

Earlier this January, I was an industry attendee and speaker at <u>Digital Hollywood at CES 2024</u>, a one-day, inperson conference that kicks off the <u>Consumer Electronics Show</u> in Las Vegas. The event showcased the opportunities and challenges facing companies across the media, entertainment, and technology landscape, covering the future of TV, streaming, AI, XR, and advertising. Here are my key takeaways from this year's 10 sessions.

AI goes mainstream. AI continued to be the star technology at Digital Hollywood and CES, largely edging out last year's buzz around the metaverse. (Check out our coverage of <u>Digital Hollywood 2023</u> and <u>Digital Hollywood's AI Summit 2023</u>.) While it was often noted that deep data analytics have long been a part of the

media, entertainment, and advertising space, several panelists saw AI moving into the core of the business and being integrated into everyday workflows. Echoing the term "digital natives," one panelist went so far as to call the next generation "Gen AI natives."

- There's an app for that. One speaker predicted 2024 would mark the "deconstruction of the monolithic app," while another dubbed it the "year of the PC." In both cases, the speakers seemed to point to how AI would move from more theoretical to actual use cases created by developers. AI would serve as the foundation, but developers would use the technology to build many different apps just to perform certain desired or required functions. As one panelist observed, while AI is capable of an unprecedented amount of computing and analytics, "the model doesn't make a product." Apparently, like any other emerging technology, you still need a fair amount of product and business expertise to move that shiny bauble from the engineering floor to the deployment deck.
- AI gets physical. Several panelists saw AI moving more into the physical world, whether by way of robotics or by enhancing live entertainment experiences.
- More creativity or more mediocrity? Some of the more bullish speakers pointed to how AI will democratize storytelling around the globe, lowering the barriers of entry for content creators everywhere. These AI-driven content creation tools allow users to "not start with nothing" and free them up to "focus more on the key elements." A few speakers worried that AI would look for the lowest common denominator, accelerate a "race to mediocrity," and "never come up with the Beatles." Others lamented that AI would lead to even more fragmentation in the already fragmented ecosystem spurred by the internet and social media. (For more on how AI will affect content creation, check out what my colleague had to say on this CES panel.)
- Guardrails and responsible AI. The panel I moderated explored the tricky question of whether AI is more an opportunity or a threat. The panelists largely agreed that guardrails were key, not only to minimize the risks but to realize the full benefits of AI. Trust, accuracy, lack of bias, and transparency were among the responsible AI values mentioned. A favorite new term is replacing "hallucinations" with the more apt term "confabulations."

Shifts in streaming. Amid the longstanding streaming wars and the fight for subscribers, much of the streaming conversation at the conference revolved around FAST channels. The proliferation of FAST channels provides something for everyone, and many speakers saw streaming becoming hyperpersonalized in 2024.

- All those addressable connected TVs. Proponents of the FAST model highlighted how today's connected TVs give viewers the sight, sound, and sit-back-and-relax feeling of television (plus, like broadcast TV, "always on" and free) but, unlike our grandmothers' TVs, these devices are addressable. The scalability and addressability of connected TVs is expanding the footprint for advertisers looking to reach increasingly niche audiences.
- Changing advertising models. We learned that viewers expect a lower ad load, shorter ad duration, and thoughtful frequency caps when watching their FAST content as compared to traditional linear TV. Some panelists noted how programmers and advertisers are looking for more advertising inventory and exploring with options like pause ads and product placement. Beyond advertising, several speakers pointed to a future of "native experiences" and "QR codes" that would allow consumers to go deeper and stay engaged with their favorite products and brands.
- **Mood tracking.** Panelists noted how advances in AI will enable the tracking of "mood-based impressions," and "brain compute interfaces" will inform advertisers and content creators whether viewers are bored.

Is it media or social media? One panel posited a sort of thesis in its title, "All Media is Social Media." Several panelists noted how social media has moved from being a peer-to-peer network to something more akin to mass media. One panelist went on to note that social media is becoming "a bunch of entertainment channels," led by

more of a "broadcast mentality." Some speakers opined that in order to reach consumers, social media needs to be less directive and more about discovery, sharing, and community. One panelist observed how much of the activity in social media these days is in "dark social" or the "cozy Web" (e.g., DMs), and that creators and advertisers will need to adapt their communication tactics, moving from "interrupt mode" to "entertain and engage" mode.

Fluid digital identity. One panelist discussed how users might depict themselves differently depending on the context, the platform, and the audience. A hyper-realistic digital human might be desirable when presenting the same deck in multiple time zones and languages in virtual conference rooms around the world. In other cases, an avatar might be a better representative, such as when a user plays as their favorite character in a role-playing videogame.

Don't forget podcasts! It seems everyone has a favorite, if not multiple favorite podcasts, yet several panelists lamented it is a "messy closet," and the money is just not there yet. Still, speakers noted that "our eyeballs are exhausted," and podcasts give people something more intimate and more human, allowing them to feel personally connected with their favorite hosts.

Conclusion. Attending and speaking at Digital Hollywood and CES 2024 was a blast! We enjoyed hearing from industry experts, noodling over the future of humanity, and enjoying tapas with friends. From AI to social media to FAST, technology will continue to disrupt the future of entertainment in 2024 and beyond. We hope to see everyone back in Vegas for CES 2025!

Follow us on social media @PerkinsCoieLLP, and if you have any questions or comments, contact us <u>here</u>. We invite you to learn more about our <u>Digital Media & Entertainment</u>, <u>Gaming & Sports industry group</u> and check out our podcast: *Innovation Unlocked: The Future of Entertainment*.

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