

# **A STUDY ON THE ECONOMIC IMPACT OF COVID-19 ON THE MEDIA AND ENTERTAINMENT INDUSTRY**

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## **Abstract**

An unforeseen pandemic has hit the world, and has undoubtedly shattered the global economy. Merely two months into 2020, COVID-19 had brought the media and entertainment industry to a standstill. Media and Entertainment industry is the major contributor of GDP in many developing and developed countries. It is their major source of employment, revenue, and earnings for foreign exchange. A fall in Media and Entertainment industry means unemployment and a huge drop in the GDP. The purpose of this study, thus, is to understand the repercussion of the coronavirus outbreak on the media and entertainment industry globally, with the help of various research papers, journals, magazines etc.

(Keywords: COVID-19, coronavirus, media and entertainment, industry, travel)

## **1. Introduction**

Media and Entertainment (M&E) industry in India is the bright sector for the economy and is making high development. The Indian Media and Entertainment industry, providing its elasticity is on the peak of a strong phase of development, improving advertising revenues and backed by rising consumer demand. By the beginning of October 2020, the novel coronavirus had affected over 30 million people and taken about 1 million lives all around the world, as per the records of the World Health Organization. Globally, the virus spread shows no sign of subsiding, and in a frantic effort to contain the same, most countries around the world have completely or partially closed their borders for visitors or tourism. This has drastically impacted the Media and

Entertainment industry both internationally and domestically, with their aero planes on the ground or restricted, and the doors of hotels shut, which has further pushed the economic growth of many developing nations to a plummet.

The Indian media and entertainment industry, worth INR 1.82 trillion in 2019 (according to FICCI), is now staring at INR 25,000 crore loss (CRISIL). The lockdown has had varied effects on the multiple sectors in the media and entertainment industry. While box offices and event management companies take a huge blow, OTT services are more in vogue than ever before. This pandemic has revealed the brutal socio-economic divides that exist within one nation. As with other industries, migrant workers and daily wagers have been the worst affected. Since Bollywood movies stopped shooting mid-March, there have been numerous stories of daily wage earners who have nothing but their savings to turn to. Organizations such as CINTAA, TWICE, and the Production Guild of India, actors and other production houses have stepped up their efforts to support these workers.

## **2. Literature review**

According to Benson (1967), when referring to military issues, public opinion "always connotes a position on some specific government action or general course of action" (p. 524). This definition gears the opinion holder toward action or behavior. The Uses and Gratifications Theory (Lazarsfeld & Stanton, 1944) states audiences seek information from the media. Levy and Windahl (1984) found after exposure to mediated messages, audiences post-actively are driven to behavior. This study (Levy & Windahl, 1984) found people sought information and acted on it for personal value. This is an important leap in that audiences are not merely passively watching this information, but that they are acting on the information received.

The effects of both movies and perceptions are well researched. The general statement that mediated images can influence perceptions is held to be true on a very basic level (Griffin, 1994). As military public affairs practitioners, this body of research aims to investigate a much more specialized avenue of research. This pilot test lays the groundwork for future research to establish whether or not there is a correlation between non-military affiliated people's exposure to military-themed movies and their perception of the U.S. Armed Forces. Since this distinct topic has not yet been investigated, the current researchers conducted an extensive literature

review of perception and public opinion, military-themed movies, and the ability of movies to influence opinion. After synthesizing these areas of research, it was hypothetically deemed feasible that military-themed movies could effect and form the public's perception of the U.S. Armed Forces.

2.07 Tazim Jamal & Christine Budke in their research *media and entertainment in a world with pandemics: local-global responsibility and action* (2020) predicted the implications of nCov-19 based on the impact of MERS and SARS, suggesting the need.

2.08 Annelies Wilder-Smith in the study *The severe acute respiratory syndrome: Impact on travel and tourism* (2006) found that many significant Asian destinations suffered from a fall in tourist arrivals at the time of SARS epidemic and therefore, estimated that several hundred million HK dollars were lost, along with thousands of people left with no jobs.

### **3. Statement of the problem**

The World Health Organization declared a state of global health emergency in the month of January 2020, and since then, there has been drastic social, and economic impacts worldwide. Social distancing, self-isolation, travel restrictions, and country wide lockdowns have made a huge impact on the world economy with the media and entertainment industry being the worst affected. With a revenue of about 1.48 trillion (US dollars) and millions of people depending directly and indirectly on this industry for their livelihood, it is necessary to evaluate the impact of COVID-19 and to suggest possible measures to revive this industry.

### **4. Objectives of the study**

- To find the economic impact of the novel coronavirus on media and entertainment industry
- To suggest ways to promote the media and entertainment industry

### **5. Research Methodology**

This study has adopted a secondary research methodology. The secondary data set so used for this research includes reviews of literature from published sources including research papers and e-journals. Additionally, news articles and related web articles also formed a part of secondary

data for the study. For the undertaken research on the economic impact of the coronavirus on the tourism industry various academic journals, government and UN reports, statistical databases of WHO were reviewed to support gathering essential data for the study.

## **6. Limitations**

- The present study is limited to a few aspects only since it is impossible to consider each and every variable.
- Since the study is based on a prevailing issue, meager sources which were considered valid were used for the research.
- The study assumes that the information collected from the secondary data sources is reliable and unbiased.

## **8. Analysis**

The analysis of secondary data based on the reports of EEMA revealed the following information:

Some of the key findings of the report:

- 1) Around 52.91% of companies resulted in 90% of their business being cancelled between March-July 2020
- 2) 63.1% companies i.e. around 107 companies suffered from a revenue loss of up to 1CR
- 3) Around 7 companies envisage a 50%-80% retrenchment of their current workforce and 35 between 25%-50%
- 4) The ideal working capital/loan expected to keep afloat for the next 6 months is around 2-5 CR for 39 companies and 1-2 CR for 118 companies
- 5) Around 97 companies will need to raise capital or debt from institutions or shareholders, VC funding etc.

The event and entertainment industry is going through challenging times since the outbreak of the coronavirus. The economic disruption has led businesses across various sectors to see a huge downfall in their growth. The worst affected are the event industry who are witnessing a major dip in their business due to the cancellation of events worldwide. Due to which, there has been a significant spike in the number of webinars, online discussions and live chats to keep the industry active.

However, the daily wage workers and the small and medium scale agencies associated with the trade are facing the brunt and need immediate support, both from the events community and the government.

The 170 member survey represents over a 1,00,000 of companies that were affected by this pandemic and EEMA urges the government to consider some steps like the immediate payout of all income tax refunds, which have been due for a while, and the due payment from the central and state governments to event companies for work done or work-in-progress.

Sanjoy K Roy, president, EEMA, said, “The COVID-19 pandemic will impact the entire business community, and our team is focused on ensuring the health and safety of our employees. Industries have already faced an interlocking set of financial challenges for which we filed a petition to the government of India. The sectors are getting into a financial crisis which might soon result into increasing unemployment ratios. We hope that the Government takes the required decision which can help the country to survive with the results of the pandemic.”

**A few recommendations of legal strategies to implement while seeking business growth are as follows:**

- (1) Review all contractual agreements to ensure adequate protections are in place under “force majeure” provisions. These provisions should specifically include a listing of the events that create the inability of performance.
- (2) Prepare a comprehensive approach for all communications to the public which address public relations, marketing and advertising, and sales. The company must be careful to avoid misrepresentations at every level. This is particularly important for company’s hosting live events with large crowds where there may possibly be concerns for the health and safety of

attendees. Those companies should avoid minimizing risks associated with attending events. It is conceivable that any such messaging could fall under the purview of false advertising or deceptive trade practices.<sup>4</sup> Media companies distributing such advertising should also consider including indemnification provisions in their contractual agreements with those companies that create advertising content for products or services where there are possible risk factors involved.

(3) Media and entertainment companies should consider renegotiating contracts with vendors to adjust timing of production projects if possible. These companies should also insert provisions in future vendor contracts that allow for flexibility in the time of performance whenever possible.

4) Many companies may now seek to produce content remotely and distribute the content through various digital media outlets. Companies seeking to expand digital media productions, including social media, should ensure the contractual agreements with talent and other contracted parties secures the rights to the intellectual property being captured remotely on that party's digital media platforms. These companies should also establish methods to avoid inadvertently infringing on the intellectual property rights of others. The volume of content readily available makes it challenging to ensure a company has cleared all copyright and trademark hurdles in all productions and communications.

(5) Review all company risk management procedures to timely respond to claims and meet all reporting requirements. Review insurance policies to ensure adequate coverage and consider adding policies as needed. Consider adding insurance policies to address event cancellation, business interruption, and media liability coverage if such coverages are not currently in existence for the company.

(6) The company should review all policies and procedures associated with employment and human relations to ensure adequate protection for the health and safety of existing and future employees and independent contractors and compliance with all current laws and regulations.

## **Conclusion**

Media and entertainment companies must prepare for the continued growth of digital media in post COVID-19 strategies. The increased use of digital media will require careful consideration

of all requirements to protect their own intellectual property as well as avoiding claims for infringement on the intellectual property of others. These companies must also take all necessary steps to minimize risks associated with live events, productions, employee relations, and vendor relationships. If companies can sustain and build growth through these methods, they may also position themselves for greater innovation and strategic planning as the industry evolves.

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