# Quicktake

FTI DELTA™


# Consumer Perspective on AI in Media & Entertainment

## Setting the stage

We are at the forefront of the **Artificial Intelligence (AI)** revolution, where the versatility and impact **of AI** are increasingly felt across various industries and sectors, and posing new challenges and opportunities to the M&E industry

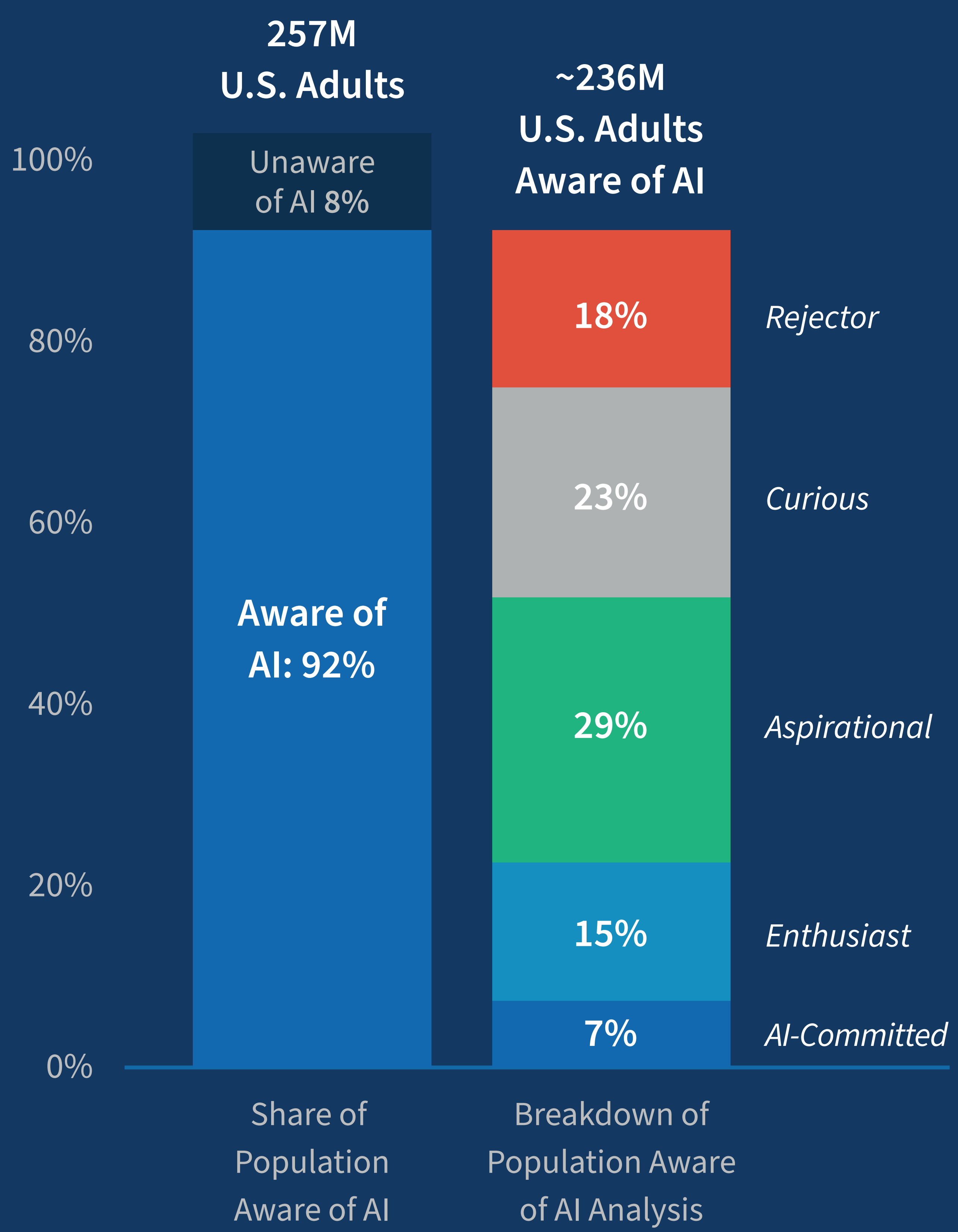
The power of AI enables hyper-personalization, sparking consumer interaction and creation, and crafting tailored experiences and recommendations that re-define the media and entertainment landscape

The “Era of AI” is still in spring training — an important testing ground for new plays and strategies

Against this backdrop, FTI Delta has surveyed U.S. consumers to understand their affinity for AI, current use cases, monetization opportunities, and interest in AI-generated content in media to help uncover what opportunities lie ahead

# AI has achieved near-ubiquitous awareness in a short amount of time, but there is only 50% of consumers utilizing it regularly

## AI Awareness in the U.S. Adult Population
(N = 1,006)




**Unaware**
Unaware of AI or any AI tools
N = 93 | 8%[1]

**Rejector**
Aware of AI but have no interest in using AI tools
N = 171 | 18%

**Curious**
Interest in using AI tools but currently not using AI for any purposes
N = 226 | 23%

**Aspirational**
Use AI tools regularly but have no paid subscriptions
N = 285 | 29%

**Enthusiast**
Use AI tools regularly and have one or two paid subscription/s
N = 149 | 15%

**AI-Committed**
Use AI tools regularly and have more than three paid subscriptions
N = 67 | 7%

Sources: FTI Delta Media Survey, March 2024; U.S. adult population from Census; [1] Percentage re-based to population that excludes the 2% from segment analysis.

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# More frequent and committed users of AI skew male, younger and have higher average income

| | Segment | Description | % of U.S. Adult Population | Gender: Male | Gender: Female | Avg. Age | Avg. Income | Likehood to use AI in the next 12 months (1: Low, 5: High) | No. of Paid Subs. (% of cluster): 1 | 2 | 3 | 4 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| AI Users | AI-Committed | Use AI tools regularly and have 3 or more paid subscriptions | 7% | 68% | 31% | 32 | $92K | 4.16 | | | 33% | 67% |
| AI Users | Enthusiast | Use AI tools regularly and have 1 or 2 paid subscription/s | 15% | 55% | 45% | 41 | $82K | 4.29 | 33% | 67% | | |
| AI Users | Aspirational | Use AI tools regularly but have no paid subscriptions | 29% | 54% | 45% | 44 | $72K | 4.14 | | | | |
| Non-AI Users | Curious | Interested in using AI tools but currently not using AI for any purposes | 23% | 47% | 52% | 51 | $63K | 3.34 | | | | |
| Non-AI Users | Rejector | Aware of AI but have no interest in using AI tools | 17% | 34% | 66% | 50 | $63K | 1.61 | | | | |
| Non-AI Users | Unaware | Unaware of AI or any AI tools | 9% | 24% | 76% | 49 | $47K | 0.00 | | | | |

Sources: FTI Delta Media Survey, March 2024.

# Across all AI user segments, AI Chatbots are the most widely used services; however, the more engaged segments use a wider range of services

**Which of the following platforms have you used in the last 12 months?**

| RESPONSES | Aspirational N = 285 | Enthusiast N = 149 | AI-Committed N = 67 *low N* | Weighted Avg. N = 501 |
|---|---|---|---|---|
| AI chatbots (e.g., ChatGPT, Google's Bard, Perplexity.ai) | 90% | 71% | 51% | 79% |
| AI image generators (e.g., DALL·E 3, Midjourney) | 23% | 44% | 40% | 31% |
| AI video generators (e.g., Runway) | 8% | 21% | 30% | 15% |
| AI music generators (e.g., Mubert, Loudly) | 6% | 21% | 30% | 14% |
| Other | 0% | 1% | 0% | 0% |

Sources: FTI Delta Media Survey, March 2024.

# Business & Productivity stand out as the top use cases for AI tools across all AI User segments

**For which of the following purposes do you currently use AI tools?**

| RESPONSES | Aspirational N = 285 | Enthusiast N = 149 | AI-Committed N = 67 *low N* | Weighted Avg. N = 501 |
|---|---|---|---|---|
| Business & Productivity (e.g., productivity and organization, recommendation and plan generation, coding assistance) | 48% | 66% | 58% | 55% |
| Entertainment and Creative (e.g., content creation and creative project, photo filter, meme generation) | 47% | 38% | 44% | 44% |
| Text Assistance (e.g., translation, transcription, summarization) | 40% | 48% | 43% | 43% |
| Learning and Education (e.g., receive feedback, homework assistance, quiz generation) | 36% | 45% | 46% | 40% |
| Information Retrieval (e.g., research, use as web browser) | 41% | 35% | 33% | 38% |
| Other | 2% | 0% | 0% | 1% |

Sources: FTI Delta Media Survey, March 2024.

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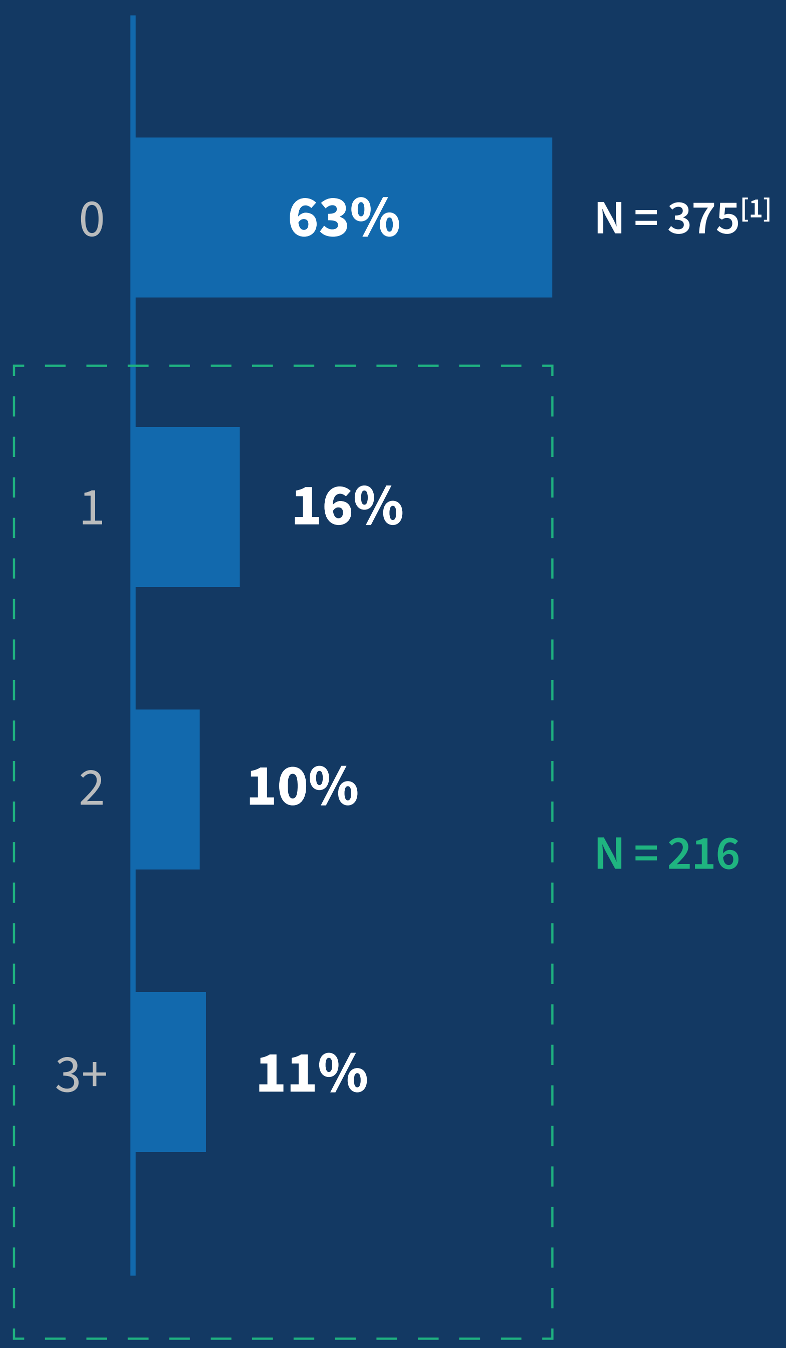
# Adoption of paid AI tools is still at an early stage, with; however, AI-committed individuals subscribe to a broader range of paid services

**How many AI tools do you currently have a paid subscription to? Which of the following AI tools do you currently have a paid subscription to?**




| RESPONSES | Enthusiast N = 149 | AI-Committed N = 67 | Weighted Avg. N = 501 |
|---|---|---|---|
| ChatGPT | 63% | 40% | 56% |
| Google Gemini *(formely Google Bard)* | 14% | 30% | 19% |
| DALLE-3 | 11% | 29% | 11% |
| Character AI | 9% | 28% | 15% |
| Runway | 7% | 26% | 14% |
| Loudly | 7% | 22% | 13% |
| Midjourney | 6% | 16% | 8% |
| NovelAI | 6% | 15% | 8% |
| Janitor AI | 3% | 13% | 6% |
| Mubert | 2% | 13% | 9% |
| Quillbot | 1% | 13% | 6% |
| Civitai | 1% | 8% | 5% |
| Perplexity AI | 1% | 4% | 2% |

Sources: FTI Delta Media Survey, March 2024; [1] Includes both AI and non-AI users.

# Myths and Realities of AI
## in Media and Entertainment

While we are in the early stages of AI, a number of hypotheses are already emerging around its viability, adoption and monetization potential

1. AI opt-in features are sweeping the market
2. AI users are wary of AI manipulating reality
3. Recommendations and discoverability are the leading AI use cases
4. AI is the next frontier for paid fan interaction with IP
5. Trust and privacy are the biggest barriers to AI adoption
6. Non-AI users likely to be brought into the fold through film, media and entertainment

*Let's explore which are the myths and which are realities*

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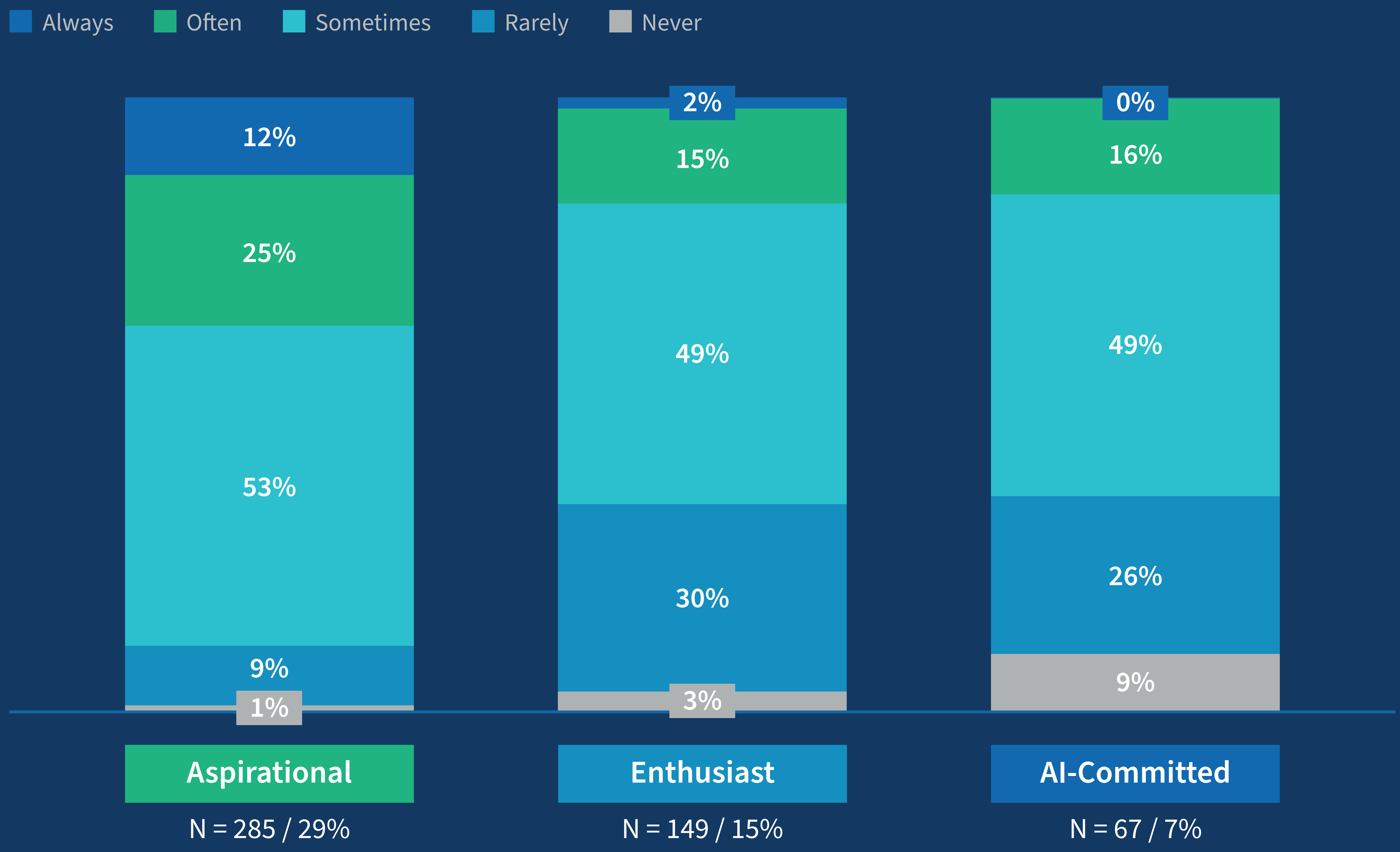
# Opt-in AI features are sweeping the market with over-whelming interest | Myth: Opt-in AI features still show barriers to user adoption, suggesting the need for better integration to use cases

How often do you opt-in to using AI-powered features that are offered in the apps you currently use (e.g., do you opt in to music recommendations powered by AI from your music streaming service)?




Sources: FTI Delta Media Survey, March 2024.

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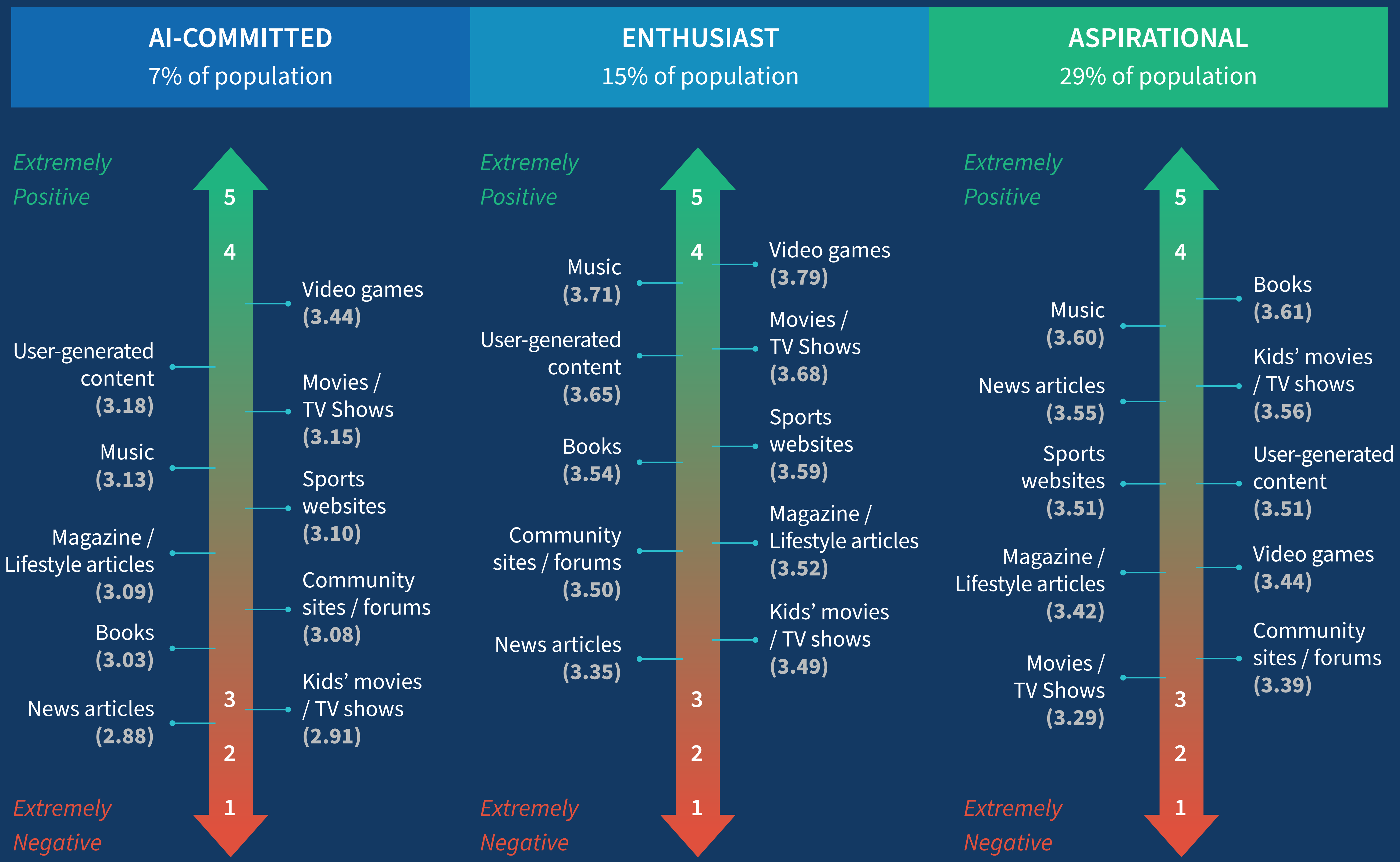
# AI users disapprove of AI manipulation of reality | Reality:

There is a much more positive perception of AI inclusion in "fictional" categories; only AI-Committed are more open to AI integration within "non-fictional" media

**How do you feel about the integration of AI-produced content across each of the following categories?**




Sources: FTI Delta Media Survey, March 2024.

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# **Most relevant AI use cases are recommendation and discoverability | Reality:** AI users see the biggest transformative potential of AI in those use cases; however, improvement of creativity and interactivity of content ranks right behind

**Which of the following could you see benefitting from more AI tools to improve your current experience with media & entertainment?**

| RESPONSES | Aspirational N = 285 | Enthusiast N = 149 | AI-Committed N = 67 | Weighted Avg. N = 501 |
|---|---|---|---|---|
| Movie / TV show recommendations | 41% | 43% | 30% | 40% |
| Music recommendations | 39% | 35% | 30% | 37% |
| Discovering new UGC to watch *(e.g., YouTube, TikTok, etc.)* | 32% | 35% | 52% | 36% |
| Book recommendations | 39% | 29% | 15% | 33% |
| Introducing interactivity in the content *(e.g., influence the story)* | 26% | 29% | 19% | 26% |
| Creating new videogames | 29% | 21% | 16% | 25% |
| Magazine / lifestyle article recommendations | 22% | 23% | 33% | 24% |
| News article recommendations | 24% | 22% | 15% | 22% |
| Creating new movies / TV shows | 21% | 22% | 26% | 22% |
| Creating new music | 17% | 23% | 27% | 20% |
| Writing new books | 18% | 17% | 17% | 17% |
| None of the above | 12% | 3% | 3% | 8% |

Sources: FTI Delta Media Survey, March 2024.

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# AI is the next frontier for paid fan interaction with IP | **Reality:** AI can enable personalization and interactivity with favorite IP, and users are willing to pay for it

**How interested would you be to try this new [concept-testing feature]? How likely are you to purchase a subscription to [concept- testing feature] if it was offered at a price of $X per month?**

| RESPONSES | AI enablemente of fan-created stories N = 501 | AI-enable interactions with characters N = 501 | Chat with an AI-powered character N = 501 |
|---|---|---|---|
| Very interested | 21% | 23% | 18% |
| Interested | 42% | 31% | 33% |
| Neutral | 20% | 29% | 31% |
| Uninterested | 12% | 10% | 11% |
| Very uninterested | 5% | 7% | 7% |
| **TAKE RATE** *N = "Interested" and "Very interested"* | N = 314 | N = 269 | N = 257 |
| $4.99 / month | 31% / $1.4bn | 39% / $1.5bn | 38% / $1.5bn |
| $9.99 / month | 31% / $2.9bn | 29% / $2.3bn | 30% / $2.3bn |
| $14.99 / month | 26% / $3.6bn | 32% / $3.8bn | 33% / $3.8bn |
| $19.99 / month | 26% / $4.8bn | 29% / $4.6bn | 24% / $4.6bn |

$bn Potential market size (service revenues)

Sources: FTI Delta Media Survey, March 2024.

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# Trust and privacy concerns are the biggest barriers to AI adoption | Myth: Only 25% of non-AI users have trust issues, the rest could be persuaded by better tool onboarding and articulation of the value proposition

**Why are you not currently using AI tools?**

| RESPONSES | Rejector N = 171 | Curious N = 226 | Weighted Avg. N = 397 |
|---|---|---|---|
| I like my current methods of doing things and don't want to change | 41% | 28% | 34% |
| I don't know how to use them | 22% | 30% | 26% |
| I don't trust AI tools | 44% | 11% | 25% |
| I think they cost too much | 10% | 10% | 10% |
| They are too technologically complex | 8% | 10% | 9% |
| Other | 3% | 2% | 2% |

Sources: FTI Delta Media Survey. March 2024.

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# Non-AI users likely to be brought into the fold through film, media and entertainment | Reality: Filmed entertainment and gaming are the categories to most likely bring non-AI users into the fold

**How do you feel about the integration of AI-produced content across each of the following categories?**


Sources: FTI Delta Media Survey. March 2024.

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# How Can FTI Delta Help Capture Opportunities?

### Leveraging...

Extensive experience in consumer research and testing product–market fit

Access to deep data insights and analytics across market segments

Deep knowledge of competitive consider-ations that underlie business decisions

### FTI Delta can help...

Define AI opportunities in the Media and Entertainment space around content licensing, customer-facing use cases and cost optimization opportunities

Help Media and Entertainment companies deploy AI use cases and support the set-up of AI lab / factory

Understand the threats and opportunities of AI in Media and Entertainment and define economics and financial implications for Media and Entertainment companies

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