The gloves are off: the battle for revenues and programming investment

IHS Markit Channels & Programming Intelligence

American Gods – Amazon Prime Video

mipTV

mipcom

Cannes, France

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The gloves are off: the battle for revenues and programming investment

Television is increasingly a battlefield where players of all sizes—global, regional and national—face new competition and disruption. With consumers increasingly viewing content on demand and online, the TV landscape is shifting.

Drawing on data from IHS Markit's unique and unrivalled Channels and Programming Intelligence service, we have looked at revenue and programming expenditure data for 26 leading TV markets across the world plus global streaming platforms Netflix and Amazon Video.

We have also interviewed producers, distributors and platforms to find out how they are adapting to seismic changes in the TV market.

We see these major trends emerging from our data:

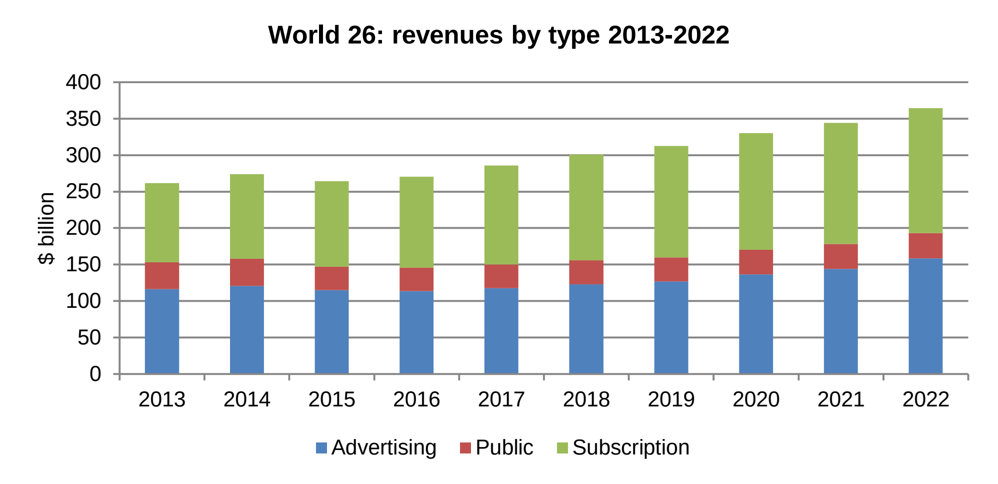
- Increased investment in original content (especially scripted drama), with further growth to come
- The market for finished programming (acquisition) is still, growing, but not as strongly as in previous years
- Sport is still a major area of programming investment, but inflation for some rights is cooling off
- China's emergence as a major TV market is being driven by online platforms
- On demand platforms—mainly, Netflix, Amazon and YouTube—are continuing to reshape the global TV market

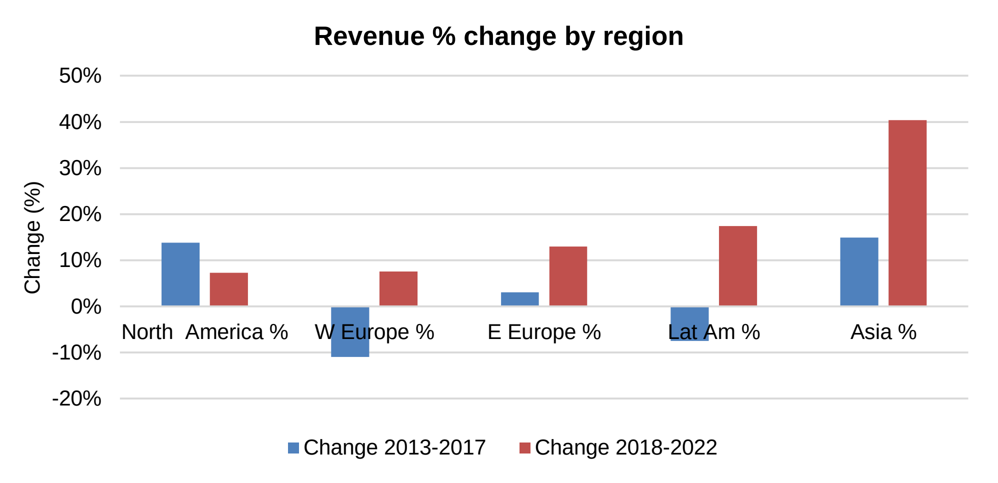
Asia Pacific leads the way as the global TV market continues to grow

- The 26 countries covered in this report (see list below) generated a combined $285 billion in revenues in 2017. Advertising was the largest part of this ($118 billion), followed by subscription ($134 billion) and public revenues ($32 billion). We forecast that revenues will grow to $365 billion in 2022, with advertising still the leading source of revenue.

- Over the five years to 2017, revenues in both western Europe and Latin America have fallen—though this is exaggerated by the strength of the US dollar. North America has seen growth, but will slow down in the next five years, with Asia Pacific forecast to be the most dynamic region.

Countries covered: *North America:* Canada, US; *Europe:* Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Spain, Sweden, UK;
Asia Pacific: Australia, China, India, Japan, New Zealand, South Korea ;
Latin America: Argentina, Brazil, Chile, Mexico.

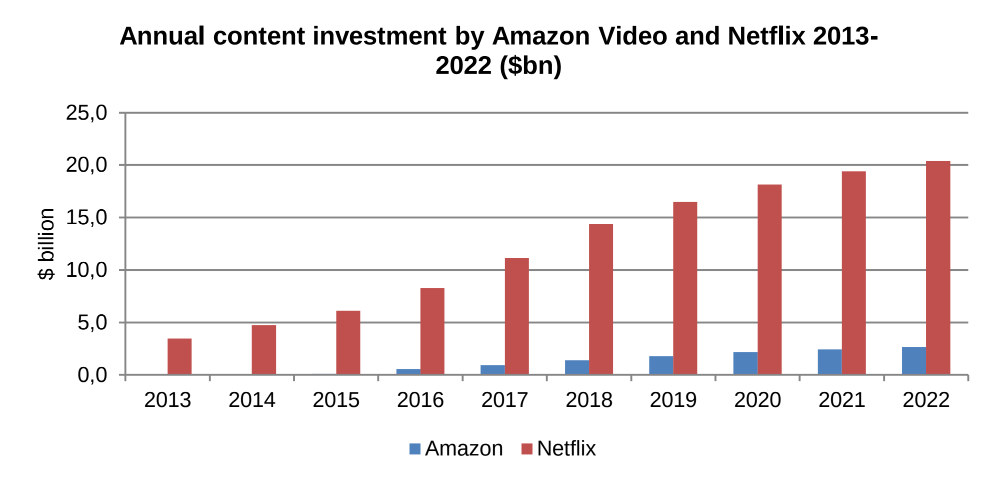


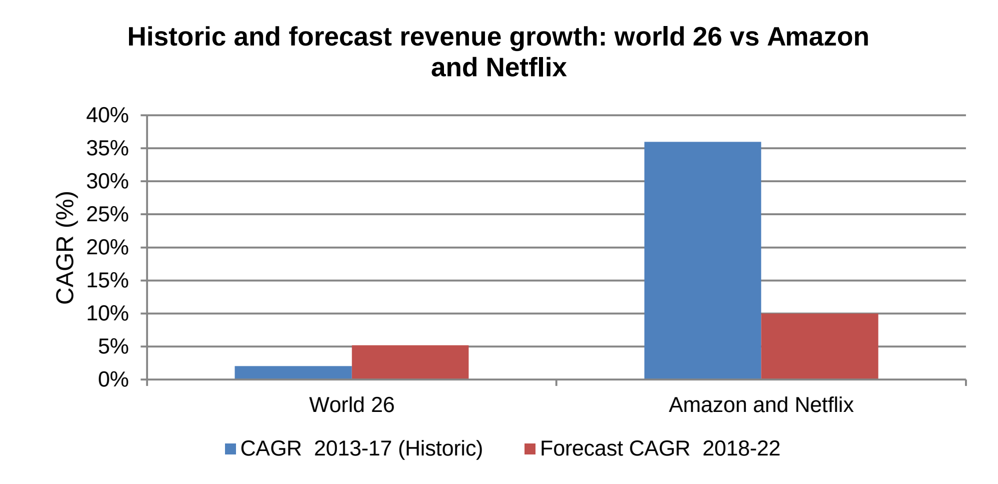


Source: IHS Markit Channels & Programming Intelligence

Online players drive subscription revenue growth as they roll out worldwide

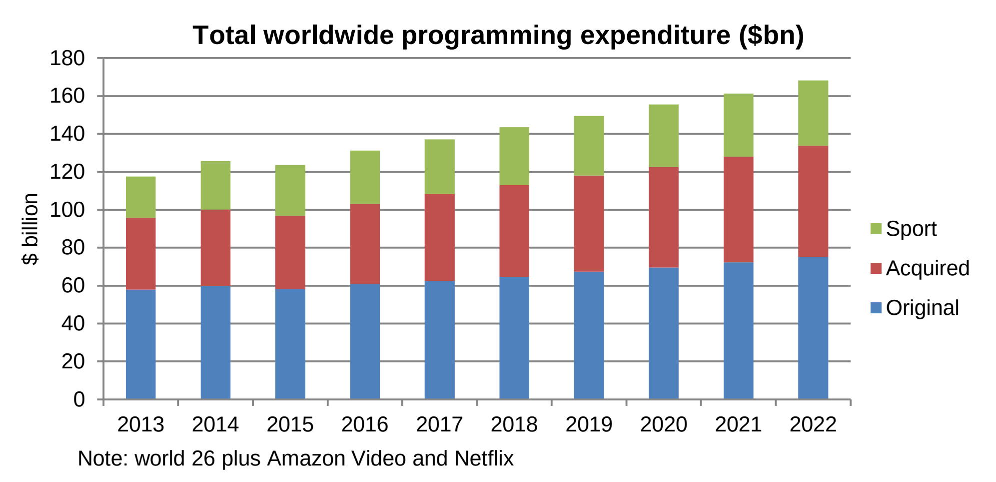
- The big revenue trend is the growth in streaming services Netflix and Amazon, which rolled out globally in 2016. These international services are not included in the totals on the previous slide. (However we do include local online platforms like Hulu, iQiyi, Youku Tudou and Tencent Video in our national revenue coverage.)
- We estimate the two streaming platforms' combined revenue from video subscription to be just over $12 billion in 2017, having grown at a CAGR of 35% over the previous five years. Revenues for the two platforms will grow to $23 billion in 2022 at a CAGR of 10%. The world 26 grew at 21.% in the last five years and—driven mainly by China— are forecast to grow another 5% to 2022.

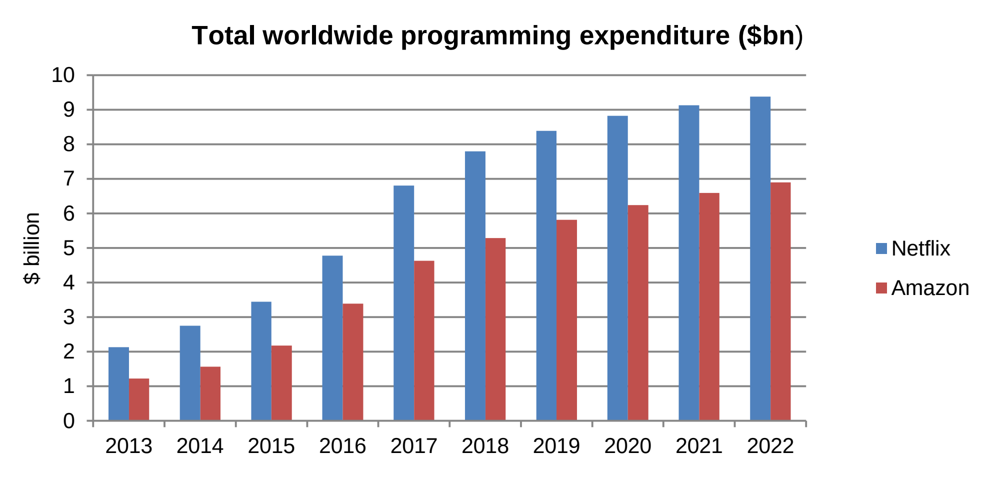




Source: IHS Markit Channels & Programming Intelligence

Investment in programming rises to $130 billion, with Netflix and Amazon set to outspend the UK this year





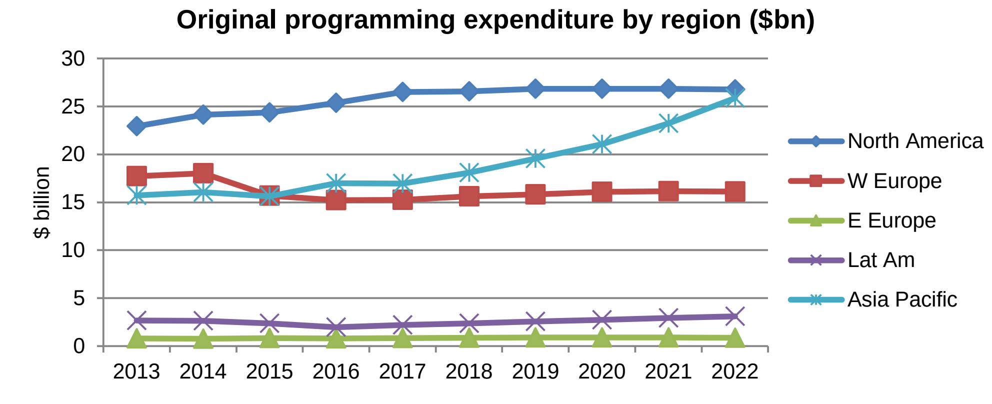
Source: IHS Markit Channels & Programming Intelligence

- In 2017, we estimate that broadcasters and channels in the 26 countries analysed, plus Amazon and Netflix, invested $137 billion in programming. Original (programmes produced in-house or commissioned from third parties) were the largest category, worth $63 billion, with $46 billion on acquisitions and $29 billion on sport. Over the last five years, overall spending increased 3.9%. We expect growth to be slightly lower over the next five years at 4.0%, with spending rising to $168 billion in 2022.

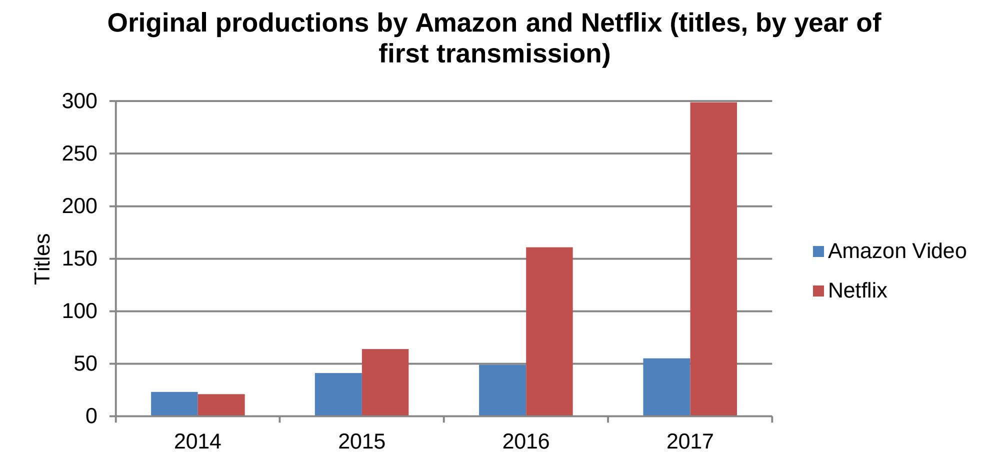
- Investment by Netflix and Amazon alone was a combined $11.4 billion in 2017, with Netflix well ahead of the e-commerce giant with a budget of $6.8 billion. Over the last five years, investment has increased by 36%. We expect slower growth of just under 6% over the next five years.

- The scale that Amazon and Netflix have reached is striking. They invested more than France and Germany combined in 2017, and we expect them to exceed the UK this year.

Original programming investment expected to plateau in North America and Europe



Note: world 26



Source: IHS Markit Channels & Programming Intelligence

- The last five years have seen an increase in original programming investment in most regions. North America accounted for 42% of a worldwide total of $62 billion in 2017. However, we believe spending is set to level off over the next five years in the region, and is already on a plateau in western Europe. Driven by China, Asia Pacific will, we expect, register a steady increase.

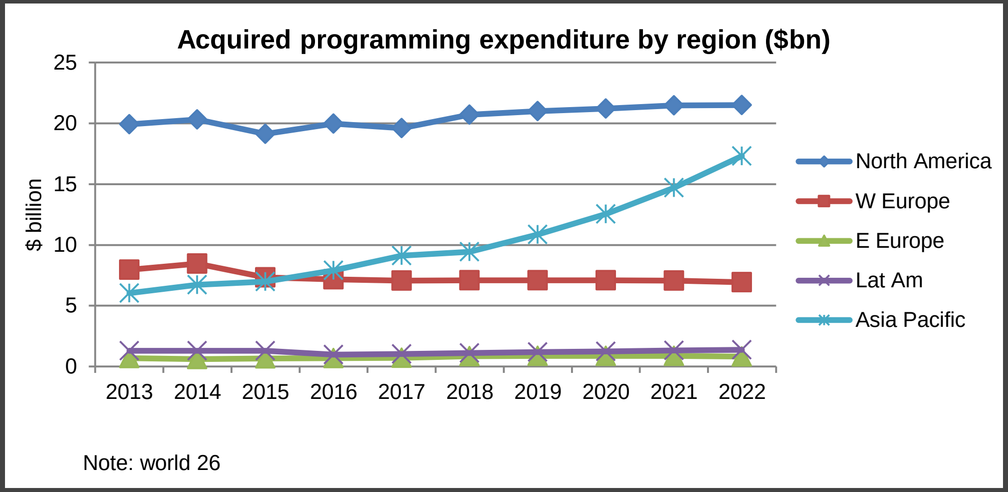
- Much of this growth can be ascribed to the threat of the new SVoD platforms. Pay TV players like Sky and Telefonica have increased investment in original programming to strengthen their value proposition and gain a revenue stream form rights distribution.

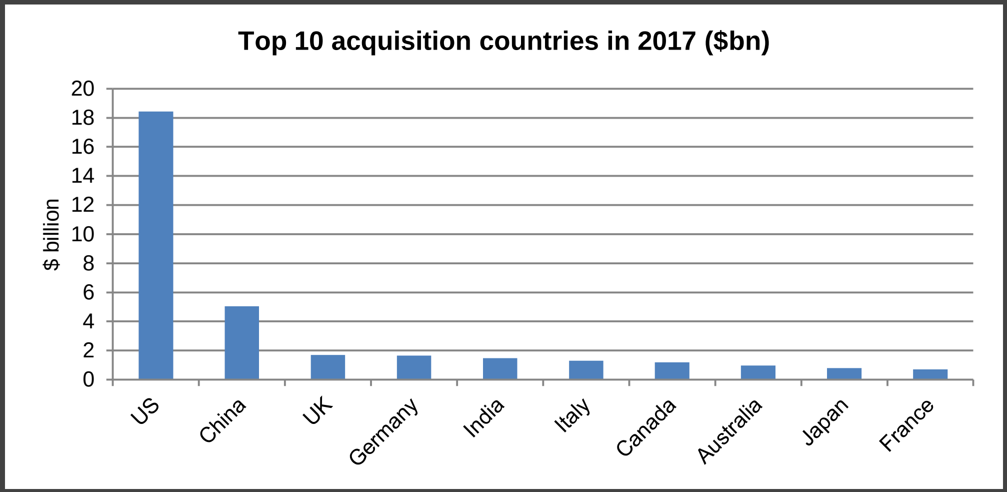
- Over the last two years, original production investment by Netflix has skyrocketed, from a single title in 2012 to just under 300 in 2017. Amazon has increased more steadily, releasing 55 original titles in 2017.

- The availability of local content is a key move for both platforms to adapting their services to different countries, along with local currency pricing, local-language websites, dubbing and subtitling.

Asia Pacific will overhaul western Europe as the largest acquisition market by 2022

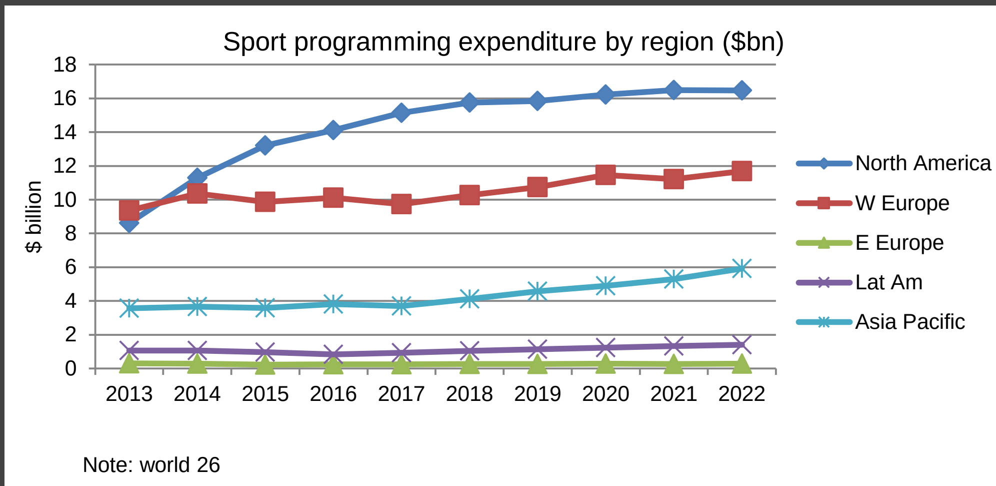
- The rise of Asia Pacific (and in particular China) is particularly apparent looking at our tracking of acquisitions (finished TV programmes, movies and other content).
- In 2017, western Europe accounted for the biggest chunk of the $37.5 billion in acquisitions in our 26 countries, ahead of North America and Asia Pacific. IHS Markit forecasts that Asia Pacfic will be the biggest market by 2022, overtaking western Europe.
- Acquisitions were worth a combined total of $35.9 billion in 2013, and are forecast to climb to $48.0 billion in five years.
- The US remains far and away the largest acquisition market, with expenditure of more than $18 billion in 2017. The next largest national market is now China, with the UK, Germany and India, all between $1 and $2 billion in the same year.

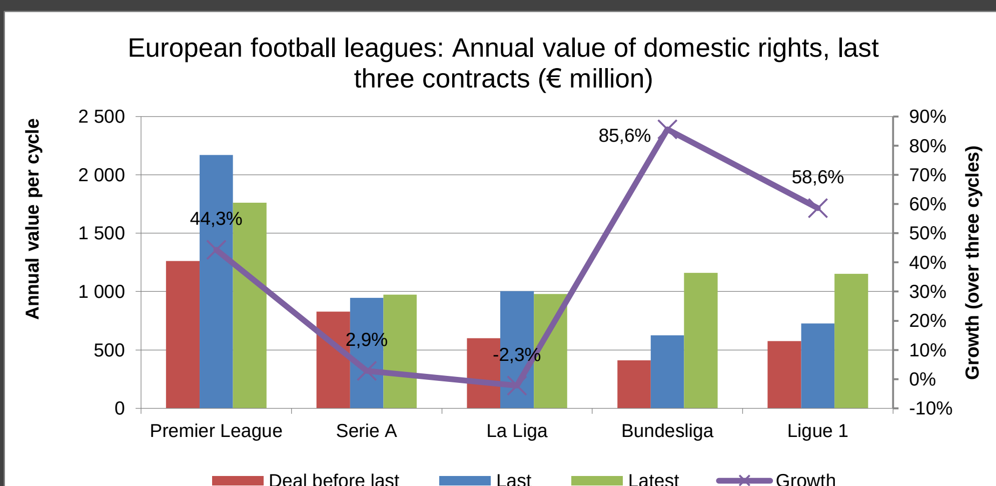




Source: IHS Markit Channels & Programming Intelligence

Sport expenditure continues to grow – but are there signs that TV rights inflation is cooling off?

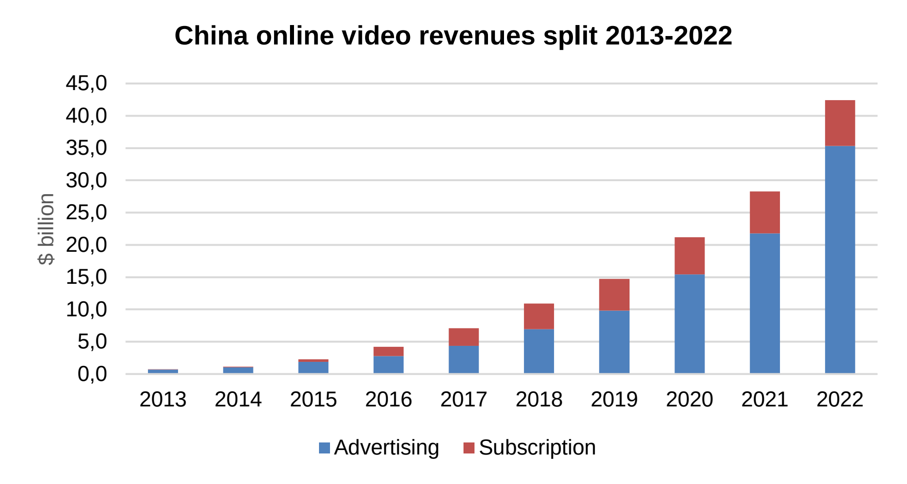


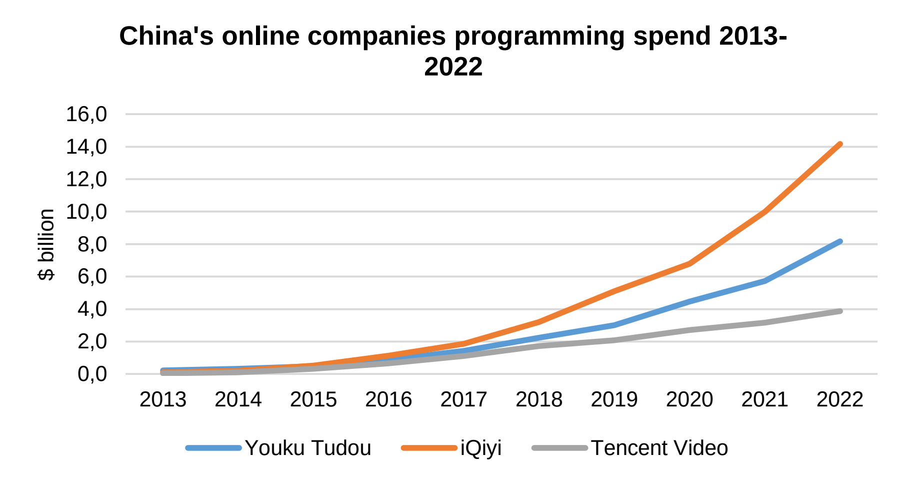


Source: IHS Markit Channels & Programming Intelligence

- Sport accounts for around 20% of overall TV programming expenditure across our 26 countries, worth $30 billion in 2017. Having increased from $23 billion in 2013, sport has increased at a higher rate than original programming and acquisition.
- Over the next five years, we expect the rate of growth will be more moderate. Indeed, sport investment will underperform the overall market.
- One reason for this is the maturity of pay TV markets, which are already starting to impact on rights deals for the leading sports such as the Premier League in the UK, Serie A in Italy and La Liga in Spain. New players like Amazon, Facebook and Perform Group have entered the rights market, but are disinclined to trigger a further round of rights inflation against well-entrenched pay TV companies.
- In turn, companies like Sky and Telefonica are looking to exploit lower competition for rights by moderating their spending.

China's online groups will be a major driver of global revenues and programming spend





Source: IHS Markit Channels & Programming Intelligence

- China's online video revenues were $7.1 billion in 2017, taking into consideration advertising and subscription revenues generated by Baidu's iQiyi, Alibaba's Youku Tudou and Tencent Video.
- IHS Markit expects revenues to grow robustly driven by continuing advertising spend and keen subscription uptake.
- Increased content investment by online media platforms is a catalyst driving China's programming spend.
- We estimate 55% of their programing spend was for originated in 2017. Besides creating original content to attract subscribers, content owners are encouraged by IP ownership and the ability to distribute. For instance, iQiyi's content revenues grew 134% in 2017.
- iQiyi went public in the US in March 2018. According to its prospectus, the Baidu-owned streaming platform's content costs grew 64% to $1.9 billion in 2017.
- iQiyi signed licensing deal with Netflix in 2017 to distribute Netflix titles on its platform.

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US media companies see more scale as the key to meeting the online challenge

Dec 2016: Sky shareholders agree to cash offer by Fox to acquire 61% it does not own
July 2018: Fox raises offer from £10.75 to £14 a share, valuing Sky at $32.5 billion

July 2018: UK government clears deal on condition Sky News is sold

Dec 2017: Disney makes an offer to acquire most of Fox assets for $52.4 billion
June 2018: Disney increases offer for Fox to $71 billion

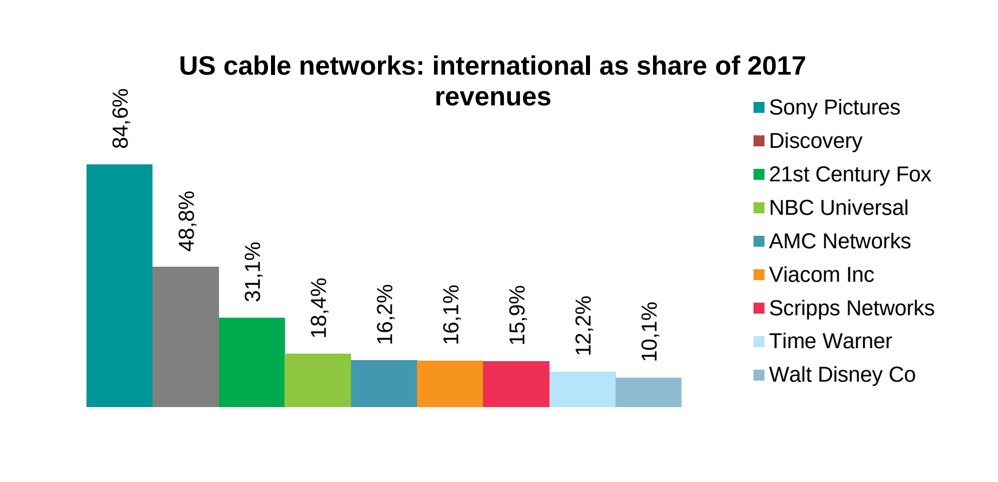
April 2018: Comcast proposes to take over Sky, whose shareholders withdraw their recommendation of Fox offer
June 2018: Comcast makes competing offer for Fox valued at $65 billion
July 2018: Comcast raises its offer for Sky to £14.75 a share (value: $34 billion)

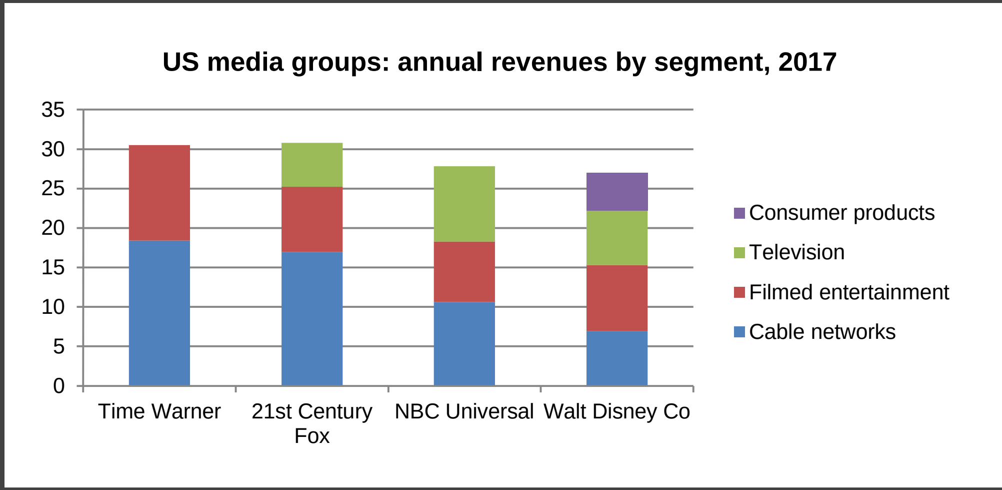
AT&T completed its acquisition of Time Warner in June, bringing under the same roof a telecoms business with more than $150 billion in annual revenues, DirecTV, HBO, Turner and Warner Bros studios. The Walt Disney Company is vying with Comcast to acquire the entertainment assets of 21st Century Fox. Fox is also trying to acquire full control of Sky.

The rationale for these mega-deals boils down to the idea that scale is vital for media companies to thrive in the fast-developing global media market. As James Murdoch, CEO of 21st Century Fox, has said, ‘the freedom to take risks and the strength to compete... only comes from global scale.’

Either Walt Disney/Fox or Comcast/Fox will be considerably larger than any of its main US-based competitors, with a huge international footprint and a powerful position in the US.

Cable channels have become pivotal to the US majors' businesses



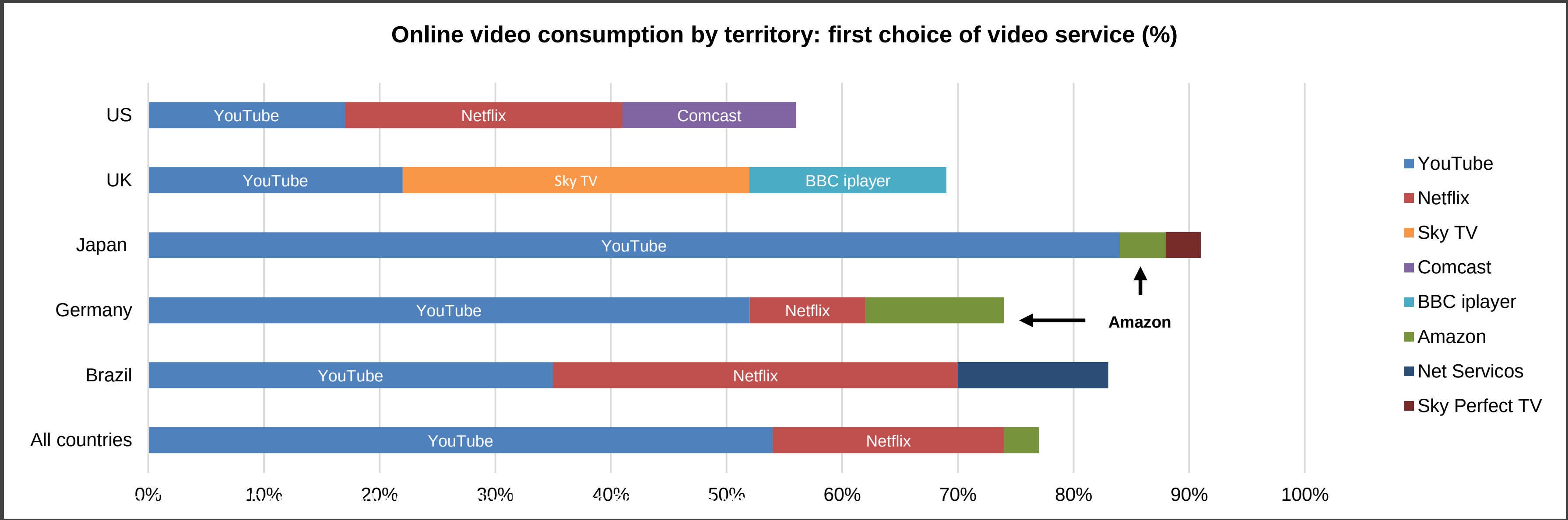


Source: IHS Markit Channels & Programming Intelligence

Either a Disney/Fox or Comcast/Fox transaction would create duplication in the areas of film and TV production and distribution. However, a bigger library of programming rights would certainly reinforce Disney's planned direct-to-consumer platform slated for launch worldwide in 2019. In the cable networks area, the channel portfolios of both Disney and NBC Universal are largely complementary to those of Fox.

Of the leading US cable programmers, we estimate that Fox generated the most international revenue in 2017 with $4.3 billion. This was largely contributed by Star India. Discovery made $3.2 billion in revenues (Scripps, acquired this year, will add another $551 million), with Time Warner on $2 billion (non-consolidated HBO international channels are not included). Thanks to its Indian channels (and its relatively small scale in the US), Sony drew the largest percentage of cable network revenues from the international market with 85%.

First choice video services: large variations between territories and younger demographics view video out of the home



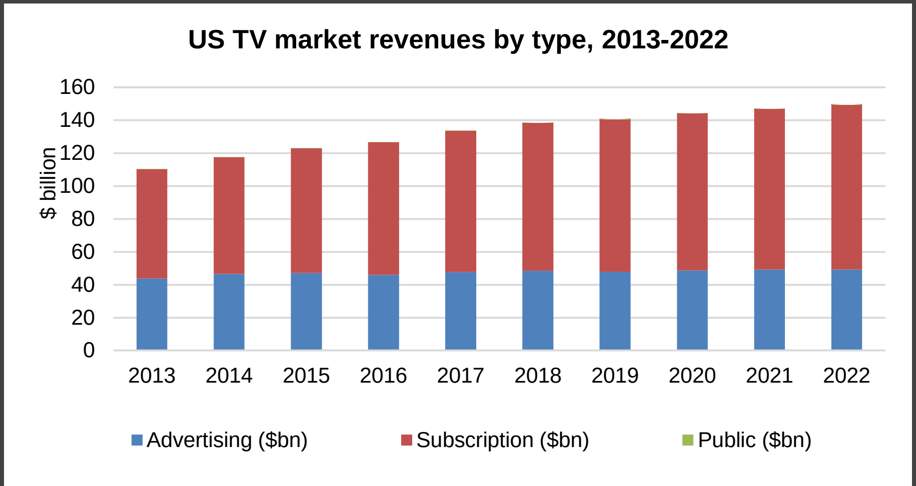
Source: IHS Markit Connected Devices & Media Consumption Intelligence Service

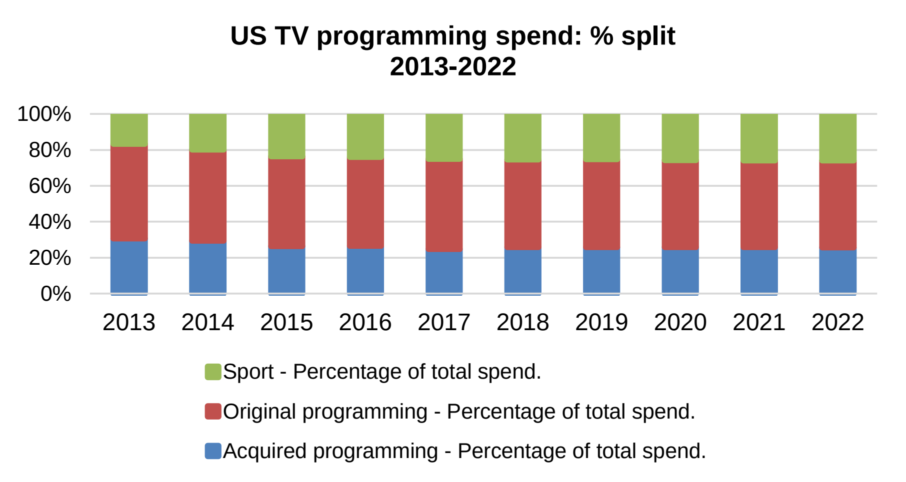
- YouTube, Netflix and Amazon are the three most popular video platforms in the five countries surveyed in IHS Markit's latest consumer research.
- Platform popularity varied according to geography: YouTube is by far the most popular service in Japan, while Sky and the BBC iPlayer were more popular than Amazon and Netflix in the UK. In the, US Comcast's video service is close Netflix's popularity; while in Germany, Amazon is more popular than Netflix.
- IHS Markit's data also found that that more than half of respondents across five markets surveyed watch video content out of the home at least once a month or more, of which one in six did so daily.

Revenue and programming trends at national and regional level

Deutschland 86 - an UFA FICTION production in cooperation with Amazon Germany and FremantleMedia International, supported by the German Motion Picture Fund, Medienboard Berlin-Brandenburg, Creative Europe Media – MEDIA Programme of the European Union and the Department of Trade and Industry South Africa. Filming in South Africa takes place in co-operation with Two Oceans Production.

US: low growth going forward results in declines in original and acquired programming investment





- US channel revenues grew at a CAGR of 4.9% for 2013-17, with subscription growing 6.7% and advertising more modestly (2.1%). However, for 2018-22, IHS Markit forecasts total revenue growth at the significantly lower rate of 2%. Both subscription and advertising revenues will grow, but at lower rates than the historic trend. Subscription revenue growth is forecast at 2.8%. Advertising revenues are forecast to grow just 0.4% for 2018-22 as the shift to digital advertising continues to dent the TV advertising market.

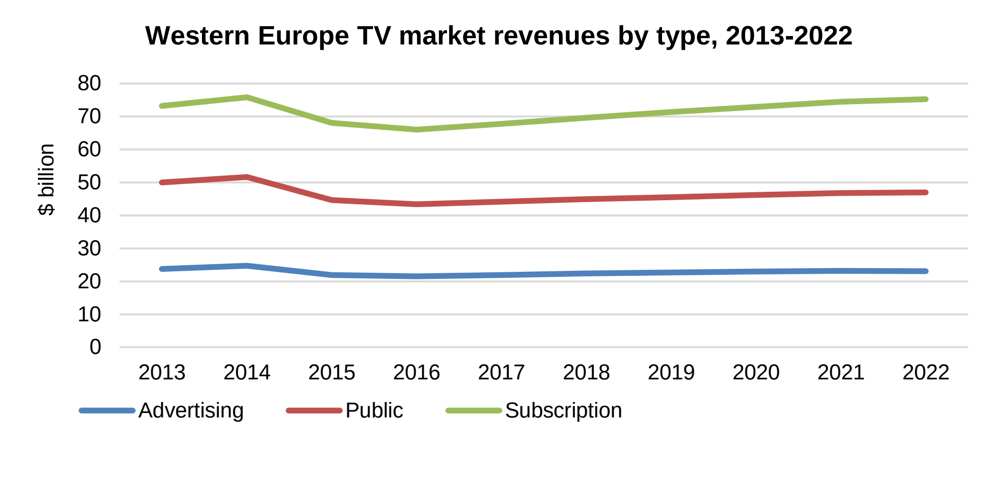
- Programme expenditure reflects the changes in revenues. Spend for 2013-17 grew 5.7%. Original programming grew 4.3%, sport spending increased very significantly: 17.1% (2013-17). From 2018 to 2022 the forecast is for significantly less growth. Overall expenditure will increase just 0.5% with acquired up 0.4%, original 0.2%. Sport will grow 1.1%.

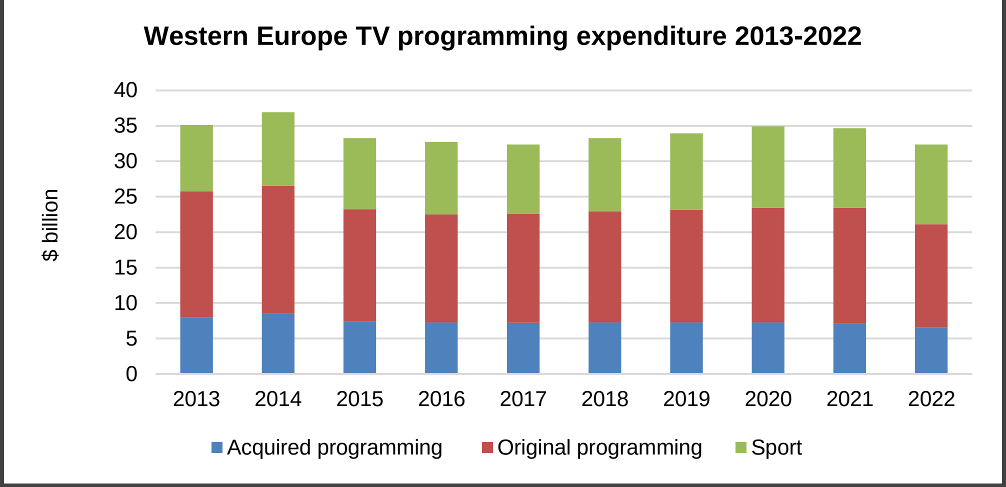
- Acquired programming investment will decrease from 30.7% of total spending to 25.7 in 2022. Original programming spend will also decline from 52.7% in 2013 to 48.3% 2022. The sport segment increases as a proportion of total spend from 16.6% (2013) to 26% (2022). IHS Markit also forecasts that in 2021, for the first time, sport will overtake acquired programming.

Source: IHS Markit Channels & Programming Intelligence

Western Europe: subscription growth compensates for weak advertising and public revenues

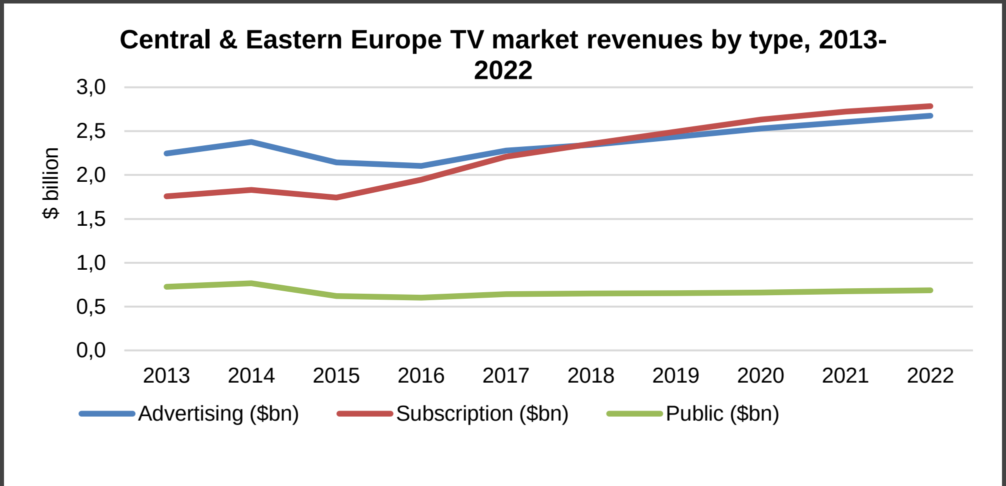
- Europe's most developed TV markets have seen revenue declines in advertising (-1.9%) and public (-4%) segments over the last five years. Subscription revenues showed modest growth of 0.3% across the same period.
- IHS Markit forecasts total TV revenues will increase 2% for 2018-2022. This recovery in revenues is forecast to come predominantly from 3.4% growth in subscriptions across the region. Advertising (0.8%) and public (1.5%) revenues are growing only fractionally.
- Overall programme expenditure declined -2% for 2013-17. Declines in original (-3.7%) and acquired (-2.9%) offset the 1.0% growth in sports spending.
- Revenues will increase in 2018-22, but IHS Markit forecasts stagnant overall programming spend. Original will increase fractionally (0.8%) but acquired is expected to decline -0.5%. Sports programming growth will increase at a greater rate 3.3% for 2018-2022, outperforming the growth over the last five years.

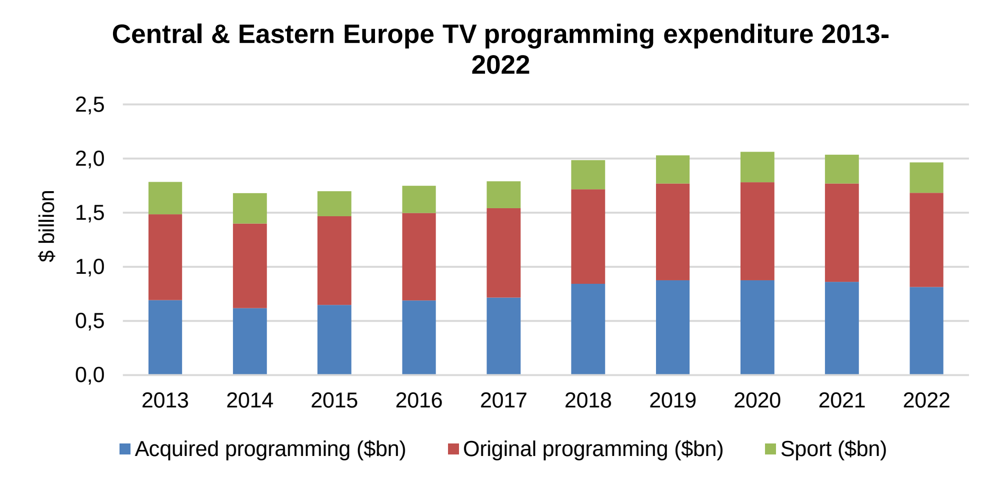




Source: IHS Markit Channels & Programming Intelligence

Central and Eastern Europe: growth going forward but continuing weak programme spend



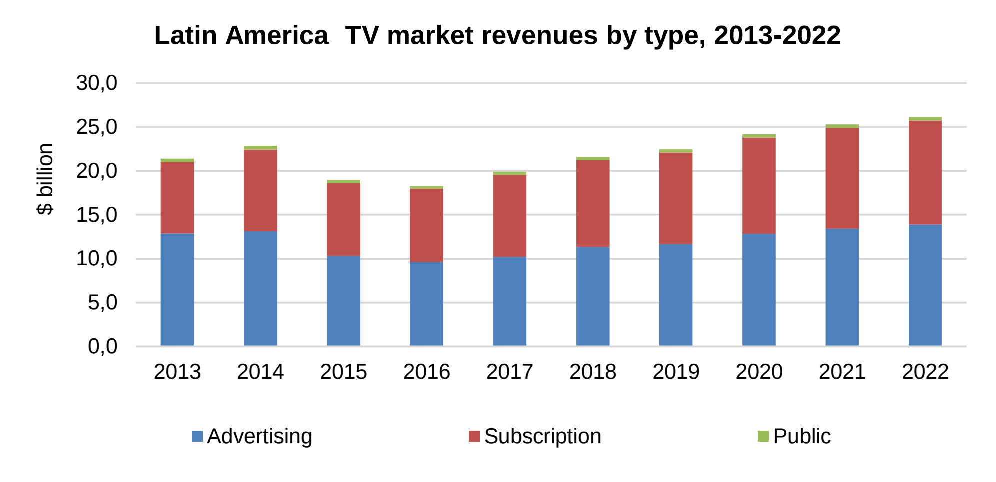


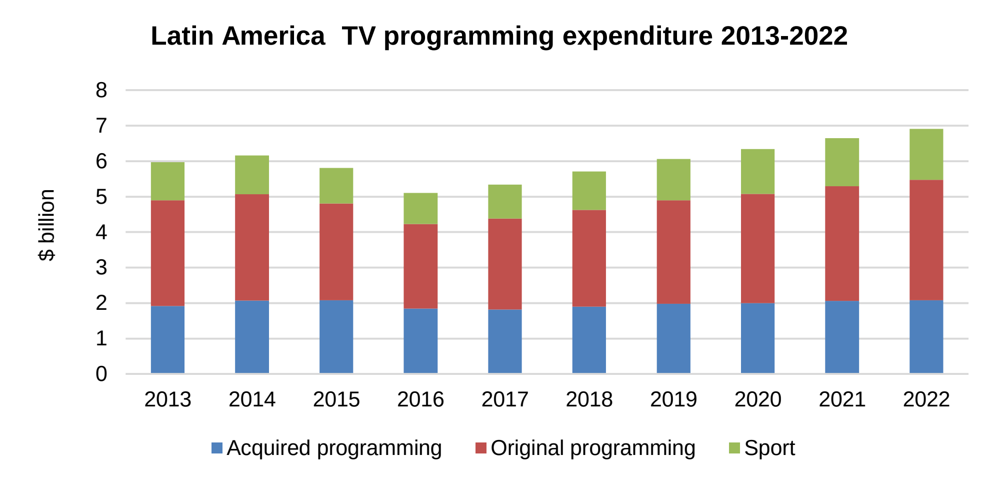
Source: IHS Markit Channels & Programming Intelligence

- Overall revenues in the major Central European countries—Czech Republic, Hungary and Poland—grew 2.1% in the last five years, with subscription revenue the main driver, with CAGR of 5.9%. Public revenues decreased -3% while advertising revenues were virtually static across 2013-17 at 0.4%.
- The revenue forecast is positive for these three territories, with the overall growth rate increasing to 3.5%. Subscription is once again expected to outperform, gaining 4.3% for 2017-2022. Advertising revenue growth of 3.4% is much stronger than Western Europe.
- However, the stronger performance does not translate to programming expenditure. For the 2013-2017 period, overall programming spend declined 0.1% and the forecast for 2017-22 shows a fractional decline in spending of -0.2%

Latin America: revenues and programming spend set to rebound in next five years

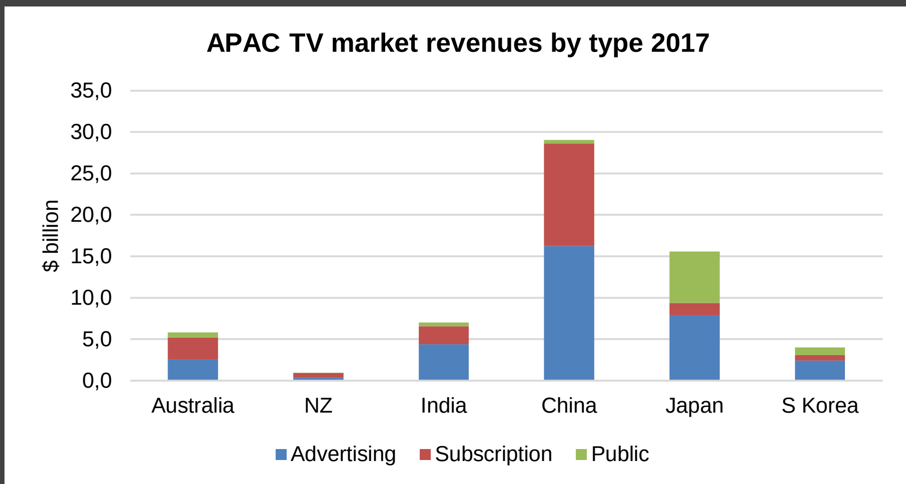
- TV market revenues in Argentina, Brazil, Chile and Mexico decreased from 2013 to 2017. In particular, the turnover drop from 2014 to 2015 has had a huge impact on the overall decline.
- From 2014 to 2015, total revenues declined 1.7%, aggravated by the devaluation of local currencies against the US dollar
- Overall revenues in the region were $19.9 billion in 2017, down from $21.4 billion in 2013.
- The main driver of the revenue decline has been advertising, which we estimate fell 5.6% from 2013 to 2017. IHS Markit forecasts an improvement in the next five years, with overall revenues up 5%.
- Programme investment has followed a similar pattern to revenues. Over the last five years, programming investment declined 2.8% overall to $4.2 billion in 2017, but will bounce back to grow just under 5% in the five years to 2022..
- We expect sports to be the main driver of this increase, growing 7.5% over the next five years, with original programming investment up 5.6% and acquisitions up 2.2%.



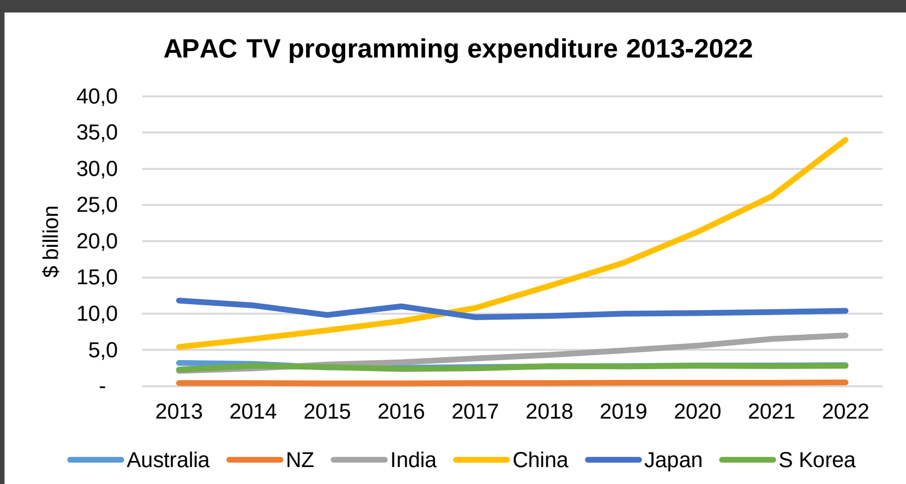


Source: IHS Markit Channels & Programming Intelligence

Asia Pacific: China drives growth revenues and programming expenditure in region



Source: IHS Markit



Source: IHS Markit

- China is the largest and fastest-growing TV market in the Asia Pacfiic region. Overall TV market revenues in China grew 17% on the year before to hit $29 billion, taking into account advertising, subscription and public.
- We expect TV advertising to grow steadily in this region, but on-demand subscription will outgrow it over the next five years.
- China overtook Japan to become the largest programming investor in the region last year, bolstered by aggressive content investment by online media giants Baidu, Alibaba and Tencent.
- We expect programming expenditure in Japan to plateau in the next five years, caused by the overall lacklustre TV market outlook.
- India will grow to become the third largest spender by 2022. Global groups Sony Pictures and 21st Century Fox have increased investment in their local subsidiaries Sony Pictures Networks and Star India.

Interviews: producers, distributors and programmers share their perspectives

Married at First Sight USA – Red Arrow Studios International

What would you say has been the impact of Netflix and Amazon on the global TV programming market and broadcaster spending?

Peter Salmon, Chief Creative Officer, Endemol Shine Group

From a production point of view they've triggered a very dramatic race to the top on several levels: top class projects—like *Black Mirror*, *Queer Eye* and *Stranger Things*; attracting top-tier talent—from Charlie Brooker to Jerry Seinfeld to Idris Elba to Jodie Foster; then there's top end budgets—from *The Crown* to *The Grand Tour*, not afraid to buy or commission what they want when they see it. All of which is hugely impressive, hugely influential and game-changing. It's meant new and endless opportunities for viewers and an increasingly diverse array of content on offer. It's driven up ambition. The rise of these platforms has transformed business models and also the way we think about what's possible on a television.

Black Mirror – House of Tomorrow, part of the Endemol Shine Group

Hendy Lim, Vice President of Indonesia Entertainment Group, Emtek Indonesia

They are friends at the moment. They're potential buyers and production partners of our content. As we look forward to working closely with the online players, like other TV companies, we are getting ready for the potential threats they are posing as they gain more and more subscribers.

Netflix has not done any local content as of now, but their content with Indonesian subtitles has won them some subscribers in this market.

What would you say has been the impact of Netflix and Amazon on the global TV programming market and broadcaster spending?

Henrik Pabst, President of Red Arrow Studios International

The classic windowing strategy which enabled a distributor to recoup its investment is no longer fit for purpose. It's a tougher market for distributors, and we have to be much more nimble and creative. The budgets and opportunities offered by Netflix and Amazon have also led to more and more Hollywood stars starting up production ventures to cater for the need for ever-more-prestigious projects—thus squeezing other production companies.

Lisa Honig, SEVP, International Distribution Fremantle Media International

I think it has contributed to an increase in spending and competition across the board. As with any new client, each company needs to assess constantly how these new platforms fit into the general ecosystem of the industry and how the businesses can be mutually beneficial. It's still about finding the right home for each individual project.

Falco Mexico – Red Arrow Studios International

Agnes Rozario, VP, International Content, Astro Malaysia

SVoD players tend to increase pricing of some shows as they are able to amortise shows on a global level. As a producer ourselves, this is also an opportunity. The diverse audience of Malaysia acts as a test bed for shows so that we are able to create content that can cut across multiple audience groups and territories.

The adoption of new formats and content consumption has become more personalised with a growing demand for SVoD. We will play to our strengths including our customer relationships and brand trust, expertise in vernacular content, and emerging capabilities in digital

On SVoD platforms (particularly Netflix & Amazon) there has been a bias towards scripted. Why do you think this has happened?

Henrik Pabst, Red Arrow Studios International

Like any nascent pay model, you need water-cooler shows to drive subscriptions. The best and quickest way of achieving that is to offer highly PR-able, highly packaged, talent driven content that brings a ready-made broad-based, global audience – for example, Hollywood product. The Netflix/Amazon model is no different to that adopted by the first tranche of pay TV cable and satellite networks who invested heavily in movies, sport and live music events in the 90s.

Peter Salmon, Endemol Shine Group

Scripted very much set the tone of these new platforms from the very beginning. If you think of the combination of big, on-screen talent and eye-catching IP, this is the ideal way to signal to the audience that your platform is a must-have subscription service. Scripted is also the genre that is made for the box set and non-live viewing. Stacking lets viewers watch what they want, when they want and appeals to our time-pressured mobile world. It's a new model that plays perfectly into modern life. Scripted captures the full potential of global- modelled on a new form of Hollywood style marketing which sees the world as a single market place. It used to be about a single film being released internationally—day and date—now it's a Netflix drop. What worked for the film business now works for scripted, albeit modified.

Image: *G.L.O.W.* – Netflix

There's a perception that channels are prioritising scripted over unscripted. Is this true in your market?

Plan B **– ViuTV**

Lofai Lo, Director and general manager, ViuTV

Hong Kong has predominantly prioritised scripted content. However, we see this as an opportunity and opening in the market for unscripted content. In addition, unscripted content is increasingly popular and have experienced great successes in Asia over the past few years. As a matter of fact, unscripted content frequently ranks in ViuTV's top popular programs and have established a stable, loyal audience base.

ViuTV values and appreciates unscripted content due to the universal appeal; unscripted content explores humanity and allows audiences to relate to the situation easily. For instance, *Love Avatars* features six single men and women who have a difficult time finding a partner for various superficial reasons, including obesity, lack of height or lack of social skills. However, we believe everyone has their inner beauty. So, *Love Avatars* attempts to help them find love by lending them models to act as their avatars, who will do and act as they are told, and help their dates discover their inner beauties and look past their superficial flaws when they meet. Our unscripted content explores various relationships from romance, families to friendships, because these themes are universally relatable regardless of cultural and language barriers.

Nevertheless, we also acknowledge the importance of scripted content and have accounted for both in our content strategy and aim to bring good content to audience, regardless of its genre.

Agnes Rozario, Astro Malaysia

Our advantage over other PayTV operators and service providers is that we have the expertise, capabilities and platforms across TV, Digital, Radio and On Ground events for live production and live broadcast which garner massive audiences. The demand and viewership for our live events and signature shows continues to grow and we are able to better identify and develop talent via Rocketfuel, our talent management arm with relationships cutting across a variety of artistes. We also see greater regional collaboration opportunities as ASEAN is a hotbed for up and coming talents.

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Which upcoming projects are you most excited about?

Maria Kyriacou, President International, ITV Studios

We have added some of the best drama creators from around the world to the ITV Studios family in the past year or so, so there is a lot to be excited about. *Snowpiercer,* a TNT original co-produced by ITVS backed Tomorrow Studios, Turner's Studio T and CJ Entertainment, is set in the near future when the population of a frozen world has shrunk into those still alive on a super-train on a perpetual journey.

World on Fire, an ambitious and incredibly important project from Mammoth Screen for BBC1, tells the story of the second world war through the eyes of the ordinary people caught up in the conflict from all sides). More immediately we have World Production's *The Bodyguard* (BBC1) and Mammoth's *Vanity Fair* (ITV) and *The War of the Worlds* (BBC1), all airing later this year.

War of the Worlds – ITV Studios

Lisa Honig, Fremantle Media International

We have so many, honestly, it is hard to choose. I love *The Miracle*, a mysterious and thrilling series from our Italian production company Wildside, producers of *The Young Pope*. Another one from Wildside I can't wait for is *My Brilliant Friend*, based on the best-selling novels by author Elena Ferrante which will launch on HBO. We recently announced *Beecham House*, an epic new drama series commissioned by ITV and written and produced by Bend It TV's Gurinder Chadha, which is set in Delhi before the British ruled India in that region. There's also the second instalment of UFA Fictions' popular German-language series, *Deutschland86*.

Which upcoming projects are you most excited about?

Henrik Pabst, Red Arrow Studios International

Red Arrow adds between 150 and 200 titles to its unscripted catalogue per year, including blue chip factual, recent examples are the MipTV launch *Man's First Friend*, an epic story about the relationship between humans and dogs.

Moving forward, feature documentaries will be a key focus for the studio, following the November 2017 acquisition of Gravitas Ventures, a leading all rights distributor of independent feature films and documentaries, by Red Arrow Studios. Red Arrow Studios International will be adding at least 50 features documentaries to its catalogue annually.

And one title we continue to be very excited about is *Married at First Sight* which has become the world's most watched relationship show and one of the most talked about and highest-rating formats of the decade.

Lofai Lo, ViuTV

We are excited about our upcoming local dramas with diverse genres ranging from romance to thrillers. Equally important, we have *Good Night Show*; it is part reality show, part variety programme. The first season, *All Star vs You*, features a game show that includes both artists and the public competing in a series of challenges to win cash rewards. The audience can watch and enjoy both true authentic human stories and an entertaining game show at the same time. The second season, *King Maker*, features a talent show showcasing 99 male contestants, each with his own talent and skill (and also, his own life story), competing in multiple stages to win the title of a true superstar.

King Maker – ViuTV

Which unscripted sub-genres do you think would perform particularly strongly on SVoD if (or when) they expand their offering of unscripted content?

Lisa Honig, Fremantle Media International

Serialised dramas are the most obvious binge-worthy format. They are brand-defining and prestigious for awards. I think the bias is changing as the SVoD platforms are really stepping up in the unscripted genre. It is no coincidence that a large portion of the cable channels in the US solely programme unscripted content. It can be made at a lower price point and can be just as addictive—one need only consider the Scripps franchises.

The Miracle – Fremantle Media International

Henrik Pabst, Red Arrow Studios International

Reboots and remakes perform particularly well, like shows such as *Queer Eye* on Netflix, because they come with a built-in fan-base. Audiences that are familiar with an old brand will seek out the new iterations for nostalgia, but then also enjoy the new twist on the original format. Loud and buzzy social experiment shows like *Pregnant with a Stranger* and *State of Hate* also work for SVoD services, because they provide watercooler moments and strong PR hooks. We are also seeing increased interest in some of our other formats, such as *A League of Their Own*, *The Taste, Married at First Sight* and *Old People Home for 4 Year Olds*. Going forward it will become increasingly important for SVoDs to produce local content in order to meet local production quotas and regulations.

With the surge of new investment in original drama, do you think unscripted formats are struggling?

Lisa Honig, Fremantle Media International

There certainly has been a ton of press around high-end drama in general, though I don't think broadcasters are turning down great new unscripted formats. For instance, our unscripted cooking format *My Mom Cooks Better Than Yours* has had eight new global commissions since 2017, so even though brand-defining unscripted formats are harder to find, unscripted formats are being commissioned all the time. For a general entertainment outlet, there is a need to balance the schedule and budgets, so a good dose of each is still critical. We have several big unscripted formats which will be revealed closer to MIipcom and hope these will help drive the conversation around new unscripted formats. Everyone is looking for the next big break-out format.

Henrik Pabst, Red Arrow Studios International

No, I believe it's the exact opposite. The appetite for unscripted formats, particularly factual entertainment, is growing with the increasing demand for cost-effective local content with a tried and tested track record. The success of our social experiment formats such as *Married at First Sight*—now in 27 countries, and new format *Old People's Home for 4 Year Olds*—which won two awards at this year's International Format Awards at MipTV and has been sold to a raft of international territories, including France, Spain, the Netherlands, Sweden and Australia—are great examples of the continued demand for unscripted formats. As is *Buying Blind*, a reality format that sees a family who can't decide what house to buy, put their life-savings in the hands of experts to purchase them a home—without ever having seen it. We launched *Buying Blind* at MipTV 2017 and it has already been commissioned in over eight territories, including Nine Network (Australia), RTL (Netherlands), Finland (Nelonen), and France (M6).

Jamie Cooks Italy – Fremantle Media International

With the surge of new investment in original drama, do you think unscripted formats are struggling?

Lisa Perrin, CEO of Creative Networks, Endemol Shine Group

It's tempting to think it's all about scripted but 85% of all new programme launches globally last year were non-scripted. There is a huge appetite from audiences and broadcasters and we're having a great year with formats gaining traction internationally. Our big brands like *MasterChef* are going from strength to strength and they have a life off screen too. *MasterChef* has reached more viewers than ever with a global audience of 250 million viewers, has 15+ million social followers and 1.5 billion digital video views.

Big Bounce Battle – Endemol Shine Group

Factual is still having a moment, especially as the FAANGS realise this genre does a great job for them, like *Queer Eye* for Netflix and high end documentaries which hit the cultural zeitgeist globally. It feels like unscripted is really on the rise as broadcasters embrace formats that have the potential to be long-running. For us at Endemol Shine Group, we are moving into a golden age of non-scripted and our formats are really moving. There's an appetite for formats like *All Together Now*, *Family Food Fight* and Big Bounce are all new and all returning in their launch markets, superbrands such as *Big Brother* and *MasterChef* and our new travellers *The Island* and *Hunted*.

What's the outlook for your programming investment over the next two to three years?

Hendy Lim, Emtek Indonesia

The majority of our content is original. Besides free-to-air TV, we also operate other broadcasting platforms, so we strive to build content capability that will grant us the IP ownership. I think close to 90% of Emtek's content is now original, and the remaining 10% is licensed. Licensed content generally consists of foreign content such as formats, animation, and some Indian series and films. Western movies on free-to-air (Including the blockbusters) in general perform way below local content in the Indonesian market where local content is king.

Being part of a home-grown Indonesian company, I'm rather sceptical about the feasibility of international co-production. Indonesia is a very unique market and besides the cultural gap, I think cost structure is a barrier. Production budgets in Indonesia is among the lowest in the APAC region. So it is not easy to match the budget expectation of international producers.

Agnes Rozario, Astro Malaysia

Consumer needs drive the decisions on content and we try to strike a balance between creating shows with long tail content and character IPs and shows that also engage customers and enable us to service clients and showcase their brands. If the show is a winner it will always create value—long tail, format IP, ability to service brands etc. We produce news and current affairs programmes via Astro Awani, which recently became the No.1 news brand in Malaysia.

We intend to address the increasingly digital and mobile Malaysians by enabling easy access to our content—from the live broadcast of the World Cup and live signature shows like *Gegar Vaganza*, to our original premium drama, *DO[S]A*, and HBO's *Game of Thrones* and also exclusive digital original series, *The House*—on all devices. Additionally, our new live streaming app, Tamago, provides an interactive platform for content creators from around the region.

Siapa Takut Jatuh Cinta – Emtek Indonesia

About the Author

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