

Media, entertainment starting to profit from digital services

WASHINGTON, USA: The internet is no longer draining profits from media and entertainment companies, which have learned to make online services pay, a new study shows.



Ernst & Young's John Nendick says that media companies are starting to make serious profits from the digital content that they are producing.

Image: [Financial Review](#)

The study by Ernst & Young found that media and entertainment companies are continuing to increase their lead as one of the most profitable sectors with profit margins of around 28%.

The study covers a variety of segments in media and entertainment, including cable TV operators, interactive media, music, broadcast television and even publishing - an area which lags other segments but remains profitable.

"We are seeing that digital is very much driving profits now, instead of disrupting them," said Ernst & Young's John Nendick.

"Companies are figuring out how to monetise the migration of consumers to a variety of digital platforms and this insatiable demand for content is fueling growth throughout the industry."

Media and entertainment firms have increased profit margins every year since 2010, according the study.

Cable TV had the highest profit margins in the industry at 41%, followed by cable networks (37%), interactive media (36%), electronic games (29%), conglomerates (26%) satellite television (26%), publishing and information services (21%) television broadcasting (19%), film and television production (12%) and music (11%).

The study also found that interactive media saw profits grow at the fastest pace, while publishing had the slowest profit growth.

The interactive media segment, which includes firms such as Google, Netflix and Facebook, has seen profits climb at a 19% rate, while the publishing segment, which includes the New York Times Co. and Gannett, has been growing at just one percent.

"Publishing and information services companies continue to see declining advertising and subscription revenues," the report said.

"While digital revenues are growing, this only makes up a very small portion of overall revenues," the study found.

Source: AFP via I-Net Bridge

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