



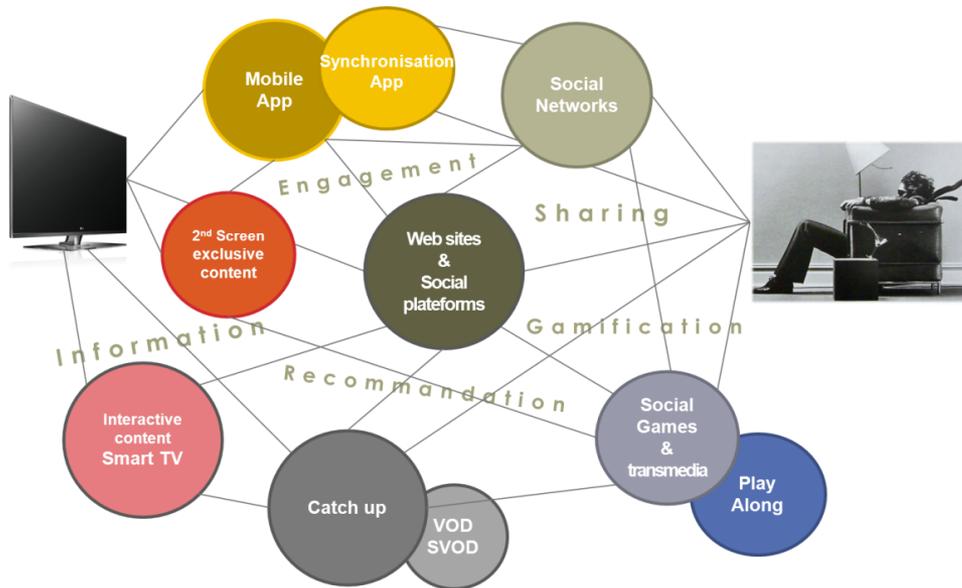
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# Buyers' Trends at MIPCOM

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  2. Coping with an increasingly competitive buying landscape
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# 1. Buying linear + digital rights is becoming standard

# Buyers need to respond to consumers' desire to watch TV in a delinearised way



**With or without Smart TVs, content is already connected.** Broadcasters are now developing digital experiments to address different issues: retention, acquisition and monetisation. Second screen and social media are an opportunity to create engagement from their viewers.\*

**A wide range of solutions are exploited to build augmented experiences.** Broadcasters are responding to the desire of viewers to watch TV in a delinearised way, at any time and on any device, with developments like catch up/VOD/SVOD platforms with strong brand identities (MyTF1, BBC iPlayer, etc.).\*\*

“The advent of social media has changed the way we buy programming,” says Charlie Parsons, US-based vice-president of global development and production at the National Geographic Channel (Nat Geo TV). “It has made us think of different extensions (of the programming brand) on different devices at different times for TV, promotional material, exclusive content, short-form entertainment. We want to serve all media consumers and be wherever they are. The times are changing and that keeps you thinking in different ways on how to slice and dice projects for the appropriate audiences.”\*\*

\*Source: [“Worldwide TV Trends - Equipment, offer, content: already connected”](#) exclusive whitepaper by Eurodata TV Worldwide/relevant partners for MIPTV-MIPCOM

\*\*Source: “Shopping in the digital age” article - MIP Publications

TV buyers need to secure all platform rights as they work on strategy development, market opportunities on emerging technologies, transmedia strategies, and participative experiences.

This Pandora's box includes management of VOD & catch-up rights, even if the path to monetising those rights remains blurry. They can ask for catch-up rights (and sometimes even VOD rights) for free, as they often do not have specific budgets in mind. Exceptions with clear budgets include those whose broadcasting groups are developing new digital platforms (ZDF, RTI Mediaset, Televisa, etc.).

Digital deals are increasingly standard for most programming, with negotiation conducted on a case-by-case basis.

Digital buyers like Hulu and Netflix pursue exclusive rights for securing high-quality content (thus proposing prices as high as those of cable TV channels in the US).

So far, most VOD operators have been working with business model based only on revenue sharing (hence, no risk taken by the VOD platform in terms of acquisition.) However, this model is beginning to change. Now platforms are starting to offer minimum guarantees for rights acquisitions.

# Why linear rights are no longer enough for buyers\*

“A few years ago it was difficult to sell dramas which required viewers to stay loyal every week because they tended to drop in and out. But the growth of on-demand means that people can store up episodes and watch them all in one go. This has shifted demand slightly away from story-of-the-week-style dramas towards the more complex characterisation of serials”, says **BBC Worldwide** director, drama, **Caroline Torrance**.

**Tatjana Vucanovic**, general manager and vice-president Central and Eastern Europe at **Disney Media Distribution** points out, “with digital fragmentation has come more complex and creative windowing. It’s important for us to reach viewers wherever they want to watch content. That’s why we’ve done content deals with the likes of iTunes, Netflix, Lovefilm as well as more established broadcasters”.

“We need to make sure we can buy different rights so that we can build 360-degree projects, adhere to our viewers’ needs, and capitalize every single (digital) platform”, says **Cathrine Wiernik**, head of format acquisitions and international relations at Swedish commercial TV giant **TV4**.

“For those of us in the kids’ business, having the ancillary rights (to the programmes) is essential because our audience expects it. They don’t remember how content entertainment was before. To do their job properly, buyers constantly need to get their heads ‘round new technology. When a producer clears performance rights with us, it covers future (digital) inventions as well”, observes **Cecilia Persson**, vice-president of acquisitions and co-productions, EMEA, for **Turner Broadcasting’s** kids’ channels.

“Japan is not actually a big market for non-linear service yet, but we are trying to get mobile, internet, SVOD and all forms of VOD rights, as well as TV rights, in the event that we start TV-everywhere and a VOD service in the near future”, says **Yasuko Arai**, The **Walt Disney Company Japan’s** senior manager for acquisitions and television programming.

“We expect the rights to be clear for the appropriate territory for each platform and we like to know upfront all of the platforms envisioned by creators and how the content will be used for each platform,” says **Jennifer Stewart**, senior director of acquisitions and development at Canadian public broadcaster **CBC**. “This should be integral to the creators’ thinking from the outset. We’d also like a good sense of how the creators manage their rights through such technologies as geo-fencing (which maps what’s possible or not in different geographical markets).”

“We have to be able to ensure that our content is available through every platform, so if there are rights to be had, we take them”, says **Jules Borkent**, SVP of global acquisitions and international programming for **Nickelodeon**.

## 2. Coping with an increasingly competitive buying landscape

# Buyers must cope with a multiplicity of channels, platforms and screens\*

The growing number of channels and platforms providing – sometimes exclusive – content, combined with the multiplication of screens and digital activities, means competition has never been so great for TV broadcasters ... nor the hunger for content so intense.

Therefore, in this highly competitive environment, networks must find the right compromise: retaining their audience and conquering new viewers while revisiting their offers to stand out amongst competitors.

Using strong brands, mixing genres and exploring themes that go off the beaten track, appear to be the winning formulas.

Also, the growing number of channels and the arrival of new players such as Netflix or Amazon's Lovefilm make competition tougher than ever. In this context, traditional broadcasters need to extend their presence across different screens.\*\*

\*Source: ["TV dares to reinvent itself"](#) exclusive whitepaper by Eurodata TV Worldwide/relevant partners for MIPTV-MIPCOM

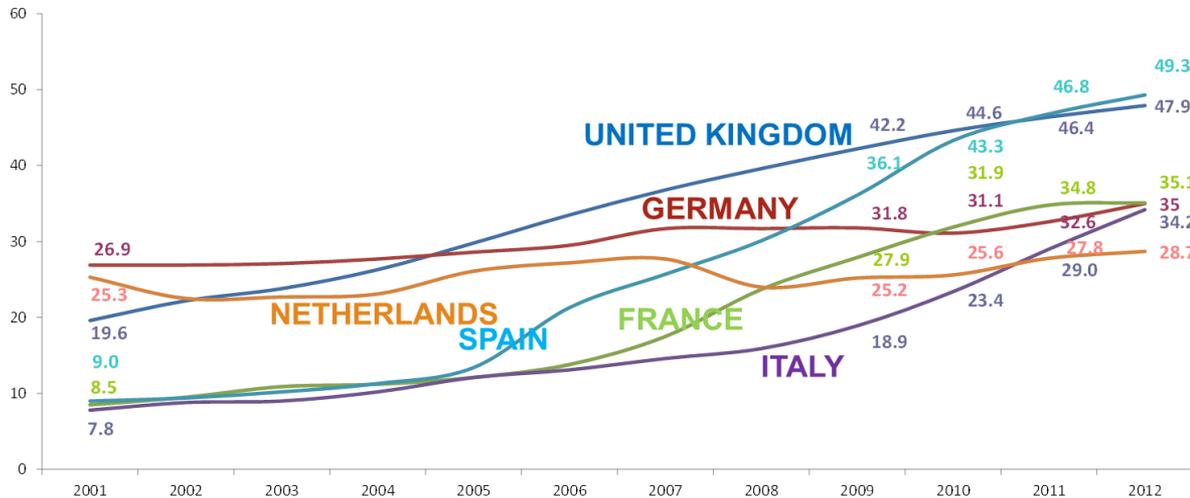
\*\*Source: ["Worldwide TV Trends - Equipment, offer, content: already connected"](#) exclusive whitepaper by Eurodata TV Worldwide/relevant partners for MIPTV-MIPCOM

# Channel offers are expanding\*

The expansion of channel offers, reinforced by the analogue switchoff, is an extra motivation for television consumption. In Spain, for example, the market share of such channels, excluding the original analogue selection, has grown from 9% in 2001 to 49,3% in 2012.

The gain of 2,5 points in audience share between 2011 and 2012 has enabled Spanish challenger channels to surpass their British counterparts, which in 2012 registered 47,9% in 2012. This is nearly the same level as in the UK, where these channels benefitted from a share of 20% in 2001.

## Evolution of 'challenger' audience share (exempting historic channels\*)



The situation is quite different in the Netherlands and Germany. As both countries already had extended channel offers via cable or satellite, German and Dutch consumers are accustomed to a wide range of TV channels.

In the Netherlands, analogue switchoff took place in 2006, but historical channels have been largely successful at resisting the growth of new challengers, even if a small increase in the latter's audience share occurred in both countries between 2011 and 2012.

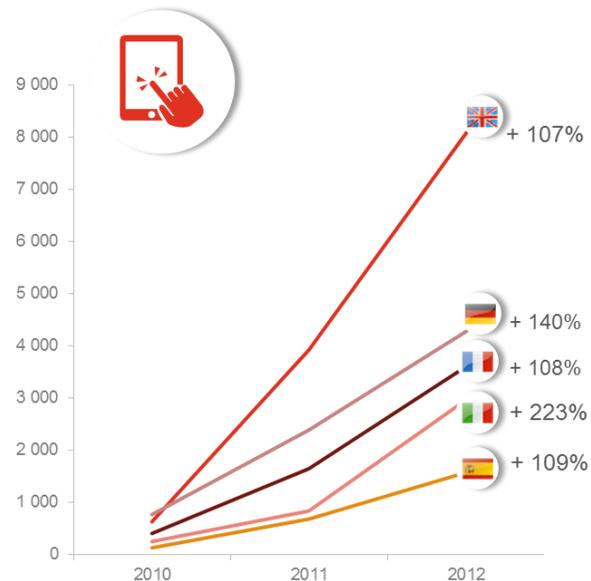
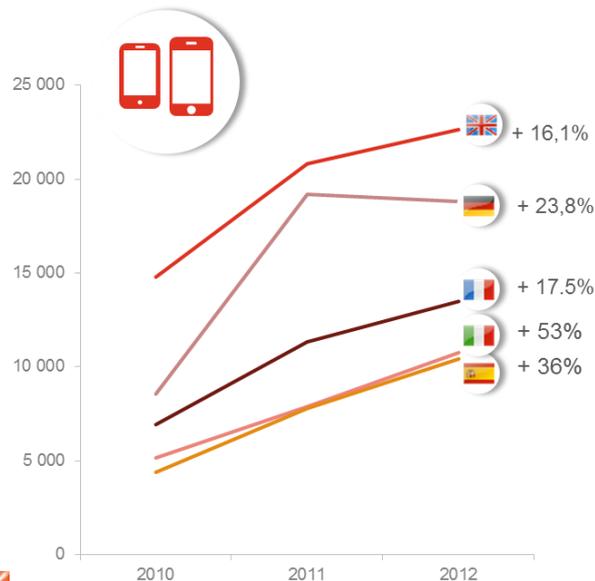
\* Historic Leaders: **Germany**: ARD 3, ARD 1, ZDF, RTL, Sat1, Pro7 / **France**: TF1, France 2, France 3, M6, France 5/Arte, Canal+ / **Spain**: La1, La2, Tele5, Antena 3, FORTA / **Italy**: Rai Uno, Canale 5, Italia 1, Rai Due, Rai Tre, Rete 4, La Sette (La Sette replaced TMC on 24<sup>th</sup> June 2001) / **Netherlands**: Nederland 1, Nederland 2, Nederland 3, RTL4, RTL5, RTL7 (ex Yorin), SBS6, Net5, Veronica (ex V8) / **United Kingdom** (HD included where measured): BBC1, ITV1, Channel 4, BBC2, Five.

# Companion screen figures have exploded in one year\*

Meanwhile, sales of second screens are exploding throughout the world. According to GfK, more than 20 million smartphones were sold in the United Kingdom in 2012, a 53% rise compared to 2010.

In Germany, after a huge increase from 2010 to 2011, almost 19 million units were sold in 2012. In France, Italy and Spain, sales rose regularly, hitting a 100% augmentation from 2010 to 2012.

In 2012, the number of tablets sold in the United Kingdom was 13 times higher than in 2010, with more than 8 million units sold. In Germany and France, sales hover at about 4 million. In Italy and Spain, sales hover at about 1.5 million.



Source: Eurodata TV Worldwide / GfK

# Buyers aim at raising channels' profiles and encouraging audience loyalty through quality programming \*

“There will be always a demand for these high-level productions because channels need lighthouses which raise their profile”, observes **Eric Welbers**, managing director of sales and acquisitions at Germany's **Beta Film**.

“The response from buyers to our latest drama, Mr Selfridge, has been very strong - deals have been done with the likes of VRT Belgium, SVT Sweden, TVNZ New Zealand, PBS in the US and Seven Network Australia. One attraction of ITVSGE content to buyers is that it is tried and tested. Series like Mr Selfridge, Poirot, Marple, Morse, Lewis, and Endeavour are quality series that help channels define their brand. They are constantly going into re-licence and are even starting to find new audiences, thanks to on-demand”, says **ITV Studios Global Entertainment (ITVSGE)** managing director **Maria Kyriacou**.

**BBC Worldwide** director, drama, **Caroline Torrance**, says “digital places more onus on networks to find stand-out shows”.

**NHK's** head of international programme development, **Kazumasa Iida**, says “the launch of many satellite channels over the past year is heating up the competition for good programming. It's becoming harder to acquire high-quality dramas, and the competition is heavier in sport and history documentaries.”

“The challenge is less about price than it is about quality. We want programmes that are fresh and take an original approach”, says **Luc Verreth**, current affairs buyer for **VRT Nieuws** in Brussels (responsible for acquisitions for the populist 1 & the more in-depth Canvas channels).

“The buying business has got bigger and tougher as there are more competing channels, so everyone is after the same stuff; everyone wants the big, bold and best ideas. (...) We always buy something that will engage viewers; if we don't have that, we don't have anything. We need programmes that are the talk of the town. We get in early with the producers so that we're part of the journey and part of the revenues”, says **Cathrine Wiernik**, head of format acquisitions and international relations at Swedish commercial TV giant **TV4**.

**Roope Lehtinen**, CEO of **Moskito Television**, part of Nice Entertainment Group, says “we are always looking for something unique, since the big multinationals are all competing against us in our home territory. If somebody has a factual entertainment show that is emotionally catchy, has a solid concept and a track record, we will take it. And if somebody has a good live entertainment show or a big reality show that stands out, we are definitely very interested.”

# Original content – especially drama/scripted television – is a true differentiation asset

Producers have gotten better at creating high-quality content that works all around the world, giving the drama distribution trend an extra boost. Whether they're in the free, DTT, pay TV or on-demand sectors, buyers need scripted shows that either help channels make their mark or encourage audience loyalty.

"There is a massive increase in scripted content being originated by US channels, with more than 30 US networks commissioning original scripted content — and many of them are developing content that works just as well internationally", says **FremantleMedia International's** CEO **David Ellender**. Another interesting point is that eOne's Rogue is the first original commission from US DTH platform DIRECTV. Following up on similar scripted investments by the likes of AMC, FX, Starz and History, **John Morayniss**, CEO of **eOne Television**, says: "it underlines the point that everyone wants exclusive scripted content".

This trend even extends to leading on-demand player Netflix, which made a significant investment in the Kevin Spacey/David Fincher project House Of Cards. Internationally, the beneficiaries of this show include Sky Deutschland, Canal+ in Spain/France, Zon Portugal and Digiturk in Turkey — all of which acquired the show from its international distributor Sony Pictures Television (SPT).

Speaking to shareholders in January, **Netflix** CEO **Reed Hastings** made it clear that House Of Cards won't be the last high-end series to be green-lit by the cash-rich company: "Because original series can be completely exclusive to Netflix (no TVOD, no linear, no kiosks, no theatres) we believe they will be more effective in attracting and retaining members than equivalent content that is less exclusive to Netflix. Original series developed for internet TV will be better for creators, for consumers and for Netflix."

### 3. Buying TV programmes with global appeal

- **US productions continue to export well** and fill up programming grids\*.
- **Alternative territories are gaining ground** for fiction at the expense of the US series. While five years ago, the *C.S.I.* franchise, *Desperate Housewives*, *Grey's Anatomy* and *House* (to name only a few) flooded international top rankings, in 2011 only *House* appeared in more than one country (Canada and France), as well as American sitcom *Two and a Half Men*, which figures in US top rankings as well as those of Australia, English-speaking Canada and Italian-speaking Switzerland\*.
- Drama trends are changing, from “only local prime time series + US hit drama series” for each country, to incorporate a mix of strong European series (Scandinavia/the UK leading the way), Turkish series for the Middle East and Eastern Europe, and hit Asian series.\*\*
- Turkish series **continue to thrive internationally**. These include *Aşk ve Ceza*, a local success which finds itself among the most popular broadcasts in Bosnia Herzegovina, Croatia and Macedonia. *Magnificent Century*, based on events that occurred during the reign of Süleyman I, was sold to over 40 countries\*.
- **British series are also extending their status worldwide**, both in Europe and in the United States. In 2011, *Downton Abbey* was critically-acclaimed and ignited international ratings: it appeared in the annual Top 10 in the United Kingdom and Australia, and boosted broadcasters' ratings in Spain, Sweden and in the US on PBS's Masterpiece slot\*.



\*Source: [“Television scores in 2011! A panorama of worldwide TV consumption”](#) exclusive whitepaper by Eurodata TV Worldwide/relevant partners for MIPTV-MIPCOM

\*\*Source: qualitative interviews among TV buyers, completed by MIPTV-MIPCOM Buyers' Department

# Drama producers, among others, create high-quality borderless content that works globally\*

**FremantleMedia International's** CEO **David Ellender** says: "We began to notice some time ago that US showrunners were more mindful of the international audience at the development stage (...) As part of this strategy we pledged to partner with the best of international talent in order to create premium product for international audiences."

"Much of what has been said so far deals with the way that internationalisation is helping to deliver better ideas and executions. But as discussed at the outset, developments in digital have also played their part in driving innovation in drama", says **Tatjana Vucanovic**, general manager and vice-president Central and Eastern Europe at **Disney Media Distribution**. "One of the company's most interesting innovations has been to start showing some of its US shows internationally before they air at home. We have to be sensitive to the needs of the US market, but it's a strategy that worked well with Body Of Proof, and which we are now seeking to repeat with a new show *Mistresses*."

**Zodiak Rights'** Paris-based senior vice-president, sales and acquisitions, **Alex Piel** believes "what's really working is the way TV shows combine the efficiency of Anglo-Saxon drama with European cultural themes. They have the pacing, characterisation and emotional empathy we always used to associate with US or British drama." (NB: Zodiak ex- Senior VP **Alex Piel** is joining Arte as deputy head of its drama unit on September 1, 2013)

**Donna Wiffen**, **FremantleMedia International** head of worldwide drama, finds "we're looking to create and produce long-running returnable series that work well in local markets, and also have international appeal so as to be distributed worldwide."

**TV Globo's** head of international sales **Raphael Correa Netto** says "the show *Avenida Brasil* (Brazil Avenue) achieved 84% share in its last episode, and was one of the most-discussed subjects in Brazilian media during the seven months that the plot was on air in 2012. With sales to LatAm networks guaranteed, we are now exploring the potential for the show to be remade in other parts of the world".

## **4. How the evolution of children's programming impacts Kids Buyers**

## I want the same programming options as my parents

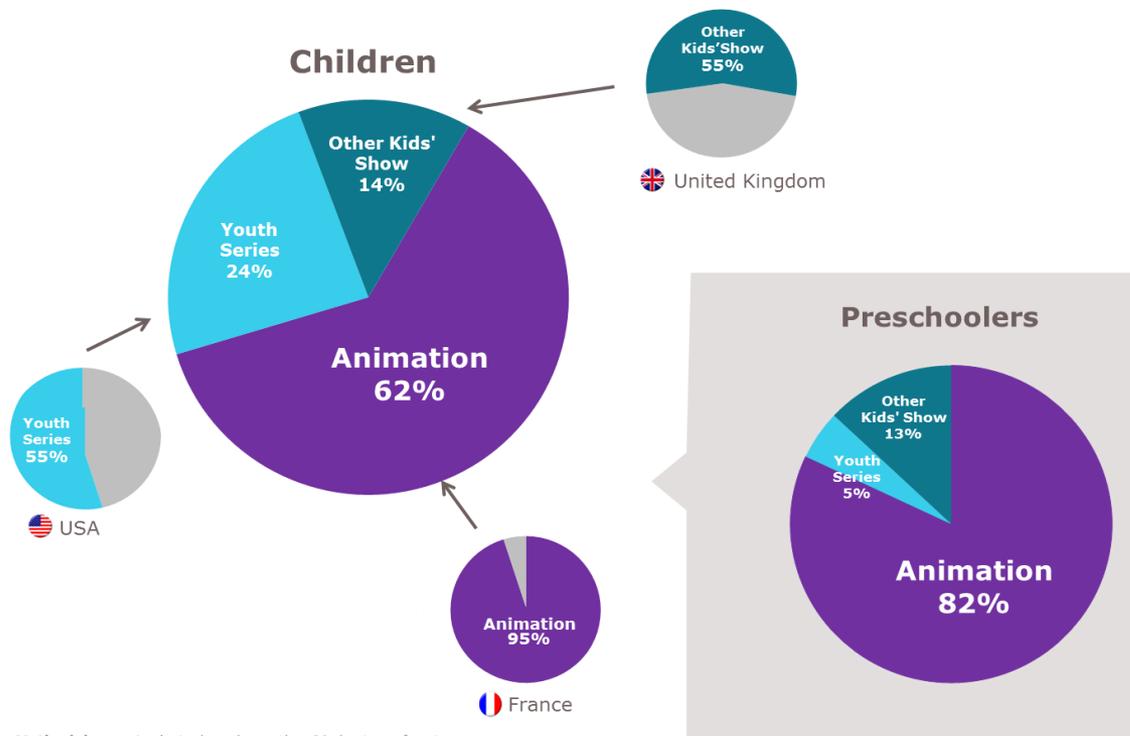
- “Children from around eight or nine years old expect their channel to be varied in the same way that the channels their parents watch are, with reality series and non-fiction alongside the pure entertainment”, says Dermot Horan, Director of Broadcast and Acquisition, RTE (Ireland).
- “In a general sense the notions that we had about genres no longer mean that much, and the tween audience definitely does expect a mix of reality, factual and entertainment. In fact, the genres are so mixed up these days that we’ve changed our structure because factual and entertainment are much more merged”, says Joe Godwin, Director of BBC Children.

## I want to see my favourite characters everywhere

- Buyers are now willing to get access, not only to kids programme rights, but also to all rights related to its potential developments – from digital extensions, including apps and devices, to merchandising.

# Live action and non-scripted content challenge animation\*

## Animation, the core of children's TV viewing



**Methodology:** Analysis based on the 20 best performing youth programmes in Australia Regional, Canada English, Finland, France, Germany, Italy, Russia, Spain, United Kingdom and United States (July – December 2012)

When it comes to dedicated children's content, animation forms the core of both scheduling by volume and children's favourite shows. However, the power of both live-action fiction and non-scripted shows is growing.

62% of titles in top twenty rankings were animation, across a panel of ten major markets in Europe, North America and Australia. Animation, of course, has the advantage of travelling easily at an international level, as they aren't too specific to a particular culture.

In the **US**, where both Disney and Nickelodeon are renowned for their live action tween series, these titles gather 55% of top rankings spots. In **Northern European countries**, public service broadcasters provide a wide variety of local programming for children, including many factual and entertainment formats and local live action. In the **UK**, more than half the top ranking is made up of non-fiction programmes on the BBC's children's channels.

It is clear that children themselves enjoy all kinds of programming, be it non-fiction, live action or animation. The genres they consume, however, remain heavily conditional on local offerings.

## 5. Key learnings

## **Buying linear, together with digital, rights is now standard**

- TV buyers should secure all platform rights to better equip them for strategy development, market opportunities on emerging technologies, transmedia projects, and participative experiences.
- Up until recently, VOD operators worked almost exclusively with business models based only on revenue-sharing, but this is shifting toward offering minimum guarantees for rights acquisitions.

## **Buyers must cope with the multiplication of channels, platforms and screens**

- Quality programming allows buyers to raise channels' profiles.
- Original content – especially for drama/scripted shows – is a true asset to differentiation.

## **TV consumption is becoming more international**

- Alternative territories are gaining ground (including Turkey and the UK).
- Drama producers are increasingly creating high-quality borderless content with global appeal.

## **Children's programming needs & expectations are evolving**

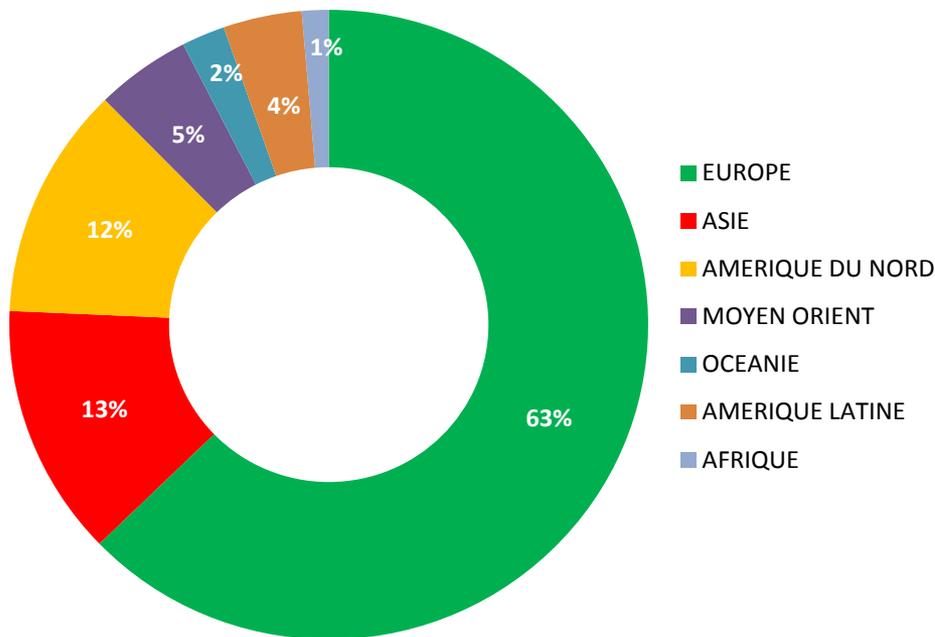
- Live action & non-scripted formats are challenging animation's dominance.
- Securing all rights related to kids programming, and its development, is now a priority for buyers.

## Annex - MIPCOM & MIPJunior Buyer figures

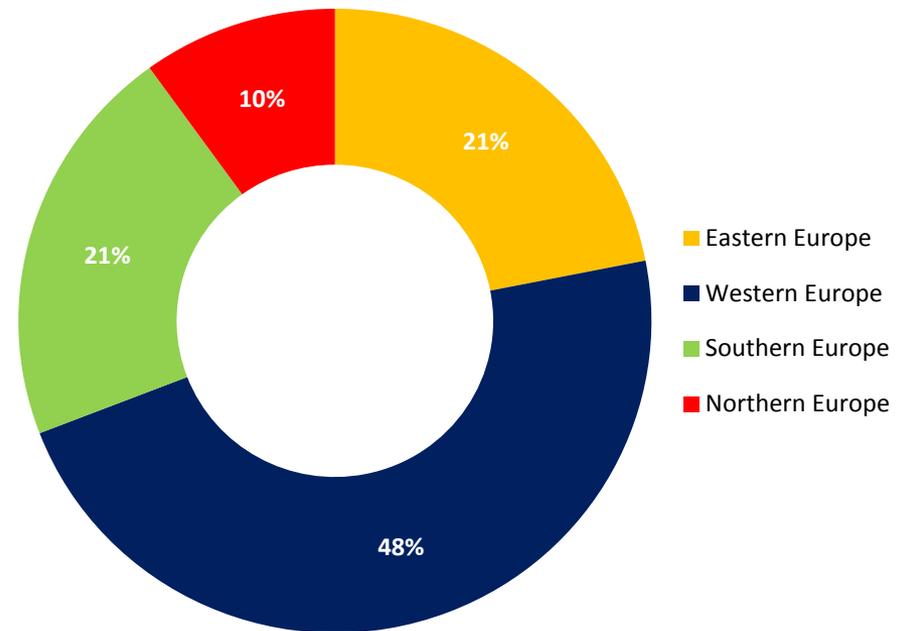
**4,400** buyers are attending MIPCOM...

...including over **500** VOD buyers & **265** online video platforms

By continent



Focus on Europe\*\*



\* Based on MIPCOM 2012 figures

\*\* **Eastern Europe** includes Albania, Armenia, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Rep., Estonia, Georgia, Hungary, Kazakhstan, Latvia, Lithuania, Macedonia, Moldova, Poland, Romania, Russian Federation, Serbia, Slovakia, Slovenia, Ukraine - **Western Europe** includes Austria, Belgium, France, Germany, Ireland, Luxembourg, Netherlands, Switzerland, UK - **Southern Europe** includes: Cyprus, Greece, Italy, Malta, Monaco, Portugal, Spain, Turkey - **Northern Europe** includes Denmark, Finland, Iceland, Norway & Sweden.

**570** buyers (including commissioning editors, licensing agents & publishers)

**1,000** programmes

**60+** countries

**150** projects\*\*

**44,000** screenings

\* Figures from MipJunior 2012

\*\*Projects = not finalised, seeking funding

This report was developed with great help from MIPTV-MIPCOM assets, including MIPCOM event statistics, articles from MIPTV & MIPCOM publications, and qualitative interviews with buyers conducted by the MIPTV & MIPCOM Buyers Departments.

The report also leverages information extracted from a range of exclusive whitepapers developed by Eurodata TV Worldwide and other relevant partners for MIPTV-MIPCOM audiences: [“Worldwide TV Trends - Equipment, offer, content: already connected”](#), [“Television scores in 2011! A panorama of worldwide TV consumption”](#), [“TV dares to reinvent itself”](#), [“2012, or the multiple TV experience - A Panorama of Worldwide TV Consumption”](#) and the just-released “International Kids TV Trends (July 2013)”.

## This report is brought to you by MIPCOM

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