



IHS Markit™

Boom or Bubble? The Rise of Scripted Programming

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Scripted Programming:
Introduction and Overview

Image : Amazon

Introduction

Just how big is drama in today's rapidly-changing TV marketplace? Is there too much of it, or not enough? Is the golden age of television, which for some observers started back in the 1990s with HBO's mould-breaking *The Sopranos* and *The Wire* still going, fuelled by a new surge of investment by online players Netflix and Amazon? Is the growing worldwide appetite for dramas from the Nordics, Turkey, Israel, Korea and elsewhere changing the shape of the global business? Or are the latest big spenders in the genre jumping too late onto the bandwagon?

IHS Markit's Channels & Programming Intelligence team has tracked original drama production over the last three years in a group of the leading TV scripted drama and comedy producing territories—the USA, Canada, France, Germany, UK and Australia. We have also tracked production of the same genres by the leading online platforms (which we have treated as a separate, global category). We have excluded acquisitions and daytime soaps in the US, and excluded children's animation and live action as well as hybrid genres like constructed reality.

Our key findings are:

- In 2016, these six countries (plus online) transmitted 6,593 hours of first run original drama and comedy. This was only marginally more than the 6,432 hours transmitted in 2014.
- The US is by far the leading producer, with 2,195 hours transmitted by the broadcast and cable networks in 2016. US production declined by a CAGR of 3.4% over the three years.
- The UK is the next most prolific territory, with 1,236 hours transmitted in 2016, up 3% compared to 2014. German production was 1,167 in 2016, down 5% on two years before.
- Production also increased in Canada (English and French combined), Australia and France.
- The biggest gain was for online, with production more than doubling from 132 hours in 2014 to 508 last year.

Over the next slides, we will examine the dynamics behind the genre in more detail, looking at developments in each country. We have also interviewed a selection of leading drama investors to get an operator's perspective on the market.

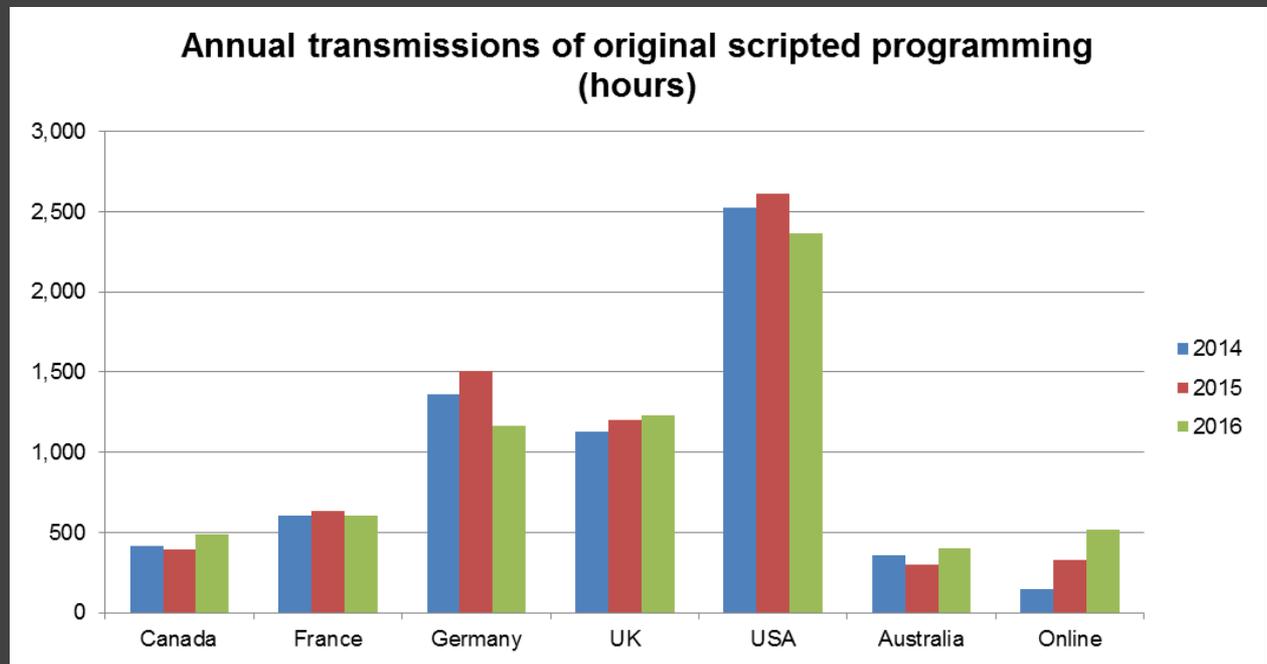
Global scripted programming overview: US is still the most prolific producer, but output has declined

The worldwide overview of scripted programming hours by IHS Markit identifies the US as by far the leading producer of scripted series (2,362 hours in 2016). Overall, US network and cable hours accounted for a third of the total original scripted hours in the territories analysed. Scripted hours in the US (broadcast network and cable) have declined at a CAGR of -2.2% in the past three years. Online scripted has a CAGR (Compound Annual Growth Rate) of 53% for the same period; online in 2016 is now a larger scripted originator than both Canada and Australia.

- Germany has seen significant reduction in scripted hours with a CAGR of -5% over the last three years.

- While Canada has been overtaken by online, it has seen growth in scripted hours (CAGR 5.5%).

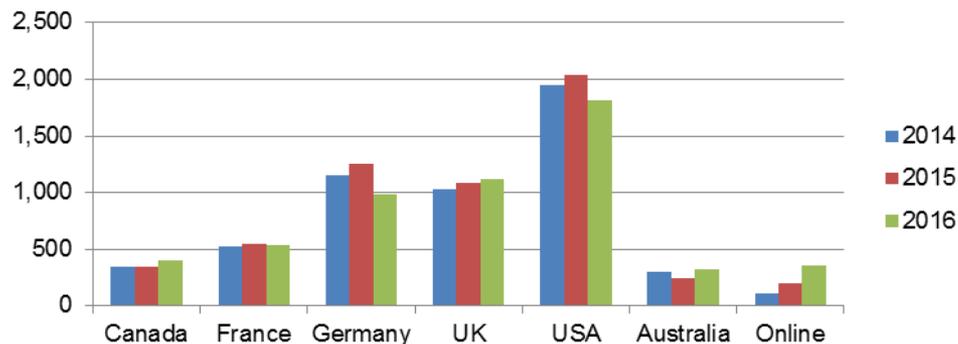
- The UK and Australia both showed more modest growth 3.0% and 3.6% respectively) and France was virtually static at 0.2%.



Source: IHS Markit

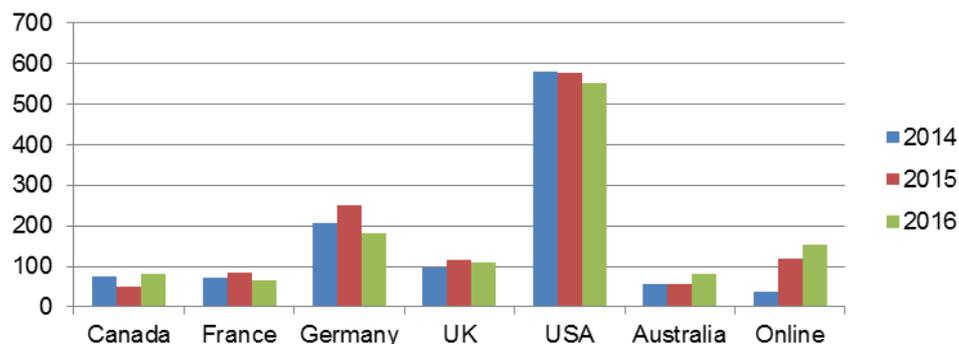
Scripted drama is well ahead of comedy, with the US out in front in sitcoms and online growing fast

Annual transmissions of original drama (hours)



Source: IHS Markit

Annual transmissions of original comedy (hours)



Source: IHS Markit

Original drama in all territories makes up a far larger proportion of scripted hours than comedy.

- The USA showed a decline of -2.4% in drama hours (which includes network and cable, but excludes online). However, despite the decline, US network and cable channels dominate drama hours with over 1,810 hours of drama transmitted in 2016 (we did not include daytime dramas). Online has surged with a CAGR of 50.4% from 2014 to 2016.

- With drama-only hours analysed, the drop in Germany's CAGR is 5.1%; with comedy showing a significantly larger percentage decline (see chart below).

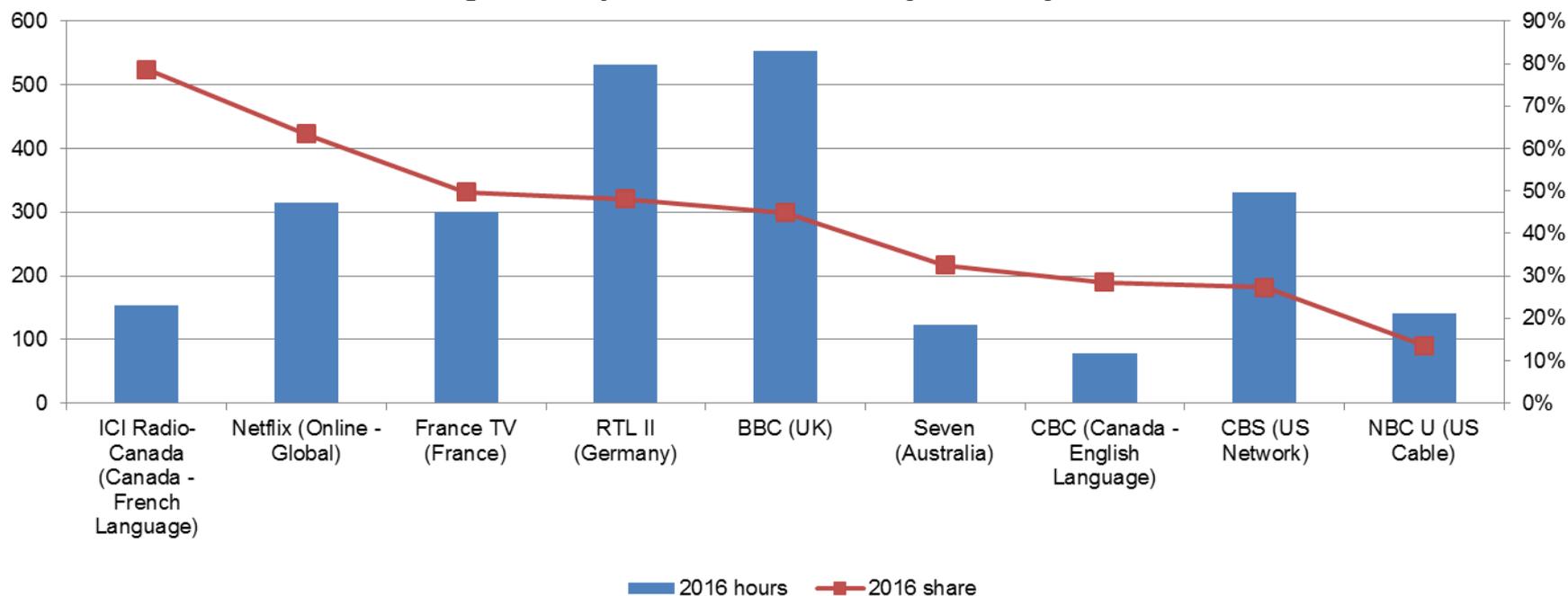
- Of the other national territories, Canada's growth was strongest at 6% with the UK at 2.9% growth. Both France and Australia had very low growth (under 2%).

- The US is even more of a powerhouse in comedy than drama. However US scripted comedy also declined, by -2.4%. Online scripted comedy has surged, with a CAGR of 50.4%. Online was the second largest originator of scripted comedy programming in 2015 and 2016 behind the USA (our total does not include stand up comedy).

- Original scripted comedy hours declined in both France and Germany—in Germany, by a CAGR of -4.4%.

The leading broadcasters by country: ICI Radio Canada is first among public broadcasters

Largest scripted broadcaster by territory in 2016

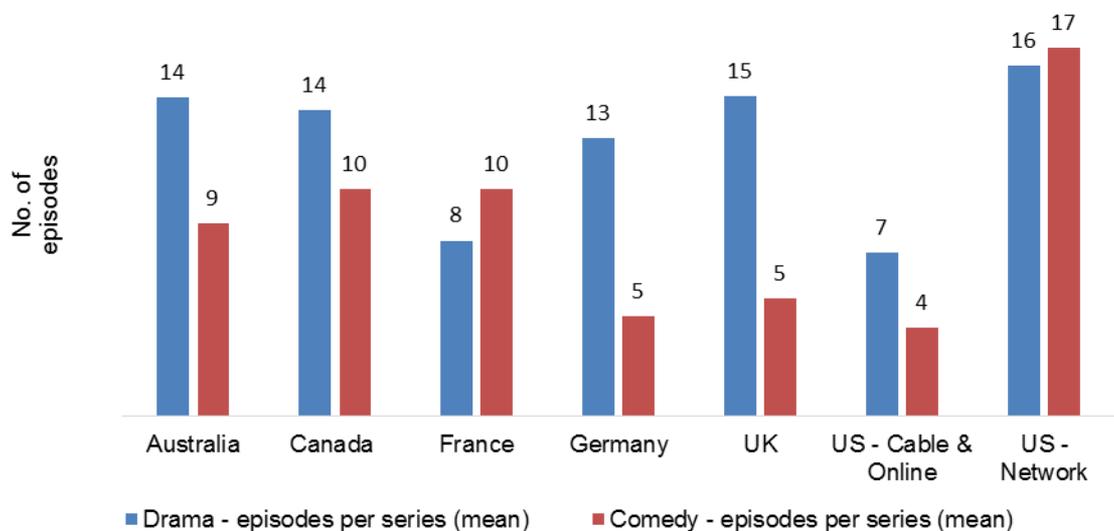


Source: IHS Markit

- Our analysis of the hours of scripted transmissions by group shows the leading role played by certain groups—often the public broadcaster.
- ICI Radio Canada accounted for some 79% of all scripted hours in French Canada in 2016, while France TV and the BBC were at 49% and 45% respectively of their home markets.
- Netflix accounted for a striking 63% of all scripted hours online (classified here as a global category).
- The competitiveness of the US market is highlighted by the 27% share for CBS of the network market, while NBCU’s cable networks (USA and Syfy) accounted for 13% of cable output.

Episodes per scripted series vary significantly by genre, channel type and territory

Original scripted programming - mean number of episodes per series



Source: IHS Markit

- Both Germany and UK commission more episodes per series for drama compared to comedy.

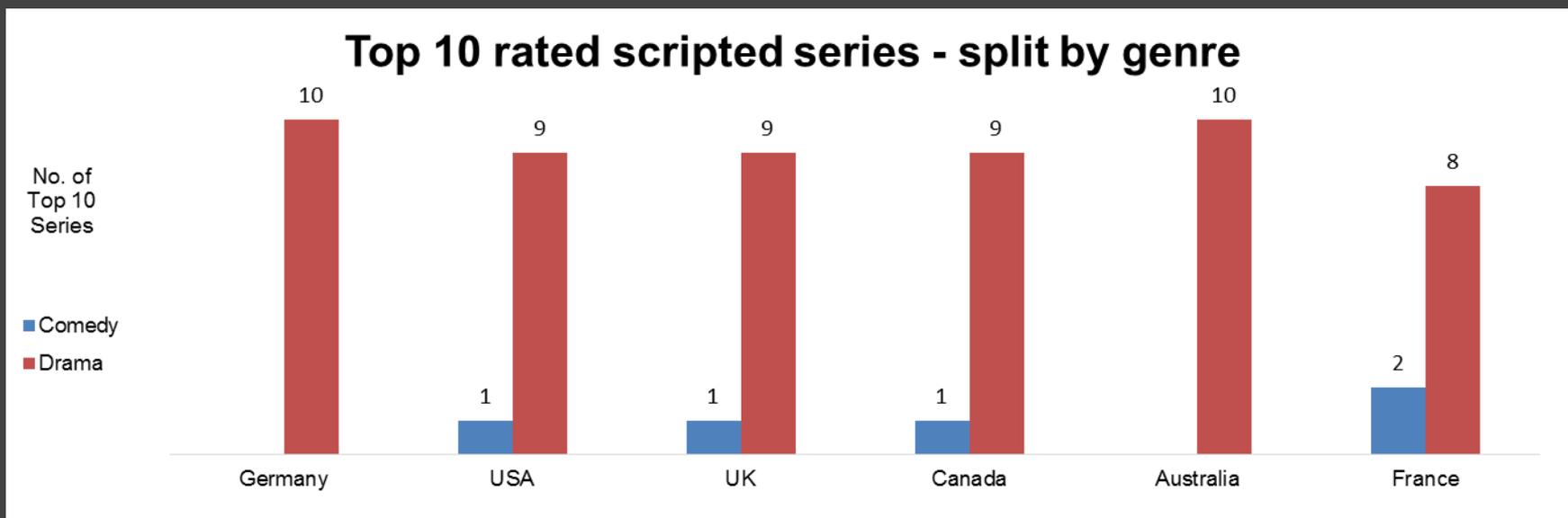
- France is significantly different—the average number of episodes per drama series is fewer than either of its European neighbours. In 2016 French TV drama output included more one-off drama (17 titles in France in 2016 compared to five in the UK). This differential in French drama has decreased the average episodes per series metric. Scripted short-form comedy series also impacted the average number of episodes for comedy in France.

- The rigid structure of US network TV, with primetime schedules dominated by long-running series running for up to 24 episodes, is reflected in the comparison of episodes per series. Comedy and drama are both broadcast in this traditional scheduling grid and therefore have very similar average episodes per series.

- Cable and online in the US broadcast a shorter number of episodes for scripted and do not follow such a restricted scheduling framework.

- However, comedy series tend to comprise fewer episodes than drama on cable and online.

Drama dominates the highest rating scripted series

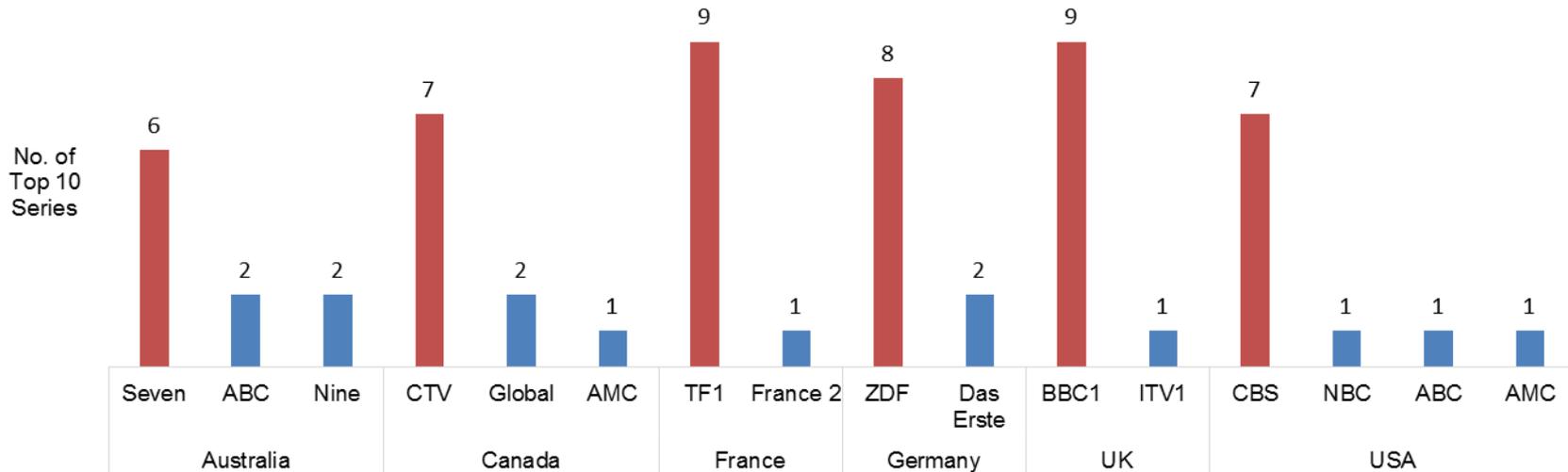


Source: IHS Markit analysis of highest rating scripted series charts from BARB, AFG, Médiamétrie, OzTAM, Numeris and Nielsen (ratings data from latest publicly available figures: USA and Canada: 2016-17 season ratings; France, Germany, UK: 2016; Australia: 2015).

- In all six key territories analysed by IHS Markit, drama dominates the rankings for the highest rating scripted series. Of the six territories, three (USA, Canada, UK)—listed one comedy and nine dramas in the top 10 highest rating programmes. The same comedy (*The Big Bang Theory*) was the top rated scripted comedy in the USA and Canada. France listed two comedy and eight drama titles, while in Germany all the top 10 shows were drama. Furthermore, 8 of the 10 highest rating scripted series in Germany are crime dramas.

One channel dominates the drama rating in each territory

Top 10 rated scripted series by TV channel (territory)



Source: IHS Markit analysis of highest rating scripted series charts from BARB, AFG, Médiamétrie, OzTAM, Numeris and Nielsen (ratings data from latest publicly available figures: USA and Canada: 2016-17 season ratings; France, Germany, UK: 2016; Australia: 2015).

- For scripted programming, the story of domination in each territory is also observed in the channels analysis.
- In all six territories, at least 60% of the highest rating scripted TV programmes were broadcast on a single TV channel.
- In the USA and Canada the cable channel AMC breaks into the top 10 with the hugely successful zombie series *The Walking Dead*—but this is the only occasion a pay TV channel features in the top 10 highest scripted series.

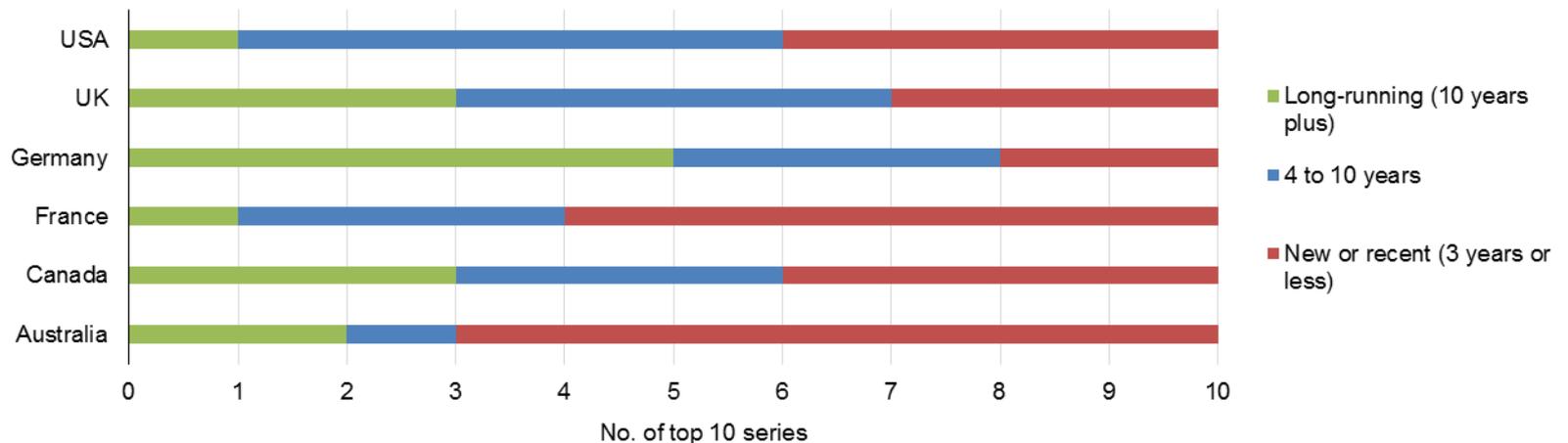
High ratings success for new scripted programming versus established series varies greatly

Analysing the top rated scripted series by year of creation reveals territorial variations.

- In 2016, Australia and France showed the strongest preference for fresh drama with seven of Australia's top 10 highest rated series having been created within the three last years. France showed a similar appetite with six out of 10 highest rating scripted titles originating within the last three years.

- Germany has much a stronger preference for established drama: five of the highest rating scripted series transmitted on TV in Germany in 2016 were series that first broadcast more than 10 years ago. (In Germany *Tatort* first transmitted in 1970 and *Wilsberg* in 1995 – both continue to be top 10 rating series in 2016). Only two of the top 10 in Germany in 2016 were first broadcast within in the last three years.

Fresh scripted series vs. established



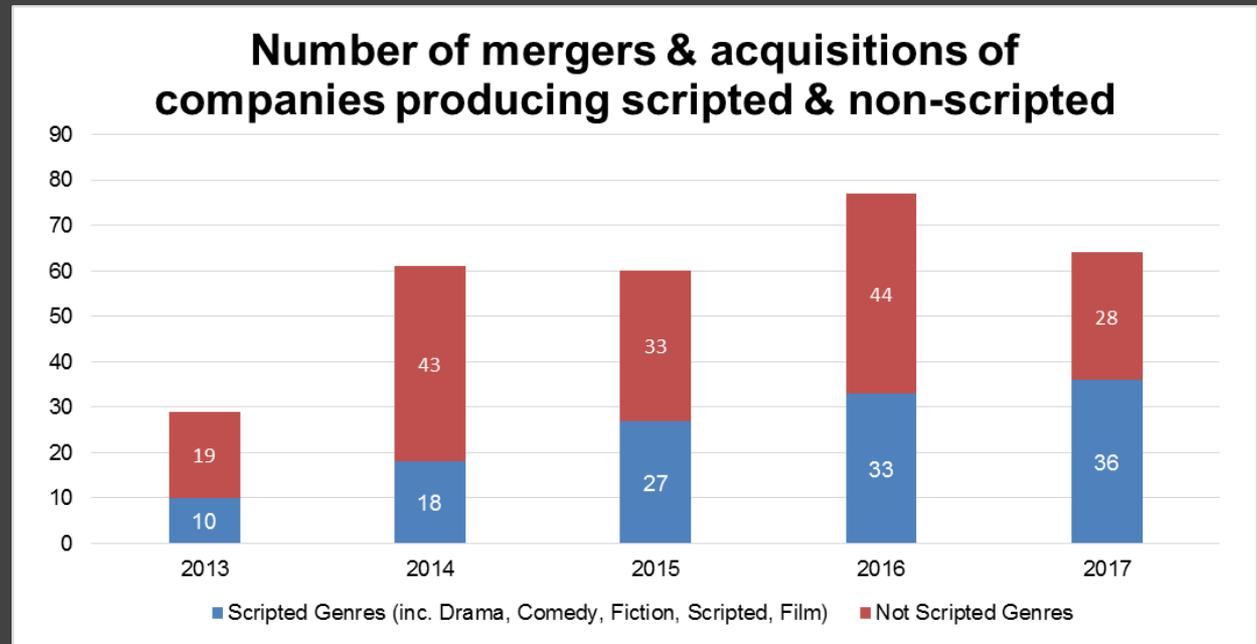
Production company mergers and acquisitions: A steady increase in scripted deals since 2013

IHS Markit’s tracking of production company mergers and acquisitions reveals a growth in the acquisition of companies producing scripted programming. Our analysis of worldwide M&A in this segment of the media sector found an increase in the number of scripted content producers acquisitions since 2013 – from 10 in 2013 to 33 in 2016.

The first eight months of 2017 has already seen 36 scripted content producer M&As.

Additionally, the percentage of acquisitions that are for scripted producers (as a proportion of all-genre acquisitions) has also been growing since 2013 (when 25% of acquisitions were scripted producers).

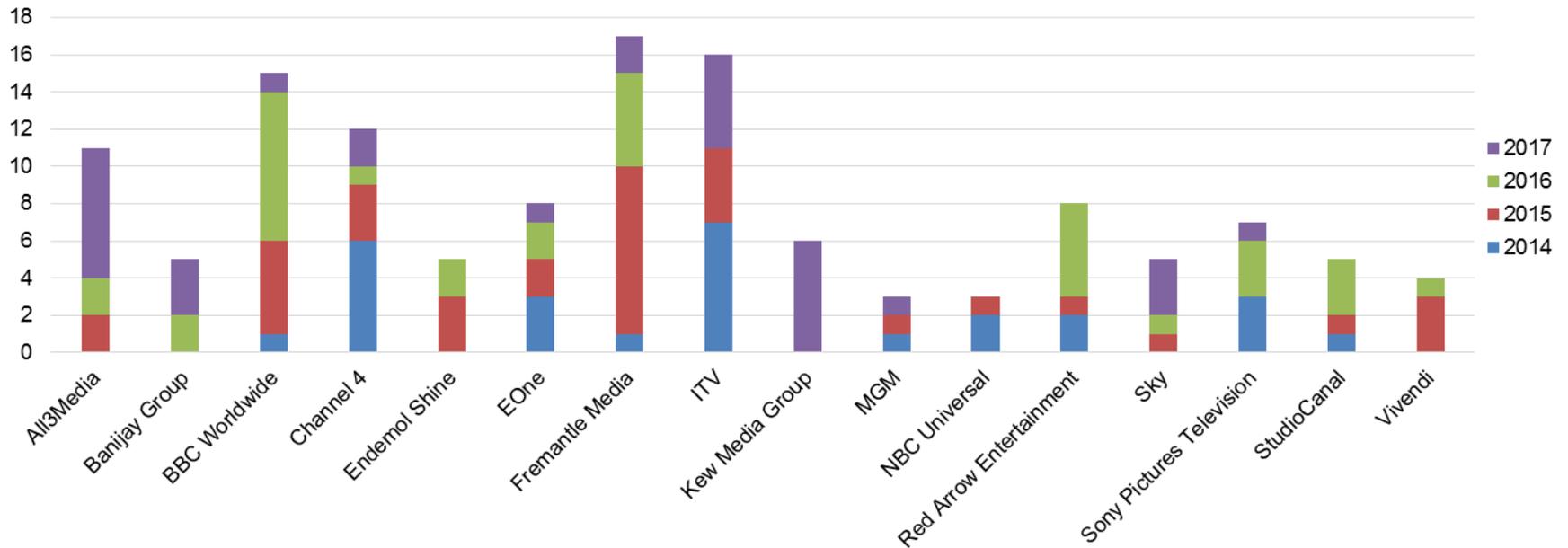
For the first eight months of 2017, 56% of content producer acquisitions were for producers of scripted programming.



Source: IHS Markit

Content producer acquisitions by company

Production company mergers & acquisitions: top 16 buyers (2014 to 2017)



Source: IHS Markit

Since 2014, the most active buyers of production companies (of all genres, not just scripted) have been the UK-based Fremantle Media and ITV, followed by BBC Worldwide and Channel 4.

Fremantle Media, owned by the RTL Group, has made a series of investments in start-up companies specialising in drama, the latest being Australia's Easy Tiger in August. For ITV and Channel 4 a key aim is to diversify their business away from their core advertising-funded channels. ITV's investments include Tetra Media in France and World Productions in the UK.

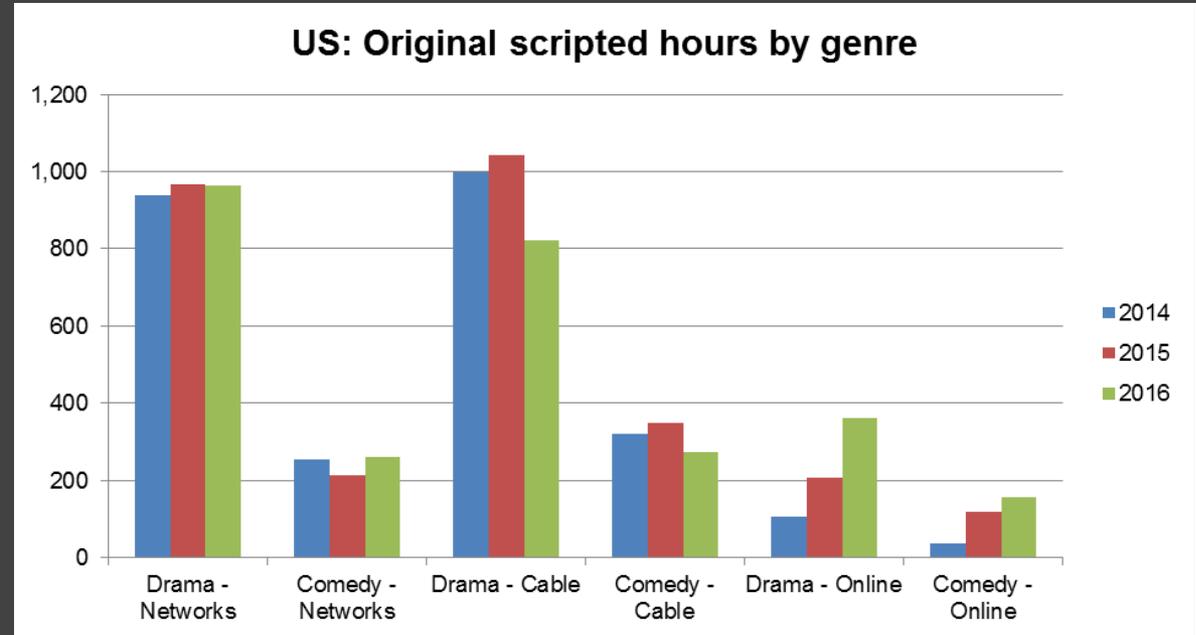


**Scripted Programming:
Territory Analysis**

US: scripted hours on cable TV decline while online drama is growing rapidly

- Scripted hours in the US (broadcast network and cable) have declined at a CAGR of -2.2% in the past three years. While output for the networks (ABC, CBS, NBC, FOX and The CW) is almost unchanged, last year saw a decline in scripted hours produced by cable.

- Original drama hours transmitted by cable were down from just under 1,000 hours in 2014 to 822 hours in 2016, at a CAGR of -6.3%. Production of comedy was down to 274 hours, a CAGR of -5%.



Source: IHS Markit.

- The decline in cable was counterbalanced by the large growth in online (including the now-global Amazon and Netflix, but also US players like Hulu and Crackle). The loss of 222 hours from cable from 2015 to 2016 compares to online's increase of 372 hours for the same time period. Overall, online drama hours grew 50.4% in 2014-2016 period and comedy 60%. On network television, comedy also grew 1%, with drama showing a similar modest growth.

US: Stability for most of the networks and HBO, lower scripted output for cable

- Where scripted programming transmissions are concerned, US network strategies differ.

Both Fox and The CW saw growth of over 10% (CAGR). CBS scripted programming transmissions were up 2% growth. CBS is also the dominant channel for scripted when analysing the highest rating network series in the USA, with six of the 10 highest rating scripted series in 2016.

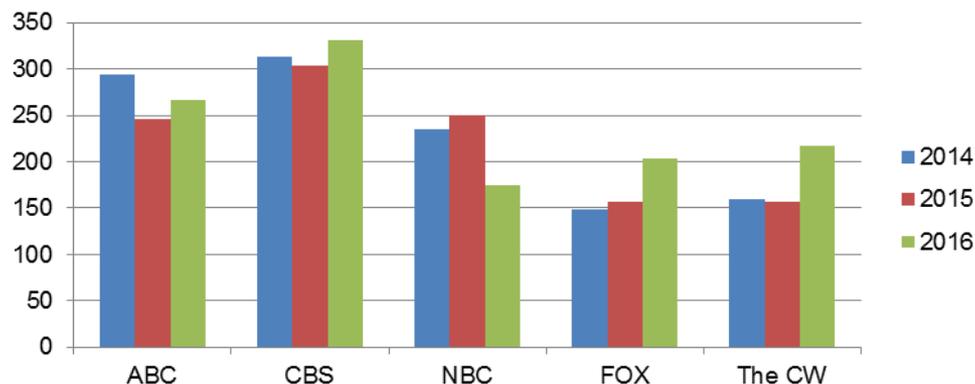
- Cable saw a significant scripted decline in hours on seven of the nine largest cable channel groups.

Only AMC Networks grew in scripted hours (16.2%) in the 2014-2016 time period.

The Viacom channel group showed the largest decline in scripted with decline of -18.7% (CAGR).

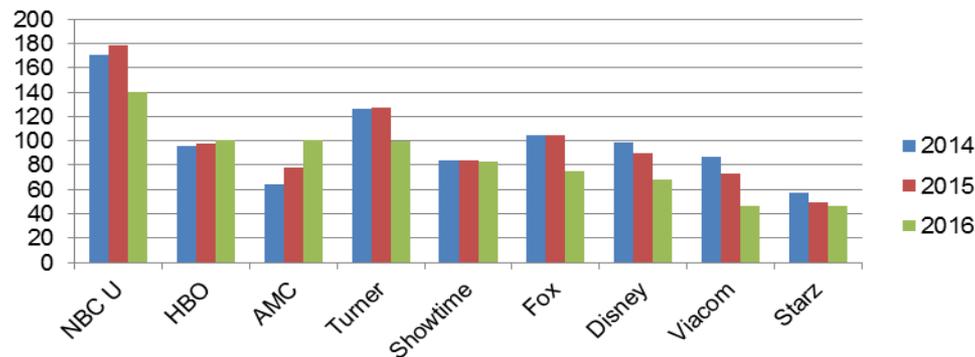
NBC cable channels decreased scripted hours in addition to the scripted decline seen on NBC network television. This highlights a differing trend to FOX, which saw a -10.5% decline on cable channels but 11% growth on the FOX network.

US networks scripted output (hours)



Source: IHS Markit.

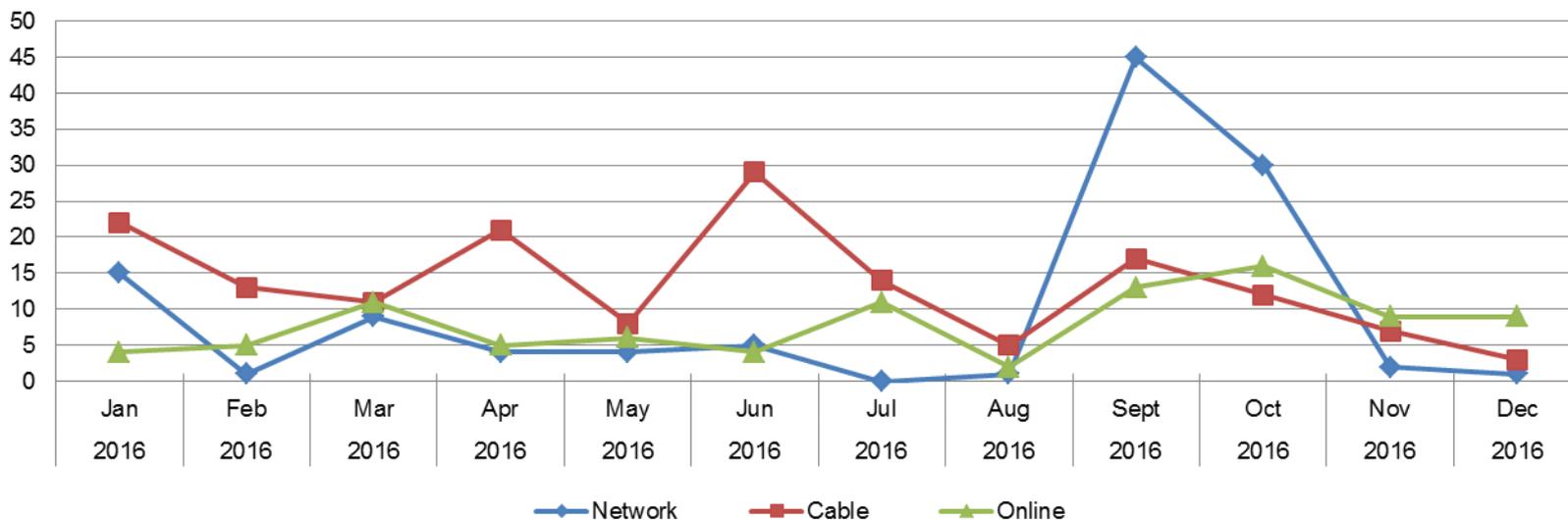
US cable groups scripted output (hours)



Source: IHS Markit.

Fall is still the time for a big refresh for networks, but cable and online launch scripted series all year round

Launch dates of new and returning US scripted programming, by network type



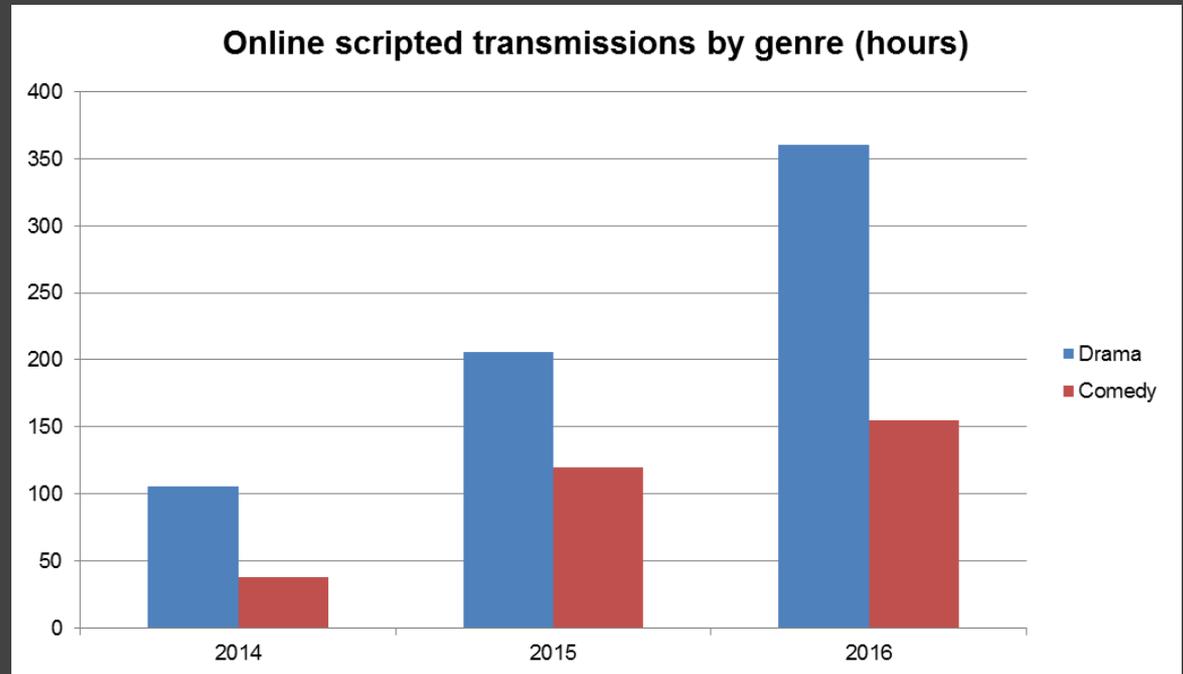
Source: IHS Markit. Notes: Data is for all original scripted series launching in calendar 2016

IHS Markit’s analysis of launch dates shows that the US networks continue to launch most new and returning scripted series at the start of the season.

In 2016, we counted 45 new or new season starts in September and another 30 in October. Another small spike occurred in January. In contrast, cable networks launch new series more or less throughout the year, although January, April and June were the busiest months, with 22, 21 and 29 new series debuts respectively. Online platforms have followed a similar pattern. However, the last four months of the year were noticeably a time of activity—which could be linked to the rapid global rollout programmes of Amazon and Netflix.

Surge in online scripted production driven by the global SVoD players

- The rise in original scripted production has been largely influenced by the global subscription video-on-demand (SVoD) platforms.
- We have also tracked productions by Hulu—available only in the US, and using ad-funded and subscription models, the ad-funded Crackle and CW Seed and others.
- Overall, these online platforms transmitted 360 hours of drama in 2016, more than three times the 106 hours in 2014. There were 155 hours of scripted comedy in 2016, compared to 38 hours in 2014.
- Our analysis excludes children's series and examples of linear TV series sometimes billed as originals (although these are effectively acquisitions).



Source: IHS Markit

- Of the 360 drama hours transmitted in 2016, Netflix contributed 221 hours and was the major online originator.
- Amazon was second with 70 hours and Hulu follows with 47 scripted drama hours in 2016 (up from 26 hours in 2015).
- YouTube Red is a new addition to 2016 with three scripted drama and comedy series.

Netflix and Amazon step up scripted output to fuel global ambitions

- Netflix has successfully launched a number of 'tentpole' dramas and comedies, helping to boost its profile and drive take-up. Fifth seasons of *House of Cards* and *Orange is the New Black* premiered this year.

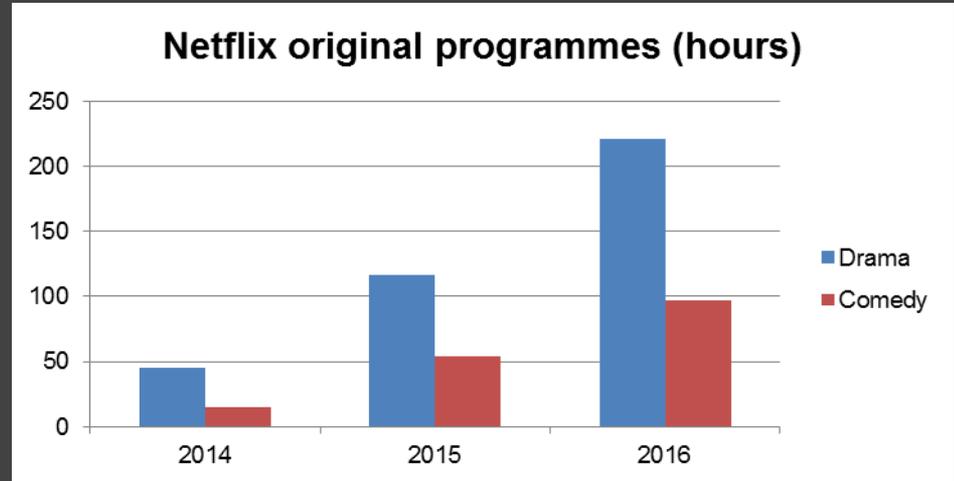
- For Amazon, *Transparent* has proved a much talked-about series.

- However, both SVoD services, depth of catalogue is just as strong an element of their proposition as a few standout titles. Series, more than blockbuster films, are their lifeblood.

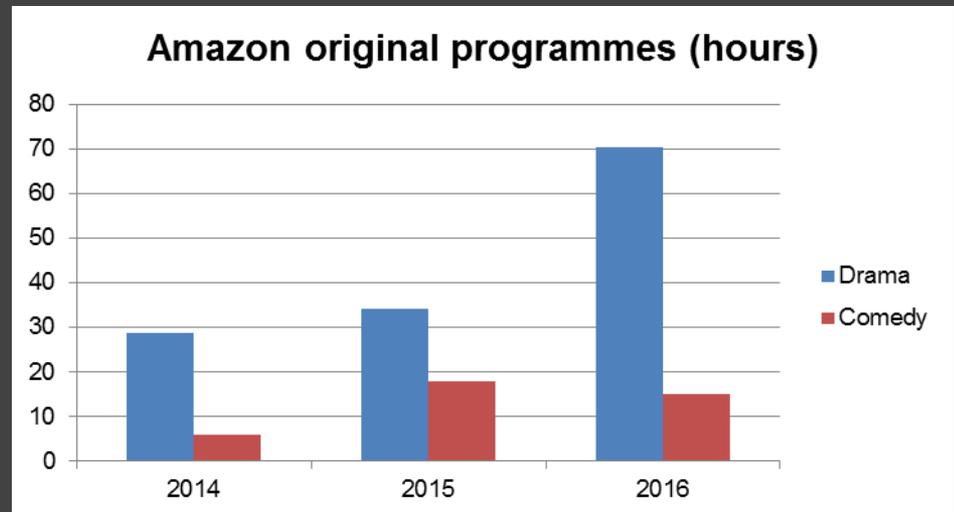
- Since originating its first productions in 2012, Netflix has shifted into a higher gear; it not only fully funds programming—often spending much more than \$1 million an hour—but also releases its originals on the same day and date worldwide.

- Amazon, which also made its video service available worldwide in December 2016, has also increased scripted output.

- Both are now stepping up production outside the US and in languages other than English. Netflix (see next slide) produced or co-produced 10 dramas and comedies outside the US in 2016 and had another 21 projects slated for 2017 or announced.. After a slower start, Amazon has initiated new scripted projects in France, the UK, Germany, India and Japan.



Source: IHS Markit



Source: IHS Markit

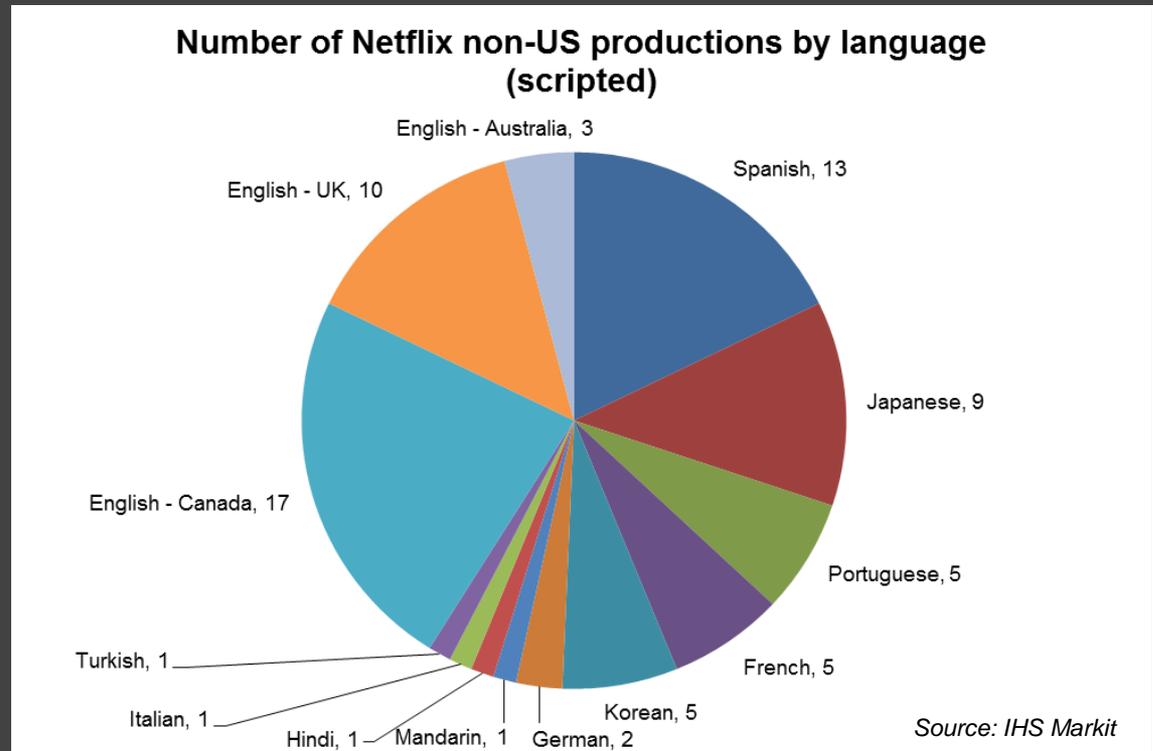
Spanish and Japanese are the main languages for Netflix local scripted production

Netflix has of course increased production outside the US to support its international rollout.

However, acquisition of streaming rights to local content and exclusive windows is another (cheaper) route to localisation.

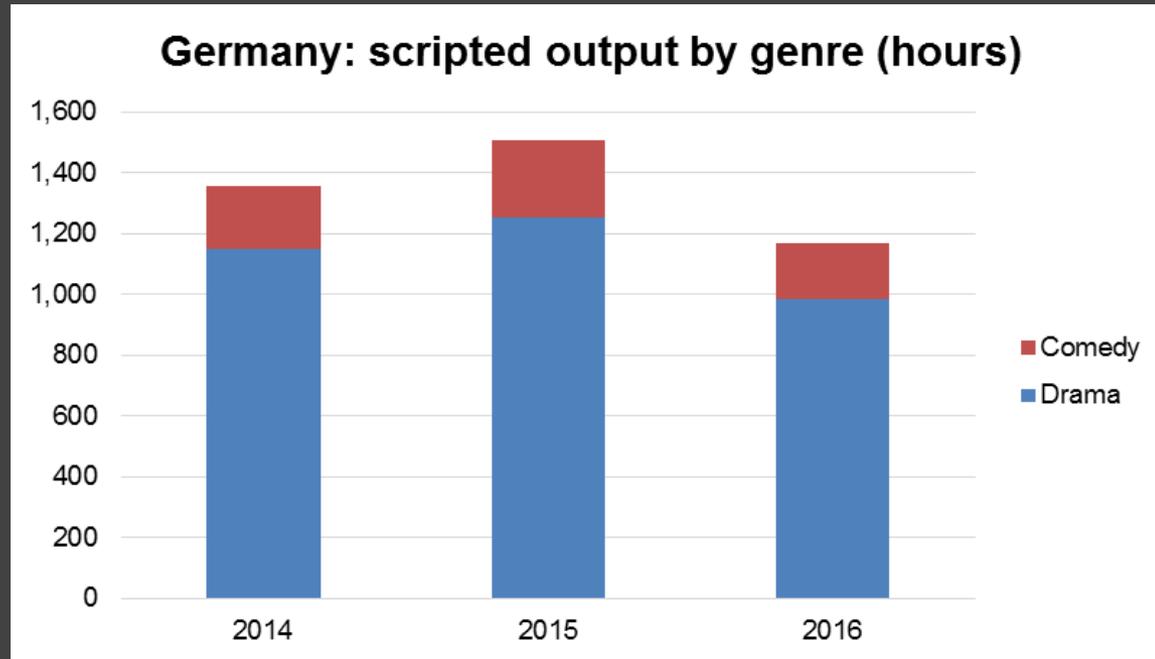
The languages of the platform's original scripted productions reflect other factors:

- Spanish is a widely-spoken language in Latin America and the US, as well as Spain.
- In Japan and Korea, Netflix originals like *House of Cards* might not have the same appeal as in other countries, demanding a bigger investment on local originals.
- In the UK, Netflix secured rights to most local catalogues from launch and can also rely on the appeal of US originals.



Netflix dubs its approach 'local production, global distribution'—one which is just as much about exporting original content from one part of the world to another as local success. A more in-depth analysis of the platform's strategy appeared in our insight report, [Netflix Blazes Trail with 'Global Local' Production](#).

Germany: volumes of scripted drama and comedy have declined



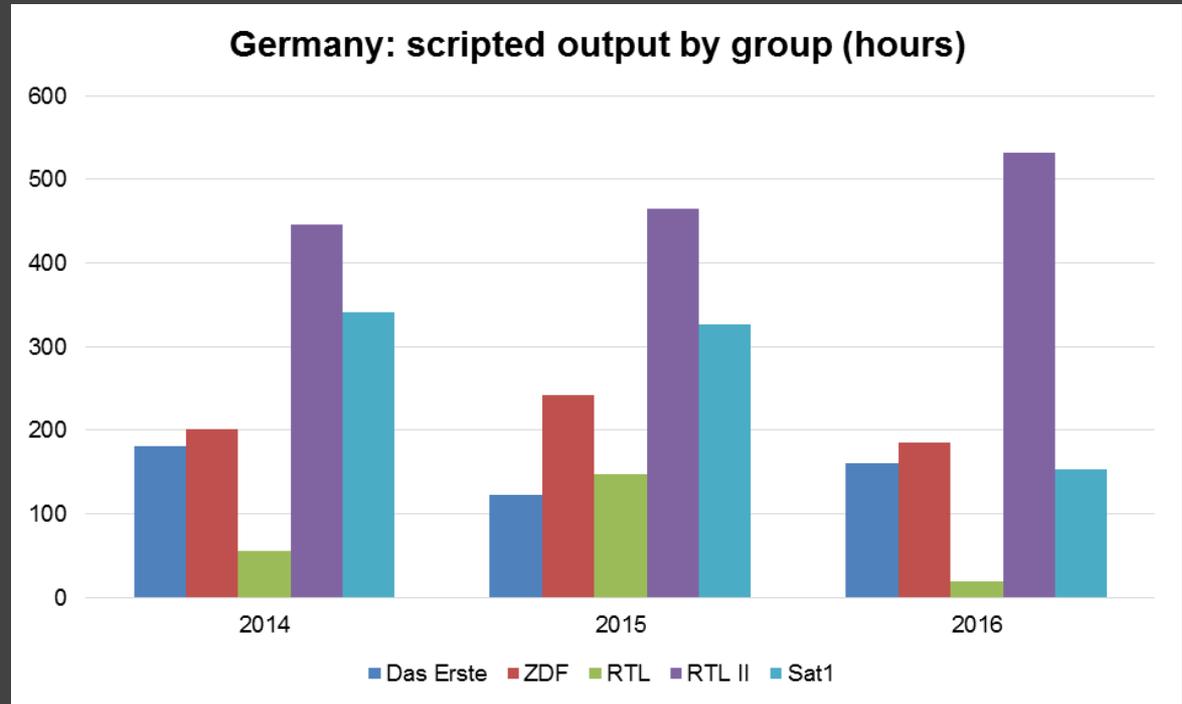
Source: IHS Markit

- Germany has seen a significant reduction in scripted hours with a CAGR of -5% over the last three years.
- The drop in drama production is -5.1%, while scripted comedy has declined -4.4%. In original drama there is a similar appetite in Germany for single or short-run programming. Of the 69 drama titles transmitted in 2016, 42 were three or fewer episodes in length. Additionally, of these 42 titles 40 were transmitted on the public service channels Das Erste and ZDF.
- A significant part of the low 2016 hours is a fall of over 50% in the number of single comedy films. This a significant sub-genre of German TV's scripted comedy that is not seen in the other territories.

Germany: daily soaps put RTL II ahead of the public channels

- RTL II is the largest group in terms of scripted output. However it should be noted that a large proportion of its drama output comprises of two soap operas—*Berlin – Tag & Nacht* and *Köln 50667*—which each contribute over 190 hours to the network’s total hours.

- Removing the 390 hours from these two series reduces RTLII’s original drama hours to the 100 to 150 a year range and on comparable terms with public channels Das Erste and ZDF and the ProSiebenSat1 group’s flagship, Sat1.



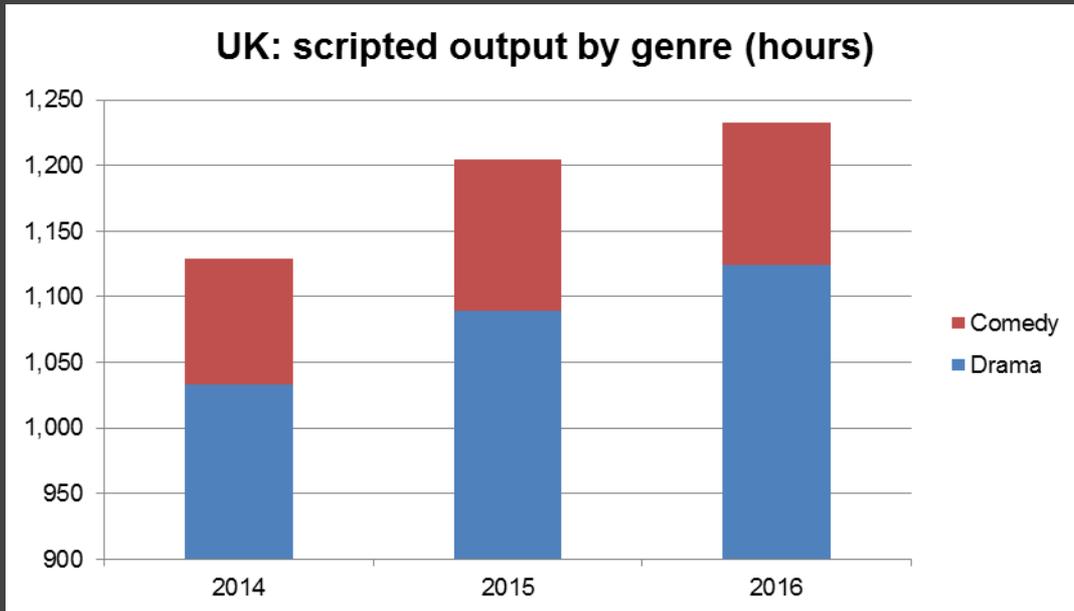
Source: IHS Markit.

Scripted reality dramas are not the sole preserve of RTL channel.

In the 2014-2016 period, fellow commercial channel Sat1 as transmits two high volume scripted series, *In Gefahr – Ein verhängnisvoller Moment* and *Anwälte im Einsatz*, which are both legal/crime genre scripted reality/drama series. In 2015 these jointly contributed over 290 hours to Sat1’s original drama programming—a vast proportion of its original drama output.

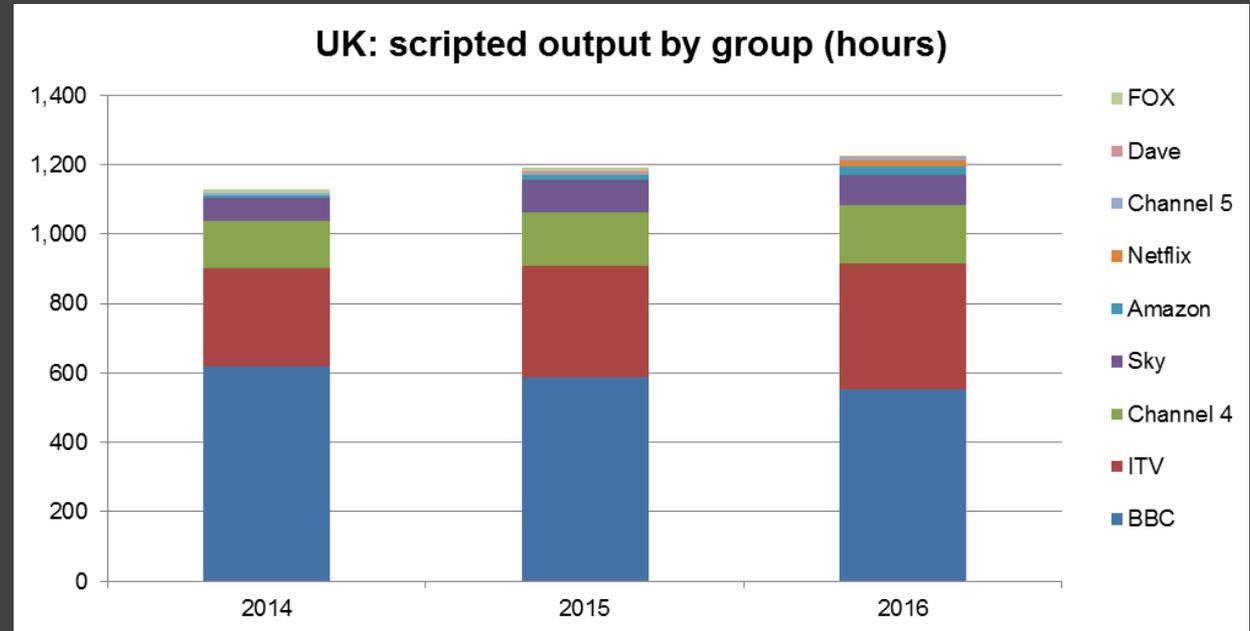
UK: original productions on the rise, with drama far outstripping comedy

- As reflected in all territories, drama hours are far more substantial than comedy in the UK (1,124 drama hours in 2016 versus 109 comedy hours). Of the 1,124 original drama hours broadcast in 2016, 541 hours (48.2%) were soap operas (the five UK soaps BBC1's *Eastenders* and *Doctors*; ITV's *Coronation Street* and *Emmerdale*; and Channel 4's *Hollyoaks*).
- Even discounting soaps, the UK drama hours are a substantial 583 hours across 46 series. Original drama hours in the UK grew at 2.9% CAGR over the last three years.
- Comedy accounted for 9% of scripted hours in 2016 in the UK but these hours are growing with CAGR of 5.3% for comedy originals across 2014-2016.



UK: BBC leads scripted output despite decline as online enters the field

- The BBC is the largest producer of drama, transmitting 554 hours in 2016. The BBC's hours are split across all four BBC TV channels (including BBC3, now online-only). Of the 554 hours of original drama on the BBC in 2016, 467 hours were on BBC1.
- Advertiser-funded ITV (362 hours) and Channel 4 (165) were second and third. Of the ITV group's 346 hours, ITV1 broadcast 335 hours in 2016.

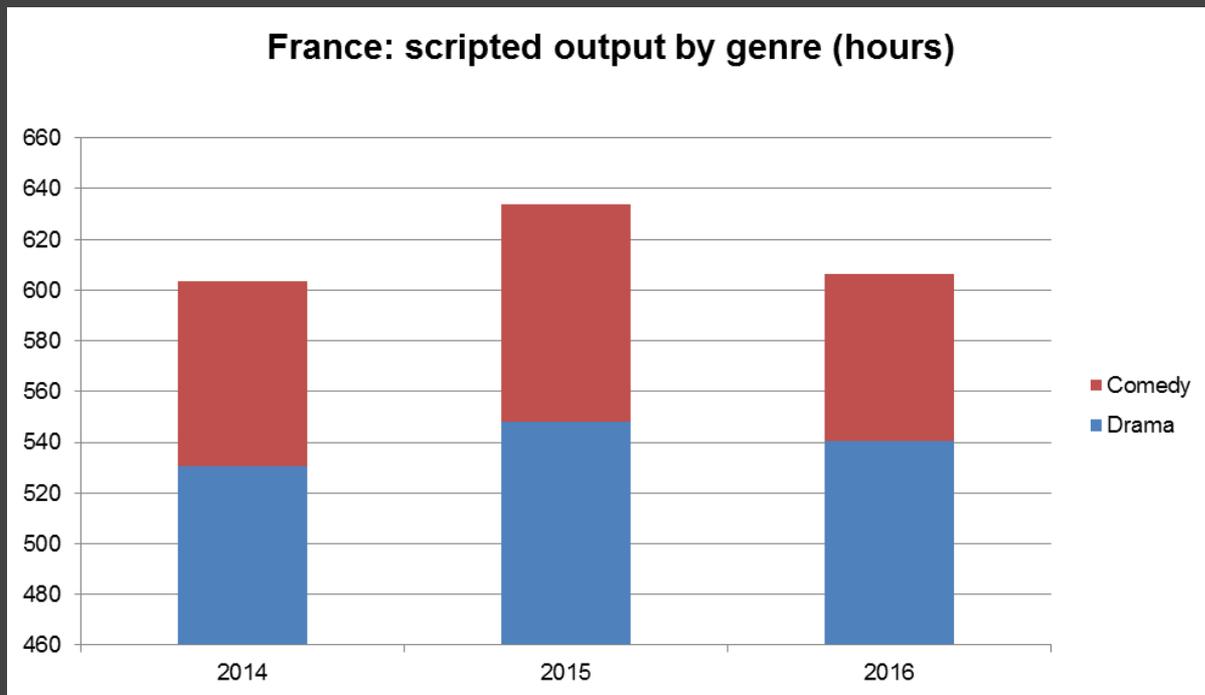


Source: IHS Markit

BBC1 and ITV1 combined account for 72% of original drama hours in the UK. While the BBC is largest original drama broadcaster, the BBC's hours are in decline with a CAGR of -3.3% across 2014-2016. However, both ITV (8.2% growth) and Channel 4 (4.56% growth). Sky has also increased its drama hours in the last three years with a CAGR of 22.48%. While Sky has significantly grown its drama hours, it remains a relatively modest 56 hours in 2016. Both Amazon (26 hours in 2016) and Netflix (16 hours) are now delivering UK original drama and moving to a similar level to Sky and E4.

France: overall scripted programming stable, but local drama enjoying a revival

- In France, original scripted growth is virtually static at 0.2%.
- French drama hours have grown under 1% but decline of -3.5% CAGR in original comedy impacts the overall scripted figure. This data does not really do justice to a recent revival in French drama.
- According to audience measurement company Médiamétrie, there were 20 French dramas in the top 50 programmes of 2016, compared to only two in 2014.



Source: IHS Markit

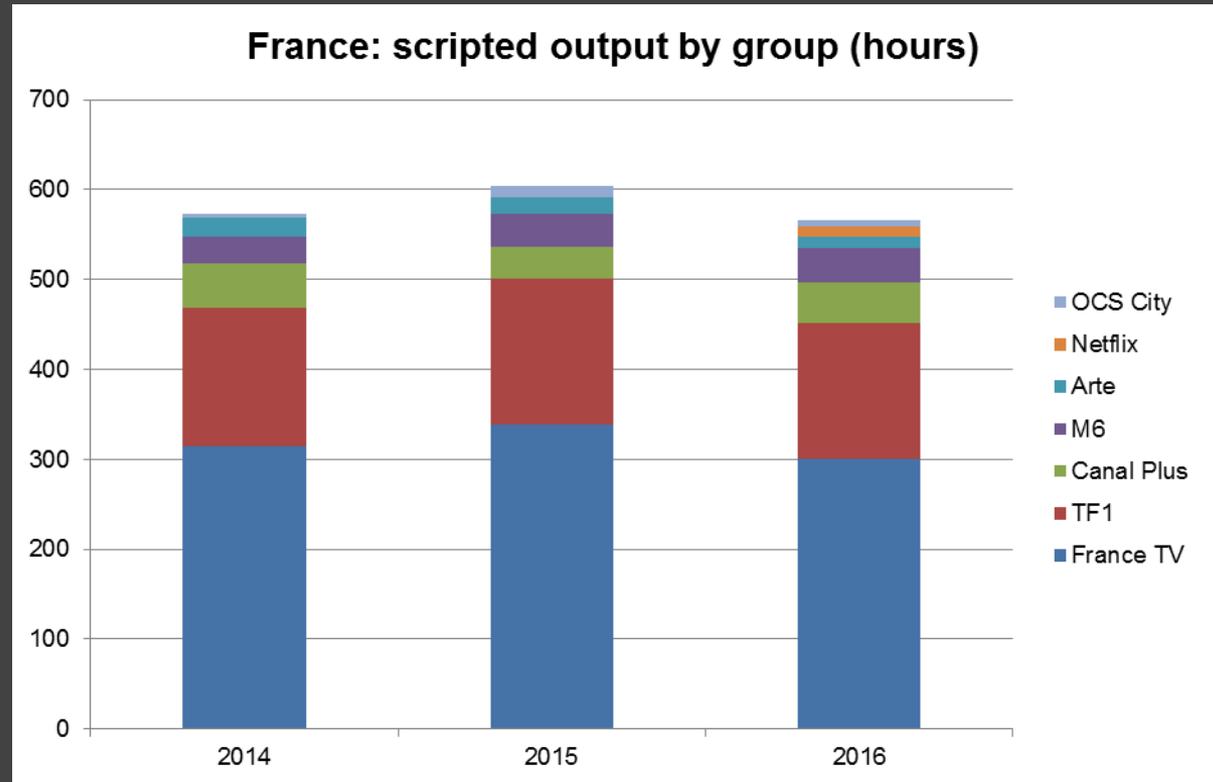
- Within French drama the presence of short-run drama series is a significant characteristic. Of the 63 drama titles transmitted in 2016, 24 were either one, two or three episodes (38% of drama titles).
- For comparison with European counterparts, Germany was 61% whereas in the UK just 16% of titles were either single drama or short-run.
- In French scripted comedy, this characteristic is not replicated; single or short-run scripted comedy titles is occasional across 2014 -2015 and there are none in 2016.

France: public broadcaster leads the ranking with single dramas and short runs

- France TV is the dominant originator of drama in France.

- As noted in other territories, a single series can have a major impact on overall scripted hours and this also is the case with France TV; within this channel group approximately 50% of the original drama (150 hours) is delivered by a single soap opera, France 3's *Plus belle la vie*.

- A second characteristic of France TV's drama output is the prevalence of single drama and short-run series. On France TV, 17 of the 33 drama series transmitted were single episode or short-run. TF1 (which includes the TMC channel) transmitted 131 drama hours in 2016.

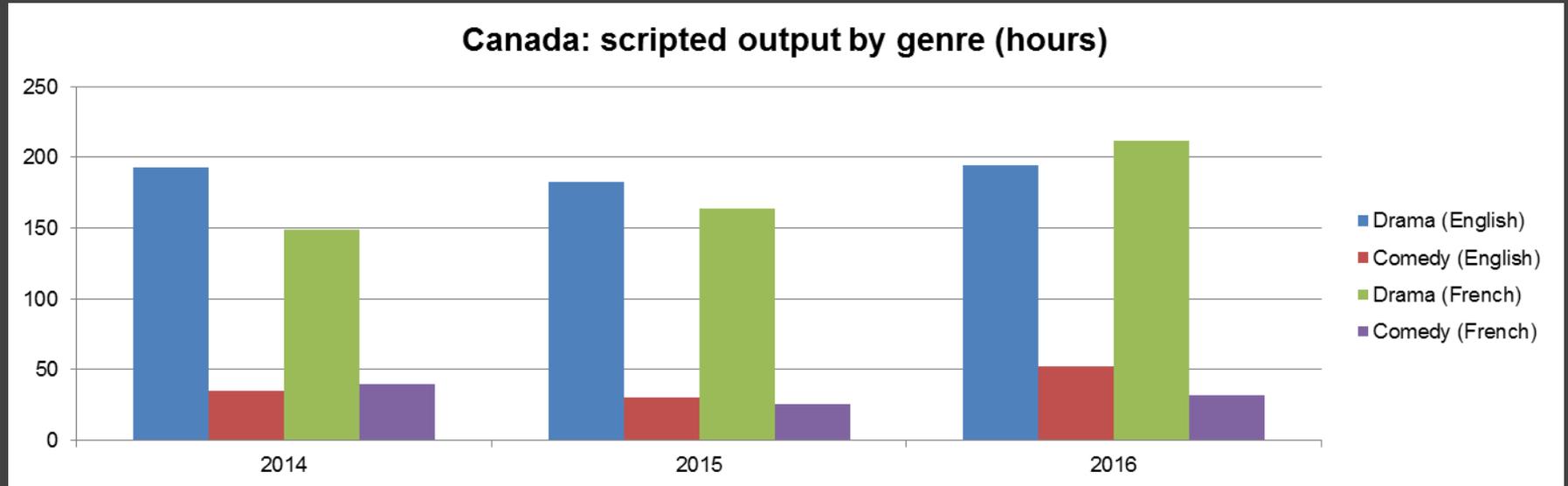


Source: IHS Markit

- Within TF1 group's drama just five out of 17 titles are single/ short-run; a significant scheduling and commissioning difference with France TV.

- Canal Plus focuses on five or six drama series per year; broadly eight to 12 episodes per series. Netflix was a new entrant in 2016 with its move into non-English language originals aimed at international markets. This first year in French scripted programming saw 11 hours from Netflix.

Canada: French-language production on the rise, while English output is stable

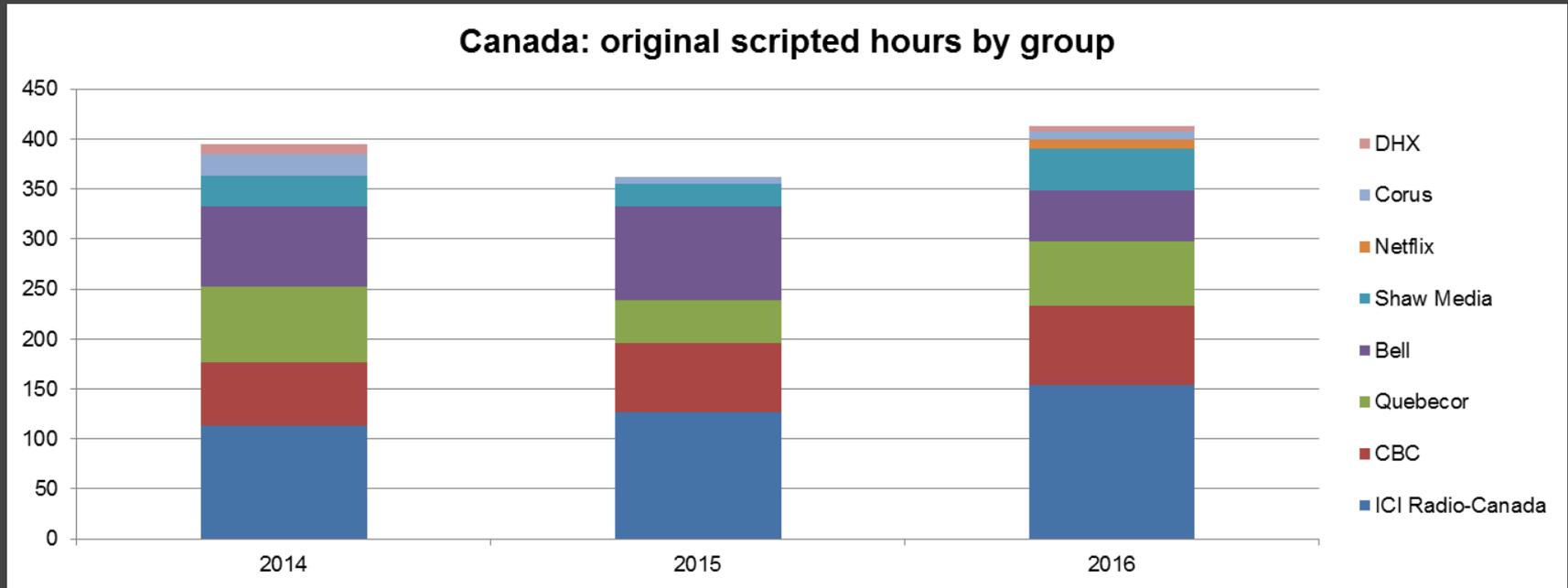


Source: IHS Markit

- Bilingual Canada has a vibrant French-language originals market which closely matches English-speaking original production, in both drama and comedy. French originals have grown 12.5% growth over the 2014-2016 period. However, this is a relatively small market, and one major programme can have a significant impact. This is the case here—in 2016 ICI Radio-Canada introduced a new high-volume crime drama, *District 31*. With 120 episodes in 2016 this added over 30 hours—taking the total to 212 hours for the year.

- Canadian English-language drama is static at 194 hours per year, roughly on a par with 2014. As noted in the analysis of the highest ratings series USA drama is very popular in neighbouring Canada—the top 10 highest rating scripted series in Canada are all acquired USA series and English language. This factor is one possible explanation for lack of growth in Canada's home-grown English language original drama.

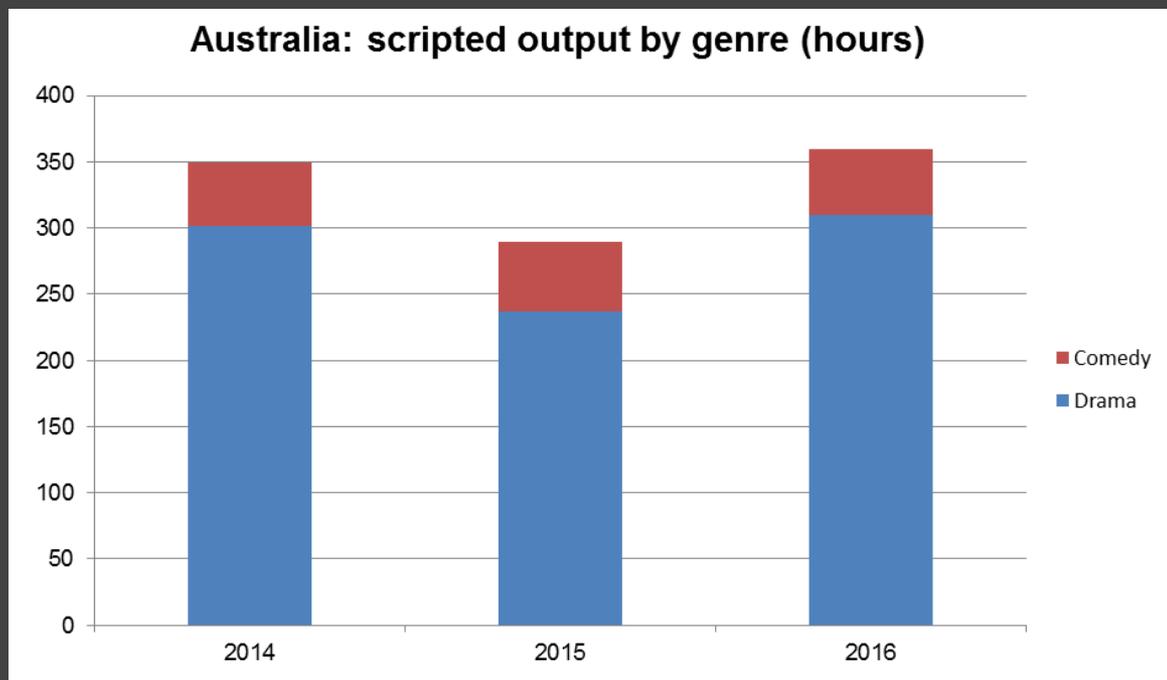
Canada: public broadcasters account for largest share of scripted programming



Source: IHS Markit

- English-language originals are found predominantly on three groups—CBC, Bell Media (owners of CTV) and Shaw Media. These three groups account for over 88% of all English-language originals. As observed in French-language originals in Canada, one series can have an impact. In this case Bell’s 2016 hours drop from 2015 to 2016 is the result of Bell’s CTV drama *Saving Hope* being delayed to 2017. While Bell Media (and its CTV channel) broadcast less original drama than CBC, it should be noted that CTV broadcasts a number of acquired TV shows from the USA and CTV dominates the scripted top 10 ratings chart.
- The large share of original hours by both ICI Radio-Canada and Quebecor reflect the vibrant home-grown market for French-Canadian drama. This French-language programming is concentrated within these two channel groups while English-language programming is spread across more channel groups.

Australia: original drama on the increase for public and private broadcasters



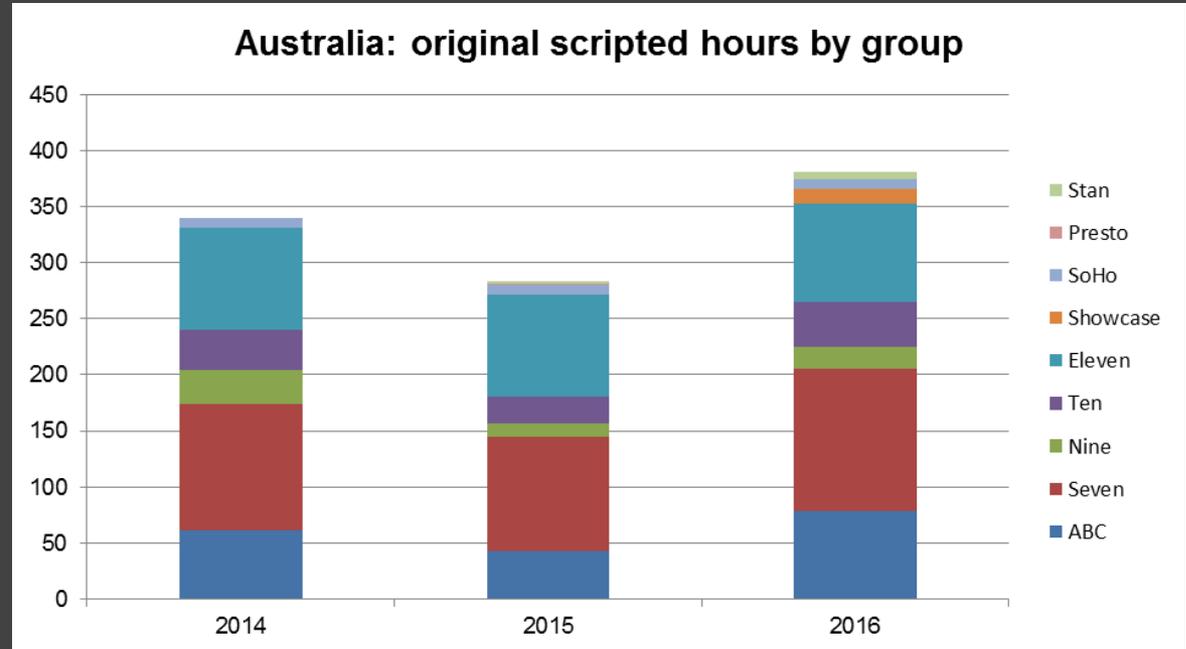
Source: IHS Markit

- Both original drama and comedy hours transmitted in Australia are growing, with a CAGR across 2014 to 2016 of 0.9% (drama) and 12.2% (comedy).
- However, Australia is the smallest for scripted programming hours of the six national territories analysed in this white paper. The transmitted hours per year were 319 hours for drama and 81 hours of comedy.

- Original comedy programming is found predominantly on the public ABC channel group.
- Of the 14 scripted comedy series transmitted in Australia in 2016, 10 were broadcast on either ABC or sister channel ABC2. By comparison, the spread of drama titles across the TV channels was far more even.
- For the drama genre in 2016 of the 26 original titles broadcast in 2016 only six were transmitted on ABC and ABC2.

Australia: Seven and Eleven soaps put them ahead of rivals, including online platforms

- Original drama in Australia is dominated in terms of hours by Channels Seven and Eleven. However, it is important to recognise the domination of soap operas in these figures.
- The two channels are home to Australia's main soaps *Home and Away* and *Neighbours*. Each contribute over 80 hours of original drama hours. Once these soaps are removed, the spread of original drama is more even.



Source: IHS Markit

- Eleven disappears with the exclusion of *Neighbours* (its only original drama).
- Seven is reduced to a more modest 39 hours once *Home and Away* is discounted. This reveals that Seven's 2016 drama comprises five other series (apart from *Home and Away*).
- ABC broadcasts similar non-soap hours to Seven and this comprises five series on ABC and one series on ABC2.
- The original drama market is modest on free-to-air TV.
- The list of Australia's highest-rating TV series includes a large number of sports broadcasts and reality TV series.



Scripted programming:
Interviews with Producers and
Distributors

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Dynamic Television, USA

Dan March, Managing Partner

Where does drama fit in your activities?

We specialise in drama—we co-produce, finance and distribute drama, in the US and Europe.

Different markets have different needs, but programming has never had a more global potential.

We've had some success with shows like *Trapped*, *Van Helsing* and *Madiba*.

How many hours of drama programming do you have in your catalogue?

Over the last three and a half years we have produced or invested in about 150 hours of programming.

Why drama?

Five or six years ago we could see the beginning of a trend. Broadcasters are trying to compete with each another and, now, digital platforms. How do you do that? You have to create a brand, build on it...



Image: Trapped - Dynamic Television

Drama is the best way to do that. If you have a two-hour movie, you can't spend marketing money on that. Drama series give you a chance to retain audiences for longer and allows broadcasters to build a loyal audience.

Drama is what allows broadcasters to build a brand. We have seen the demand growing over the last few years, but the supply is gradually catching up with the demand.

Why the emphasis on European shows?

First, the quality has never been better. We are seeing the talent level rise. I think what some [producers] have learned is that we are understanding how to tell stories that resonate globally. Look at [Danish series] *The Killing*: we can all relate to the urgency of trying to find a killer, solve a murder. The universality of it is all a reflection of the increased connectivity. *Trapped* was the fifth highest-rated foreign drama in France. It's in Icelandic.

What would you say has been the impact of Netflix?

SVoD has had a profound impact on our business. They have created an entirely new market. With every season they have increased their spending. They have also become every distributor's number one client. At the same time, Netflix and Amazon have become end users that can exploit a programme globally. No US or European network is going to fully finance a show. But Netflix doesn't need a partner – they don't need distributors or studios. If we bring them a show they can be a great partner... We have to adjust our emphasis; that's why we spend so much time on development.

We have more creative development executives than sales at the moment.

There has been talk in the US about too much television – do you think broadcasters will drop out of producing the genre?

We've already seen it in the US with A&E and WGN. Licence fees are quite high, and the ratings don't justify the investment. My guess is we'll see other smaller networks pulling out of the race. Networks have seen a 30-40% fall in their live audience. But demand is global. The big change is the amount we have seen invested in drama production Europe: Movistar in Spain, producers in France, Germany and the UK... we see a lot of opportunity.

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Inter Medya, Turkey

Can Okan, founder and CEO

How many hours of drama do you have in your catalogue?

Currently, we have approximately 12,000 hours of drama in our catalogue. Of course, this number is increasing each year as we add new titles into our slate.

How many series/titles are new this year?

We are expecting to have more than three new titles this year and hope to be launching them at this year's Mipcom.

How much are you investing in drama (producing or acquiring rights) this year?

As a distribution company, we do not produce any drama series or feature films and often work on a revenue share basis with each producer that we represent.

Is drama becoming more important in your catalogue?

Since 2008 when we first decided to distribute Turkish content internationally, drama series have always taken a major part in our catalogue. Now, in addition to selling TV series and feature films, we have also started to expand our catalogue with entertainment, reality and game show formats conceived by our in-house creative team as well as by creators from various countries.



Image: Endless Love- Inter Medya

Which are your most important territories for sales worldwide?

While the MENA region continues to be a major market for us, Latin America has also become one of our most important territories in the last couple of years.

In which territories are you seeing the biggest increases in demand worldwide?

In recent months, we have started to see a lot of interest from South East Asia and Sub-Saharan Africa. We strongly believe that the demand for Turkish content will grow tremendously in these territories in the near future.

How much of your sales revenues are made up of sales to digital platforms?

Recently, we have received quite a lot of interest from OTT and VoD platforms, as they grow and expand internationally. We closed a deal with Netflix for four of our drama series only a few months ago and we are still continuing negotiations with various digital platforms for some of our other titles. Approximately 15% of our sales revenue comes from digital platforms.

It was announced that Movistar would produce six to eight original series a year (half sitcoms, half drama) from 2017. Has this target been achieved, and how much of an increase is this on 2016?

Yes, it is right, we are producing eight different series in 2017, and also we are developing more projects for next year. First of all we have put a lot of our effort, time and resources in developing the best possible script. So developing the script is key and, within development, the way we approach to the script, is through the characters. Character-driven stories have to have a distinctive vision, so it's very important to know the creators behind those scripts. Another characteristic of these series is the high production values, you have to have the best standards, not for Spain, but for in the world, you have to be able to compete internationally.

Has there been any change in the budget allocated to individual drama series?

No, it has not been necessary, we have planned the projects, and executed them according to the budget forecasted

Within the mix of premium content offered by Movistar, how important is original drama now?

It is a response to a wider dynamic in the Spanish market. At the end, because TV has become so critical for our connectivity offer, the broadband offer, TV has become so important, so critical, you can not only rely on third party acquisitions. You have to combine both, combine third party acquisitions with your own content. Nowadays, original content is the main lever to differentiate from competitors and that's why we are focusing on quality in scripts and productions .

Has this been influenced by international trends like the rise of US original production and the arrival of Netflix and Amazon?

In our case, it is not a response to Netflix. We started this more than three years ago, the development of our original content. It is a response to our own needs. We need to have our own distinctive content, exclusive to our customers.

How does Movistar measure the success of one of its dramas – audience numbers, or other measures?

Of course we are going to measure with traditional measures, like audience, but also we are going to rely in new ones like our big data capacities, social network measurements, marketing and communication.

In the US, FX has spoken about the danger of too much television – do you think Europe is at the point where supply of drama is greater than demand, or does Europe have further to grow?

Not in Spanish, maybe in English. But we're not sure. Of course there are more shows than you can watch, but it's the same as books, music, etc. Now because of the arrival of Netflix, Amazon and all these players they're making more shows and probably we will not be able to see all of them. But this makes sense, we don't speak of too much TV, we are just moving to a world with more shows.



Image: La Peste - Telefonica

How many hours of drama do you have in your catalogue?

Our catalogue features a wide range of genres and formats for the different broadcasting slots and needs of our international partners. Our product catalogue features more than 800 hours of new releases.

How many series/titles are new this year?

We released approximately 20 new productions to the international market this year, including telenovelas, series, miniseries and motion pictures. The 2017 Mipcom catalogue includes three new properties: *Under Pressure*, a series that portrays the daily lives of medical staff struggling with the harsh reality of an under-resourced hospital in the suburbs of Rio de Janeiro. The production aired in Brazil this year and, during its premiere episode, five out of 10 households watching TV were tuned into the series. *Jailers*, starring Rodrigo Lombardi (*India - A Love Story* and *The Illusionist*) is about the reality of the Brazilian correctional system from the fresh perspective of the jailers themselves. We will also add the telenovela *Rock Story*. The pilot was a huge success in Brazil, totalling over 186 million viewers when it was aired.

How much are you investing in drama (producing or acquiring rights) this year?

We can say that we are constantly seeking new ways to create, produce and distribute multiplatform content spanning across a wide range of genres. A good example is the recently opened Casa dos Roteiristas ('house of screenwriters', in a loose translation) in Rio de Janeiro, gathering a team of renowned Globo screenwriters to come up with series and other short formats for local and foreign markets. We are also investing in the construction of three new studios to produce telenovelas. The new studios will be integrated with Globo Studios' other 10 studios and 32 backlot sets.

Is drama becoming more important in your catalogue?

Drama is part of Globo's DNA, be it in telenovelas, series or miniseries. For years we have worked hard to create impactful and quality productions that can conquer and engage audiences around the world.

Which are your most important territories for sales worldwide?

We believe that each region has its own set of characteristics, and we equally employ all efforts to understand and fulfil each of their specific needs. We have a captive audience in Latin America and Portuguese-speaking countries, mainly due to our history and similar cultures.

Last year, we licensed products to approximately 66 countries and 19 different languages. And we will continue to seek new ways to increase these numbers and expand our operations worldwide.

In which territories are you seeing the biggest increases in demand worldwide?

In our view, there is no specific market. Everyone is consuming more and more content. What characterises the current market are the business model opportunities based on each society's consumption habits.



Image: Bajo Presión (Under Pressure) - Globo

About the Author



IHS Markit

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- IHS Markit is a global information company with world-class experts in the pivotal areas shaping today's business landscape: energy, economics, geopolitical risk, sustainability and supply chain management. We employ more than 8,000 people in more than 31 countries around the world
- This white paper is taken from a forthcoming insight report from IHS Markit, *World TV Production 2017*

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