

World Sustainable Development Outlook 2020

CORONAVIRUS

The management of pandemic
and the impact on Agenda 2030

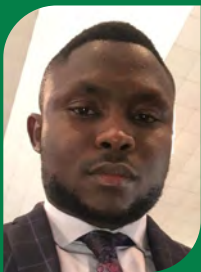


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World Sustainable Development Outlook 2020

Entertainment Industry Post-COVID-19: Developing Technologies and New Approaches





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Abstract

Purpose

The purpose of this research is to provide solutions to entertainment firms and practitioners, advising them of the existing disruptive approaches and innovations in the information technology world that will help them to manage the impact of COVID-19 on their businesses. This is done by exposing to them the existing technologies that can enhance, enable or encourage their business to be a going concern during the lockdown and post-COVID-19. In addition, it shows how these operators can adapt to the new normal that has brought disruption to the way we work, play and live.

Design/Methodology/Approach

This research uses secondary materials such as Internet publications, journals, reports and online articles.

Findings

In the process of this research, the author discovered that the entertainment industry is a hard-reset sector of the economy where the impact of COVID-19 will be more lasting than other sectors of the economy. These include industries that are easy reset sectors, such as the food industry. It was found that, within the Nigeria entertainment industry, most deals are executed on trust without formal documentation. It also found that the principle of force majeure will not avail breach of informal contracts that were not documented, or contracts where force majeure was included. However, the definition of what will qualify as force majeure was not adequately provided to include pandemics. It was further discovered that the impact of COVID-19 on the entertainment industry was not all negative as the streaming industry recorded major profits during this period.

Originality/value of the paper

This paper is original and most of the opinions are that of the author. However, these opinions are also shared by other authors with whom the present author agrees.

Research limitations/implications

As COVID-19 is a novel pandemic, the main limitation of this research was limited access to information in this area. Therefore, most of the writing was inspired by information gathered from daily consultation with clients and general legal advice to clients from different countries during the pandemic.

Practical Implications

The author believes that if the innovative steps discussed in this research is followed by practitioners, the entertainment industry will recover from the impact of COVID-19 lockdown faster than imagined. Most entertainment firms will still remain in business instead of going into liquidation due to the impact of COVID-19.



Introduction

With the total number of COVID-19 cases worldwide reaching 11,669,259 as at 8 July 2020 (WHO, 2020), it can be seen that the impact of this pandemic is colossal and still leaving experts in deep confusion of what life will be thereafter. Someone stated it so aptly:

“Post COVID-19, a new normal has to emerge. By now, it is fairly certain that the current downturn is fundamentally different from the recessions that we have seen in the past. This is not just another turn of the business cycle, but a shakeup of the world economic order. While countries and companies attempt to come to terms with the scale of this pandemic, it is evident that we are staring at more permanent, structural changes in the way we live, work and play (KPMG, 2020).



This paper will make a critical appraisal of the impact of COVID-19 on the entertainment industry. It will show the available technological development and new or innovative approaches that could be used to ensure continuous, sustainable development, revamping and the recovery of the entertainment industry from the negative impact of the pandemic. It will show the new business models and strategy steps that must be taken to ensure quick recovery of the entertainment industry.

According to classifications of industries by KPMG,

the entertainment industry was classified as a hard reset industry; this means industries/companies that will struggle to recover from COVID-19 due to “permanently” lowered demand for offerings, insufficient capital to ride out an extended recession, and/or poor execution of digital transformation (KPMG, 2020).

Impact of COVID-19 on the Entertainment Industry

The entertainment industry is divided into several areas, such as film, theatre, music, television and radio, publishing, and multimedia. The impact of COVID-19 has been felt by this industry in a different way from other industries.



Figure 1: Picture of multimedia representing the various sectors of the entertainment industry

Source: Provided by author



Figure 2: Picture of camera representing the film industry

Source: Provided by author

On the international scene, the film industry is said to be vulnerable due to the pandemic as both the production and the consumption of its output require numerous people together in small spaces (Research and Markets, 2020). The global entertainment industry includes various entertainment venues such as online video streaming, amusement parks, theatrical productions, sports, live events, and trade shows. The primary factors for the growth of the entertainment industry before the COVID-19 pandemic include the increased adoption of online video streaming, especially Netflix, Amazon Prime, among others. The rise in the multiplex chains and their expansion in semi-urban areas, together with the rising number of Chinese investors in Hollywood, were also growth-enhancing factors of the entertainment industry before the pandemic. However, the key factors that will affect the entertainment industry after the COVID-19 pandemic include the shutdown of theatres and cinemas, among others.

The Global Entertainment Industry Report is segmented based on online video streaming, amusement parks, theatrical productions, sports, live events, and trade shows (Research and Markets, 2020). Movie productions and premieres have been postponed, live broadcast of major sports events, NBA, Football, Tennis and even the Tokyo 2020 Olympics (postponed to 2021), have ground to a halt due to strict social restrictions affecting the events (Research and Markets, 2020). At the same time, the online video streaming segment is witnessing a significant hike. Video streaming companies are coming up with new solutions when people are residing more in their homes. For instance, Netflix launched a Google Chrome browser extension named Netflix Party; this allows the users to access the video in groups and watch them together.

The novel COVID-19 has impacted the entertainment industry in most of the world's regions including North America, Europe, Asia-Pacific, and the Rest of the World. Asia-Pacific and Europe are the most impacted regions across the globe (Research and Markets, 2020). This is attributed to most of the cases being recorded in these regions especially in the countries including Italy, Spain, France, and Germany in Europe and China in Asia-Pacific (Research and Markets, 2020).



The Chinese government has shut all the cinemas and amusement parks in order to stop COVID-19 spreading (Research and Markets, 2020). In addition, since February 2020, the occurrence of the disease has risen in the European region, especially in countries such as Italy. In order to support the public, the Italian government has launched various campaigns to help people cope with the COVID-19 lockdown. For instance, the government website encourages companies to offer free online services and e-learning, and data and publications have been made available free of charge.

Due to the outbreak of COVID-19, the following companies are mostly affected. The prominent players operating in the global entertainment



industry that were affected due to pandemic include Warner Bros, Sony Pictures Motion Picture Group, Walt Disney Studios, Universal Pictures, 20th Century Fox, Paramount Pictures, China Film Group Corp., Netflix Inc., Hulu LLC, and Apple Inc., among others (Research and Markets, 2020). Several Hollywood productions were affected due to the outbreak, and productions shooting in any of the outbreak zones, especially China, the US, Italy, and South Korea, have been forced to alter schedules, shift locations, or shut down entirely. For instance, Walt Disney cancelled its European press launch in London (Research and Markets, 2020).

However, the same cannot be said of the media companies who are also part of the entertainment industry. On the media front, the impact has been in two opposite directions: a rising demand for existing content and stagnation of the creation of new content. Demand for TV programmes (e.g., DSTV), streaming (e.g., Netflix, HBO Now, and YouTube), and on-line gaming continues to rise, even though some of the services are being offered at discounts. This is being used as a form of palliative care by service providers to ease the lockdown experience of consumers.

Also, commercial advertising has largely seen a significant downturn, with most brands opting to engage in pandemic-related public enlightenment campaigns across the media. Most brands have taken to collaborating with non-governmental organisations (NGOs) and the government on combative efforts towards flattening the curve of COVID-19 spread, as well as providing relief packages to vulnerable segments of society (Research and Markets, 2020). This may be a strategic move that ensures that brands continue to be projected positively.



Music

From 2015 to 2019, overall recorded music revenues, driven largely by streaming, posted a compound annual growth rate (CAGR) of 13%, reaching US\$11.1 billion in annual revenue. (Srivastava and Downs, 2019). In 2019, by far the industry's best year in a decade, streaming accounted for 80% of revenue. Deloitte analysis of the industry is based on data from the U.S. Sales Database the Recording Industry Association of America (RIAA). This gives data in the following areas:

- **CD** includes CDs and CD singles;
- **digital downloads** includes downloaded albums, downloaded singles, ringtones and ring backs, downloaded music videos, and other digital media;
- **streaming** includes paid subscriptions, on-demand streaming (ad-supported), other ad-supported streaming, exchange distributions, and limited-tier paid subscriptions;
- **other formats** include LP/EP, vinyl singles, 8-track, cassettes, other tapes, SACD, DVD audio, music videos (physical), kiosk, and synchronisation.

More people were listening on speakers and through earbuds; and they also went to shows. The US live music and concert industry also experienced strong growth in 2019, with trends on track for another great year in 2020 (Steel, 2020). And then COVID-19 struck, postponing or cancelling music events and concerts large and small, wreaking a devastating financial impact (Billboard, 2020).

The concert industry could lose an estimated US\$9 billion if COVID-19 quarantines are not lifted by the end of 2020 (Aswad, 2020).

Suddenly, streaming platforms now shoulder an additional responsibility. With earnings from live music and concerts mostly shrunk to tips from webcasts (Ruch, 2020), artists are increasingly relying on income from streaming platforms.

Over the past several years, artists have been increasingly vocal about not receiving fair compensation from certain music streaming platforms (Reynaldo, 2019). Some platforms are now making amends and offering direct or indirect financial assistance to support the music community during these trying times. Spotify has launched a feature that allows artists to fundraise through their Spotify profiles (Dredge, 2020), while YouTube's "Stay Home #With Me" campaign enables artists to post and stream their content to fans from home. In addition to its ad-supported monetisation for artists, YouTube is letting fans donate directly to the creators (Rys, 2020).



Impact on the Nigerian Entertainment Industry

The Nigerian entertainment industry has suffered a similar effect to the industry worldwide. However, the impact on Nigerian entertainers will be more aggressive and destabilising as the operations in the Nigerian entertainment industry is always informal and, pursuant to Nigerian law, Force Majeure clauses must be included in the contract agreement before it can be relied upon by parties as a defence for breach of such contracts (Afiko, 2020).

The showbiz aspect of the Nigerian entertainment industry is greatly affected due to the restriction on social gatherings. This can be seen in the list of cancelled or postponed events in Nigeria given below.

Asa Lucid Tour 2020 in Lagos and Abuja postponed

The Asa Lucid tour 2020, which was scheduled for 11 April 2020 at the Eko Convention Centre, Lagos, and 13 April 2020 at the Congress Hall Transcorp Hilton, Abuja, was postponed. Here is a statement from the Asa official Instagram handle:

“Due to the developing Covid-19 situation and for your health and safety, I am sad to announce that I will be rescheduling my shows in London, on March 29th, Lagos April 11th and Abuja April 13th. All purchased tickets will be duly refunded, and a new date will be announced as soon as possible. Please follow all health and safety precautions as advised. All my love, Asa”

Similarly, Brymo Olawale Ashimi popularly known as Brymo, one of Nigeria’s exceptional musician, took to his Instagram page to announce his event being postponed due to the coronavirus outbreak.

Also, Sinach Live in Concert 30 Years Celebration of Worship (SLIC30 2020) at Eko Hotel and Suites, Victoria Island, Lagos, was moved from 22 March 2020 to 18 October 2020 at the same venue.

The Kida Kudz event that was supposed to take place on 4 April 2020 at Central Park Abuja, was officially cancelled on 21 March 2020. A new date has yet to be arranged.

Furthermore, the Blessing Tangban Live in concert Abuja was postponed from 28 March 2020 until further notice.

Apart from the above-mentioned events, cultural festivals were also postponed. These included the Gidi cultural festival, a multi-day festival filled with live entertainment from a line-up of the best African

and international acts, including some of the best emerging artists and a diverse range of African food vendors. This year’s event, scheduled for 9-11 April at Cricket Pitch Tafawa Balewa Square, Lagos has been rescheduled to 3-4 October 2020 at the same venue.

Also, the University of Abuja Carnival, which was supposed to take place on 25 March 2020, has been postponed following the directive of the Federal Government of Nigeria to shut down all schools because of the COVID-19 pandemic. A new date for the carnival has yet to be arranged.

Another sector of the entertainment industry that is greatly affected by COVID-19 is the stand-up comedy industry. This takes part mostly in social gatherings such as weddings, birthdays, concerts, night clubs, bars, naming ceremonies, traditional marriages, and burials. Most of the practitioners in this industry are Moderators of events. Some big comedy events that have been cancelled or postponed in Nigeria are as follows:

I Go Dye Standing kinging with the kings at Benin, postponed

Comedian I Go Dye announced the postponement of his event in a statement on 18 March 2020 via his Instagram page. The event was supposed to take place on 12 April 2020 at Best Western Homeville GRA in Benin, Edo State.

The General speaking with Chuks D General at Transcorp Hilton Abuja: postponed

The event was supposed to take place on 22 March 2020 at Congress Hall of Transcorp Hilton, Abuja, but it has now been postponed due to the coronavirus pandemic.

Kenny blaq State of Mind Tour postponed

The outbreak of the coronavirus has caused the postponement of the Kennyblaq tour; this was showing in various states in Nigeria. This will in no doubt disrupt their goals for audience targets. He has done two successful state tours and had to put the remaining tour on hold due to COVID-19.

Theatre performance has not been left out from the effects of COVID-19. Some of the theatre plays that were cancelled due to COVID-19 are:

The Alhaji Play postponed

The live play of sexually active and polygamous Alhaji, which was supposed to be on every Sunday in March 2020 at Terra Kulture Lagos has been cancelled.

Things fall Apart stage play postponed

The stage play “Things Fall Apart”, which was supposed to take place on 21 and 22 March at Export House Maitama, Abuja was postponed.

All of the events mentioned above would have impacted the economy positively.



Developing Technology to Help During COVID-19 and Beyond

As stated above, the new normal has come to stay with us and may not leave very soon. There are some technological developments that are helping to shape the way we do things.



Figure 3: Picture of live streaming technology

Source: Provided by author

Software, which is a sub-sector under information technology, is now a complete game changer it has revolutionised the way consumers and businesses interact, learn, work, and play. Teleconferencing tools like Zoom, Microsoft Teams and Skype, Netflix Party, House Party App, Swypeatune, Facebook Live, Instagram, WhatsApp, Facetime, YouTube, hangout, etc., are all providing platforms for the next phase of life, and we in the entertainment industry must take advantage of them.

For the music industry, some music platforms are innovating by hosting virtual concerts for artists (Billboard, 2020). While it may be impossible to re-create the concert experience in a living room, many digital platforms are bringing artists closer to fans. Tidal, for example, is offering consumers free access to virtual concerts as part of its “At Home with Tidal” programme (Billboard, 2020).

New competitors are getting into the space as well: Instagram has emerged as a popular platform among artists, with some live performances garnering more than 100,000 live views (Caramanica, 2020). Travis Scott’s free virtual concert inside Epic Games’ Fortnite attracted a staggering 12 million viewers (Amore, 2020). Streaming platforms have witnessed increased social engagement, subscriptions, and artist activity through their COVID-19 innovations. Will they be able to continue engaging fans, not just during virtual concerts but before and after them? Can virtual concerts and social performances help artists recoup at least some of their lost tour revenue? And can streaming platforms grow their own revenues while enabling these features for the music community.

The answers to these questions may lie in streaming platforms’ ability to innovate, continue

hosting popular virtual events, increase consumer engagement and loyalty, and efficiently monetise their offerings. Streaming players have successfully done this to an extent during the current crisis. Learning from this crisis will likely help them scale

up further and play a significant role in the growth of the music industry going forward.

Disruptive Approach for Entertainment Firms Post COVID-19

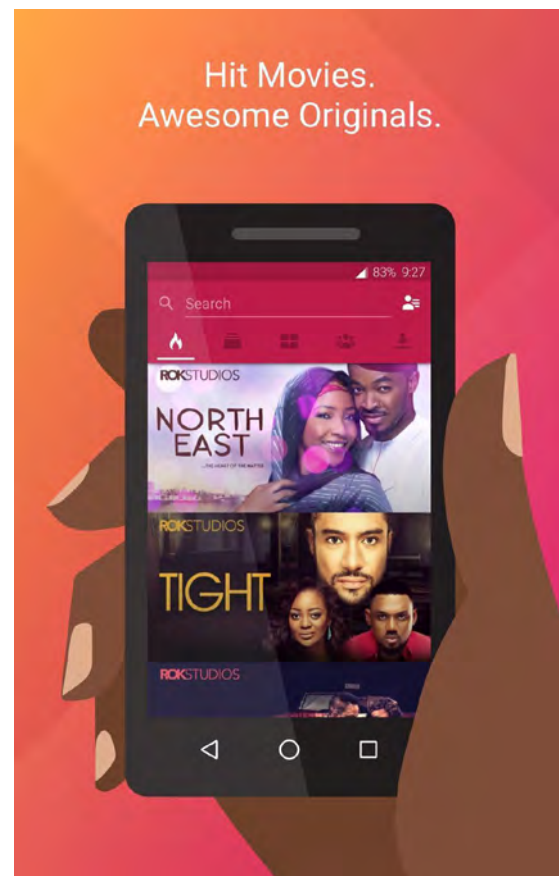
With the lockdowns gradually being eased in Nigeria and other countries of the world, one essential issue worthy of consideration by stakeholders borders around “what lies ahead?”. In the entertainment industry, the focus may be around ensuring sustainability post-pandemic, minimising disruptions in the value chain, acquiring requisite technology for effective performance, and planning for economic uncertainties. To be better positioned for the near-term survival and long-term success, entertainment firms may consider the business strategies discussed below (KPMG, 2020).

Mergers and Acquisitions (M&A)

Players who have experienced a boom during the COVID-19 pandemic, may look towards acquiring other businesses, especially start-ups, to bolster their structure and increase their prospects of improved performance in future. Other players may consider increasing capital investment in newer technologies to improve the quality and reliability of their service or merging with other businesses to increase their prospects of business continuity. For instance, online streaming companies such as Iroko TV, Trybe TV and others who are likely to make much profit this period, can merge or acquire some production firms to ensure they remain in business (KPMG, 2020).

Spinoffs

On the flipside, some players may look towards selling part of their businesses or investments in other businesses to improve their business models and/or raise funds needed for continuity. Either way, this prospect is more likely for industry giants who operate on multiple fronts (KPMG, 2020).



Sourcing fresh capital

Many players would be looking towards the debt and equity markets to raise new capital needed to either remain in business or to break new ground. The debt market would likely be the favoured option considering that interest rates are likely to remain low post-pandemic, to encourage borrowing and support businesses. The US Federal Reserve's current lending rate is 0.25%, while that of the European Central Bank is 0%; the Bank of England

is lending at 0.1% and Japan at about 1.3%. In Nigeria, the Central Bank of Nigeria introduced an increase in available loan facilities and a reduction in interest rate from 9% to 5% plus additional one-year moratorium as part of its COVID-19 intervention measures. Overall, sourcing of capital is expected to be a significant business decision driver post-pandemic (KPMG, 2020).

Business restructuring

Businesses will seek to re-evaluate their current structure in light of the current reality with a view to exploring opportunities for operational efficiency, commercial viability, and managing tax footprints, amongst other things (KPMG, 2020).

Financial risk management

For the entertainment industry post-COVID-19, considering the impact of COVID-19 on other sectors of the economy, including the oil and gas sector, it is likely that cash flow in the economy will stagnate and not be so abundant. There will therefore be a need for financial risk management in hosting events. If possible, companies should seek collaboration with other companies or artists to host an event, therefore sharing profit or loss. Immediately after lockdown is lifted, it would be unreasonable for a company to invest so much into an event where the economy is uncertain and the taste of the audience post-COVID-19 unknown.



Formalisation of transactions and dealing in the entertainment industry

One major lesson that operators in the entertainment industry should learn post-COVID-19 is the importance of drafting contracts and agreements between parties in the industry. The era of transactions on trust should end with the pre-COVID-19 era. One major challenge that many entertainers and stakeholders in the industry will face post-COVID-19 will be disagreement on breached contracts and the struggle to renegotiate contracts. Most parties in the entertainment industry will not be able to rely on the principle of force majeure because there were no written contracts.

Conclusions

From the foregoing, a new normal will have to emerge post-COVID-19. Business owners in the entertainment industry must take proactive and deliberate steps by adapting to the change in consumer taste for their products in the entertainment industry. As there is absolute change in consumer taste post-COVID-19, business owners will have to be more pragmatic and systematic in their approach to business decisions.

It is this writer's opinion that the above steps would contribute to a quick recovery of the entertainment industry post-COVID-19.



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Biography

Sunday Uko Afiko obtained his LLB (Hons) from the University of Nigeria Nsukka, and his BL from the Nigerian Law School. He gained his Master's degree in Oil and Gas Law from Robert Gordon University, UK. Sunday Afiko is a legal practitioner, with several years of legal practice experience. He has advised several small and medium sized enterprises (SMEs) and several information technology and entertainment start-ups. He is a public speaker and environmental advocate with special interest in entertainment law and information technology law.