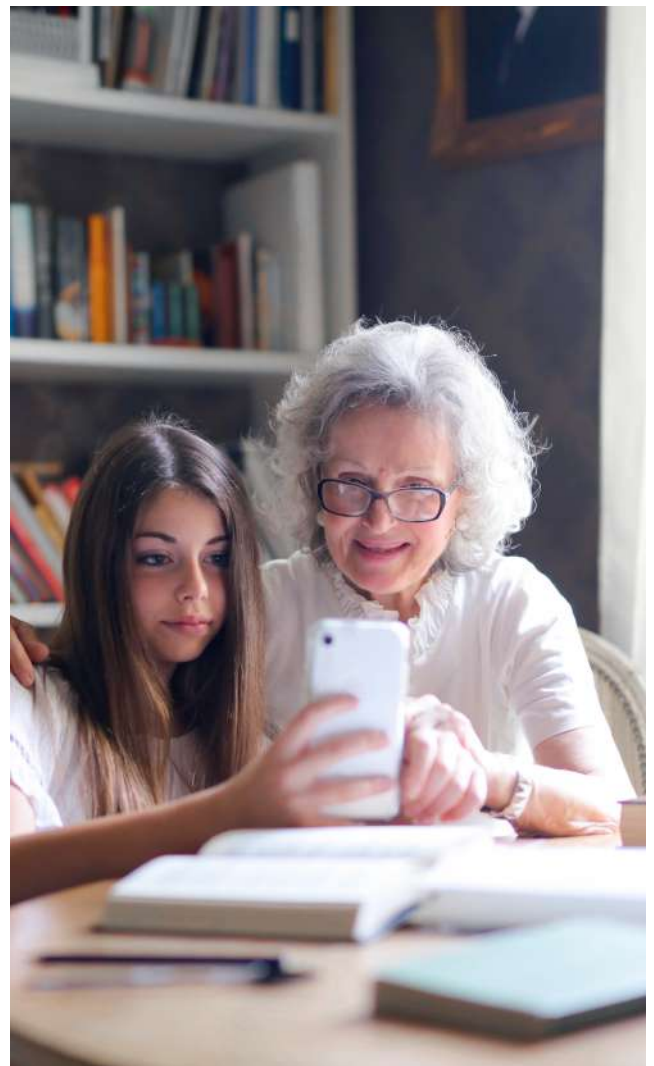
People are spending significantly more time consuming in-home entertainment, across every channel, in every country and across every life stage.

Increases are especially high for streaming services and broadcast TV, 29% of people report watching more shows/films on streaming services, 28% are watching more on-line videos and 19% watching more broadcast TV.^{xvi} Verizon have reported a huge spike in subscriptions to streaming services across the EU5.^{xvii} Average daily viewing times are increasing in line with

the state of lockdown, for example, in Italy and the USA, daily TV viewing increased by more than an hour between the beginning and end of March.^{xviii}

Whilst these increases can be witnessed across all age groups, a generational divide is emerging

Younger audiences more likely to be increasing the time spent on digital entertainment channels, and older adults more likely to increasing time on broadcast channels.^{xix}



36% Gen Z are watching significantly more watching videos, compared to 13% of Baby Boomers.

Table 1: Percentage who say they've been spending significantly more time doing the following

Source: GWI April 2020, across 18 countries

Channel	Gen Z	Millennials	Gen X	Baby Boomers
Watching more videos (e.g. on YouTube)	36	32	19	13
Watching more shows/films on streaming services (e.g. Netflix)	34	32	24	18
Listening to more streaming services (e.g. Spotify)	24	18	10	4
Spending more time on computer/video games	24	20	12	10
Watching more TV on broadcast channels	17	20	20	27
Creating/uploading videos (e.g. on YouTube/TikTok)	8	8	4	1
Spending more time on esports	8	6	2	1

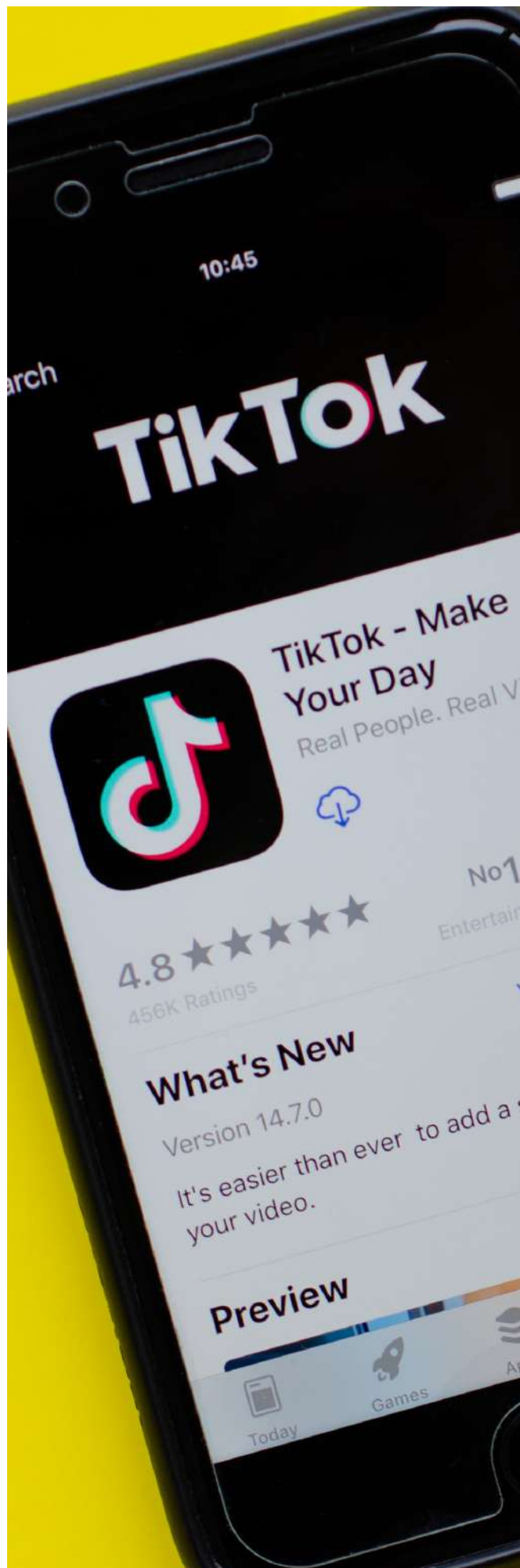
The generational divide is reflected in consumer spending, 25% and 18% of Gen Z/ Millennials have increased their spending on movie/TV and music streaming respectively, far more than their Gen X and Boomer counterparts.^{xx}

2. Some entertainment is pulling us together, but generations are also split in the way they find ways to entertain themselves

Alongside the increased viewing, there's strong consumer demand for more content, both to entertain and inform. Around half want to see more films, while about a third would be receptive to repeats of classic/popular TV shows.^{xxi} Docuseries such as *Pandemic: How to Prevent an Outbreak* on Netflix, and films such as Steven Soderbergh's *Contagion* from 2011 have been enjoying unprecedented streaming numbers as audiences seek to understand current events.^{xxii}

Video platforms are providing entertainment, a third of people are looking for funny videos/memes to keep them entertained.^{xxiii} Parody songs inspired by isolation are striking a chord, self-isolation is proving to be the catalyst for a new breed of viral song writing. The Marsh family's interpretation of 'One Day More' clocked up 2.2m views, and made them internet stars with the lyrics (for example: "Our grandparents are miles away/they can't work Skype, we're broken hearted") being reworked to reference life during lockdown.^{xxiv} While in the US, *The Voice* alumnus, singer songwriter Chris Mann is racking up millions of views with several pandemic parodies of songs by Adele, Madonna and Alanis Morissette.^{xxv}

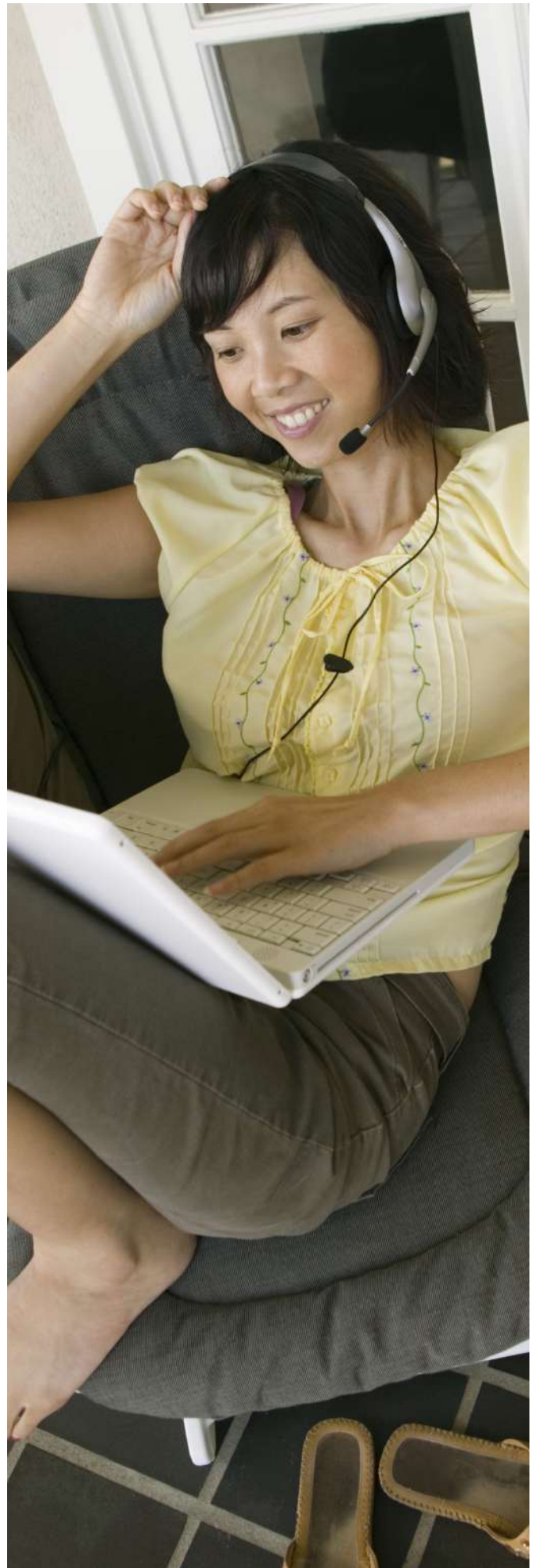
In some cases, age is a huge determining factor. Whereas film and TV repeats have relative cross-age appeal, it's Gen Z and then Millennials who are the keenest for most other types of content – with the generational splits most pronounced for updates from vloggers/bloggers, live esports streams and funny videos. Younger audiences are also more likely to be creating and uploading videos; 20% of Gen Z and Millennials, compared to 6% of Gen X and Baby Boomers.^{xxvi} Indeed, Coronavirus quarantine appears to be driving a global TikTok download boom; downloads for week commencing March 16, were up by 12%, from 25.4m during the week starting March 9, to 28.5m.^{xxvii}



3. As the lines between work and play blur, people are repurposing business technology for in-home entertainment

Back in December, Zoom, a platform built for enterprise customers, had a maximum of 10 million daily users, by March it was more than 200 million. This huge increase has seen Zoom and similar platforms used for entertainment in a way no-one expected before the Coronavirus pandemic; from online club nights, to live music and even weddings.

The widespread adoption has raised a number of privacy and security issues, with 'Zoom Bombing' becoming a common concern. The fact that hackers have chosen to attack Zoom is a reflection of its success. Zoom is working to address these issues; its quick response means that active user numbers remain high.^{xxviii} Alongside Zoom, people are turning to a range of digital platforms for online socializing. The Houseparty App saw UK downloads increase by 4476% between 23rd February and 24th March, and Italian downloads increase by 16,150% since January.^{xxix}





03

Brand



03 Brand

1. Film studios, museums and theatres pivot to stay relevant to audiences

Film studios are leveraging the popularity of VOD to facilitate upcoming film releases because of the closure of cinemas during the lockdown. In March, Universal announced that it would make its recent releases and upcoming films, like *The Invisible Man*, *Emma* and *Trolls World Tour* available for audiences to watch via on-demand platforms. Other studios have followed, with a range of 2020 releases now available for people to stream at home. Some films are being distributed earlier than originally planned, providing audiences with additional entertainment in the home.



Given the rapidly evolving and unprecedented changes to consumers' daily lives during this difficult time, the company felt that now was the right time to provide this option in the home as well as in [movie] theatres,”

Jeff Shell

NBCUniversal CEO

Like film studios, theatres around the world are using online streaming to bring performances to viewers during the lockdown period. The National Theatre is streaming past performances on YouTube each week and asking viewers to support them by donating online. The Met Opera already has its own on-demand subscription service, featuring over 700 full-length Met performances, and is offering a 7-day free trial. If popularity for on-demand theatre remains after the lockdown, perhaps more institutions will look to provide a similar subscription service of their own.

#MuseumFromHome has been trending on social media as museums and art galleries around the world strive to engage viewers and stay relevant while closed to the public. The hashtag has been used globally as people in quarantine share photographic recreations of famous artworks and engage in other online challenges. The Museum of Modern Art, New York, is one of many institutions using digital channels to educate viewers remotely. Daily posts



on Instagram provide information on artists and their work while its website is offering free educational courses. MOMA is also supporting families at home, providing art activity ideas and its “Teach Art from Home” blog provides art lessons with resources for home-schooling.

2. Entertainment channels adapt to provide news updates

Entertainment channels are leveraging their high reach to help educate people about the COVID-19 outbreak and tackle the spread of misinformation. Hulu has introduced a free, live news stream to its app which is provided in partnership with ABC News Live. The news coverage will be 24/7 and available to all customers, including those that wouldn’t ordinarily have access to Hulu’s live TV subscription add-on.

Spotify has also launched a COVID-19 hub on its site. The hub will collate information and relevant news about the pandemic while the Coronavirus Info page will provide users with educational podcasts on the topic. Spotify will also be dedicating some of its advertising inventory to public health service announcements.

Stars of the 2011 film Contagion, such as Matt Damon and Kate Winslet, have collaborated with Columbia University to produce public service announcements. The cast were educated by pandemic experts during the making of the film and are now sharing this knowledge and supporting the WHO’s guidance by posting videos on social media from their homes.

Social media apps are finding new ways to support users during the pandemic. In response to the rising anxiety around COVID-19, Snapchat has brought forward the launch of its new in-app mental health support centre, Here For You. As well as providing mental health resources, Here For You will now feature a COVID-19 search section which will deliver relevant updates from organisations such as WHO and provide guidance on mental health issues related to the pandemic. TikTok have also helped amplify WHO’s advice to users by posting educational videos, live information content and a #SafeHands challenge which encourages people to wash their hands. Instagram has provided Stay Home stickers for use in its stories and a Stay Home Story which appears at the top of the app. The story features all posts from users’ friends who have included the relevant stickers, strengthening the message that people should stay at home to help tackle COVID-19.



3. Entertainment brands help to fill children's educational gap

To help entertain children no longer in school, Amazon Prime Video has made some of its family friendly content free for non-subscribers to enjoy. Favourite children's shows such as Peppa Pig will now be available to watch without a Prime membership – families simply need an Amazon account which is free to set up.

Similarly, Audible has made hundreds of adult and children's titles available to stream for free to help people cope with social isolation measures. The audiobook platform has announced that it will continue to provide free access to a wide variety of books for as long as schools remain shut.



For as long as schools are closed, we're open... Starting today, kids everywhere can instantly stream an incredible collection of stories, including titles across six different languages, that will help them continue dreaming, learning, and just being kids.”

Audible statement

4. Sports broadcasting goes back in time

The BBC will be broadcasting memorable sporting moments from the past in a bid to fill airtime gaps left by the cancellation of major sports events this summer. It will be showing moments from the London 2012 Olympics and some of Wimbledon's greatest tennis matches as well as airing prominent football matches including the best of Euro '96.

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Thank you

