Generation Z Impact On Traditional Entertainment Services

I. Introduction to Gen Z and its Impact on Businesses

We live in an increasingly digitally enhanced well-connected world. Everything is automatic, right from smart homes to vehicles. The industry trend is changing rapidly, a successful business now days need to consider the impact of technologies and should adapt to it. Generation Z are main focus of businesses in the 21st century. Members of Gen Z are people born between 1995-2010, they are true digital natives as from a very early age they have been exposed to internet and mobile systems. They are comfortable to do research and find best products by cross referencing. In this article we witness how changing culture has had an adverse effect on businesses. David Cook founded blockbuster in 1985 it was the largest provider of home movie and video game rental services in America with revenue of $200 million and 289 stores.[1] The main reason for its success and downfall was due to its business model. In the early 1990s, Blockbuster pioneered a new business model of revenue sharing. Blockbuster paid a small fee for the video and 40 percent of the rental fee to the producing studio. Blockbuster earned an enormous amount of money by charging its customer's late fees, which had become an important part of its revenue model but soon due to digitalization and the internet this model started to show cracks and got obsolete. New competitor like Netflix founded by Reed Hasting entered the market and changed the whole way people watch and rent movies. It did a better job satisfying peoples need by introducing a low-cost subscription-based service.[2] Unlike blockbuster, Netflix was not bounded by space with the help of internet it was able to keep its presence online which essentially lowered companies cost and attracted Gen z resulting in popularity. The effect of this was catastrophic for blockbuster as it went into administration in 2010 because it couldn't keep up with changing trends and technology.

II. The Effect of Digitalization on Economy and Benefits of Artificial Intelligence

Digitalization has had many positive effects on the economy. It has been successful in increasing flexibility and convenience for customers especially Generation z who want commodities conveniently delivered to them. They want their streaming experience to be seamless and personalized which is the reason why Netflix retains the top spot as world's largest subscription based streaming service with roughly 158 million subscribers in 2019. Data reporting site Statista showed 74% of American consumers used subscription video-on-demand services in 2019—a jump from the 64% it reported in 2017.[3] The main reason for Netflix success is its availability which they provide through apps, smart TVs and game consoles. Businesses are targeting customer precisely by using their data and preferences which they gather from their search history furthermore with the help of Artificial intelligence and machine learning in this instance Netflix provides customers with personalized movie recommendations which is one of its most famous features. According to the economist world’s most valuable resource is no longer oil, but data.[4] It will play a big role and add value to multiple aspects of human life and business parameters however in this age customers private data is more vulnerable than ever before as it can be exploited by hackers. Businesses need to take drastic measures to protect customer data by using encryption technology and secure networks. Most

importantly Businesses should destroy sensitive data after use.

III. My Point of View

From a business perspective, I believe E-commerce has changed the dynamics of the market. Earlier traditional companies such as blockbuster use to struggle with storage problems however with the introduction of E-commerce this issue has been resolved and businesses such as Netflix and Spotify have adapted to this new technology and followed Long tail marketing model which has given them the ability to reach a larger audience inexpensively. Due to this strategy now, customers can stream large variety of titles. The future of this industry is getting very competitive as new sharks are emerging in the market for example HBO, Amazon and Disney. According to Forbes, eMarketer estimates Netflix's share of US OTT (over-the-top) subscriptions could slip from 87% in 2019 to 86.3% in 2023.[5] The data shows that the market is getting saturated. In the future influence of generation Z with cutting-edge technology will play a big role in deciding which company retains the top spot. The next big challenge for these multinational corporations will be to protect sensitive customer data with Implementation of competitive pricing strategies and the Integration of AI in the corporate enterprise space.