



The Rise of AI: Consumer Perspectives

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Introduction

Artificial intelligence (AI) has the potential to transform how businesses operate and how consumers watch and interact with devices and entertainment services. AI, specifically generative and conversational AI, will open new opportunities for workers and businesses to become more efficient, saving both time and cost as well as delivering new AI-enabled products and services.

Today's decision makers need to understand consumer perceptions around AI and assess opportunities while simultaneously mitigating any risks. While consumers often unknowingly interact with AI almost daily, many are still unfamiliar with and apprehensive of it. The entertainment industry stands to benefit from AI and is moving forward with solutions that implement the technology, but it needs to do so strategically in order to earn and keep consumer confidence and trust.

47% of US internet households report familiarity with at least one AI technology and 69% report concern with the data and privacy implications of its use.

This white paper assesses the rise of AI across media, entertainment, and advertising. It shares survey findings on consumer sentiment about the use of AI in content creation and devices within the home as well as issues surrounding privacy and security. It serves as a guide for businesses to steer decision-making and be as prepared as possible for the coming years.

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■ The Promise of AI: Augmentation, Prediction, and Creation

New technologies are disruptive: they create new markets, products, and services. They change how companies operate and how consumers purchase. New technologies also make things easier and more efficient. AI is one such disruptor.

It is critical for businesses to understand the potential benefits and implications of AI from both an operational and consumer perspective to remain competitive as this technology permeates further and further into daily life over the next few years.

AI is the capability of computer systems to simulate human intelligence processes on a large scale to analyze and solve complex business problems quickly and efficiently.

AI augments human capabilities, serving as a catalyst for higher productivity, more accurate predictions, and new possibilities for creative work.

■ Rise of AI: Generative and Conversational AI

The benefits of AI are widespread and capable of touching virtually every industry. As AI continues to evolve it will be even better at serving individual and collective purposes, especially when it comes to scaling tasks. Conversational AI and generative AI are also highly intuitive, designed so that people who experiment with them can quickly discover where the technology is most useful.

- **Conversational AI** uses natural language processing (NLP), automatic speech recognition (ASR), speech-to-text, search, and text-to-speech technologies to answer the user's questions in a conversational format such as, "Hey Google, what's the weather today?" ASR processes speech-to-text while NLP processes the text input to understand its meaning. This form of AI is present when using voice assistants or talking to a customer service chatbot where communication is using a back-and-forth format.
- **Generative AI** creates new outputs from existing data in the form of text, images, videos, and more. Examples include tools like OpenAI's ChatGPT for text and DALL-E for images. Other initiatives include Google's Gemini, Microsoft's Copilot, and Meta's LLaMA.



The Invisible Presence of AI

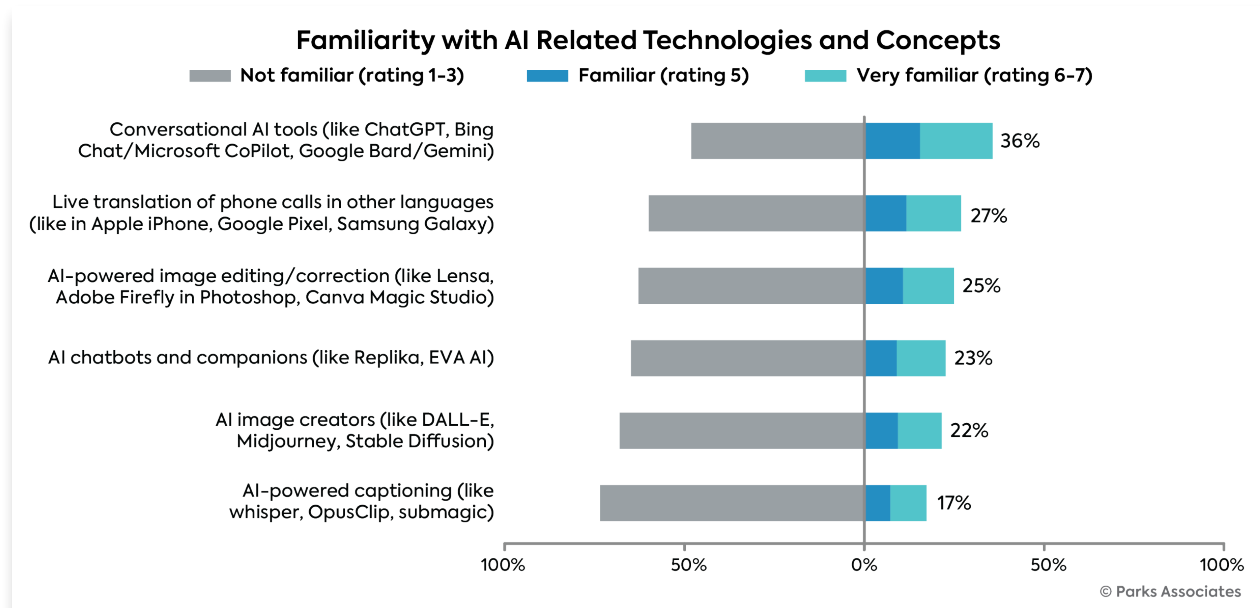
Consumers frequently use AI today, often without realizing it, to facilitate decisions, monitor habits, and get more time back in the day. Smartphones use AI-driven features such as facial recognition, ongoing monitoring of usage habits and battery life, app recommendations, and automatic photo improvements. Additional covert but common applications of AI include:

- **Content Recommendations:** AI helps surface content suggestions on streaming services, social media, and more. These suggestions are personalized to each individual user and improve over time as the system acquires and digests more data.
- **GPS Maps:** Historical location & traffic data across the world is aggregated. Machine Learning (ML) is then used to identify patterns & make predictions about the best way to get to your destination.
- **Grammar Checks:** Professional linguists review thousands of grammar samples which are then fed into statistical learning algorithms along with select web sources and user feedback to produce the spelling and grammar correction features in word processing software.¹

Consumer Familiarity and Use of AI Today

AI tools serve a variety of purposes and come in the form of chatbots, image generators, translators, and editors, among others. In fact, these purposes can practically be customized to each person's individual needs. However, most consumers are not taking advantage of the technology when it is explicitly labeled as AI.

As of Q1 2024, only 36% of households are familiar with conversational AI tools like ChatGPT, CoPilot, & Gemini, and even less (22%) are familiar with AI image creators like DALL-E, Midjourney, and Stable Diffusion.





Applications in Media

Intense competition within the streaming market has accelerated demand for new content, placing increased pressure on the creators of that content to complete more projects, faster. AI allows studios and other content creators to iterate faster so they can work within tighter timelines and move towards a final product more quickly, reducing the cost of production and increasing speed to market. But use of AI in creative spaces is not meant to be autonomous. AI is a tool that helps facilitate the production of media, reduce barriers of accessibility, and bring unique creative visions to light.

Changes to User-Generated Content

The popularity of user-generated content in the way of livestreams, TikTok, Instagram Reels, and YouTube Shorts is undeniable. The creator economy is booming, expecting to reach \$480 billion by 2027².

New technology like generative AI can lower the barrier to entry, allowing less experienced creators to enter the industry faster while also increasing opportunities for established creators to simplify and refine their process.

However, this may also mean increased competition from exposure to more content, more often. Content creators earn income from brand deals, subscriptions, advertisements, and donations. Generative AI can help increase monetization from advertisements by expediting the production of hypertargeted material. For example, AI can use insight from users' profiles and prior activity to generate personalized advertisements that match viewers' interests.

In the 30 days prior to taking the survey, 54% of US internet households said they watched live or recorded videos made by content creators on YouTube alone.

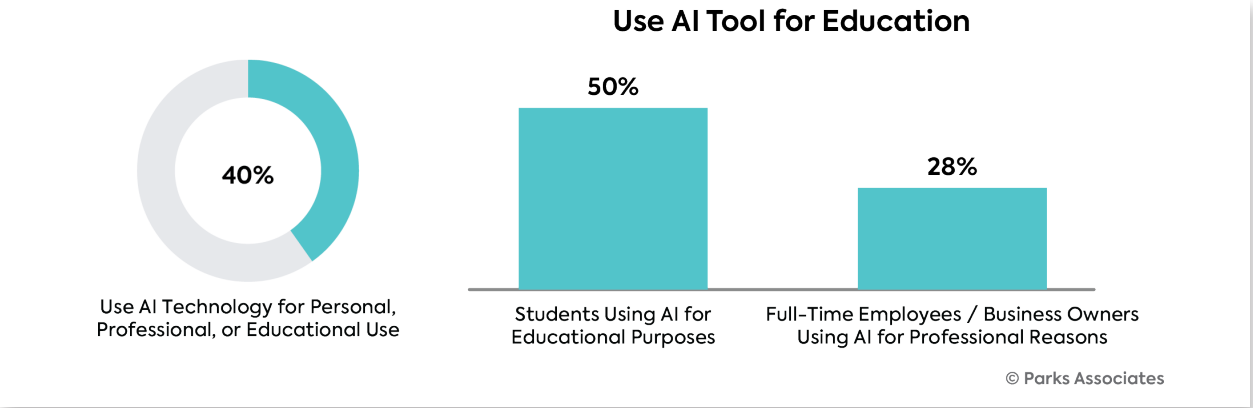
Consumer Generative AI Models

There are a variety of generative AI options available today that consumers can experiment with. Some options have specific use cases, like grammar checks (e.g., Grammarly), whereas others are more general, like ChatGPT. Some creative consumers even experiment with using generative AI for image creation and editing.

As of Q1 2024, 40% of consumers use an AI tool for at least one purpose, whether personal, professional, or educational. Personal use leads the general population at 28% of all US internet heads-of-households. However, AI use jumps in professional and educational scenarios among full-time employees and students.

Generative AI is a starting point to kickstart momentum on a project or work through a creative rut, but it does not replace human reasoning. Creative uses may also draw from existing intellectual property so careful attention should be paid to the training material.

Half of all students report using an AI tool for education.



Professional Applications for Generative AI Models

There is great potential for generative AI to facilitate professional workflows. When employees are given access and permission to use generative AI tools, over time they can use that autonomy to figure out how to best incorporate the technology into their role and how it can best optimize their work. The following are examples for how generative AI can improve efficiency within a variety of industries:

Marketing:	Generative AI can give marketers a headstart on creating clever ad copy or help produce a custom image to match that content. It can also produce a rough draft for a blog post or create personalized email subject lines that customers are more likely to open.
Programming:	Generative AI can help standardize code created by multiple people, detect bugs, and even automate simple coding tasks so developers can focus on more complex ones. New programmers can also upskill more quickly, performing at higher levels with less training time.
Predictive Text:	With the help of ML, generative AI identifies patterns and associations within immense amounts of data to make text suggestions that adhere to the qualities that have already been entered or is being asked of the AI. Workers can leverage this technology to automate text-heavy drafts of reports, summaries, and other projects for greater efficiency, consistency, and accuracy.
Live Transcription & Translation:	Transcription and translation are notoriously laborious and time-consuming. Generative AI’s ability to analyze speech to produce remarkably accurate transcription and translation services in real-time drastically improves workload efficiency for those in fields like journalism and law.
Media publications:	Generative AI is useful for writing articles and summaries for more factual news reports so journalists can spend their time crafting in-depth stories on complex topics. The technology is also helpful for writing quick summaries of articles and key points for a busy reader that may not want to read an entire article.

Top Entertainment Applications

Within media and entertainment, AI applications can handle repetitive and time-intensive tasks so that teams can spend more time on humanistic strengths such as creativity and design.



Upscaling and Video Enhancement:

Generative AI can help revive low-resolution video, transform a black-and-white film to color, and further enhance details for a more life-like effect than previously possible.



Compositing:

Combining elements from multiple images into a single image is typically an arduous multi-step process, but generative AI can help creators do this easily and even help perfect the details of color, shadows, etc.



Rotoscoping:

Tracing over video to create animation is another onerous and time-consuming process, but generative AI can help do the heavy lifting.

AI in Media Operations

Video service providers, content owners, distributors, advertisers, and other entities in the media and entertainment industry face challenges in managing and leveraging complex sets of data. These data sets can come from a wide variety of sources, often stored in different silos, in different formats, and typically do not adhere to a common industry standard. To make matters worse, within many organizations this data is also managed by different, often isolated teams. However, AI can deliver valuable high-quality results if these disparate sets of data are normalized as they are aggregated.

- **Social Media Platforms:** AI is already notorious on social media platforms for curating personalized algorithms for each user to keep them on the platform longer, but it is also useful in content moderation, targeted advertising, and customer support.
- **Streaming Platforms:** AI-enabled solutions can detect and evaluate behaviors that are indicative of churn and use them to help predict it. AI-assisted retention enables service providers to instantaneously calculate the statistical probability of success for various retention tactics and automatically recommend or even execute specific prescriptive retention campaigns for high-risk subscribers based on those calculations.
- **Sports Streaming:** AI-powered computer vision can recognize and track key objects in live video feeds. For sports, this includes athletes, scoring plays, action featuring a specific athlete, and more.
- **Video Advertising:** AI can analyze a video or ad frame-by-frame and make subjective assessments about things like mood and genre, as well as detect people, things, logos, and other objects. For example, IRIS.TV recently announced a contextual library where advertisers can access private marketplaces (PMPs) with curated, context-specific and brand-appropriate choices for better targeting.

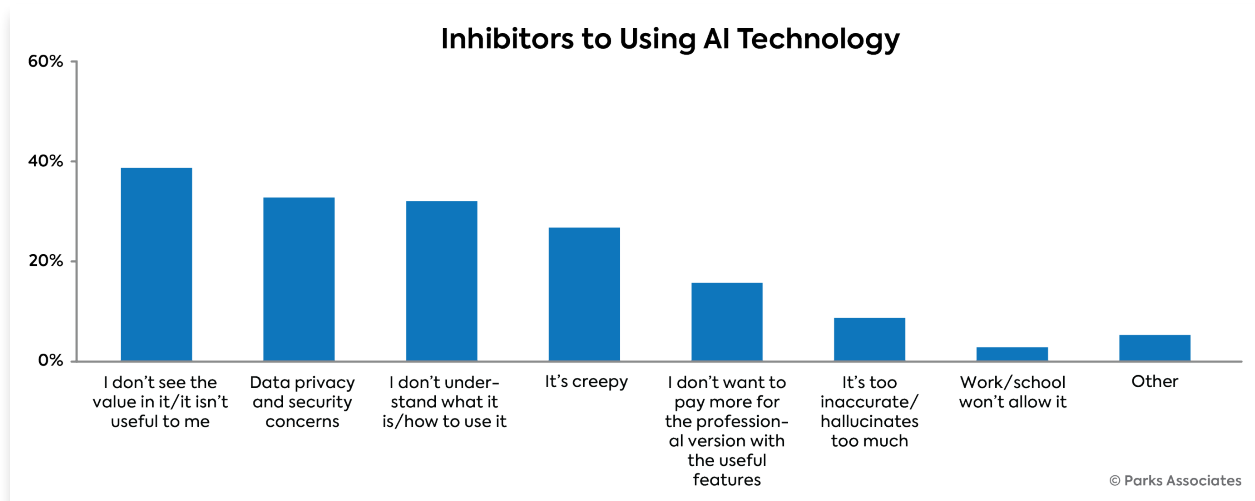


Consumer Sentiment

Applications of AI have been inconspicuously interwoven into consumer lifestyles, built into applications, operating systems, and attached services. However, the concept of using technology explicitly labeled as “AI” is still new to the public. Only about half of consumers are familiar with the concept of AI and 40% actively use the technology for personal, professional, and academic purposes. Unsurprisingly, younger consumers and those who tend to adopt technology as soon as it comes out (“innovators”) are more likely to use AI-specific tools like ChatGPT, DALL-E, and Lensa.

Consumer Impediments to AI Use

Among those who do not currently use AI tools, the most common inhibitors are a lack of perceived value and understanding of the technology along with data privacy and security concerns. While many AI tools are intuitive, there is a learning curve to writing effective prompts that will return satisfactory output to basic consumer questions. As such, some consumers may have tried using AI once but considered the results inadequate or were expecting more advanced results based on media hype. Some may also have reservations surrounding the privacy of personal or confidential material used as input into the AI preventing them from experimenting with it in the first place.



■ Potential Creative Use Cases for Consumers

For most consumers, the use of AI for personal and recreational purposes will likely be for social media posts and editing photos on smartphone cameras. Generative AI can be especially helpful to remove unwanted objects and people in photos, visually enhance images, and add accessibility features to posts such as captions. Among those that do use AI, 26% state that use is for personal reasons such as hobbies or recreational interests. As more consumers become familiar with the benefits of AI and discover there is a low barrier of entry, use of this technology for social media and other creative use cases is expected to increase.



Business Planning & Outlook

AI and generative AI are not transient technologies. AI is disruptive and has already begun to change how consumers view content, how creators make it, and how marketers promote it. It is also projected to have economic benefits: a report by Goldman Sachs³ estimates that widespread adoption of AI will increase annual gross domestic product (GDP) by 7% over a 10-year period.

In the entertainment space, insatiable consumer demand for content requires teams to do more with less. AI helps these teams to streamline processes as well as push the boundaries of what is possible, allowing the industry to evolve to be more efficient and navigate into uncharted territory.

■ Responsible Use of AI

The numerous advantages that AI brings also comes with a note of caution. The intense race among leading technology companies to build proprietary AI systems forced difficult decisions regarding the use of training data. The creation of these systems requires an immense volume of data, meaning this training material was taken from as many sources as possible, even potentially copyrighted sources.

Several parties have already initiated legal action to protect their work. The New York Times filed a lawsuit against OpenAI and Microsoft in 2023, claiming the companies used copyrighted news articles without permission to train each company's respective AI system. OpenAI argues the articles were used to create something else and, as such, fall under "fair use."⁴ This case and cases like it will be instrumental in clarifying the current legal ambiguity surrounding AI, the use of protected intellectual property, and original ownership.

Until then, individuals and businesses who use AI must exercise caution as much as possible to neither unintentionally share protected intellectual property nor engage in the unauthorized use of another's.

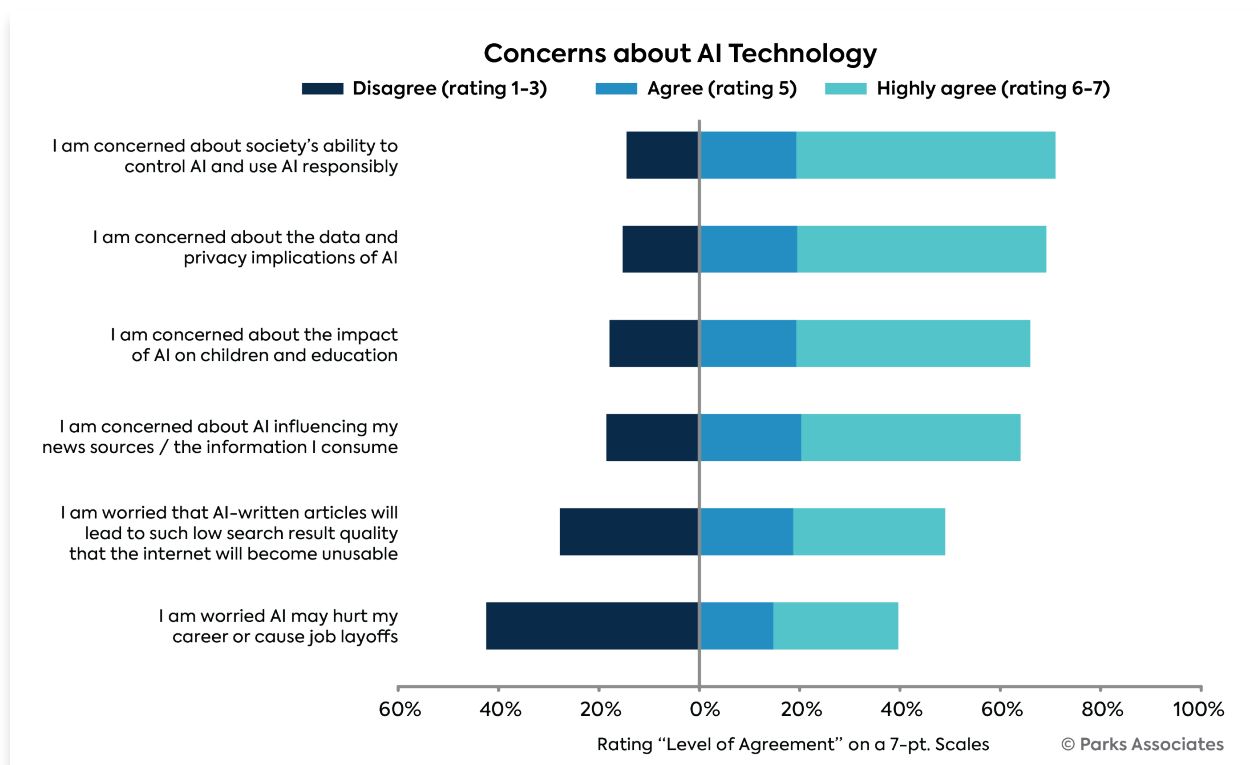
AI Shortcomings

While concerns around source material are noteworthy, the benefits that AI can produce are immeasurable. Of course, education on how to effectively write AI prompts for maximum efficiency and benefit will be essential. Other factors to consider when using AI tools include watching out for biases and hallucinations:

- **Biases:** Generative AI tools, especially text-to-image creators (which may propagate to newer text-to-video creators) are known to produce output that can perpetuate harmful gender and racial stereotypes.
- **Hallucinations:** AI can sometimes produce fabricated, inaccurate, and/or misleading output that is referenced as if it was cited from a credible source.

Because AI will become so pervasive in the next few years thanks to its accessible, customizable, and productive qualities, awareness surrounding the potential risks and falsehoods of AI is crucial in mitigating any potential harm from such biased and hallucinatory responses.

71% of households expressed concern about society's ability to control & use AI responsibly, the #1 concern expressed by consumers.





What to Expect Next

The benefits of AI for efficiency and productivity are promising and the value will only increase as AI systems continue to become more advanced. Consumers will also become more familiar with the technology, and businesses will optimize how to incorporate it into their workflows. The following are some predictions on what to expect next for AI:

- AI will dramatically reduce time spent on laborious and monotonous tasks, allowing teams to do more with less, faster, but will continue to need human validation and expertise.
- Media companies will continue to experiment with the use of AI throughout the video entertainment production pipeline, which will ultimately reduce time to market and further enhance visual and special effects.
- Consumers who are less naturally inclined and interested in technology will begin experimenting with generative AI thanks to more user-friendly and intuitive interfaces.
- The creation and use of customized chatbots will become more prevalent, establishing a marketplace similar to how app stores operate currently.
- Marketers and advertisers will lean more heavily on AI to produce personalized collateral for micro-segments and even individual people.
- Deepfakes will continue to wreak havoc as they become easier to create and harder to differentiate from reality.

Preparing for the Future

The ability to evolve in the face of new technologies and challenges is an essential skill for success – adaptability is crucial to remain competitive, especially in such an unpredictable landscape. Companies and individuals who do not start experimenting with AI will be left behind by those that do. With more work in the entertainment industry than people to do it, AI is a natural assistant.

Of course, comprehensive education surrounding its use is imperative. Innately humanistic skills such as critical thinking, creativity, and emotional intelligence cannot be replaced by AI. It is therefore important to leverage these humanistic traits to assess the risks and implications when using this technology, especially as its use becomes more commonplace.

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Sarah earned her PhD in Experimental Psychology from The University of Texas at Arlington. She also earned an MS in General Experimental Psychology from Murray State University and a BS in Psychology from Xavier University.

¹[Everyday AI: beyond spell check, how Google Docs is smart enough to correct grammar | Google Workspace Blog](#)

²[The Creator Economy Could Approach Half-a-Trillion Dollars by 2027 \(goldmansachs.com\)](#)

³[The Potentially Large Effects of Artificial Intelligence on Economic Growth \(Briggs/Kodnani\) \(gspublishing.com\)](#)

⁴[What Is Fair Use | Copyright Alliance](#)

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RESEARCH & ANALYSIS

for Emerging Consumer Technologies

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Entertainment & Video Services



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