

AlixPartners

2026 Media & Entertainment Industry Predictions Report

In each of our first two annual AlixPartners Media & Entertainment Industry Predictions Reports, we wrote that this industry is a poster child of creative destruction.

Make it three out of three.

The streaming industry continues to grapple with structural challenges as television searches for a long-term successor to the cable model. Platforms with disparate strategies are starting to converge into one-stop shops for short-form, long-form, live, and creator content, with YouTube and Netflix ahead. AI's unprecedented rise has upended the search industry, fragmenting a market dominated by Google across AI agents that share answers rather than provide links. Gaming, like most industries, is also undergoing an AI revolution. As M&A activity heats up across media and entertainment, AI capabilities will be at the top of company acquisition wish lists.

These swirling forces combine to make our annual Predictions Report a fun challenge. But that's part of the intrigue—studying the market to anticipate what will happen next in an industry marked by unpredictability. We'll keep doing our best to peek into our crystal ball and shine a light on where media and entertainment businesses will head in the year to come.



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Our third annual AlixPartners Media & Entertainment Report is split across the following six chapters

01 | Streaming wars 2026: The rise of the “frenemy”

In 2026, we predict increased cooperation and consolidation between streamers and broadcasters. Dozens will announce new deals as they team up, exchange content, and embrace their competition as “frenemies” to win new customers and boost revenue.

02 | Opposites attract: How YouTube and Netflix are learning from each other to dominate the streaming industry

In 2026, we predict YouTube and Netflix will converge more than ever before as each vies to be the platform of choice for short-form creator content, serialized and episodic content, premium long-form entertainment, and live content. YouTube, the ad-revenue giant, will offer more Netflix-style content experiences to boost its subscriber base, while Netflix will increase its share of short-form, mobile-based content to rely less on subscription revenue and more on advertising.

03 | Agents, answers, and AI: The global search reset

Blue links give way to AI answers: Search will increasingly center around AI-generated summaries, dynamic answers, and results that mix regular content with paid placements, with real value coming from citations inside answers. GEO, measurement, and device dynamics will define strategy, all anchored in structured data and new ad models.

From chatbots to search agents: Search is transitioning from basic bots to fully context-aware agents that can recommend, compare, and transact—all within the platform experience itself. These agents will integrate discovery, action, and seamless monetization into a single point of interaction. Readiness checklists should include robust schema, feeds, APIs, and measurement frameworks for deep integration and future-proofing.

04 | AI + IP: The catalyst for gaming company valuations in 2026

By the end of 2026, gaming companies that successfully integrate AI into strong IP will command valuation multiples 2-3x higher than AI-laggard peers—a bifurcation driven by deeper engagement and higher average revenue per user.

05 | Media M&A in 2026: Dealmaking in the age of disruption

In 2026, we predict more than \$80 billion in media M&A deal value, with sustained increased volume across all quarters. This will be driven by a broader resurgence in M&A activity across large and small deals as media companies adjust to a new economic normal and consolidate legacy assets while investing in new technologies.

06 | Private capital in media: From content ownership to content interaction

We expect private equity and growth investors to focus on three areas of opportunity:

1. Enabling infrastructure that powers interaction-led growth
2. “Buy-and-build” in creative tooling, monetization, and ad-tech infrastructure
3. Co-financing and/or partnerships in IP/distribution platforms

01 | Streaming wars 2026

The rise of the “frenemy”

AUTHORS OF THIS CHAPTER

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01 | Streaming wars 2026: The rise of the “frenemy”

For the third year in a row, we begin our annual Media & Entertainment Industry Predictions Report by diving into the streaming wars. What began as a race for subscribers has evolved into a multifaceted battle for viewer attention and engagement. The **global subscription over-the-top (OTT) market will surpass \$165 billion in 2026**, per Ampere Analysis. But with roughly 130 streaming companies chasing the same foundational value levers, there's only so much to go around—especially when the top five platforms (Netflix, Disney+ with Hulu and ESPN+, Amazon Prime Video, YouTube TV, and HBO Max) combine to generate nearly two-thirds of current global subscription revenues.

In 2026, we predict increased cooperation and consolidation between streamers and broadcasters. Dozens will announce new deals as they team up, exchange content, and embrace their competition as “frenemies” to win new customers and boost revenue.

The global streaming market is showing clear signs of market maturity

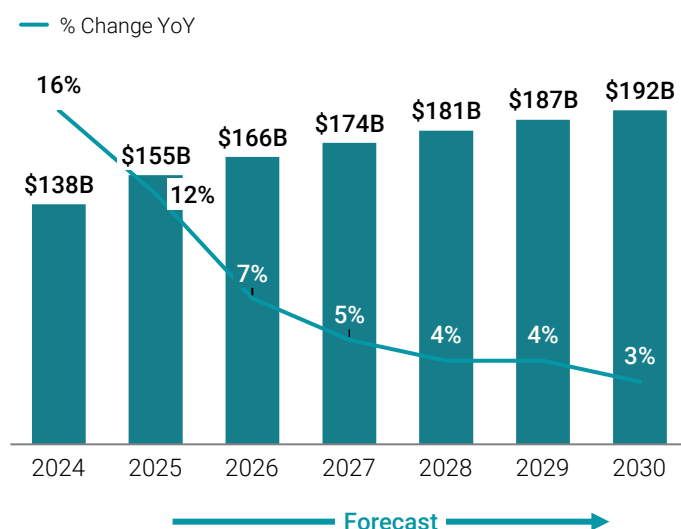
Global OTT subscription growth rates will cool to just 5% in 2026 according to Ampere Analysis and drop below 2% by 2030 as consumers become more selective and price sensitive. Major platforms such as Netflix and Disney+ are no longer disclosing subscriber numbers, shifting investor focus toward average revenue per member (ARM), profitability, and engagement.

Over the past few years, leading streamers have constantly experimented as they adapt to a maturing market and increased pressure to sustain a profit. Almost all have leaned into hybrid advertising- subscription models, to broaden audience reach and unlock incremental revenue streams. But while these models have helped expand audiences, they have yet to deliver sustained profitability across the industry.

This shift has also led to a change in content programming and licensing. To attract advertisers, players are increasingly investing in live sports, dramas with broad appeal, and network-friendly procedurals as key elements of their streaming content strategy.

Figure 1: OTT revenue and subscription growth are projected to slow

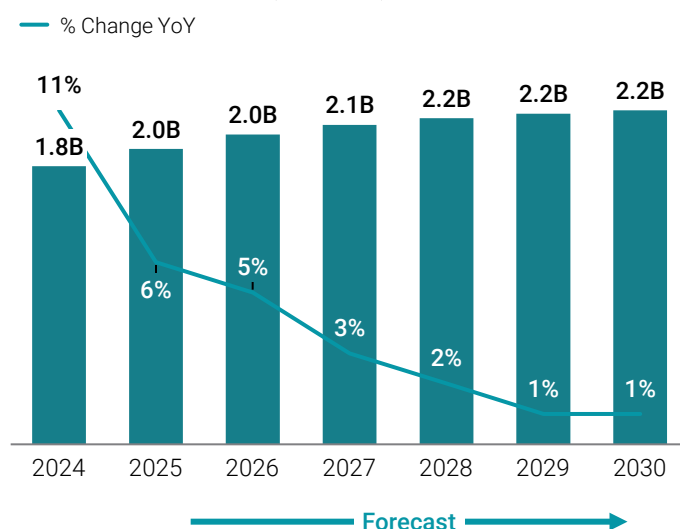
Global subscription OTT revenue (\$B, USD)



Source: Ampere Analysis

Note: Subscription OTT services include Netflix, Amazon Prime Video, and others; vMVPD services are also included

Global OTT subscribers (in billions)



Source: Ampere Analysis

Note: Subscriber counts represent the sum of subscriptions/RGUs (Revenue Generating Units) for Subscription OTT at the end of the period

The 3 C's: Competition, consolidation, and cooperation

In 2026, we predict intensifying **competition** as the fight for engagement continues to stretch across formats—long-form vs. short-form creative content, advertising-supported video on demand (AVOD) vs. subscription video on demand (SVOD), and sports vs. entertainment.

As we discuss later in this report, we expect an uptick in media M&A activity in 2026. The expected **consolidation** across the market will reduce the number of players in the space, which we are already seeing with RTL's acquisition of Sky Deutschland and Disney's phasing out of the standalone Hulu app to migrate its content to Disney+ by 2026. For the latter, Disney hopes this move will improve content discovery for its users while also [saving the company \\$3 billion annually](#) by eliminating duplicative technology and administrative costs. We predict further consolidation of streamers to reduce churn and lower customer acquisition costs.

The focus on growing monthly users at a lower acquisition cost is leading many streamers to engage in a new level of **cooperation** as competitors share content, tech, and distribution channels. While this has been happening in North America for a while, in EMEA, we are starting to see [wholesale distribution](#) deals that include streaming platforms as part of offers to entice subscribers to multichannel video programming distributors (MVPDs). We predict that this model will extend to Asia and markets in Latin America as well.

U.S. market dynamics

Cooperation among U.S. streamers has primarily taken shape through direct-to-consumer bundles and third-party aggregation platforms, which have surged in number of deals over the past few years.



Co-subscription bundles consist of two or more competing DTC streaming services, such as the Verizon bundle with Netflix and HBO Max. These bundles are often formed directly between streamers or extended through telco operators and retailers. For consumers, these bundles offer simplified billing, but viewing still occurs within each platform's individual app.



Third-party aggregators like Amazon Prime Channels, YouTube Primetime Channels, and Roku's Channel Store act as distributors and resellers of SVOD services, integrating content from a la carte streamers within a single interface for users to discover, subscribe to, and watch. In exchange for access to their massive ecosystems, streamers trade a portion of their advertising and subscription revenue—[Amazon, for example, takes around 30% of every subscription](#)—plus the direct relationship with the subscriber.

Figure 2: Streaming distribution ecosystem

 Inter-company DTC bundles	Disney+, Hulu, ESPN+		
 Co-subscription bundles	Cross-company DTC bundles Disney+ and HBO Max; ESPN and FOX One; Apple TV and Peacock	Operator/telco bundles Xfinity StreamSaver (Netflix, Peacock, Apple TV+); Verizon +play (Netflix + Max + Starz); T-Mobile “Netflix on Us”	Cross-ecosystem bundles Walmart+ with Paramount+, Instacart+ with Peacock, Apple One ; Hulu - Spotify bundle
 Third-party aggregators	Amazon Prime Video Channels; YouTube Primetime Channels; The Roku Channel; Apple TV Channels		

As of 2025, [one in three new streaming subscriptions](#) originates through channel aggregators. Amazon Channels alone provides direct access to nearly 140 third-party services, with Paramount+, HBO Max, and Starz ranking among the most subscribed channels within Prime Video.

American consumers subscribe to an average of five streaming services per OTT household (Ampere Analysis), choosing from a pool of nearly 30 premium SVOD options. This abundance of choice amid finite viewer attention and spending has heightened competition for engagement.

Despite a crowded landscape, [viewing time is dominated by four players](#): YouTube at 12.6%, Netflix at 8.3%, Disney (Disney+, Hulu SVOD, and ESPN+) at 4.5%, and Amazon Prime Video at 3.9%. The next tier of platforms, each capturing less than 3% of total viewing time, includes Roku, Tubi, Paramount+, Peacock, and Warner Bros Discovery’s HBO Max.

The key question heading into 2026 is whether this hierarchy will hold, or if “Tier 2” players, constrained by tighter content-spend-to-scale, can break into the top five by joining forces with one another. We predict that two of these mid-tier platforms will either consolidate or establish deeper distribution partnerships to challenge the leading platforms and reshape the streaming hierarchy in 2026.

Cooperation meets competition

Not all streaming platforms cooperate in the same way or to the same extent. Their strategies depend on scale, IP strength, and technology infrastructure.

Major players, like Netflix and Disney, prioritize control over their interfaces and customer relationships, engaging in selective cooperation where the economics align. Netflix partners with telecoms like Comcast and T-Mobile for billing and promotions, while Disney focuses on its internal bundles (Disney+, Hulu, ESPN+) and a few targeted cross-bundles, like the Disney+ and Max offer, to reduce churn without diluting APRU. Both resist deeper integration with aggregators like Amazon Channels to preserve ownership of the user experience.

Mid-tier platforms like Paramount+ and Peacock rely more heavily on collaboration to reach new audiences while keeping CAC low. They more openly embrace co-bundling with rivals and wholesaling deals with aggregators. By tapping into Prime Video’s [200-million-plus global member base](#), they can gain millions of new subscribers who otherwise may not have entered their ecosystems directly.

Going forward, success will depend on each streamer’s ability to compete where it counts and cooperate where it scales.

Sports content is driving the next wave of competition and cooperation

Live sports are a particularly competitive battleground in the U.S., where sports rights spending has surged 122% over the past decade to more than \$30 billion annually, according to Ampere Analysis. Our analysis of 2026 confirmed media rights reveals that those billions are distributed across more than a dozen companies, with no single player holding a majority of marquee sports content. The NFL alone is split across six major distributors; NBA rights will be shared by three (Disney, NBCU, and Amazon); and key leagues like MLB, NHL, and NCAA are spread across multiple networks and streamers.

Figure 3: U.S. sports media rights by company

Disney (ESPN/ABC/ESPN+) NFL Monday Night Football, NBA, College Football Playoff, NHL, SEC, U.S. Open tennis, Wimbledon, LaLiga, PGA Tour, NCAA, UFC (legacy thru 2025, ends before 2026)	Est. share of total 2026 market value 26%	YouTube/Google NFL Sunday Ticket, exclusive NFL Friday game	Est. share of total 2026 market value 7%
Comcast/NBCUniversal (NBC/USA/Peacock) NFL Sunday Night Football, NBA, Olympics, Premier League, Big Ten, PGA Tour, NASCAR, Notre Dame football, USGA	Est. share of total 2026 market value 23%	Warner Bros. Discovery (TNT Sports/HBO Max) MLB, NHL, U.S. soccer, French Open, NCAA men's basketball/March Madness, Big East, All Elite Wrestling	Est. share of total 2026 market value 3%
FOX NFL on FOX, MLB, NASCAR, Big 12, Big Ten, FIFA World Cup, UEFA Euro, LIV Golf, USFL/UFL	Est. share of total 2026 market value 13%	Netflix WWE Raw, NFL Christmas games, FIFA Women's World Cup	Est. share of total 2026 market value 2%
Paramount (CBS/Paramount+) NFL on CBS, UFC, NCAA men's basketball/March Madness, PGA Tour, UEFA Champions League, Big Ten, Mountain West, UEFA Europa & Conference Leagues	Est. share of total 2026 market value 12%	Apple MLS Season Pass, MLB Friday Night Baseball, Formula 1	Est. share of total 2026 market value 2%
Amazon Prime Video NBA, NFL Thursday Night Football, NASCAR, WNBA, NWSL, ONE Championship, Overtime Elite, Premier Boxing Champions	Est. share of total 2026 market value 11%	Others CW: NASCAR Xfinity Series, LIV Golf; Scripps: NWSL; Fubo: CONMEBOL/UEFA qualifiers; DAZN: boxing	Est. share of total 2026 market value 2%

Source: AlixPartners analysis

Note: Reflects confirmed and publicly reported U.S. national sports media rights that are active in calendar year 2026. It excludes local/regional sports networks (RSNs), international rights, and revenue from advertising or sponsorships; values are calculated based on publicly disclosed or reported deal terms, annualized as appropriate

This fragmentation highlights the need for more open distribution in the sports landscape. As rights costs rise and audiences grow frustrated by the scattered availability of sports content across different platforms, unexpected alliances are starting to emerge. The coordinated launch of ESPN's new DTC platform and FOX's FOX One at the end of August exemplifies the growing need for cooperation even among rivals: together, the two networks introduced three new packaged offers that could redefine the premium sports streaming landscape.

- **ESPN DTC offers two subscription tiers:** "Unlimited" (\$29.99 per month) with full access to ESPN linear networks and digital content (ESPN+), and "Select" (\$11.99 per month) features all ESPN+ content.
- **FOX One (DTC)** consolidated its portfolio of live and on-demand content across sports, news, and entertainment into a single service priced at \$19.99 per month.
- **Joint bundle:** In a first-of-its-kind move, ESPN and FOX have also partnered on a combined ESPN Unlimited-FOX One bundle for \$39.99 per month, offering consumers a \$10 monthly discount.

This type of "frenemy" cooperation would have been unheard of five years ago when the U.S. streaming market was still experiencing high-double-digit growth. By 2026, we expect this will become the norm as long-time competitors recognize they can drive engagement and retention more effectively by pooling assets and content rights (especially around live sports) to deliver a simpler, more unified consumer experience.

EMEA market dynamics

In EMEA, streamers and public broadcasters are coming together for the first time to collaborate. Broadcasters are already beginning to embed their linear channels within streaming platforms and unlock symbiotic relationships. Examples include:



Disney+ and British broadcaster ITV

Disney+ now features a [“Taste of ITVX”](#) curated collection, including favorites like Love Island, available to all Disney+ customers at no extra cost. In return, ITVX has launched “A Taste of Disney+” with acclaimed options like “Only Murders in the Building” and “The Bear” available for free to all ITVX viewers. In total, between 70 and 100 hours of content have been exchanged between the operators, according to Ampere Analysis.

Benefit for Disney+: Broader reach to an additional 26% of UK internet households, including ITV’s older audience—[less than 10% of Disney+ subscribers are over 55](#), compared to 40% of ITV’s audience.

Benefit for ITV: Expanded access to an incremental 14% of UK internet households, particularly younger demographics, which is crucial to ITV’s long-term growth in a streaming-first era.



Netflix and French broadcaster TF1

For the first time, Netflix is opening its platform to a third-party operator. [Beginning summer 2026](#), all five TF1 linear channels and on-demand content from TF1+ will be integrated into Netflix’s platform and available to all French subscribers at no extra cost.

Benefit for Netflix: France remains one of the few markets where linear TV (30.4 million subscribers in 2025, per Ampere Analysis) still holds a substantial foothold alongside streaming (37.4 million). This deal boosts Netflix’s local value proposition, bridging the gap between linear and digital viewing, particularly as an estimated 30% of Netflix subscribers already watch TF1 channels.

Benefit for TF1: TF1 gains access to Netflix’s full French base of [14 million subscribers](#), many of whom are younger, digital-native viewers. It also unlocks new premium, brand-safe ad inventory within Netflix’s high-engagement environment.



Amazon Prime Video and France TV

France TV’s five linear channels (France 2, France 3, France 4, France 5, and France Info) and its nearly 20,000-title on-demand library are integrated into Prime Video’s platform through a dedicated section on the Prime Video homepage.

Benefit for Prime Video: Immediate access to live public-broadcast channels, local entertainment, and sports content, including the Tour de France, Women’s UEFA Euro Championship, and Women’s Rugby World Cup. France TV also has the rights to the Olympics [through 2032](#).

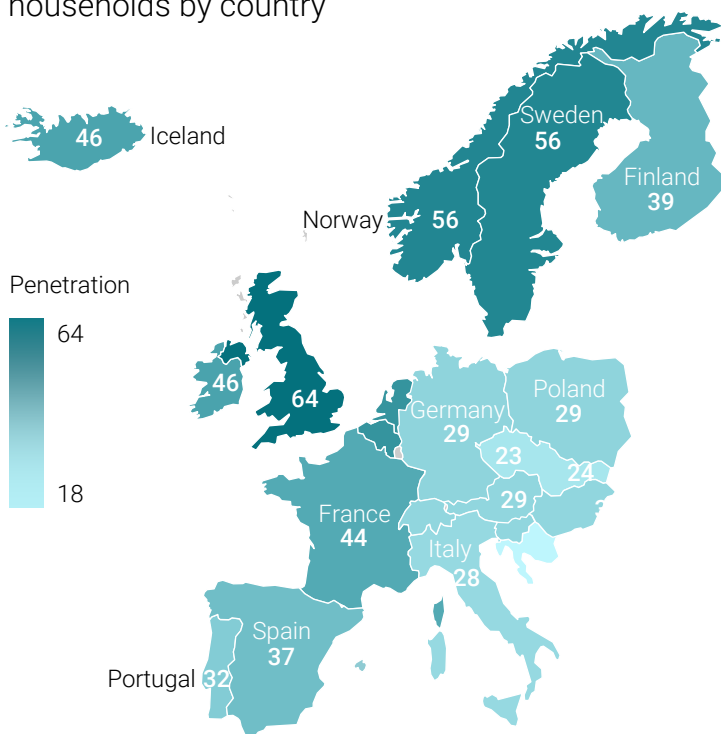
Benefit for France TV: Broader distribution and visibility in streaming-first environments, along with ad advantages—its ad-sales division, France TV Publicité, retains exclusive marketing rights for all campaigns across France TV content, including when accessed via Prime Video.

The Netflix partnership with TF1 in particular has the potential to herald a major strategic shift for the world's largest streamer. Until now, Netflix has successfully operated as a digital network.

The French deal, however, requires Netflix to evolve its platform to support live linear channels and third-party content integration, which involves significant investment and change to its tech stack, content delivery infrastructure, and UI/UX.

We believe it is highly unlikely that such an investment and fundamental shift in business model would be made for a single geographic market. We predict that Netflix will enter into more deals to carry national broadcasters and other third-party channels—Germany, Italy, and Spain have similar market dynamics and could be next. This provides Netflix with access to valuable local content at marginal extra cost, boosting dwell time and local relevance. It also positions Netflix as an emerging third-party aggregator, unlocking incremental advertising and distribution revenue streams.

Figure 4: Netflix penetration of households by country



Source: Ampere Analysis

Note: Netflix subscribers per 100 households; Subscriber counts represent the sum of subscriptions/RGUs (revenue generating units) for subscription OTT at the end of the period

The battle ahead

To win in the streaming wars, companies must get creative by:

- Embracing open-minded experimentation around bundling formats, aggregation, and windowing to unlock new growth opportunities.
- Doubling down on engagement-first product roadmaps—investing in feeds, UX, interactive formats, and AI-led personalization and discoverability to boost time spent.
- Continuing to test live formats to build habitual viewing cadences and deepen audience loyalty.

We stated last year that we expect to see three to five “central hubs” emerge as leading distributors over time—and in 2026, we believe that will come to fruition. As of now, the leaders are YouTube, Netflix, Disney (which also owns ESPN), and Amazon Prime Video. While Amazon Prime Video is poised to become the dominant aggregator, we believe YouTube and Netflix will battle for number one in terms of both viewers and revenue over the next year—and they will be stealing pages from each other's books to do so.

02 | Opposites attract

How YouTube and Netflix are learning from each other to dominate the streaming industry

AUTHORS OF THIS CHAPTER

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02 | Opposites attract: How YouTube and Netflix are learning from each other to dominate the streaming industry

In 1998, [Netflix launched its online DVD service](#) with 925 titles available for rental via mail. In 2005, YouTube—originally planned as an online dating service—launched as a video uploading and viewing platform with a clip of [co-founder Jawed Karim at the zoo](#).

Fast-forward to 2025, and the two video behemoths have [separated from the rest of the streaming field](#). Netflix is the world's largest subscription streaming service with more than 300 million subscribers, although in the U.S., [YouTube's share of monthly television viewing now dwarfs Netflix's](#). They'll continue to battle for the top spot in global viewership and revenue for the foreseeable future.

As industry dynamics have evolved through the years, these two platforms with very different beginnings have grown in similar directions as market forces brought them closer together.

In 2026, we predict YouTube and Netflix will converge more than ever before as each vies to be the platform (and advertising partner) of choice for short-form creator content, serialized and episodic content, premium long-form entertainment, and live content. We predict that YouTube, the ad-revenue giant, will offer more Netflix-style content experiences to boost its subscriber base, while Netflix will increase its share of short-form, mobile-based content to rely less on subscription revenue and more on advertising.

The path to parallel offerings

Over the next year, we will see YouTube and Netflix continue to move towards convergence across content, viewers, platform, and advertising.

Figure 5: YouTube & Netflix: Different starting points to converging strategies

 **From divergent models to shared strategies:** YouTube and Netflix are reshaping content, audiences, platforms, and monetization in increasingly similar ways.

YouTube		Convergence	Netflix	
Initial strategy	Developing strategy		Developing strategy	Initial strategy
Creator-driven, short-form, user-generated content	Expanding into aggregation, commissioning, and hosting content	Content 	Diversifying into short-form, podcasts, and new content formats	Premium, long-form scripted series and films
Predominantly younger-mobile-first audiences	Broader demographic reach, increasing TV-led viewing	Viewers 	Targeting younger cohorts to sustain growth	Broad, mass-market household penetration
Phone led consumption, app-centric model	Growing adoption on connected TVs	Platform 	Experimenting with mobile formats and interactive features	TV-first streaming destination
Advertising-led revenue model	Building premium subscription offerings	Advertising 	Hybrid monetization with ad-supported tiers	Subscription-only revenue model

Source: TechCrunch, Business Insider, Hollywood Reporter, Advanced Television, AlixPartners analysis

In July, [YouTube's head of TV & film partnerships, Fede Goldenberg](#), made the company's content strategy clear: "My prediction is that we're going to continue to see more and more original content made for YouTube first, and then it could be repurposed to TV." This shift matches consumer viewing habits. While YouTube historically has been a mobile and computer-first platform, [televisions are now the primary device for watching YouTube in the U.S.](#)—a large part of why [YouTube will start looking more and more like other TV streamers](#). Along with original scripted series, episodic creator content, and on-demand streaming TV services, we expect an uptick in pay-per-view movies that skip Netflix and go straight to YouTube.

Meanwhile, as YouTube expands aggressively into commissioning original content, Netflix, which has aired original content since 2013, is increasing its share of creative content. The company is aiming to cut into YouTube's short-form dominance and connect with younger audience segments that crave creator-driven content. Specifically, Netflix will move heavily into the video podcast space: "as the popularity of video podcasts grows, I suspect you'll see some of them find their way to Netflix," [said co-CEO Ted Sarandos](#) earlier this year. In October, [the platform announced a deal with Spotify to stream 16 of The Ringer's video podcasts](#). While Spotify will continue to produce the content and broadcast the audio versions, the video versions of the sports and culture shows will be removed from YouTube, where they currently rack up hundreds of thousands of views.

From an advertising perspective, Netflix's growing ad-supported model and subscriber base are forcing YouTube to reevaluate more stable revenue streams such as episodic content and shoppable ads.

Advertisers and brands are focused on episodic shows, especially those rolled out by creators that bring in a recurring, passionate, younger viewership. With that said, [YouTube's advertising revenue is still almost as large as Netflix's entire business](#).

At the same time, YouTube is being used by public broadcasters, commercial channels, and IP owners to extend their own viewers and revenue. Netflix is following suit, partnering with public and commercial broadcasters to lower customer acquisition costs, a critical move as most of its engagement growth comes from existing heavy users.

YouTube and Netflix will reshape audience engagement

As YouTube and Netflix fight for number one across both viewers and revenue over the next year, the strategies they turn to will provide a blueprint for competitors to follow as they try to catch up in the streaming wars.

But we do not see that happening any time soon—these two companies will continue to dominate for years to come, and from 2026 on, they'll feel far more similar than different.



03 | Agents, answers, and AI

The global search reset

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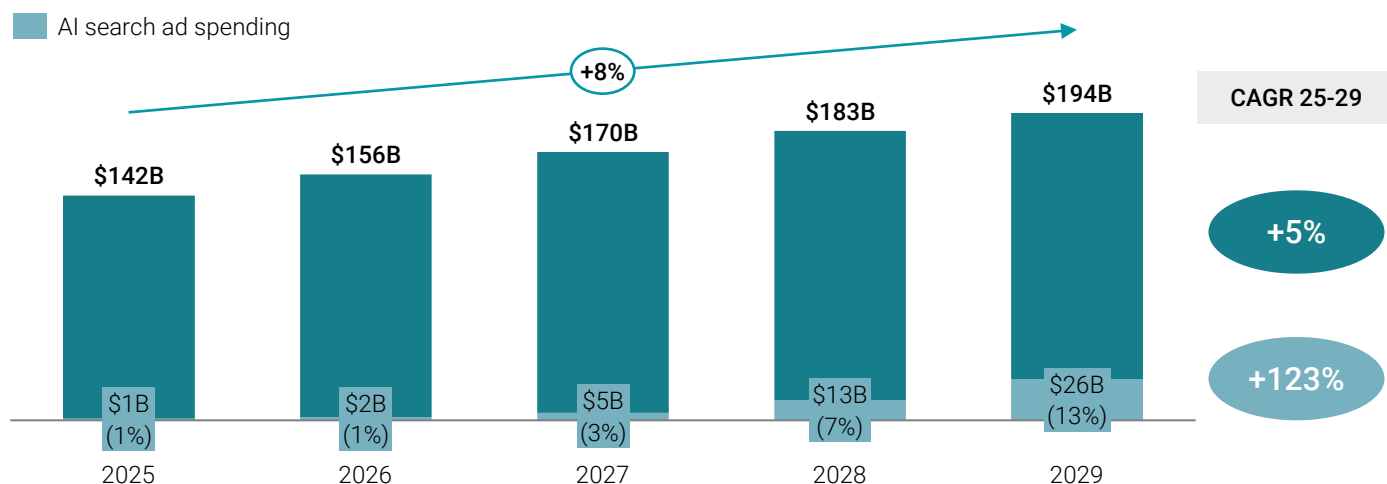
03 | Agents, answers, and AI: The global search reset

Last year, we wrote about the rise of generative AI sparking a paradigm shift in how consumers discover information online. Entering 2026, the search marketplace is undergoing its sharpest transformation yet.

Search is no longer a single destination—it’s morphing into a fragmented, AI-native, multimodal ecosystem. The once-dominant “blue links” era is quickly eroding, replaced by answer-first, agentic AI experiences and a proliferation of discovery channels. With disruption comes opportunity: Organizations preparing for this new ecosystem today are best positioned to win in the emerging AI search economy.

Generative AI is expanding search’s total addressable market (TAM) by an estimated [\\$26 billion in the U.S. alone by 2029](#), creating new ad formats, new measurement models, and new monetization layers. In 2025, AI-driven advertising formats have already topped **\$1 billion in U.S. spend (see figure 6)** across Google’s AI Overviews (AIOs), ChatGPT, Microsoft Copilot, Amazon Rufus, and Perplexity—and growth is only accelerating.

Figure 6: Projected U.S. search advertising spend (2025-2029)



But this expansion also brings fragmentation. As AI broadens what it means to “search” online, competition is intensifying across a wider range of platforms (social, retail, and voice assistants) and modalities (text-based, voice, visual, and video search).

The AI browser wars are only heating up. A new wave of browsers embedded with AI and emerging agentic capabilities is setting the stage for the next frontier of search. Google’s Search Generative Experience (SGE) is already blending AI-generated overviews with classic web results, while challengers like Perplexity’s Comet and OpenAI’s newly announced ChatGPT Atlas are racing to deliver deeper intelligence and seamless task execution. The bar is rising fast—and the era of agentic search is underway.

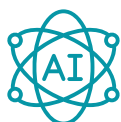
The transformation of search and information access will be defined by **two converging shifts**:

- 1. Blue links give way to AI answers:** Search will increasingly center around AI-generated summaries, dynamic answers, and results that mix regular content with paid placements, with real value coming from citations inside answers. GEO, measurement, and device dynamics will define strategy, all anchored in structured data and new ad models.
- 2. From chatbots to search agents:** Search is transitioning from basic bots to fully context-aware agents that can recommend, compare, and transact—all *within the platform experience itself*. These agents will integrate discovery, action, and seamless monetization into a single point of interaction. Readiness checklists should include robust schema, feeds, APIs, and measurement frameworks for deep integration and future-proofing.

The SERP reset: From “blue links” to AI answers

For over two decades, search served as a gateway to a long list of web links. In 2025, this model started to give way to AI-generated summaries, conversational interfaces, and direct answers—reducing the need for clicks. By October 2025, [56% of Google results pages](#) featured an AI Overview, reaching [two billion monthly average users \(MAUs\)](#). Click-through rates have fallen, while zero-click behaviors are rising, signaling a structural reset.

In 2026, these shifts will become deeper and more structural



AI-powered answer surfaces will cover more queries and claim additional search real estate, compressing opportunities for free, natural clicks while elevating the value of being cited in AI responses over classic blue-link SEO.



“Citation-first generative engine optimization” (GEO) becomes the new unpaid strategy. Winning in search means creating structured, machine-readable content that qualifies for reference in AI-generated answers. Marketers need to maintain accurate, well-structured data and ensure details about their products, brands, and topics stay consistent everywhere, so search systems can easily find, interpret, and connect their content — not just rank it.



Measurement is also evolving: Marketers face a move away from “click-through rates” (CTR), adapting marketing mix modeling and incrementality testing to focus on the business impact of search appearance, rather than superficial clicks.

We’ve entered an era of hybrid search experiences—where the attention and growth will be in generative, task-driven search. However, while the excitement may be elsewhere, the familiar “blue links” are unlikely to disappear anytime soon. With traditional search still driving massive ad spend, it remains a core part of the business model—fueling revenue, profitability, and the broader ecosystem that supports AI-driven innovation.

Agentic search will compress consideration and accelerate commerce once trust is built

The modern user journey is becoming shorter, more personalized, and increasingly agent-driven. In 2025, AI primarily assists with discovery and information synthesis. But search is becoming increasingly agentic – moving from passive query response to proactive orchestration across the full journey, from discovery to decision to transaction.

The result: a compressed path from consideration to conversion. Early signals of this shift are happening now.



Perplexity’s agentic AI browser, Comet, [claims to think, act, and make decisions on users’ behalf](#)— comparing products and deals across sites, summarizing reviews, and even completing transactions through built-in payment partners.

In May 2025, [Perplexity’s partnership with PayPal](#) introduced “agentic workflows” allowing users to use natural language (i.e., “find me this + buy it”) to make purchases directly within its Pro platform. Perplexity is also in discussions with smartphone OEMs to pre-install Comet on devices, positioning it to compete more directly with “sticky” default browsers like Chrome and Safari.

Google is making similar moves. In September of this year, [Google announced](#) an agentic browsing assistant that can interact with web pages to handle tasks such as booking appointments or ordering groceries. In October 2025, OpenAI launched its new browser [ChatGPT Atlas](#), which integrates ChatGPT into the browsing experience, includes an “Agent Mode” that can autonomously complete multi-step workflows (such as shopping) and “Browser Memories,” which allows the AI to recall context from previous site visits.

These new developments mark a significant turning point—evolving from a gateway to a destination and transaction engine that blends discovery, decision-making, and commerce into one continuous experience. Despite the rapid advancements in agentic search capabilities, mainstream adoption will take time to catch up. Regulatory constraints—especially those related to data privacy, transparency, and legal accountability—will pose an impediment to adoption in certain jurisdictions, particularly in Europe.

In addition, brand trust will be a decisive factor in the adoption of agentic AI systems, comparable in importance to the role it played for platforms like Apple Pay and PayPal. When consumers delegate actions and decisions to an agent—especially those involving personal data, financial transactions, or sensitive recommendations—the perceived reliability, transparency, and security of the brand become critical drivers of user confidence and uptake.

As a result, the horizon for these predictions is longer and more uncertain, but we would expect over time the following (likely beyond 2026):

Agents will handle the entire journey , from exploration and recommendation to transaction— raising the premium on “agent-ready” brands with structured content, live SKU and price feeds, and robust APIs.	With fewer but deeper consumer interactions , measurement focuses on proxies such as assist rate, completion, and tight integration with marketing mix models.	Sales and service functions will increasingly harness agents to replace multi-step web journeys with direct, measurable outcomes—driven by trust, privacy, and tangible utility.	Adoption rates will depend on building layers of trust and explainability for consumers, as we saw with online and mobile payments.
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Organizations that recognize and act on these shifts will establish an enduring competitive advantage in 2026 and beyond, as the global AI search economy rapidly matures.

04 | AI + IP

The catalyst for gaming company valuations in 2026

AUTHORS OF THIS CHAPTER

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04 | AI + IP: The catalyst for gaming company valuations in 2026

The video gaming industry has grown into a \$273 billion global market in 2024 and is [projected to reach \\$656 billion by 2033](#). Yet valuing studios remains unusually difficult. While a single successful title can return 1,000%+ on investment, most games fail to break even—creating asymmetric risk-reward profiles that defy conventional valuation frameworks.

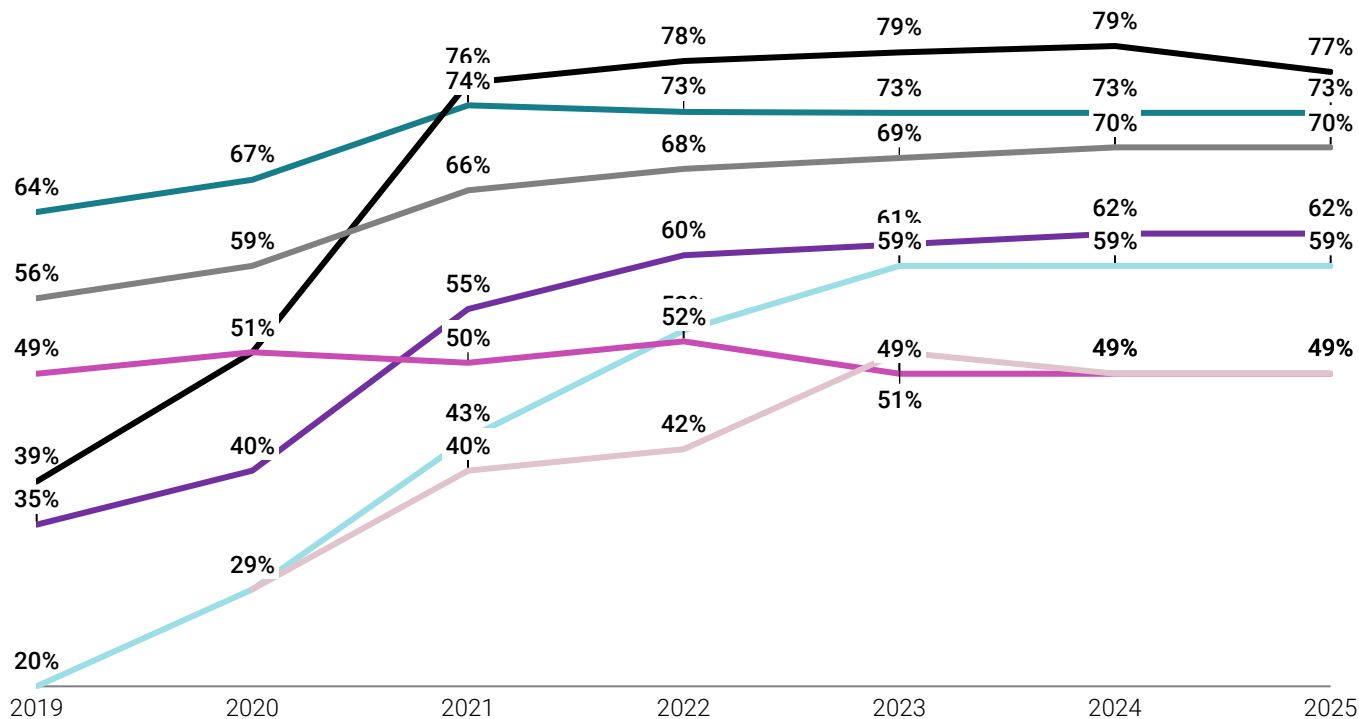
AI is now reshaping these valuation dynamics, transforming player engagement, content generation, and monetization. Leading studios are deploying AI not only as a cost-saving tool, but as a revenue engine that personalizes experiences, extends player life cycles, and unlocks new commercial opportunities within live-service environments. AI-driven player engagement measures are already producing ARPU lifts ([180%+ in early implementations like OfferFit](#)) and meaningful revenue growth ([Tencent attributed 15% YoY gains partly to sustained investments and focus in AI](#)). As investor focus shifts from traditional IP strength alone to IP amplified by AI-driven revenue capabilities, the gap between leaders and laggards is widening and will soon become insurmountable.

By the end of 2026, gaming companies that successfully integrate AI into strong IP will command valuation multiples 2-3x higher than AI-laggard peers—a bifurcation driven by deeper engagement and higher average revenue per user.

Established studio valuations and AI adoption

Major publishers are already valued on their ability to monetize IP through AI-enhanced engagement rather than relying solely on franchise strength. For example, Take-Two's premium valuation ahead of its Grand Theft Auto (GTA) VI release prices in AI as a multiplier on the franchise; investors are betting that AI-driven engagement systems will generate billions in incremental lifetime value that a static GTA VI could not deliver alone. This is supported by the fact that GTA Online, which is the primary use case for AI-based gameplay, has generated \$3 billion in microtransactions (estimated by Gabelli's [The Video Game Industry 2025 Preview](#)), and gaming communities online expect AI to be most visible in enhanced non-playable character (NPC) behavior, procedural generation, and replayability. Take-Two's industry-leading total enterprise value (based on EBITDA; see figure below) underscores a market belief that AI will redefine franchise value creation—shifting gaming from hit-driven cycles to sustained engagement platforms.

Figure 7: Live-service/in-game content revenue (as % of total revenue)



Estimated total value for FY26

EA	18x EBITDA
Take-Two	53x EBITDA
Nintendo	30x EBITDA
NetEase	12x EBITDA
Microsoft	20x EBITDA
Tencent	14x EBITDA
Sony	11x EBITDA

Market data shows a clear valuation premium for diversified publishers with live-service and AI capabilities. According to [Equidam's 2025 Gaming Studio Valuation Guide](#), these companies trade around 13-15x forward EBITDA, compared with 8-10x for traditional content-only studios and roughly 5x for mobile developers with more limited AI use. More investors are rewarding studios that use AI to drive measurable revenue growth, through higher ARPU, longer player retention, or recurring monetization, rather than those focused solely on reducing costs.

These valuation premiums align with selective capital flows rather than speculative momentum. [Norton Rose Fulbright's 2024 M&A data](#) shows aggregate deal value rose to \$10.5 billion despite a small decrease in deal count, indicating that acquirers were concentrating capital in high-performing assets. Deals such as Tencent-owned Miniclip's \$1.2 billion acquisition of Easybrain and EQT's £1.2 billion take-private of Keywords Studios exemplify this pattern: Both targets had durable user monetization and operating scale that benefited from automation and engagement technologies, making them credible beneficiaries of AI-enhanced efficiency rather than AI "story stocks."

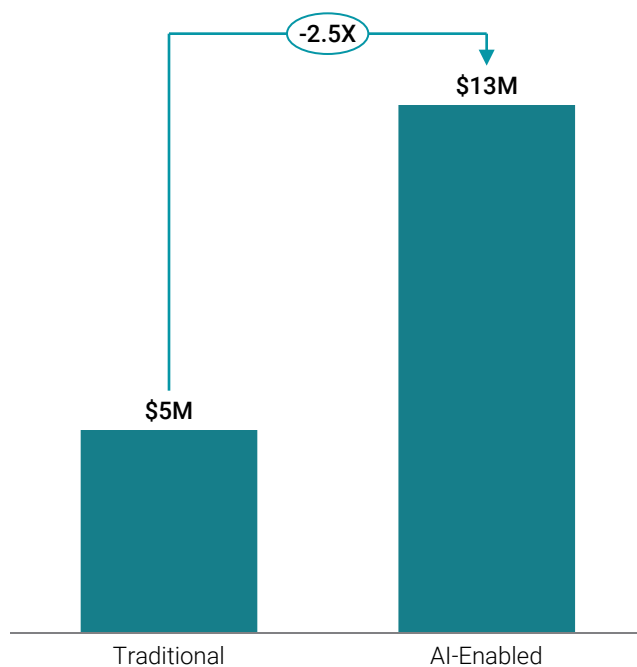
The formula moving forward for gaming companies will be the following: Strong IP attracts large audiences, AI deepens engagement and spending, and those results support higher valuation multiples. As AI's contribution to top-line growth becomes more visible, the gap between IP-rich, AI-enabled publishers and legacy content houses will widen further, redefining what "premium" means in gaming in 2026.

Startups and the AI advantage

Among private gaming companies that raised capital between 2023 and 2025 with disclosed valuations, AI-enabled gaming and adjacent companies command a significant premium. Analysis of 130 venture-backed companies reveals that the 21 startups explicitly incorporating AI into their products or platforms secured median first-financing valuations ~2.5x higher than those of 109 non-AI startups. AI-focused gaming startups such as Backflip AI, Cartwheel, and Encultured AI that center their products on content generation, AI-driven characters, and creator platforms to boost player engagement are leading this trend.

The valuation premium suggests early-stage investors are differentiating AI-native gaming models, particularly those targeting revenue-driving applications over pure efficiency gains. However, AI-focused startups still represent only 16% of companies with disclosed valuations, indicating the market remains in early formation. We predict a far greater percentage of companies with disclosed valuations will be AI-focused as of this time next year.

Figure 8: Median first-financing valuations for private gaming companies



Source: PitchBook, August 2025

The new “battle royale” in video games

By 2026, studios that fuse advanced AI with durable IP will earn a clear 2–3x valuation premium, driven chiefly by revenue outcomes—deeper engagement, higher ARPU, and faster monetization—while cost efficiencies play a supporting role.

For executives, the path is pragmatic: Tilt AI toward player-felt depth (adaptive challenges, richer systems, and credible NPCs) within franchises that can compound those gains, and let quiet AI use cases—procedural levels, localization, and dialog scaffolds—improve gameplay quality without fanfare. Companies that keep a light but continuous read on sentiment and in-game KPIs to reinforce what delights and retire what doesn’t will, over time, find their business on the right side of the AI valuation bifurcation.

05 | Media M&A in 2026

Dealmaking in the age of disruption

AUTHORS OF THIS CHAPTER

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05 | Media M&A in 2026: Dealmaking in the age of disruption

Last year in this report, we predicted that media M&A activity would rebound in 2025, driven by reduced regulatory scrutiny and lower capital costs that would improve conditions for dealmaking and fuel additional spinoffs of cable assets.

Despite a slow start to 2025, this prediction has proven accurate. In Q3 2025, we saw closed transaction value increase by more than 2,000% compared to Q3 2024, led by media holding company mega mergers and cable TV carve-outs.

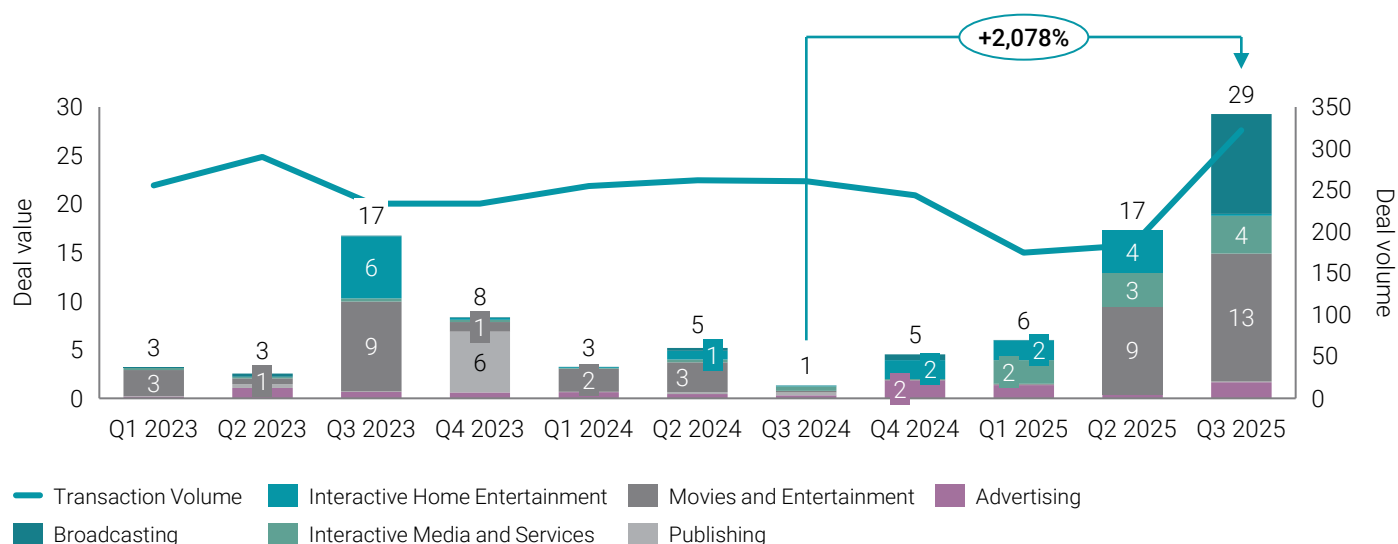
In 2026, we predict more than \$80 billion in media M&A deal value, with sustained increased volume across all quarters. This will be driven by a broader resurgence in M&A activity across large and small deals as media companies adjust to a new economic normal and consolidate legacy assets while investing in new technologies.

Adapting to a new economic normal

After years of elevated interest rates, [Goldman Sachs expects](#) the U.S. Federal Reserve to deliver three 25-basis-point interest rate cuts by the end of 2025 and two more in 2026. This would drop the terminal rate to between 3% and 3.25%, down from the current 4.25% to 4.50% level.

This, plus PE's heavy existing involvement in media deals, positions the sector for heightened activity in the year to come. If companies don't move on their targets now, their competitors or financial buyers will. It will be critical for media firms to survey the market, conduct due diligence, and execute transactions.

Figure 9: Media transaction value and volume by quarter (Q1 2023 – Q3 2025, \$B)



Source: Capital IQ

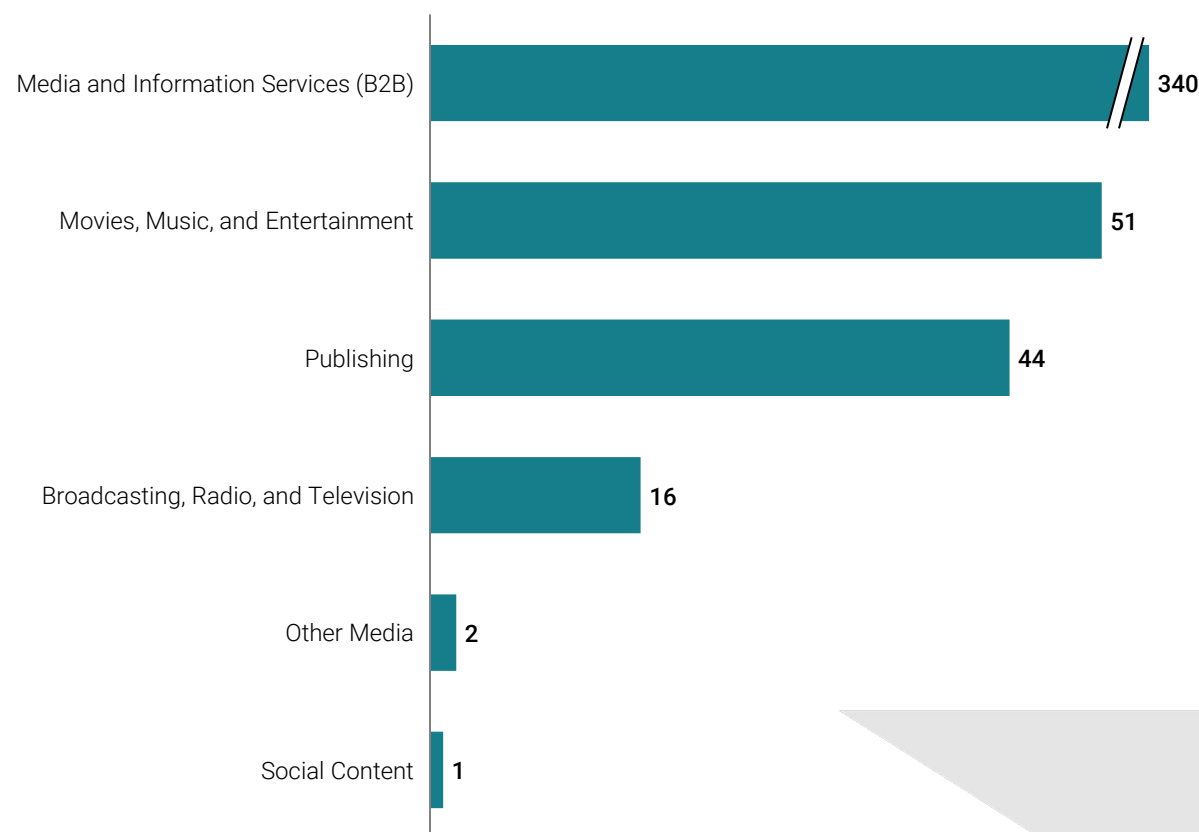
Ask for forgiveness, not permission

In July, [a federal appeals court struck down](#) the FCC’s prohibition on entities owning more than one of the top four TV stations in a single market. As such, local news and national networks are vying for dominance via now-legal transactions, shaking up linear TV in an M&A-driven atmosphere that we predict will persist throughout 2026.

Recently, [Sinclair offered to merge](#) its broadcast TV business with rival Tegna in August, right after another rival, Nexstar, [agreed to buy Tegna for \\$6.2 billion](#). The Tegna-Nexstar deal originated under the assumption that it would be allowed following regulatory shifts, indicating a more aggressive stance on regulatory compliance to come.

Clearly, this is an environment ripe for dealmaking, and as of March, [global private equity firms held more than \\$500 billion in uninvested capital](#) from funds closed in 2020 and 2021. We expect large companies to evaluate their assets and consider carveouts to take advantage of buyer and PE demand— especially around assets that would add value to PE firms’ linear TV portfolios.

Figure 10: More than 400 media M&A deals have already been completed with PE involvement this year (through September)



Source: PitchBook

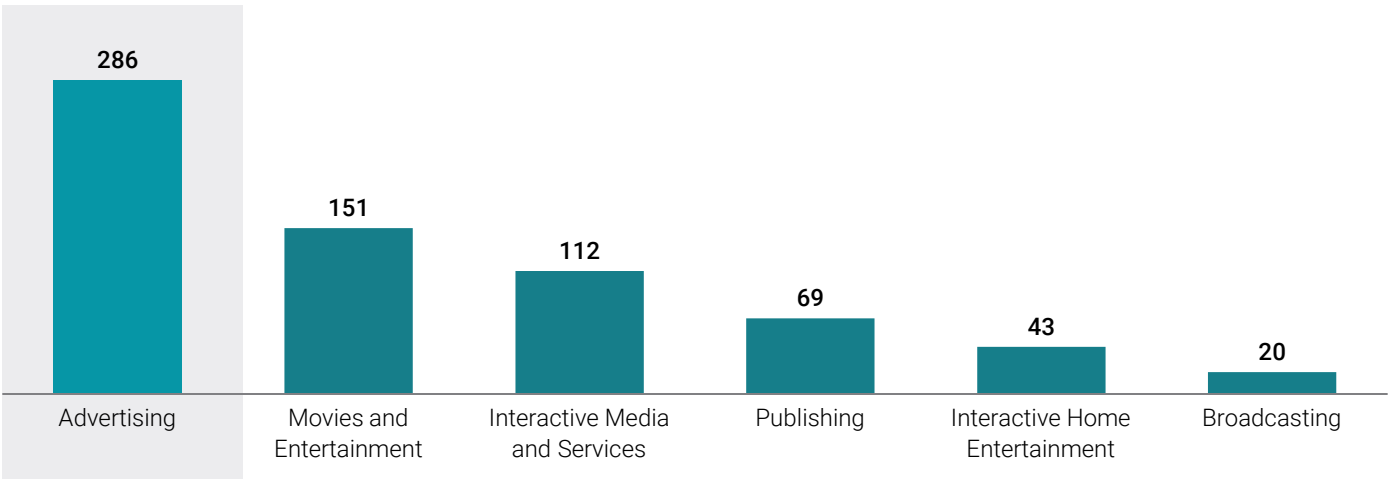
Higher deal volume, smaller technology-centric deals

The rapid advances of AI, coupled with shifts in media consumption trends, will drive more deals in 2026 than we saw in 2025, but deals will be smaller in size as media and entertainment companies look to acquire assets that boost their technology and advertising capabilities to compete in a new information age.

Looking at the first eight months of 2024 vs. 2025, advertising transactions far outpaced other media subcategories, indicating an opportunity for industry players to augment their ad offerings via M&A rather than in-house. We expect acquirers to prioritize transactions that offer AI capabilities around ad targeting, content automation, and workflow efficiency to stay ahead of competitors aiming to do the same.

Figure 11: In 2025, advertising deal volume far outpaced other categories

Count of closed M&A transactions by media sub-category (Jan-Sep 2025)



Source: Capital IQ

Major media companies that have already earmarked budget for AI include:

[WPP Group](#), which announced £300 million annually for AI. In the near term, the money will go to providing additional funding for Stability AI and the acquisition of InfoSum, which will allow the media conglomerate to integrate GenAI and data collaboration tools into its tech and customer service stacks.

[Publicis Group](#), which allocated €900 million in 2025 for strategic acquisitions to bolster its CoreAI platform.

[Reuters](#), which has committed \$200 million annually to AI development. This comes after an initial \$100 million investment in AI from the news organization after ChatGPT launched in 2022.

If media companies aren't building AI capabilities now, they'll be forced to catch up later. That's why in 2026, these transactions will accelerate.

For media companies, that means the time is now to determine your role as a buyer or a seller and prepare accordingly. Whether you're identifying targets or positioning your company as an attractive asset, the second wave of media M&A is here.

06 | Private capital in media

From content ownership to content interaction

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06 | Private capital in media: From content ownership to content interaction

After a cautious two years, **private equity investors are returning to growth, but with more precision.** Dealmakers are concentrating on sector-specific theses that combine recurring revenue, operational value creation, and defensible market structures.

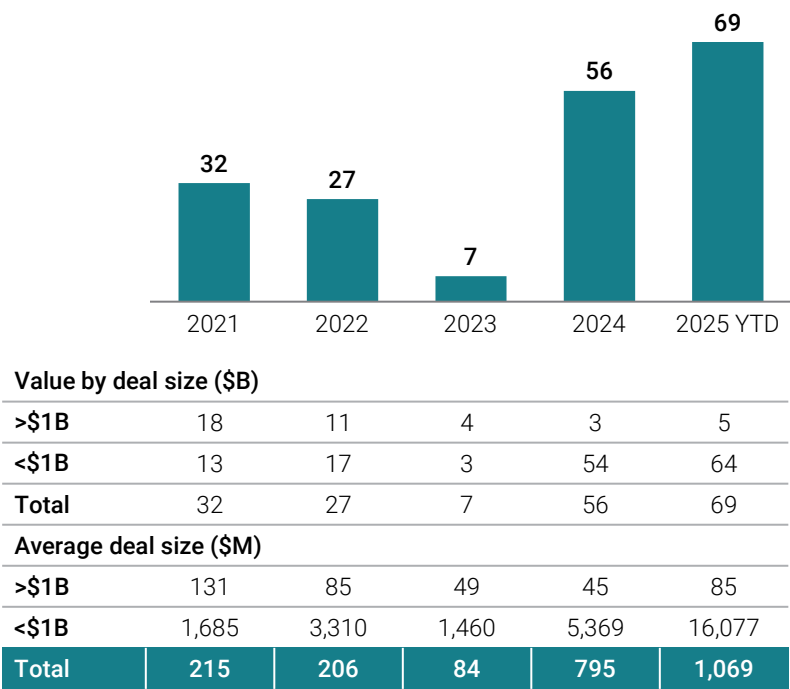
This shift is especially observable in the media industry, where private capital is increasingly focusing its attention. Deal value rebounded sharply in 2024, but this surge centered on a handful of large-scale, high-conviction transactions such as [Silver Lake's](#) investment in Endeavor, [EQT's](#) \$2.8 billion acquisition of Keywords Studios, and [KKR's](#) \$1.7 billion investment in FGS.

The rise in average deal value underscores a strategic evolution: **Private capital is consolidating around fewer, more durable themes** such as scalable ecosystems and infrastructure that balance durable value with growth. Within media, two themes have emerged as the anchors for this next cycle—interactive media and consolidation of IP/distribution.

Specifically, we expect private equity and growth investors to focus on three areas of opportunity in 2026:

- 1 Enabling infrastructure that powers interaction-led growth
- 2 Buy-and-build in creative tooling, monetization, and ad-tech infrastructure
- 3 Co-financing and/or partnerships in IP/distribution platforms

Figure 12: Global PE total announced media deal value

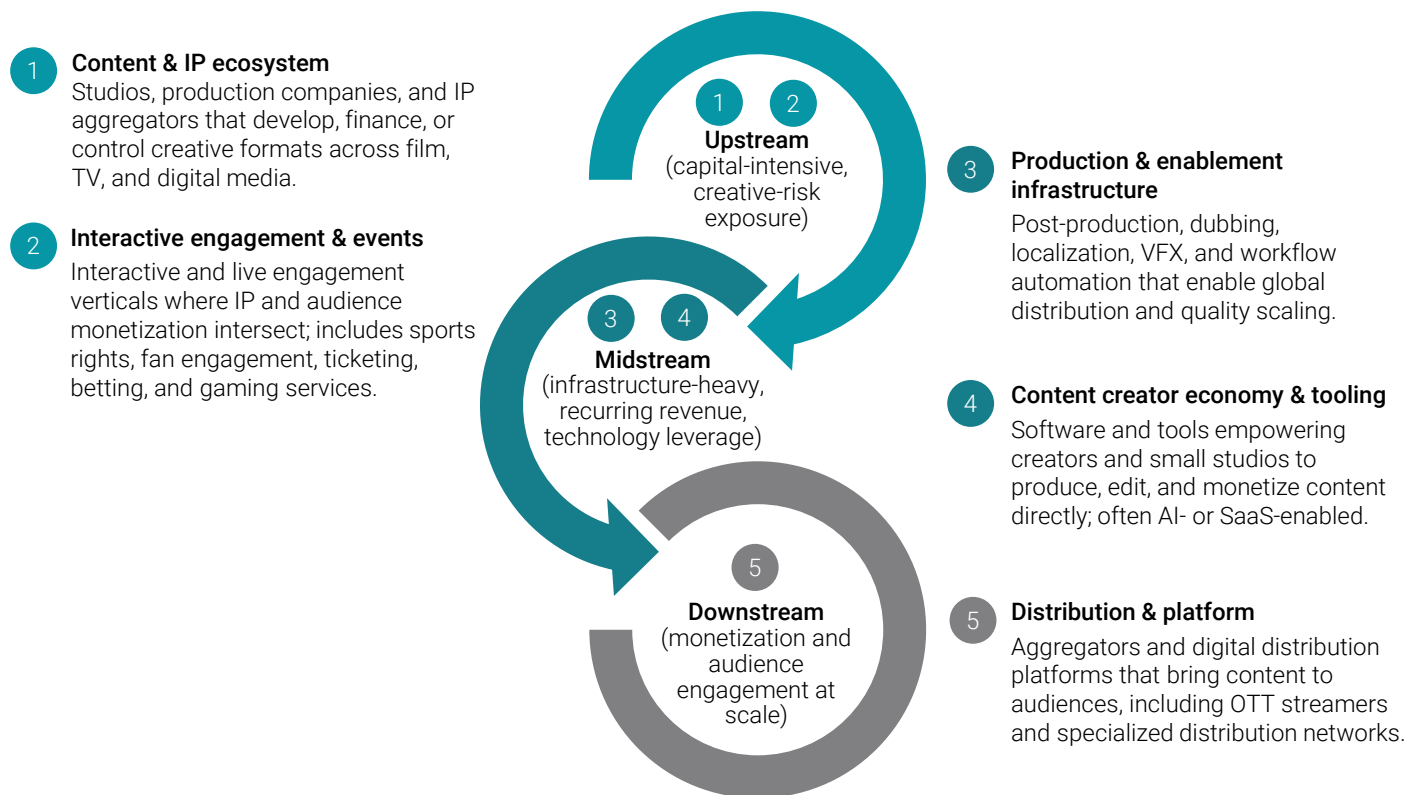


Source: Mergermarket & AlixPartners analysis
Note: Figures include Target Sector for Advertising, Media, Publishing, Radio/TV broadcast, Search engines and other internet-enabling technology, and additional media deals filtered for in other sectors: Application software products, Operating systems and systems-related software, Software development, Systems integration, Computer software, Website design/consultancy, Other entertainment

Two value pools fueling private capital deployment in media

It's useful to view media through five investable subsectors across the value chain. Each layer has distinct capital intensities and risk profiles.

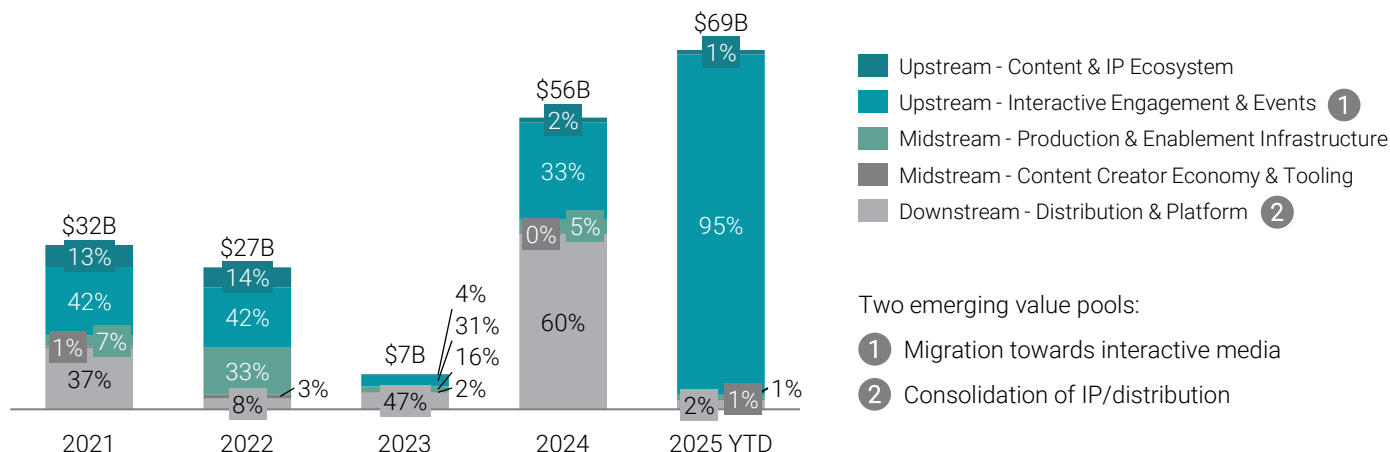
Figure 13: Media's investable value-chain layers & subsectors



Source: AlixPartners 2026 Media Trends Report & AlixPartners analysis

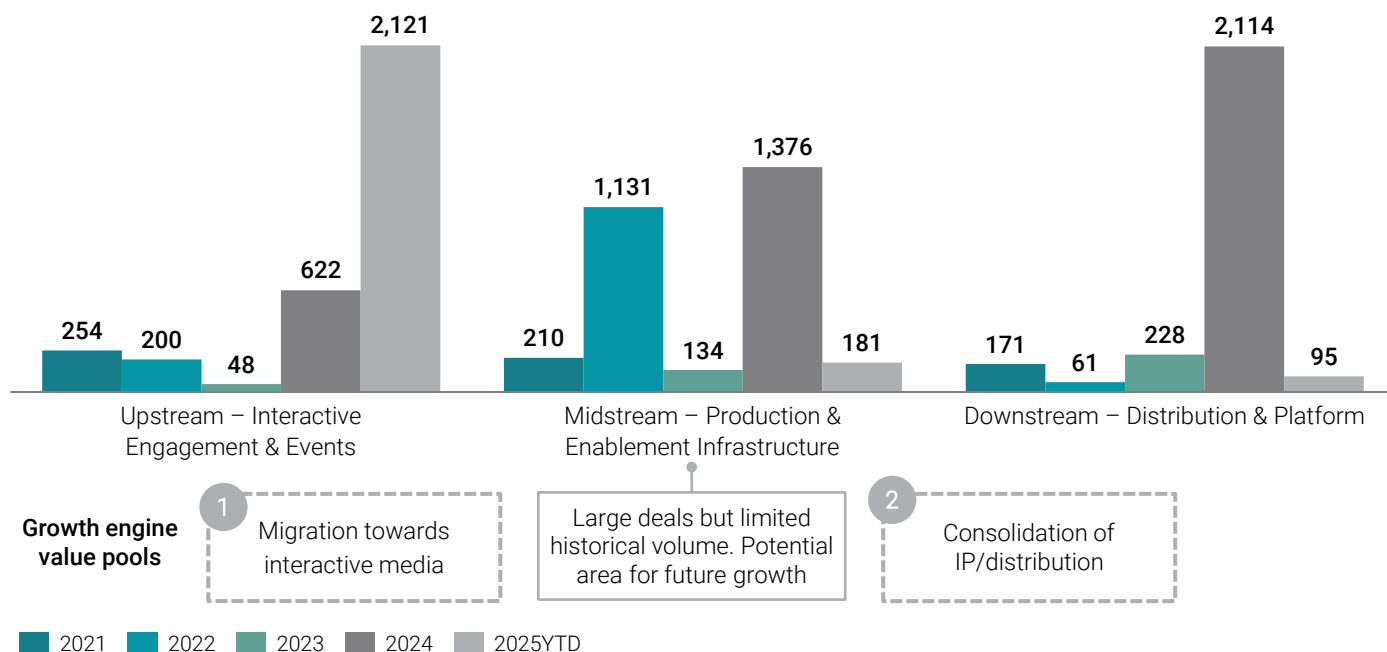
Deal data from 2021 to 2025 reveals two value pools driving capital deployment in media: migration toward interactive media and consolidation of IP/distribution. Both show increases in total deal value and deal size.

Figure 14: Global private equity announced media total deal values (\$B) by subsector



Source: Mergermarket & AlixPartners analysis

Figure 15: Global private equity announced media avg. deal size (\$M) by subsector



Source: Mergermarket & AlixPartners analysis

Migration toward interactive media

IP and audience monetization intersect with interactive media and live engagement (e.g., sports, fan engagement, ticketing, betting, and gaming services). Three converging forces are reshaping this subsector:

1. Technology acceleration: Generative AI, real-time rendering, and automation have reduced content-production friction and enabled scale.
2. Consumer behavior: Audiences are no longer passive; they oscillate between watching, playing, and creating. Live events, esports, and short-form ecosystems reward continuous engagement.
3. Platform economics: Ad-supported, data-driven, and commerce-linked models offer high ROI predictability and retention metrics.

Together, these dynamics make interactive ecosystems an attractive, defensible layer within the media space. Average deal values around interactive engagement & events and distribution & platforms have surged 3-4x since 2021, reflecting capital concentration in engagement-driven assets.

We believe private equity will continue to invest in interactive media in the coming years, with a focus on surrounding infrastructure and tooling.

Consolidation of IP/distribution

Studios, premium IP holders, and audience aggregators now operate as vertically integrated ecosystems that control production, distribution, and monetization. This consolidation and verticalization have compressed the addressable space for independent operators and investors.

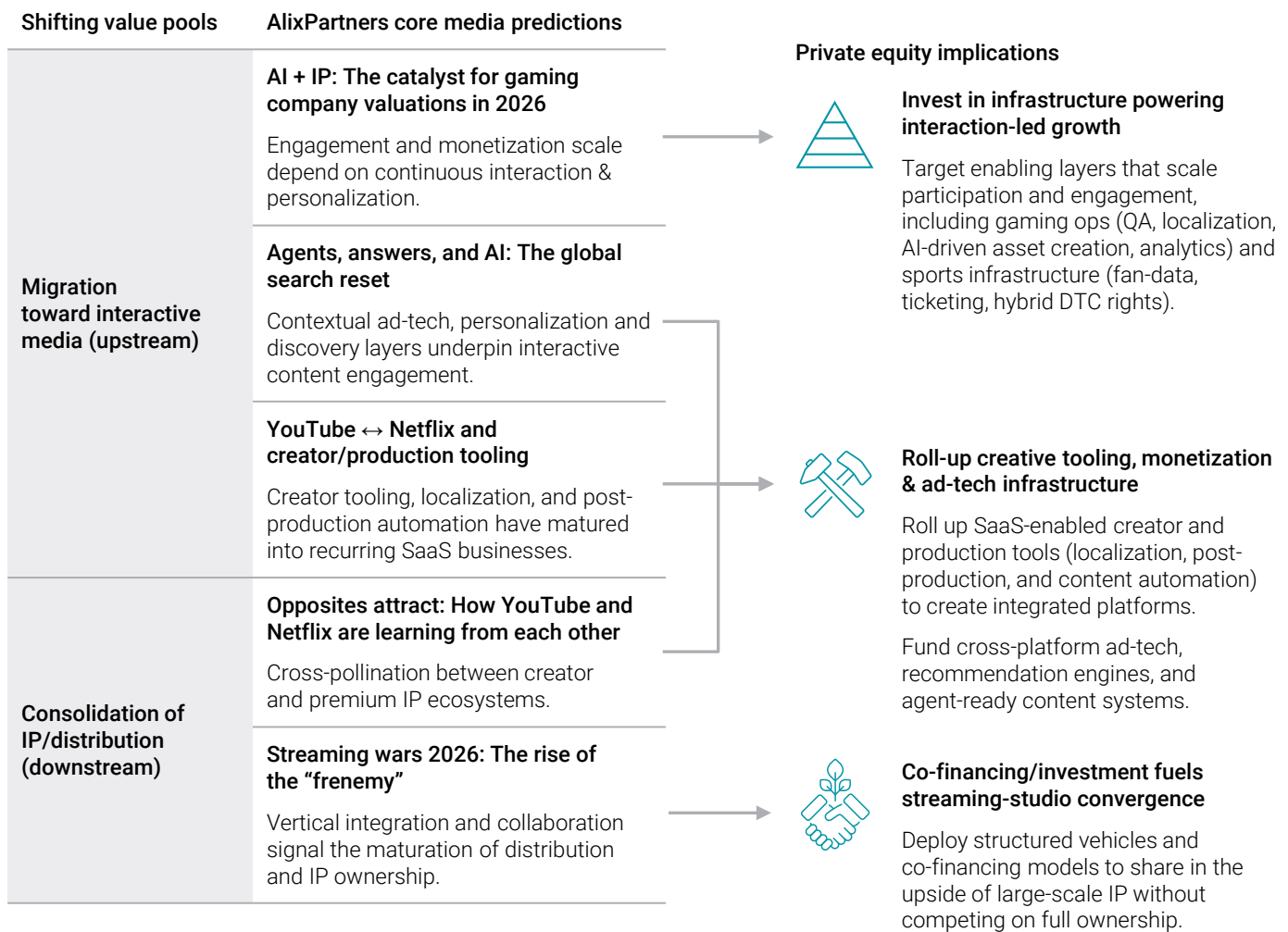
Major consolidations such as Disney-FOX, Warner Bros.-Discovery, and partnerships like Paramount's bundling with Peacock and SkyShowtime illustrate this shift toward closed systems of content and audience ownership.

For private capital, the prospect of owning both audience and IP is still compelling, but the entry cost has risen sharply. Competing in this subsector requires billion-dollar scale, long payback horizons, and exposure to cyclical ad and subscription markets. **Consequently, we believe private equity participation will tilt toward high-conviction partnerships and co-financing structures rather than full-control plays.**

Implications and predictions for private equity investment

As media value pools shift, private equity can leverage the industry's connective tissue: The infrastructure, tooling, and monetization engines that underpin both consolidated IP platforms and interactive ecosystems.

Figure 16: Private equity implications for the media industry based on our predictions



 Invest in infrastructure that powers interaction-led growth (Upstream)	Interactive ecosystems were a main focus of private capital deployment between 2021 and 2025. While there will still be IP-based mega-deals in the future, dealmakers will also pursue the service infrastructure that monetizes participation. These layers benefit from recurring pipelines and exposure to attractive end markets such as video gaming, live streaming, and sports engagement, each demonstrating durable revenue streams. A leading example is EQT’s \$2.8 billion acquisition of Keywords Studios, a global provider of AI-enabled development, art, audio, localization, and marketing services for the gaming and entertainment industry. The transaction illustrates how private equity can scale global service providers that sit at the center of next-generation content production and interactive engagement.
 Roll-up creative tooling, monetization, and ad-tech infrastructure (upstream & midstream)	Following years of horizontal and vertical consolidation among media incumbents, attention will turn to the fragmented tooling and monetization infrastructure that underpins both creator and enterprise ecosystems. Private equity is well positioned to buy-and-build across 1. Creator and production tools scalable across markets, 2. AI-enabled ad tech and recommendation engines, and 3. Agent-ready content infrastructure that supports automated discovery and monetization. Novacap’s \$1.9 billion acquisition of Integral Ad Science (IAS) highlights this shift. IAS provides AI-driven ad verification, fraud detection, and campaign optimization solutions, all of which are core enablers of performance marketing efficiency. The deal highlights how PE is consolidating middleware platforms where AI transforms monetization and scalability.
 Co-finance and/or partnerships to gain access to IP/distribution platforms (upstream & downstream)	As streamers and broadcasters consolidate and converge, the barrier to entry is increasingly growing for new capital. Rather than competing head-on, private equity can use co-financing, structured equity, and partnership models to secure exposure to premium IP and audiences. A notable example of this strategy is Domain Capital Group’s theatrical slate with Warner Brothers in 2023 and a 30-film slate with Paramount in 2025, gaining the group access to blockbuster titles such as <i>Barbie</i>, <i>Gladiator II</i>, and <i>Sonic the Hedgehog 3</i>.

Looking ahead

As content ownership grows more concentrated, the most durable value lies in the connective infrastructure that underpins it. The greatest opportunities for private capital now lie in the infrastructure, tools, and monetization engines—like gaming services and ad-tech middleware—that facilitate deep audience engagement and efficient content delivery.

By targeting these durable, recurring-revenue assets, private equity can build scaled, defensible businesses that profit regardless of which large media player owns the next blockbuster, effectively ensuring a central role in the future media value chain.

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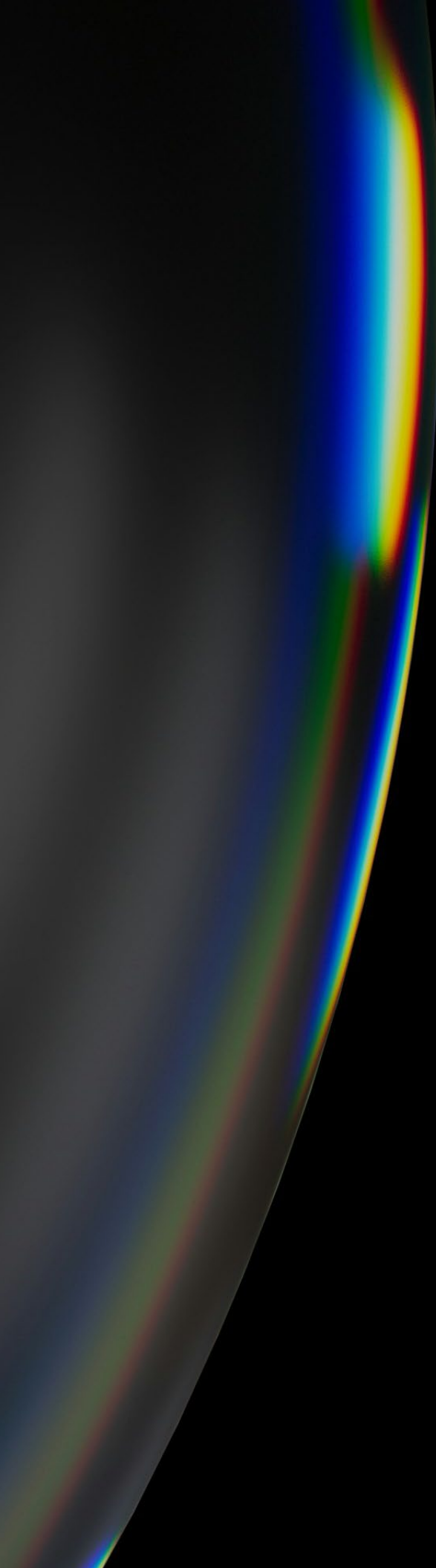
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