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Investments in original content by audiovisual services

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Deirdre Kevin



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Director of publication – Susanne Nikoltchev

Executive Director, European Audiovisual Observatory

Editorial supervision – Gilles Fontaine

European Audiovisual Observatory

Author

Deirdre Kevin, European Audiovisual Observatory

Marketing – Markus Booms, markus.booms@coe.int, European Audiovisual Observatory

Press and Public Relations – Alison Hindhaugh, alison.hindhaugh@coe.int, European Audiovisual Observatory

Publisher

European Audiovisual Observatory

Observatoire européen de l’audiovisuel

Europäische Audiovisuelle Informationsstelle

76, allée de la Robertsau F-67000 STRASBOURG

<http://www.obs.coe.int>

Tél. : +33 (0)3 90 21 60 00

Fax : +33 (0)3 90 21 60 19

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Summary of main trends

- The first section of this report provides an overview of the main trends in investment in original programming on the basis of the financial data and company reports of 86 TV groups operating in 15 EU countries
- On a pan-European basis, the investment in original programming by these groups has remained relatively stable over the years 2009-2013 at a rate of more than €15 billion. The rate of investment peaked in 2012 at €15,9 billion before dropping to €15,7 billion in 2013
- Comparing the data with other global trends in the audiovisual sector, specifically net revenues of broadcasters, it is apparent that drops in investment follow on from drops in net revenues, at least in the following budget year
- Public broadcasters tend to invest more in original programming, but this varies between countries
- Free to air channels have a strong tendency to invest much more in original content than pay channels which is partly due to licensing obligations and may also reflect their higher audience shares, advertising shares and budgets
- Despite the stable situation of investment in the aggregated data of the 15 countries, it is important to note that there have been significant drops in investment in original programmes by broadcasters in Italy (-16%), Spain (-25%), Ireland (-17%) and Portugal (-26%) during the period 2009-2013 no doubt due to the financial crisis and public sector budget cuts
- The second section of the report provides a detailed overview of trends in investment country by country
- The third section of the report provides a very brief overview of investment in original online programming in seven countries.
- In comparison to the data on investment by broadcasters in original programming, it is very difficult to access any data on the investment in exclusive/original online content
- The data was gathered by compiling a database of original content and estimating the programming costs per content, and aggregating by country of origin
- Comparing the data with other global trends in the audiovisual sector, specifically with total VOD online revenues, and SVOD revenues it is apparent that the growth in investment is following the revenue growth year on year. However the investment represents less than 1% of the total revenues, and just under 3% of the SVOD revenues (2013). The production of exclusive content for online services is a relatively new development and original content is seen as a competitive leverage for the SVOD players



1. Introduction

This brief provides analysis of two sets of data: an overview over time (2009-2013) of the levels of investment of the main TV groups in 15 countries in original programming; and a brief overview of the growth of investment (by a range of players) in original online content.

The analysis will examine:

1. The global picture of the investment of a significant proportion of TV groups in original programming over the time period
2. The balance of investment between private and public broadcasters
3. A comparative view of the levels of investment of broadcasters (growth or decline) in relation to other market trends such as the total net revenues of broadcasters over the time period
4. A country by country overview of investment in original programming by the main national TV groups and the major trends
5. An overview of growth in investment in online content (2009-2013) in 7 countries
6. A comparative view of the levels of investment in online on-demand content in relation to other market trends such as the total on-demand revenues, and the SVOD revenues in the 7 countries over the time period

2. Methodological Overview

The analysis has been prepared on the basis of data provided by IHS.

The following outlines the nature of the data, the process of collection, the countries, channels, groups and investors included in the analysis. It also highlights some of the problems in finding comprehensive and detailed data, in particular in relation to online (non-linear) content.

Time series and geographical scope

The data in this brief covers the time period from the years 2009-2013. The data was gathered by IHS in the following 15 countries: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Poland, Portugal, Spain, Sweden and the United Kingdom.

TV groups and audience market shares

For each of the 15 countries in the analysis, the main TV groups active in the markets were included – between 3 and 7 groups (depending on the country and the nature of the market). Table 1 (page 42) provides the overview of their audience data (EurodataTV/ Médiamétrie) in order to confirm the significance of these TV groups in each market.

In total, the data from 86 TV groups were collected (by IHS) and analysed by the European Audiovisual Observatory.

In contrast to note A3 (on the origin of programming on national television), the overall selection of TV groups, broadcasters and channels has a slightly different methodological approach. While in the



analysis of the origin of programming the main focus was on channels established in the country (hence truly national), here the TV Groups represent all those active on the market (with significant audiences, or significant pay TV channels or platforms) even where they are established in another country.

It is the case that for smaller countries many of the foreign channels/ broadcasting groups included in the analysis of origin of programming are also examined here with relation to investment in original programming: Ireland (Sky Ireland), Belgium (RTL), and Denmark (SBS Discovery), for example.

Data collection, definitions and limitations of data

This data was collected on the basis of annual reports of the TV groups and broadcasters, supported by desk research of other sources (e.g. trade press) and regulatory (Ofcom, CSA etc.) and government reports.

The financial data on “investment in original programming” does not include investment in acquisitions or rights acquisitions. It also does not include sports programming or sports rights acquisitions.

However, there are some limitations to the data that should be taken into account:

- The total investment in programming (including acquisitions and rights acquisitions) has not been provided and therefore it is not possible to estimate the proportion of original programming within the entire programming budgets;
- There is no break-down between investment in production in in-house programming and investment in commissioned production. Hence it is not possible to assess the proportion of original programming that is produced by independent producers;
- There is no possibility to break down the investment in original programming by genre. Therefore the levels of investment include investment in news programming and other live (non-fiction) genres. Such detailed breakdowns of data are provided by some broadcasters and not by all. Original programming included in the analysis may extend beyond the scope of “audiovisual works” such as film, TV fiction, animation or documentaries;
- Limitations on the data are due to a range of factors which include the levels of transparency of reporting expenditure from the companies, and the detail they provide regarding programming. While such detail is provided by some of the broadcasting groups (in particular public broadcasters), it is not possible to find this detailed data for all of the significant TV groups. The levels of detail in reporting may be influenced by different regulatory regimes and obligations in the Member States;
- In addition, for the major broadcasting groups which broadcast both free to air and pay television channels (or those with digital niche channels), there is no possibility to make a distinction between investments on these types of channels within one group, which also may have different programming obligations depending on their licensing status. (Exceptions to this include the presentation of Mediaset data in Italy, the Modern Times Group in the Nordic states, and Polsat in Poland).



Data on investment in original online only programming

For the purposes of this brief, data on investment in original online programming was also gathered by IHS on behalf of the European Audiovisual Observatory. The research was carried out in seven European countries: France, Germany, Italy, the Netherlands, Spain, Sweden and the United Kingdom.

It is very difficult to access to data on investment in original online programming (in comparison to the data available from broadcasters on investment in original programming).

The methodological approach described by IHS involved the development of a database of all exclusive online programming content produced in these countries by a wide range of companies including broadcasters. These were searched for series-by-series using desk research of operator websites, platforms such as Dailymotion and YouTube, fan and film festival websites.

The series were collected in a database, and budgets were estimated based on length and production values of series. These budgets were aggregated into country totals

Multiple companies and sites are included in the sample, including some independent producers. For instance, in Sweden, the main linear broadcasters SVT, TV4, TV3 and TV6 have all made some series for exclusive online distribution or made special episodes of linear series to put online, but vlogger celebrities and independent production entities that often became famous through YouTube also made web series that were included.

In the time period 2009-2013, Netflix had not yet funded any original local online content in the countries covered.

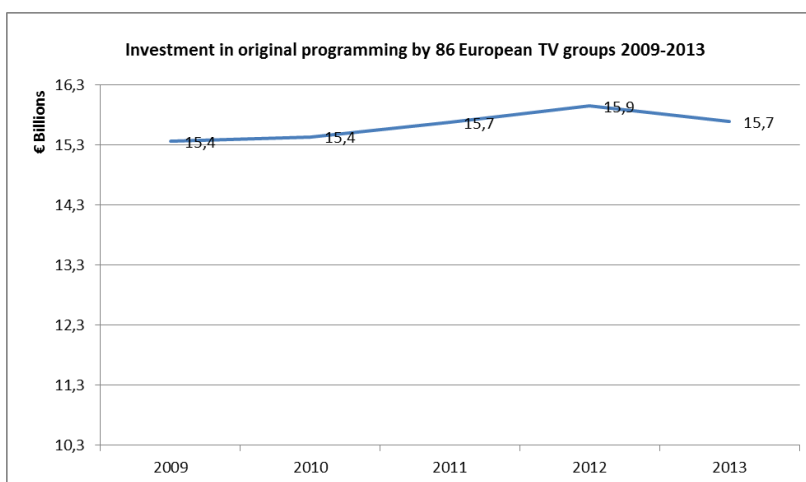
This data collection was supplemented with data from regulators or other institutes that had already performed some of this assessment work. For example, in Sweden the ratings agency MMS makes a survey of web-exclusive content and viewer habits.



3. Investment in original programming by broadcasters: Pan-European trends

This first section provides an overview of the main trends in investment in original programming on the basis of the financial data of 86 TV groups operating in 15 EU countries (Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Poland, Portugal, Spain, Sweden and the United Kingdom). On a pan-European basis, the investment in original programming by these groups has remained stable over the years 2009-2013 at a rate of more than €15 billion. The rate of investment peaked in 2012 at €15,9 billion before dropping to €15,7 billion in 2013.

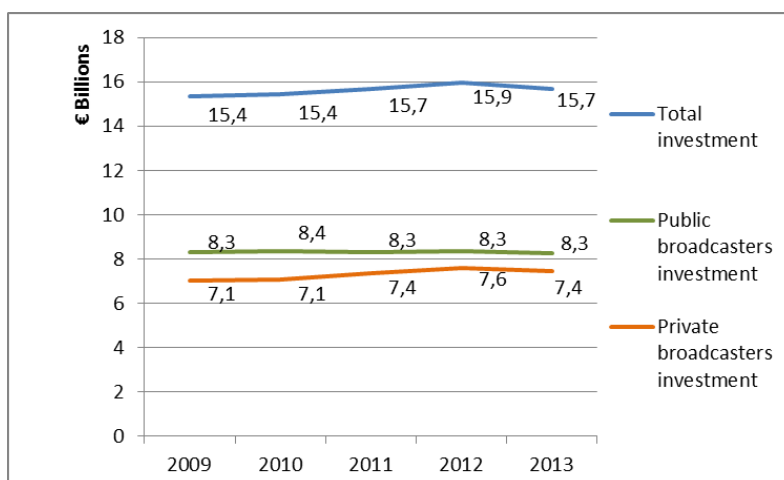
Fig 1: Investment in original programming by 86 TV groups in 15 EU countries 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

Fig. 2 shows a very stable result regarding public service broadcasters with the main changes overall being due to shifts in private broadcaster investment.

Fig 2: Investment in original programming: total, public broadcaster, and private broadcaster 2009-2013



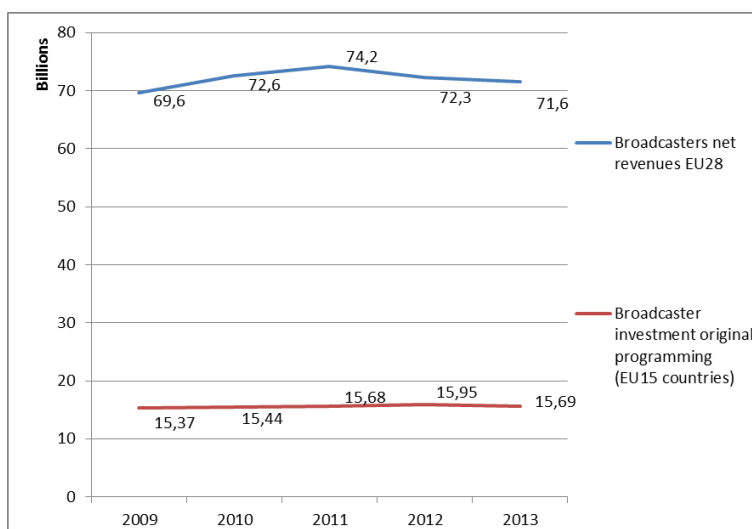
Source: European Audiovisual Observatory on the basis of data from IHS



As outlined in the methodology, it was not possible to benchmark this data with figures on total programming budgets of these TV groups, and therefore it is not possible to estimate the proportion of original programming within the entire programming budgets.

For purposes of comparison we placed the data in the context of the European audiovisual industry trends over the five years, in particular with regard to the net revenues of broadcasters (on the basis of data aggregated by the European Audiovisual Observatory). The net revenue figures include the both public and commercial income for public service broadcasters and advertising revenues and fees from pay-TV distributors for private broadcasters (including thematic channels, local TV etc.).

Fig 3: Broadcaster net revenues and broadcaster investment in original programming 2009-2013



Source: Revenue data from European Audiovisual Observatory Yearbook (2010-2014) and investment data from IHS

Please note that the broadcaster net revenue data is for the EU 28 while the data on investment in programming is for 15 EU countries (albeit representing 87% of the EU in terms of population).

The levels of investment mirror the cycle of a slow rise with a drop in 2012 in the broadcaster revenues. In the case of the revenues this happens between 2011 and 2012 with a drop from €74,2 billion to €72,3 billion (-2,3%). In the case of the broadcaster investment the drop took place between 2012 and 2013 from €15,9 billion to €15,6 billion in 2013 (-1,64%). The time delay perhaps indicates the investment already committed before a fall in revenues could impact on future budget planning.

Hence changes in the overall industry revenues do impact on the levels of investment in programming although to a lesser degree in terms of the % decrease. This is possibly due to a consistent need to fill the schedules of channels each year.

While the aggregated data tells one pan-European story, the data also provided some rich material for analysis at the country level where very different developments have emerged with regard to investment in programming. Figs 4, 5 and 6 provide a quick overview of the size of the 15 markets and main trends, while section 1.4 provides a detailed overview of the country by country data.

Fig 4: Global trends of markets: top 5 countries by level of investment; change over time; snapshot 2009 and 2013

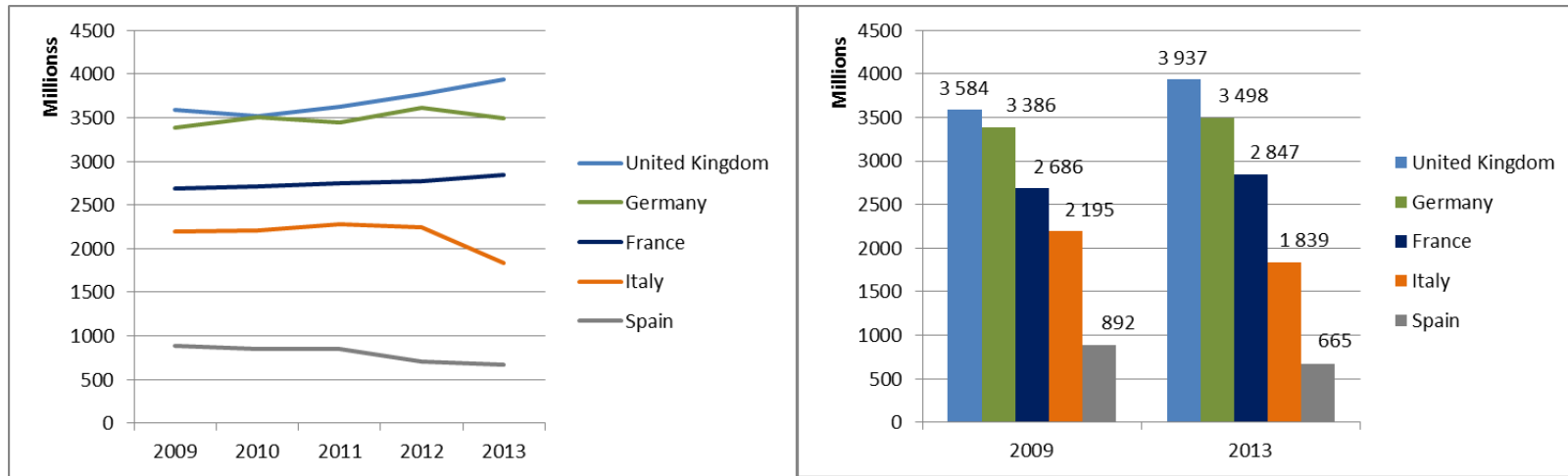


Fig 5: Global trends of markets: middle 5 countries by level of investment; change over time; snapshot 2009 and 2013

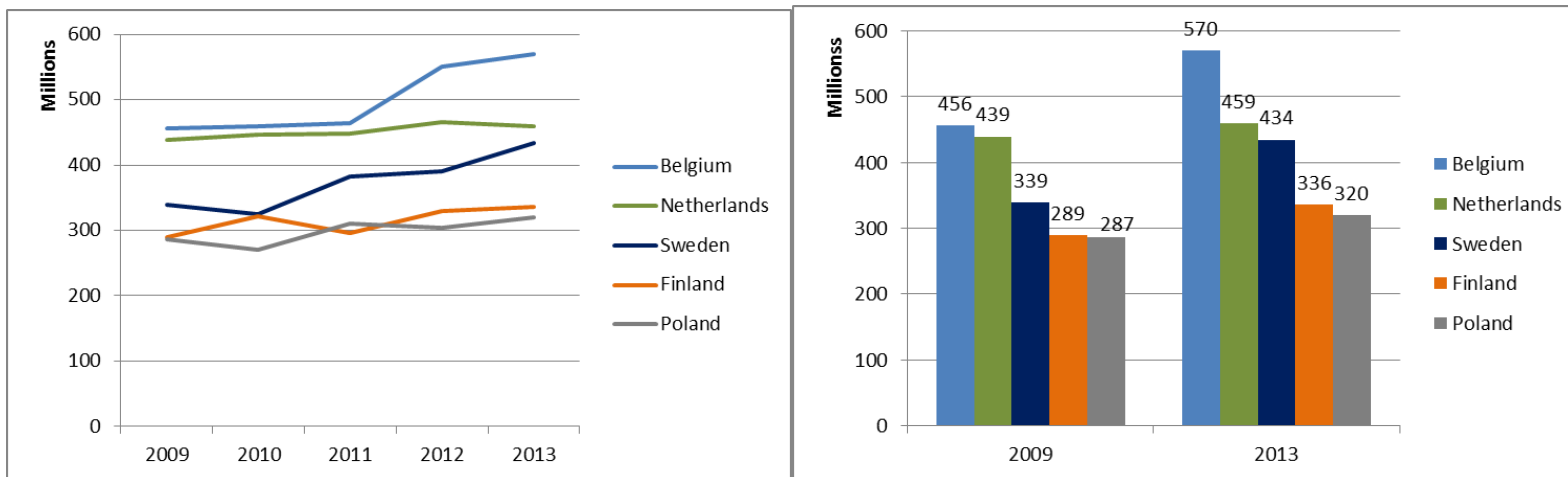
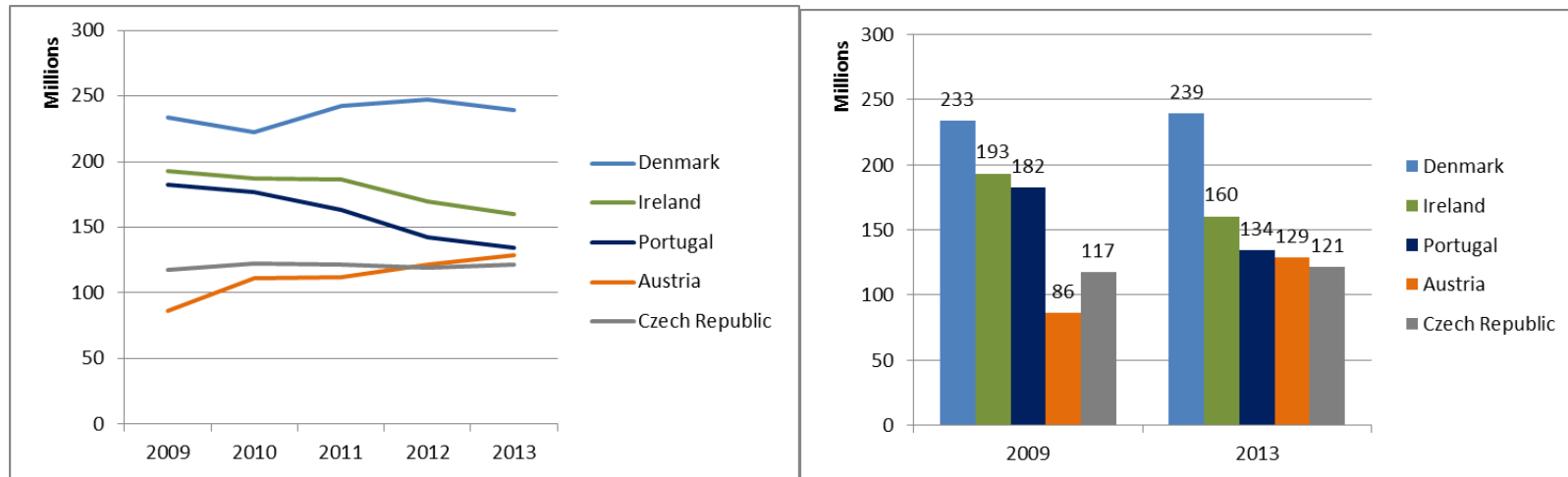




Fig 6: Global trends of markets: lower 5 countries by level of investment; change over time; snapshot 2009 and 2013



- The three figures categorise the countries into three groups of five according to the total sums of investment.
- In the three groups, there is a relative stability in the investment in programming, but with several significant decreases in Italy (-16%), Spain (-25%), Ireland (-17%) and Portugal (-26%) between 2009 and 2013
- The stability of investment may reflect the consistent needs of broadcasters for programming to fill fixed schedules of their channels every year, while slight increases may be indicative of rises in inflation or production costs
- The total sums invested, including in larger countries such as Spain (where investment is similar to much smaller countries such as Belgium and the Netherlands) and Poland (where investment is similar to smaller countries such as Finland), may reflect either the production of cheaper programming, or of cheaper overall production costs (for example in Poland).

4. Broadcaster investment in original programming: country by country analysis

The country by country analysis is divided into 2 sections:

Big 6 European markets: The first section provides an analysis focused on the 6 largest EU markets: Germany, France, UK, Italy, Spain and Poland.

Other European markets: A second section focuses on the other 9 markets: Austria, Belgium, Czech Republic, Denmark, Ireland other medium to large markets such as the Netherlands, Sweden, Finland, Denmark and Portugal. In some cases these markets have important channels that are established in other countries (Netherlands, Belgium, Sweden and Denmark).

Big 6 European markets

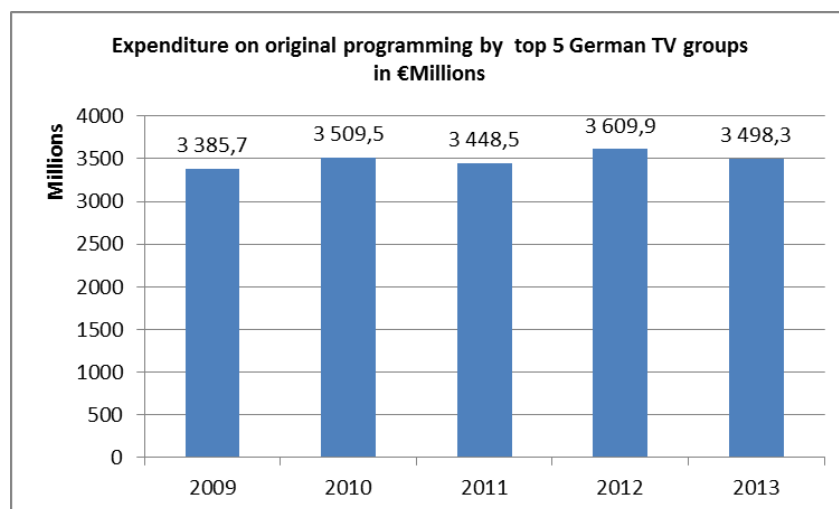
Germany:

Data from Germany is based on 5 major broadcasting groups (representing 12 free to air, 14 regional public free to air, and many pay sports, entertainment and cinema channels, with a combined audience share of more than 80%).

The TV groups included are ARD, ZDF (public broadcasters), ProsiebenSat1, RTL (main private groups) and Sky Deutschland (satellite packager and provider of pay TV channels). The data for ARD includes the programming investment of the 9 regional public channels. ARD and ZDF data include also programming investment for other “shared channels” such as Kika and Phoenix

Investment in original programming has remained very stable over the 5 years with slight increases in 2010 and 2012.

Fig 7: Expenditure on original programming by top 5 German TV Groups 2009-2013

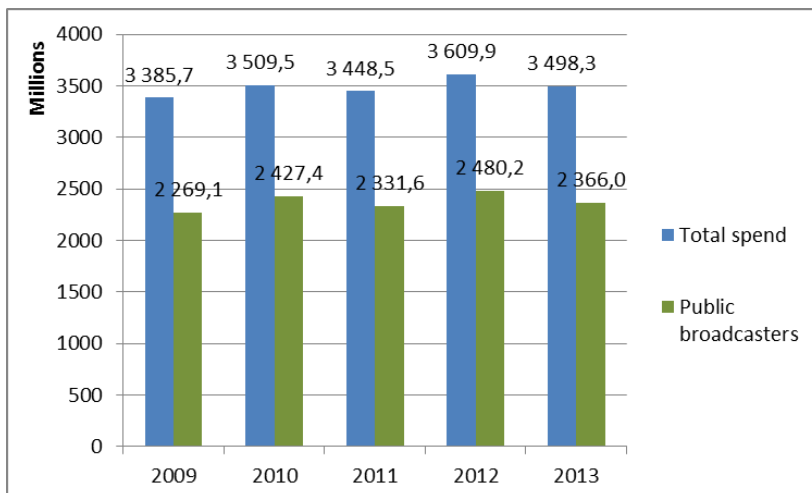


Source: European Audiovisual Observatory on the basis of data from IHS



The proportion of investment that comes from the public service broadcasters is very significant (accounting for 67% of total investment in 2013), (see fig 8 below).

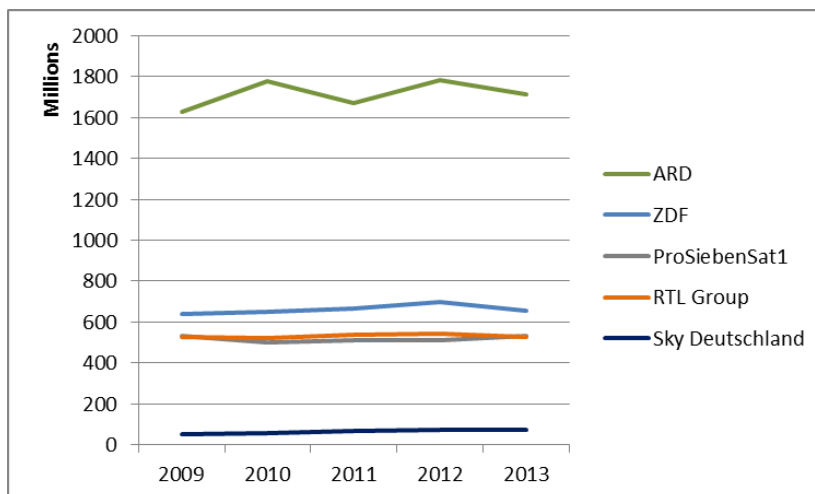
Fig 8: Expenditure on original programming Germany/ proportion of public broadcaster investment 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

Comparing the groups below the data shows that a major volume of spend in original programming comes from the ARD Group. Data was provided for three RTL companies (RTL TV, RTL II, and Super RTL). In the figure 9, these have been combined under “RTL group”. The company with least investment in original programming is the pay TV operator Sky Deutschland (at €70 million in 2013).

Fig 9: Expenditure on original programming Germany, Group by Group comparison 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

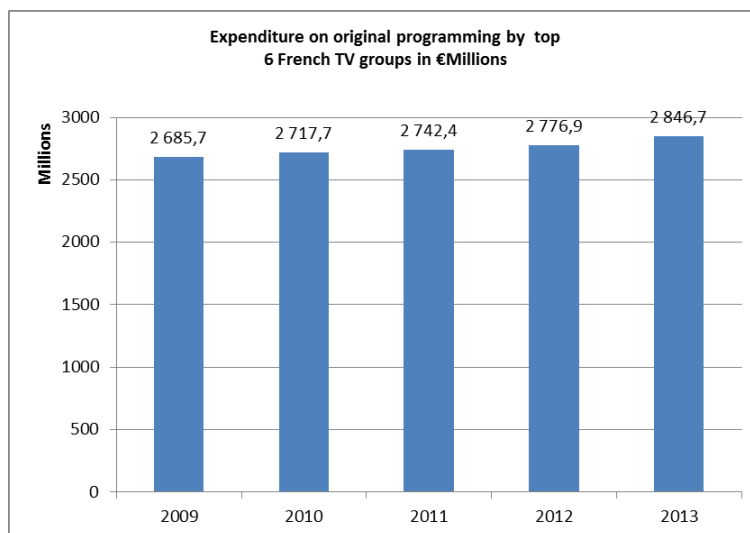


France: investment in original programming steadily increasing

The analysis of the investment of major French TV groups in original programming included 6 groups (representing a range of free to air and pay channels, with a combined daily audience share of 70%).

These groups are France Télévisions, ARTE (public channels), TF1, M6 (Metropole TV), Canal Plus and Orange France. The global data shows a steady growth in original programme investment over time.

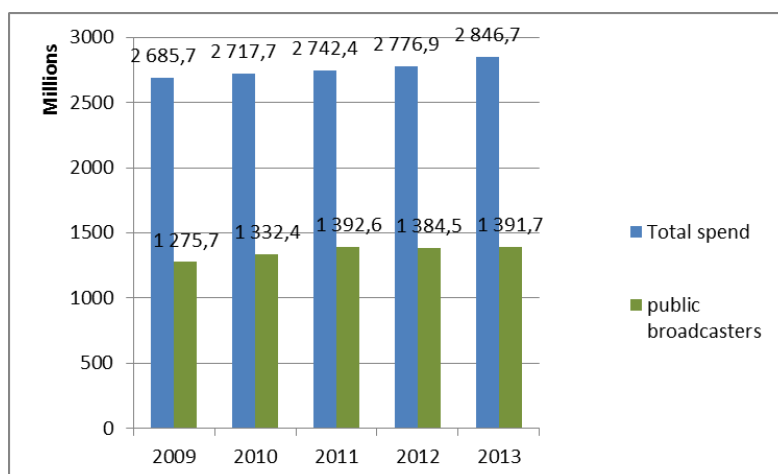
Fig 10: Expenditure on original programming by top 6 French TV Groups 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

The French public broadcasters contribute to approximately 50% of the total investment in original programming (48,8% in 2013). This is lower than in Germany (and in the 15 countries overall). However, France Télévisions is still the major investor by far in original programming on the national market (see also fig 12).

Fig 11: Expenditure on original programming France/ proportion of public broadcaster investment 2009-2013

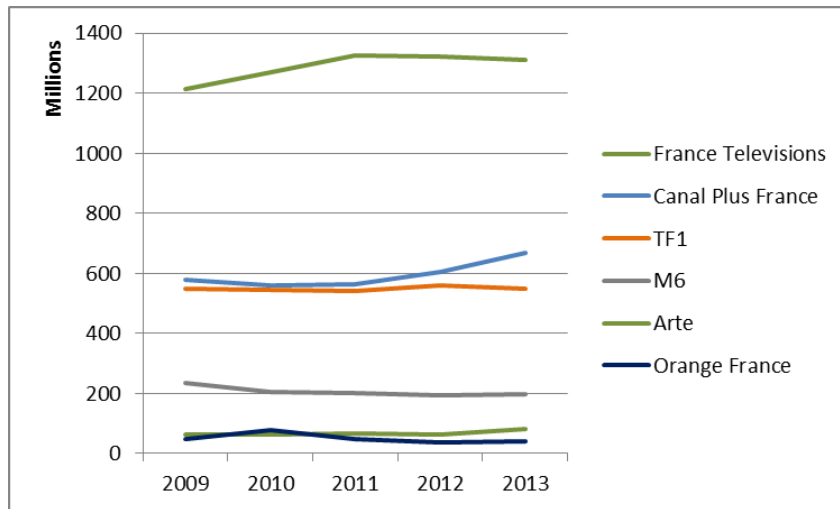


Source: European Audiovisual Observatory on the basis of data from ROVI International



The group by group analysis on the next figure (fig 12) shows that Canal Plus has been increasing investment in original programming and that the company invested more in recent years than the other private broadcasters.

Fig 12: Expenditure on original programming France, Group by Group comparison 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS



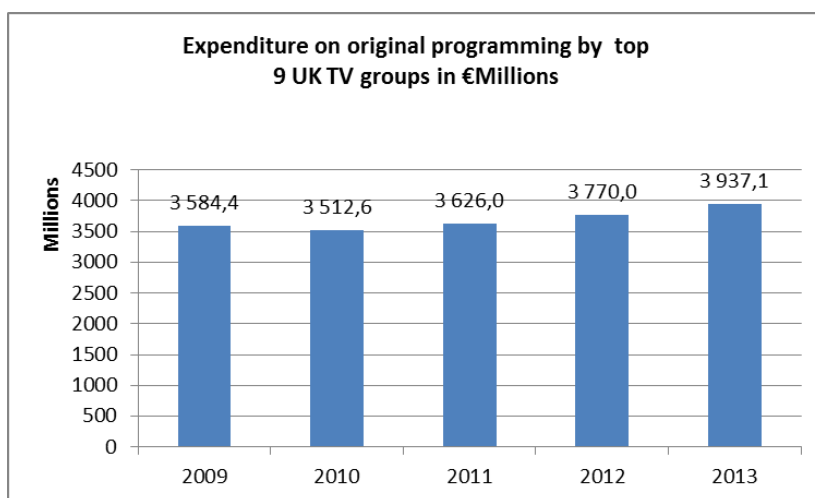
The United Kingdom: investment in original programming steadily increasing

Nine TV groups are included in the analysis for the UK, which have a combined daily audience share of more than 80%.

These groups are BBC, S4C (public broadcasters), ITV Plc., Channel 4, Channel 5 (broadcasters with public obligations on their main free to air channels, but not on the digital niche channels), Sky Plc., STV and UTV (regional channel 3 services that are not part of ITV Plc.), and UKTV (digital channels that are a joint venture between Scripps International and BBC Worldwide).

The investment in original programming by these groups has gradually increased over the time period reviewed here.

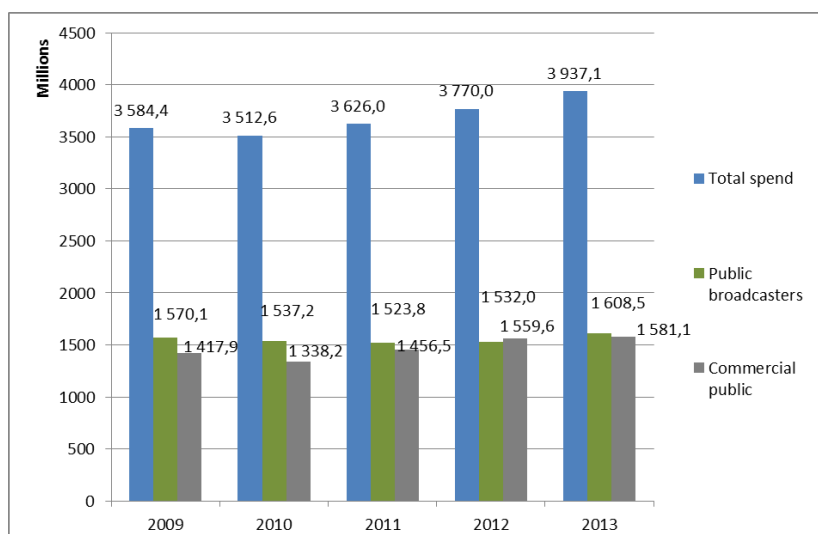
Fig 13: Expenditure on original programming by top 9 UK TV Groups 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

The UK is an example of where there are companies that have channels described as commercial public service, and also other digital niche channels. These companies are included here under “commercial public”, while the BBC and S4C are included under public.

Fig 14: Expenditure on original programming UK/ proportion of public broadcaster investment 2009-2013

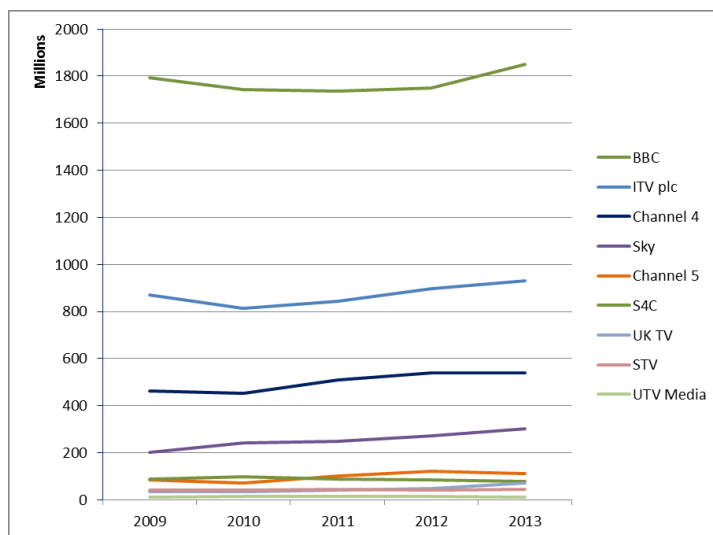


Source: European Audiovisual Observatory on the basis of data from IHS



The group by group analysis below shows the significance of the BBC investment, followed by the other main players ITV, Channel 4, and Sky. Much less investment is made by Channel 5 and other smaller broadcasters such as STV and UTV (who also have significantly lower budgets).

Fig 15: Expenditure on original programming United Kingdom, Group by Group comparison 2009-2013



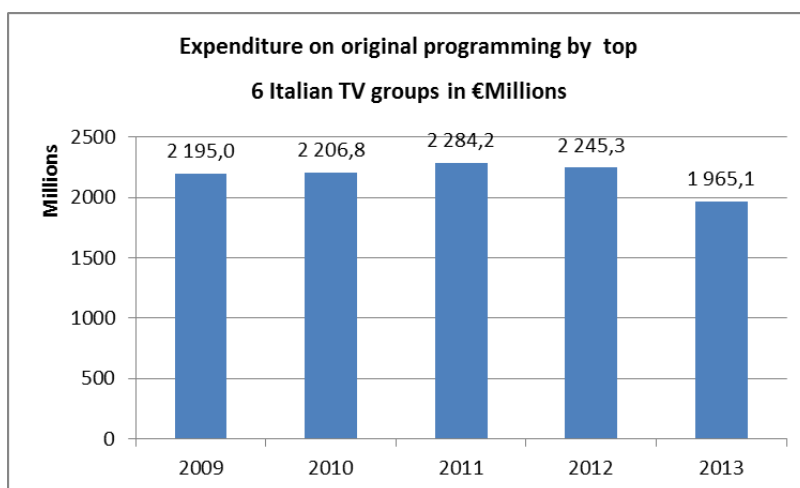
Source: European Audiovisual Observatory on the basis of data from IHS



Italy: Overall decrease in the levels of investment in original programming

The analysis for Italy was based on six main groups (with a wide range of free to air channels and some premium channels) having a total daily audience share of more than 73% in 2013. These groups are Rai, Mediaset, Mediaset Premium, Sky Italia, Telecom Italia and Cairo Communication. Overall the level of investment which rose slightly in 2011 has been falling in 2012 and 2013.

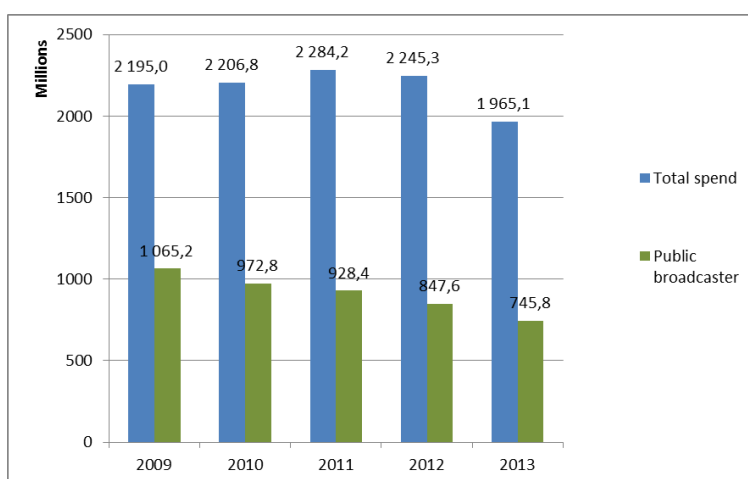
Fig 16: Expenditure on original programming by top 6 Italian TV Groups 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

The public broadcaster investment has seen a particularly steady decline over the time period (the investment in 2013 is 70% of the investment in 2009). The overall combined investment of all TV groups in Italy dropped by 16% in the time period.

Fig 17: Expenditure on original programming Italy/ proportion of public broadcaster investment 2009-2013

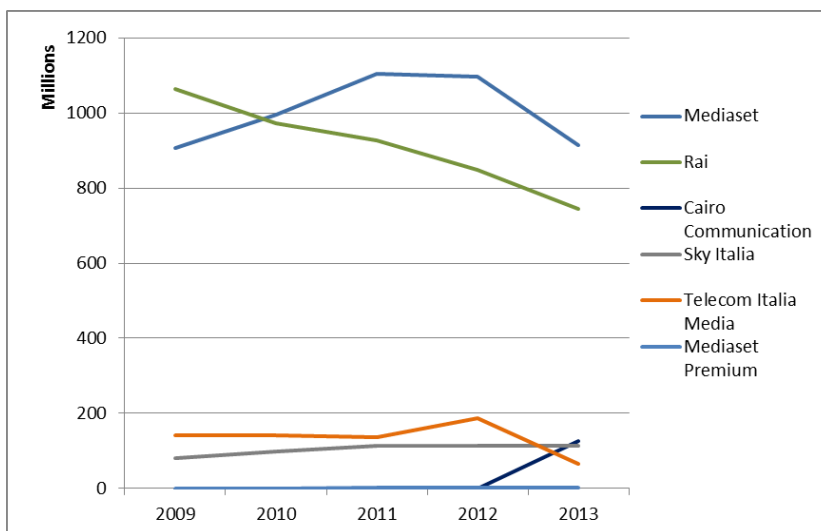


Source: European Audiovisual Observatory on the basis of data from IHS

Alongside the decrease in investment of the public broadcaster RAI, the years 2012-2013 also shows a drop in investment by Mediaset. Cairo Communication data is added only in 2013, as they took over the channel La 7 from Telecom Italia. The drop in investment of Telecom Italia is equivalent to the new investment under Cairo Communication (see fig 18)



Fig 18: Expenditure on original programming Italy, Group by Group comparison 2009-2013



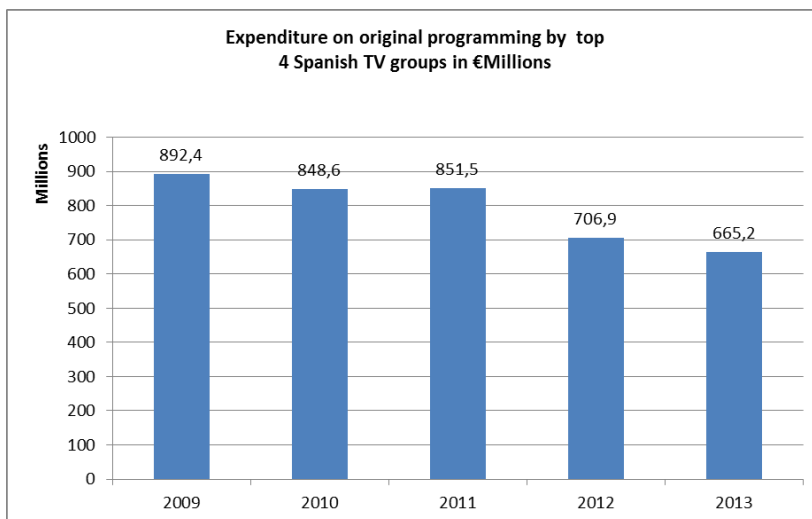
Source: European Audiovisual Observatory on the basis of data from IHS



Spain: Decrease in investment between 2011 and 2012 in both public and private sectors

Data on the Spanish TV landscape is based on four groups (with the seven main free to air channels and a range of niche and pay channels) with close to 70% of national daily audience share. The groups are TVE, Atresmedia (including Cuatro), Mediaset (including La Sexta) and Canal Plus.

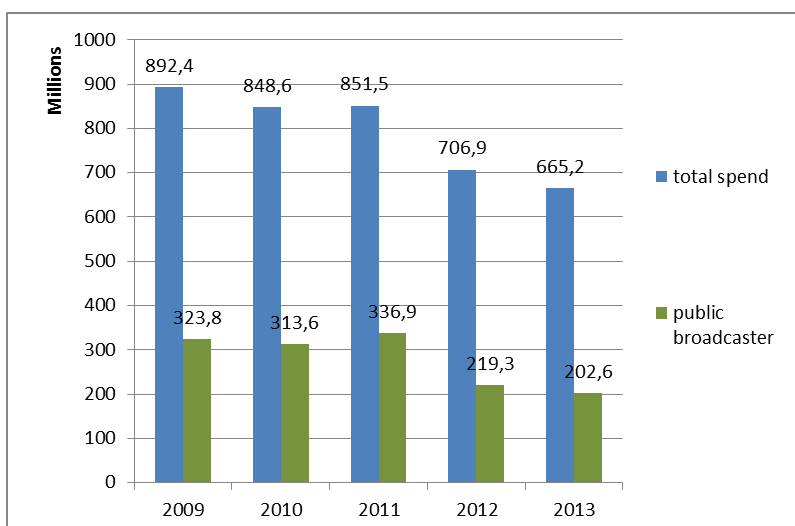
Fig 19: Expenditure on original programming by top 4 Spanish TV Groups 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

The decrease in investment has occurred in both the public and private sectors. The overall combined investment of all Spanish groups dropped by 25% in the time period.

Fig 20: Expenditure on original programming Spain/ proportion of public broadcaster investment 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

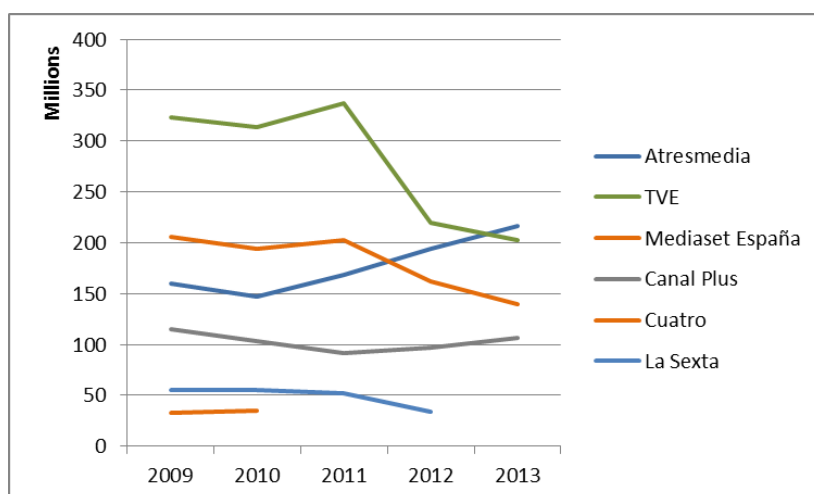


Despite being the fifth largest EU country, the overall levels of investment in original programming by the major broadcasting groups is much lower than the other large European states.¹ The total of investment for Spain in 2013 was close to that of Belgium and the Netherlands (countries with populations of 11 and 16 million respectively).

It is possible to speculate that the economic crisis (which had already begun in 2008) may have had an impact on the audiovisual markets and the levels of investment in original programming. Alongside budget cuts for the public broadcaster, the possibility to broadcast advertising was removed in 2009.

With regard to the data, it is also worth noting that it does not include the possible investment by the autonomous regional broadcasters, some of which have strong market shares in their regions (Cataluña, the Basque country, Andalusia, Galicia and Aragon, for example).

Fig 21: Expenditure on original programming Spain, Group by Group comparison 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

Fig 21 provides the overview of investment by TV group. It should be noted here that Cuatro (for which the investment appears to stop abruptly in 2010) was taken over by Mediaset España in 2010 and hence their data on investment in programming will be incorporated thereafter into the Mediaset España Group. The same is relevant for La Sexta which was merged with Atresmedia in 2012, so La Sexta did not cease investing in original content but its financial data is now incorporated in Atresmedia.

Overall, it is clear that the investment by the public broadcaster dropped dramatically from 2011 and has been superseded by Atresmedia in 2013. Mediaset España has also reduced investment from 2011.

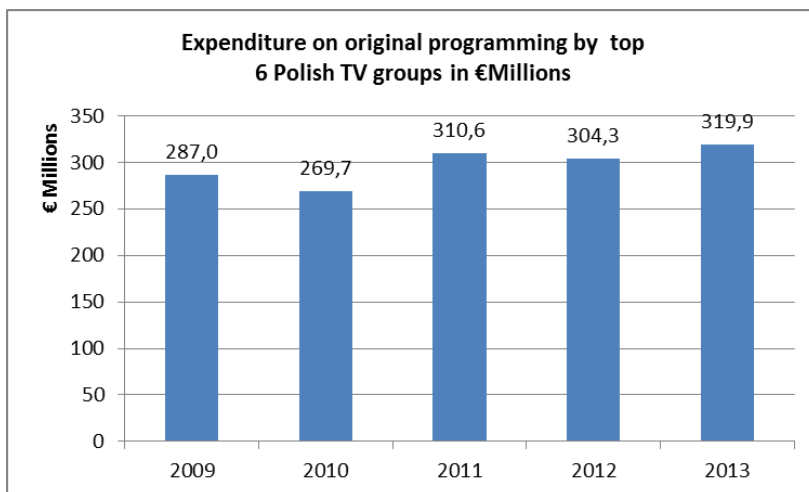
¹ A similar finding was outlined in note A3 regarding the origin of programming on Spanish TV, where it was noted that “the levels of national fiction content are relatively weak for such a large market”.



Poland: Levels of investment increasing but decreasing on PSB

Six major TV groups were analysed in Poland: TVP (public broadcaster), TVN, Telewizja Polsat, Cyfrowy Canal Plus, Cyfrowy Polsat and Telewizja Puls. The groups represent close to 80% of audience share in Poland. Investment in original programming has remained stable throughout the four years.

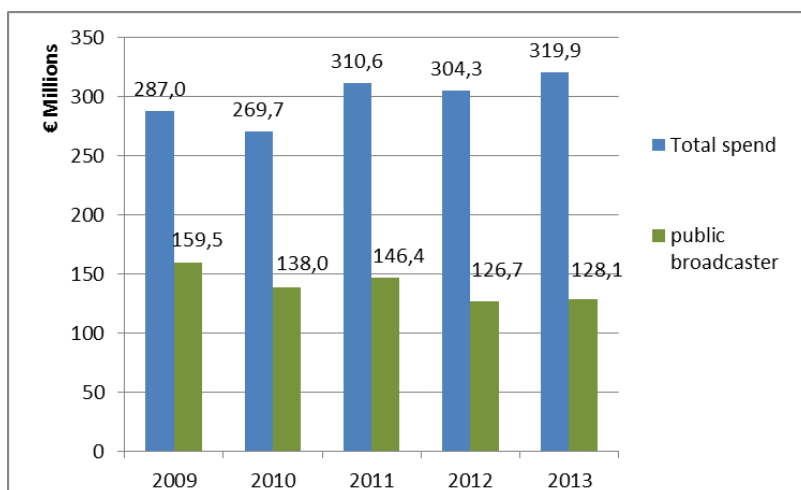
Fig 22: Expenditure on original programming by top 6 Polish TV Groups 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

The investment of the public broadcaster accounts for around 40% of total investment (in 2013) but the sum of investment has been decreasing gradually over the time period.

Fig 23: Expenditure on original programming Poland / proportion of public broadcaster investment 2009-2013

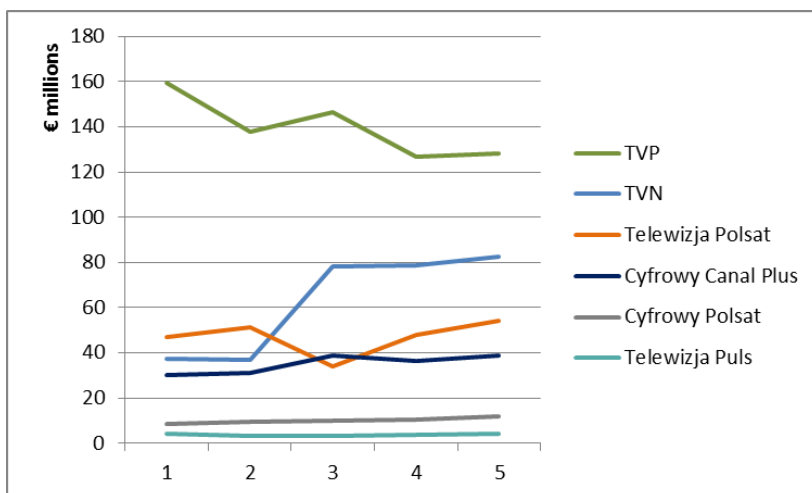


Source: European Audiovisual Observatory on the basis of data from IHS

In contrast, the major private broadcaster TVN has gradually been increasing levels of investment. Fig 24 provides a group by group comparison of the levels of investment. Free to air broadcasters TVP, TVN and Polsat tend to invest more than those with predominantly pay TV channels (Cyfrowy Canal Plus and Cyfrowy Polsat).



Fig 24: Expenditure on original programming Poland, Group by Group comparison 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

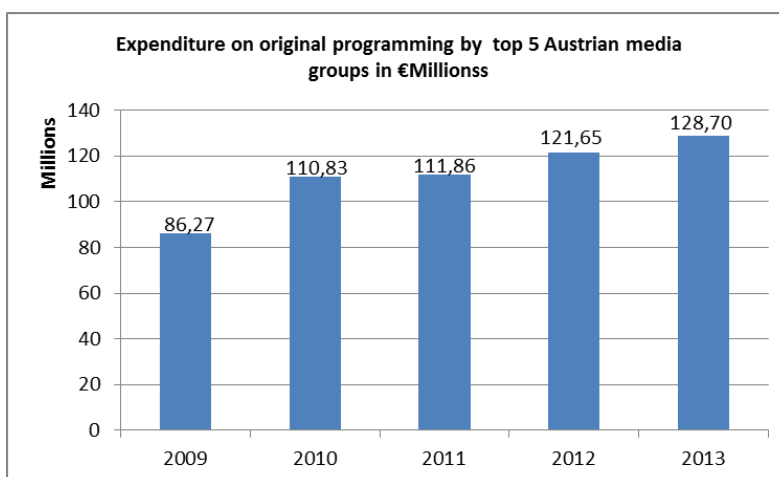


Other European markets

Austria: Growing investment in original programming

The 5 TV Groups included in the sample analysed by IHS comprise 9 channels with a combined daily audience share of around 60%. Fig 25 shows that the expenditure on original programming has been growing steadily in the 5 years 2009 to 2013.

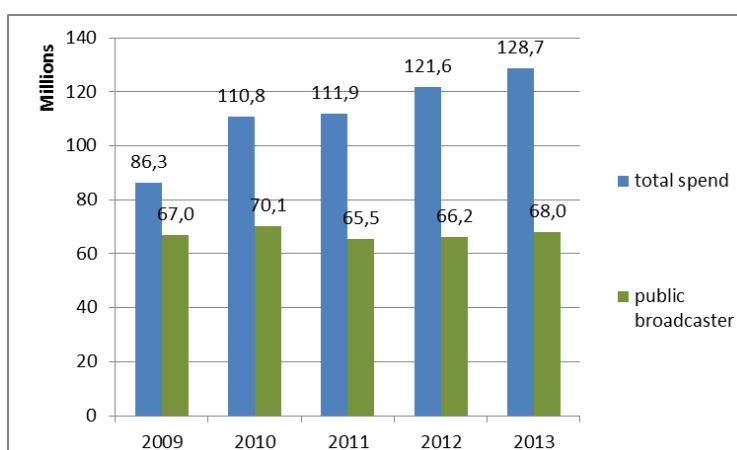
Fig 25: Expenditure on original programming by top 5 Austrian TV Groups 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

Fig 26 shows that much of this growth has actually been due to additional investment of private broadcasters, as the investment by the public broadcaster (more than 50% of the entire investment in 2013) has remained steady over time.

Fig 26: Expenditure on original programming Austria/ proportion of public broadcaster investment 2009-2013

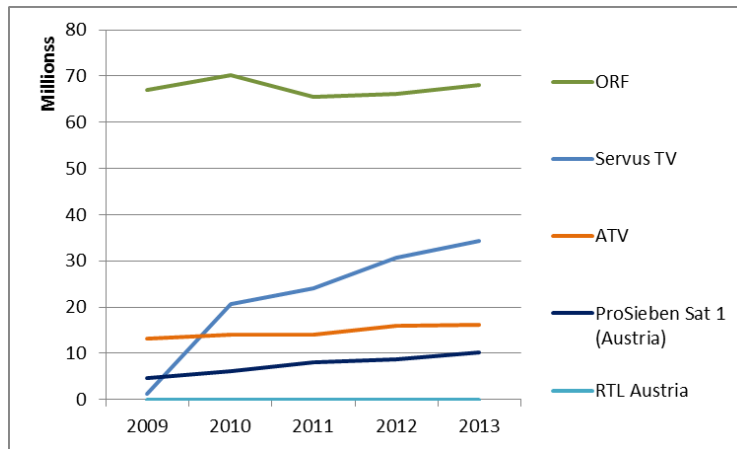


Source: European Audiovisual Observatory on the basis of data from IHS

The third figure compares the five TV groups. By far the highest proportion of investment in original programming is made by the public broadcaster. However the channel Servus TV has greatly increased its investment in original programming. (Unfortunately there was no data on this channel regarding origin of programming in the note A3).



Fig 27: Expenditure on original programming Austria, Group by Group comparison 2009-2013



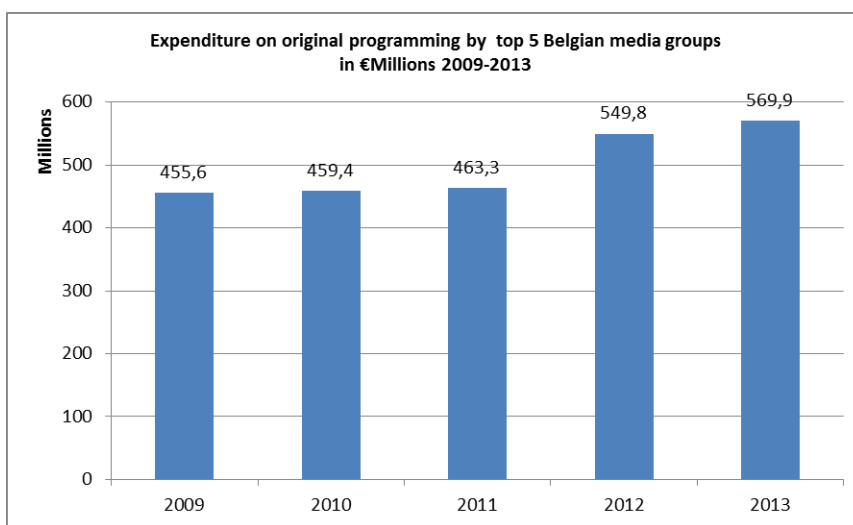
Source: European Audiovisual Observatory on the basis of data from IHS



Belgium: Growing investment in original programming driven by Flemish public broadcaster

The Belgian market is fragmented into different language spaces. The analysis is based on data for six TV Groups: three operating in the Flemish language media market (representing 8 TV channels and a combined audience share of around 70%); and two groups operating in the French language media market (representing 6 TV channels with a combined audience share of 47%). The first figure (fig 28) shows a steady growth in the figure invested in original programming by these groups. A major increase took place between 2011 and 2012. From the third fig below (Fig 30), it is apparent that this was due to an increase in investment by the Flemish public broadcaster in this period.

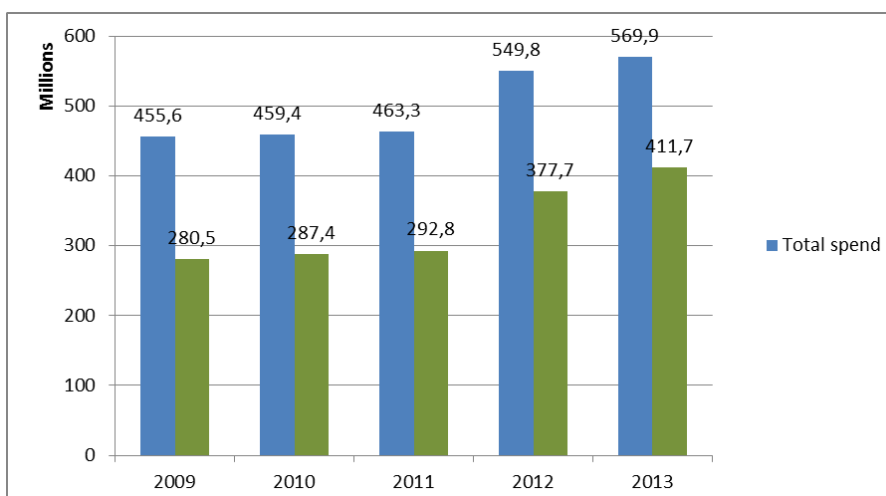
Fig 28: Expenditure on original programming by top 6 Belgian TV Groups 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

Public broadcasters accounted for more than 70% of the investment in original programming in Belgium in 2013 (with the Flemish public broadcaster investment equal to 50% of entire investment). The VRT has had a major hike in investment between 2011 and 2012.

Fig 29: Expenditure on original programming Belgium/ proportion of public broadcaster investment 2009-2013

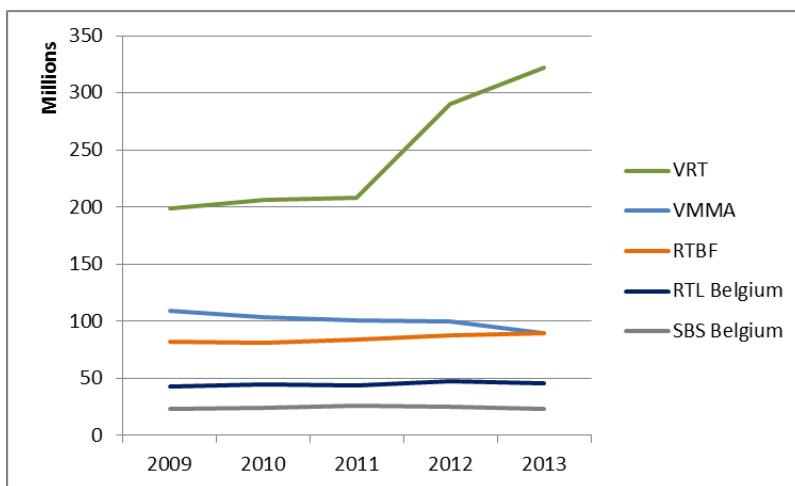


Source: European Audiovisual Observatory on the basis of data from IHS



Comparing the media groups (fig 30) the investment by the private Flemish broadcaster VMMA is very close to that of the French (community) public broadcaster RTBF. RTL Belgium and SBS Belgium investment is the lowest but remains stable over the time period.

Fig 30: Expenditure on original programming Belgium, Group by Group comparison 2009-2013



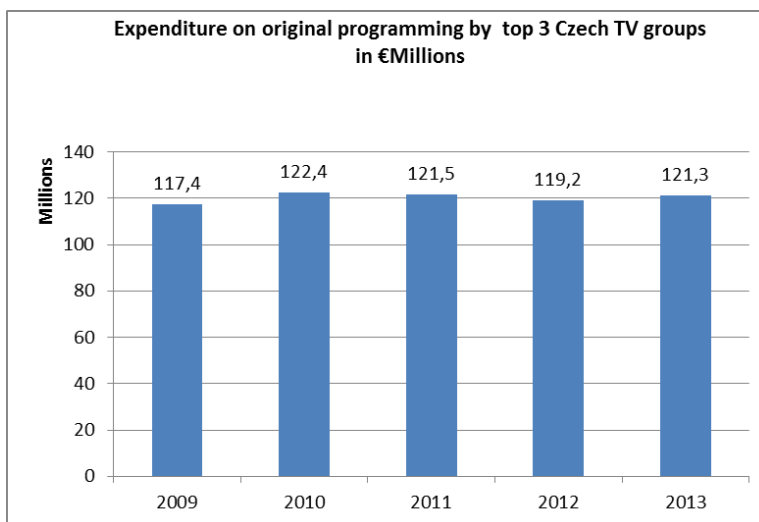
Source: European Audiovisual Observatory on the basis of data from IHS



Czech Republic: Original programming investment is stable and reliant on PSB

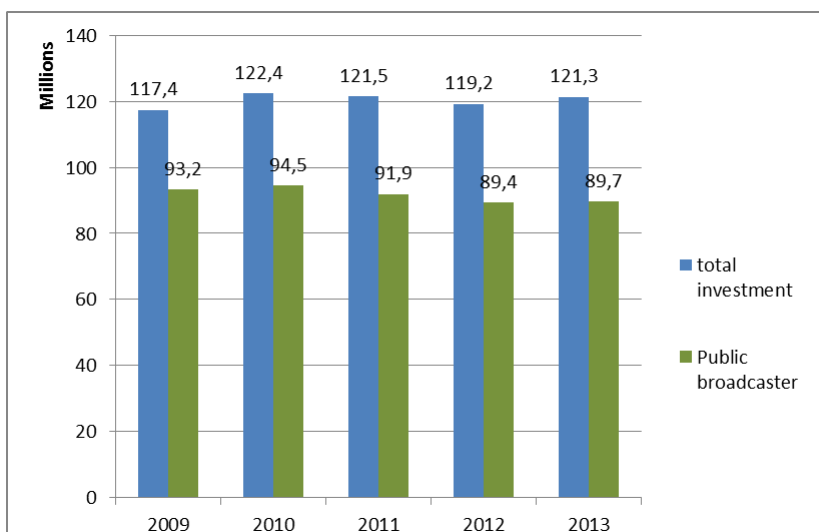
Just three TV groups were analysed to produce the Czech data: Czech Television (public broadcaster), TV Nova and Prima. These groups shared 80% of the daily audience in 2013. Fig 31 shows that original programming investment has remained very stable over the five year period, although it is the public broadcaster that accounts for the majority of this investment (more than 70% in 2013).

Fig 31: Expenditure on original programming by top 3 Czech TV Groups 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

Fig 32: Expenditure on original programming CZ/ proportion of public broadcaster investment 2009-2013

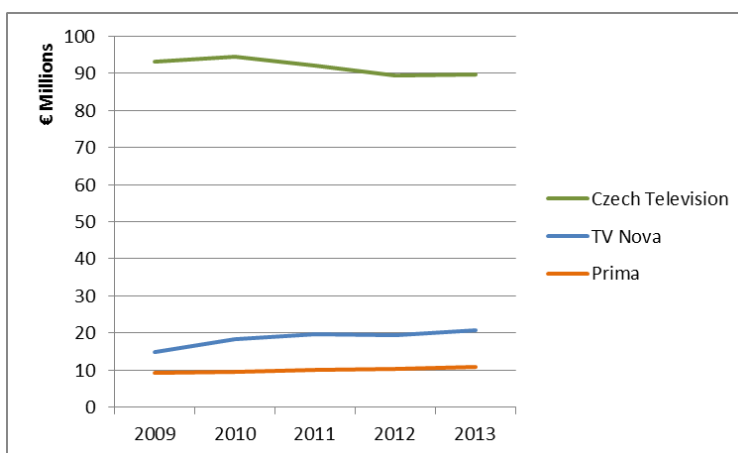


Source: European Audiovisual Observatory on the basis of data from IHS

Comparing the media groups, the significance of the public broadcaster’s role is even more pronounced. It is followed by TV Nova and then Prima TV.



Fig 33: Expenditure on original programming Czech Republic, Group by Group comparison 2009-2013



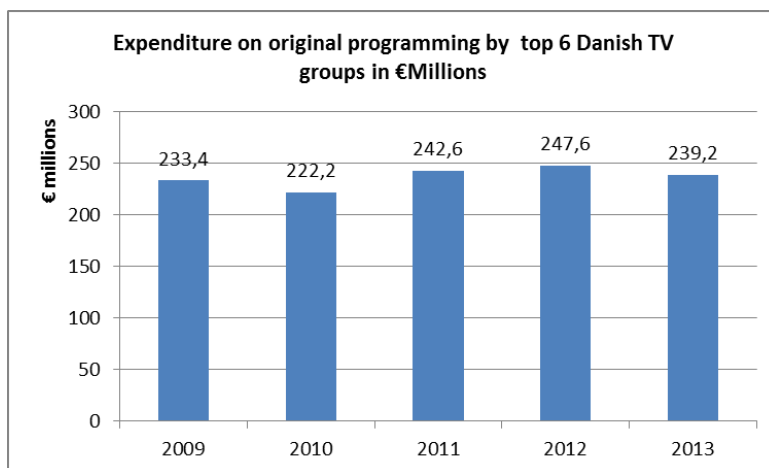
Source: European Audiovisual Observatory on the basis of data from IHS



Denmark: stable levels of investment, mainly due to the PSB

The Danish data includes 6 major groups in free and pay TV representing 84% of the daily audience share. The groups are DR (public), TV2 (commercial public), Modern Times Group (Denmark), SBS Discovery, Modern Times Group (pay TV), and C More Denmark. The last two groups provide pay television and it should be noted at the outset that they invest no money in original programming in Denmark. The levels of expenditure have been relatively stable with a slight decrease in 2013.

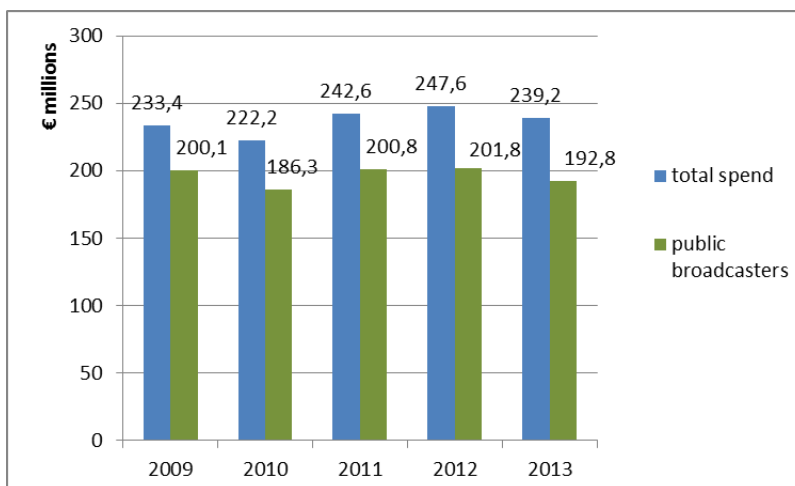
Fig 34: Expenditure on original programming by top 6 Danish Groups 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

In Denmark (as in the Czech Republic), the public service broadcasters DR and TV2 account for the majority of investment in original programming (80% in 2013).

Fig 35: Expenditure on original programming DK/ proportion of public broadcaster investment 2009-2013

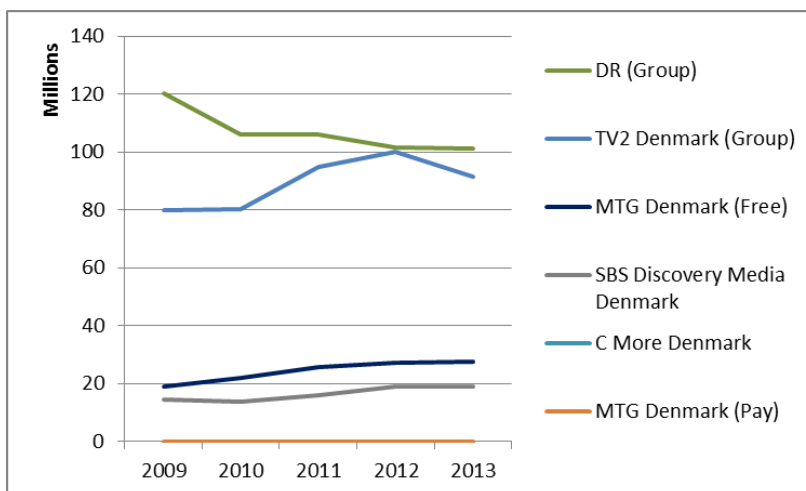


Source: European Audiovisual Observatory on the basis of data from IHS

Fig 36 provides the overview, group by group on trends in investment.



Fig 36: Expenditure on original programming Denmark, Group by Group comparison 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

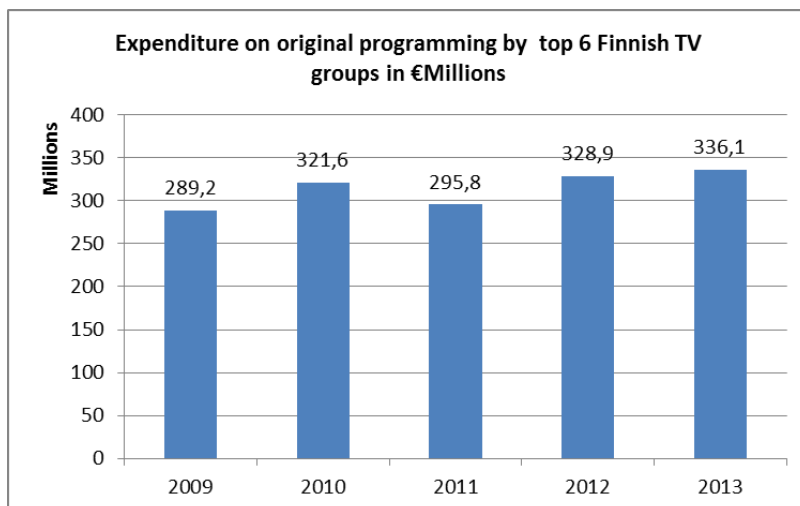
The commercial public broadcaster TV2 has reduced its investment between 2012 and 2013. The Modern Times Group (pay TV), and C More Denmark provide pay television but invest no money in original programming in Denmark.



Finland: investment in original programming remains stable

In the case of Finland, the financial data from six groups was analysed: YLE (public service), MTV media, Nelonen, SBS Discovery, MTG Finland and C More Finland. The last two groups provide pay television and it should be noted at the outset that they invest no money in original programming in Finland. Hence, the data in reality represents the investment of four companies. The groups have a combined daily audience share of 76%.

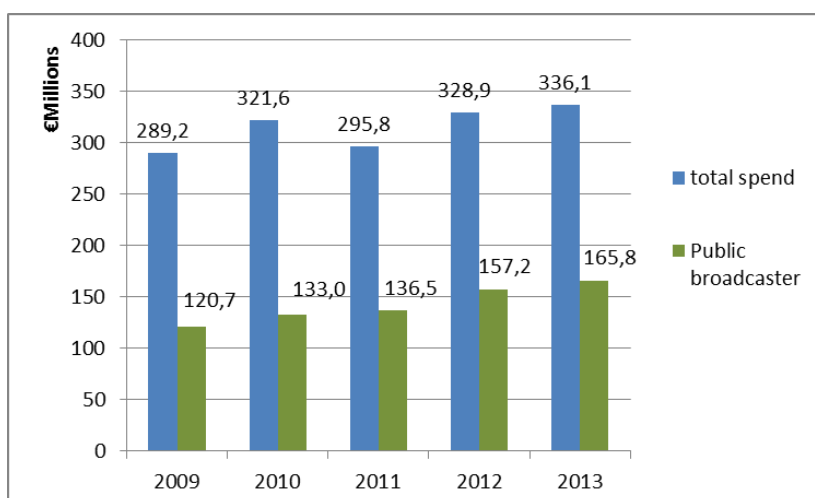
Fig 37: Expenditure on original programming by top 6 Finnish Groups 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

The proportion of the expenditure that comes from the public service channels is close to 50% (similar to France and Poland) and has been increasing steadily over since 2009.

Fig 38: Expenditure on original programming Finland/ proportion of public broadcaster investment 2009-2013

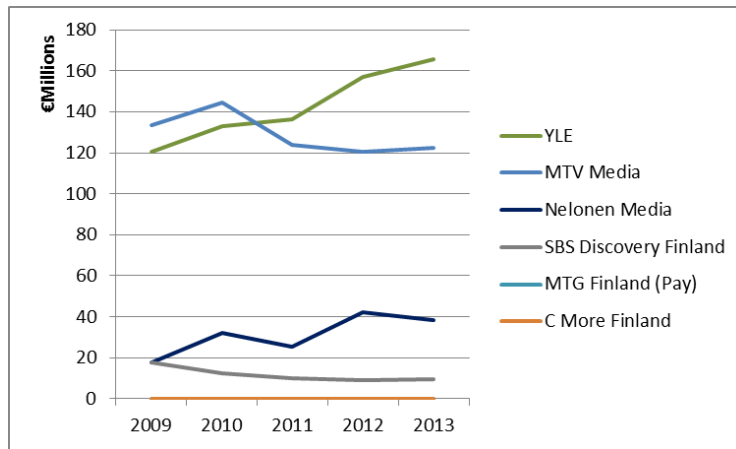


Source: European Audiovisual Observatory on the basis of data from IHS

Comparing the main groups (fig 39), the growth of investment by YLE and the decline in investment by MTV Media are more apparent.



Fig 39: Expenditure on original programming Finland, Group by Group comparison 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

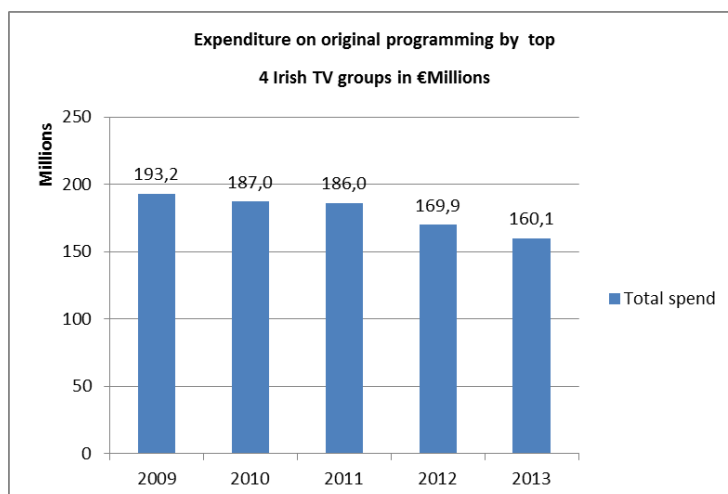
Modern Times Group (pay TV), and C More Finland groups provide pay television and invest no money in original programming in Finland.



Ireland: Decline in investment in original programming particularly on PSB

Ireland provides another example of where, contrary to the main trends, the level of investment in original programming has decreased over the five year period. The total investment figure for 2013 is 80% of the investment figure for 2009. Included in the analysis are four main groups (8 TV channels and around 45% of the daily audience share).²

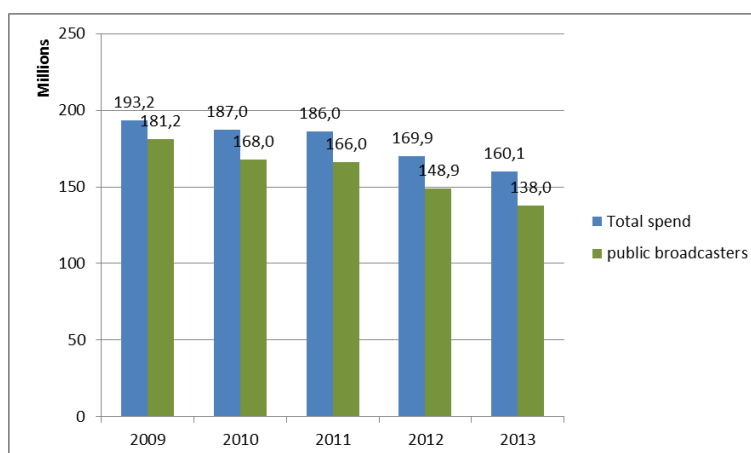
Fig 40: Expenditure on original programming by top 4 Irish TV Groups 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

One can see from fig 41 that the reduction in investment in original programming has been strongly influenced by the reduction in investment by the Irish public broadcaster (the most important player in terms of national audiovisual production) over the 5 year period. The overall investment of all TV groups in Ireland dropped by 17% in the time period.

Fig 41: Expenditure on original programming Ireland /proportion of public broadcaster investment 2009-2013



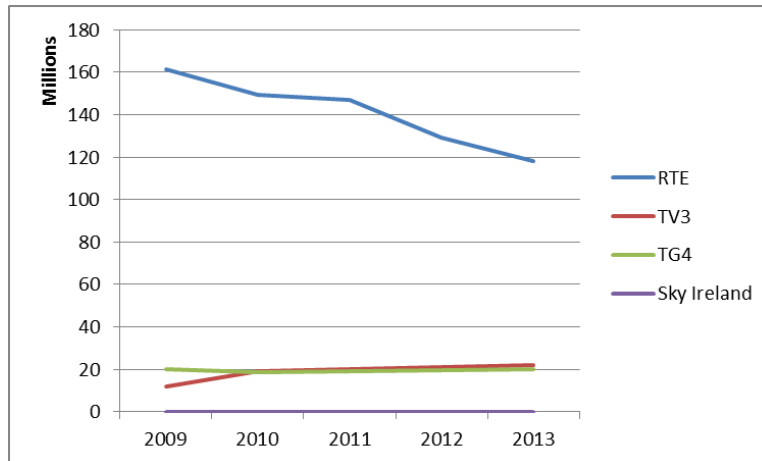
Source: European Audiovisual Observatory on the basis of data from IHS

² Audience shares in Ireland are very fragmented with national channels having 42% share of the market (compared to 50% in 2009). The rest of the audience shares are for the top British channels, and also the range of niche channels from the UK available over satellite and cable. See Note A3 on origin of programming for more detail.



Comparing the TV groups, again it is apparent the importance of the public broadcaster. The private channel TV3 and the Irish language public broadcaster (TG4) contribute a similar amount to investment in original programming. Sky Plc., which provides the major satellite platform and includes many of its own channels which are available in the country (many with specific feeds for the Republic of Ireland) does not make any investment in original programming (at least in the Irish market).

Fig 42: Expenditure on original programming Ireland Group by Group comparison 2009-2013



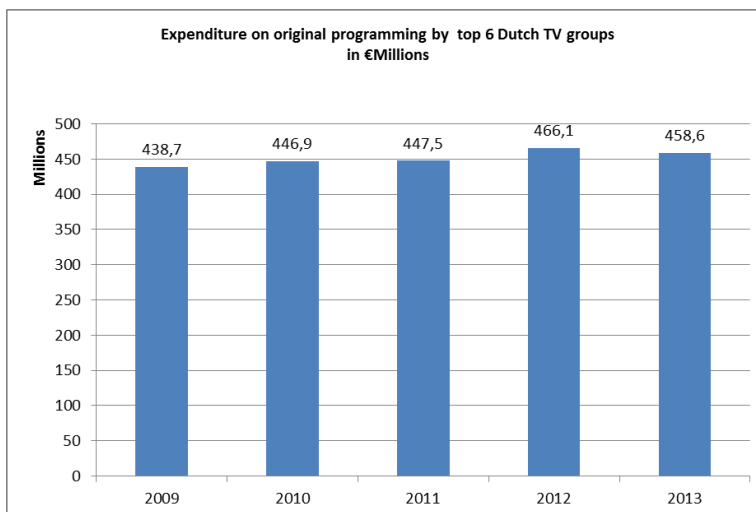
Source: European Audiovisual Observatory on the basis of data from IHS



The Netherlands: stable levels of investment in original programming

Data from the Dutch market is based on 6 groups: NPO (NOS) the public broadcaster, RTL Netherlands, SBS Netherlands, Chellomedia, Fox Sports and HBO Netherlands. Fox Sports also holds the licences for other Fox entertainment channels in the Netherlands and the investment here does not include sports content.

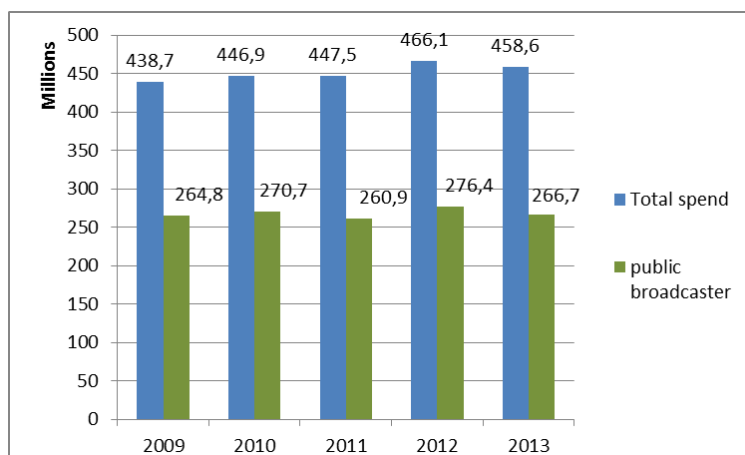
Fig 43: Expenditure on original programming by top 6 Dutch TV Groups 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

Overall investment has been very stable over the five year period with a slight drop between 2012 (where it peaked) and 2013. Almost 60% of the investment comes from the public service broadcaster.

Fig 44: Expenditure on original programming Netherlands /proportion of public broadcaster investment 2009-2013

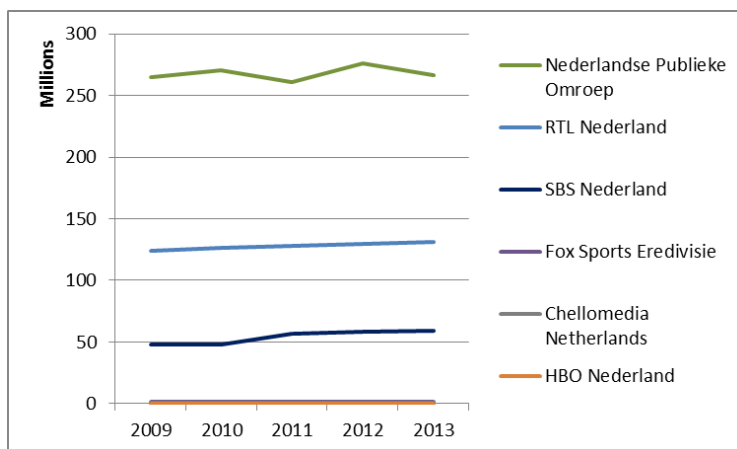


Source: European Audiovisual Observatory on the basis of data from IHS

Comparing the TV groups shows that the investment by the 2 major commercial groups has also remained steady over time. Pay TV operator HBO Netherlands invests no money in original content in the Netherlands.



Fig 45: Expenditure on original programming Netherlands Group by Group comparison 2009-2013



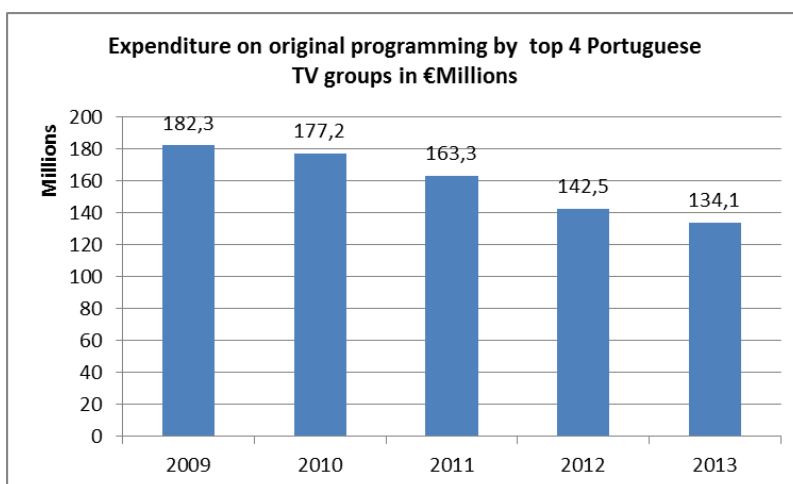
Source: European Audiovisual Observatory on the basis of data from IHS



Portugal: Significant decrease in investment by all major broadcasters

The Portuguese data is based on the investments of four main groups: RTP (public service broadcaster), SIC, TVI (main commercial broadcasters) and pay TV platform operator NOS (formerly ZON TV). The combined audience shares of RTP, TVI and SIC channels totalled 66,5% in 2013.

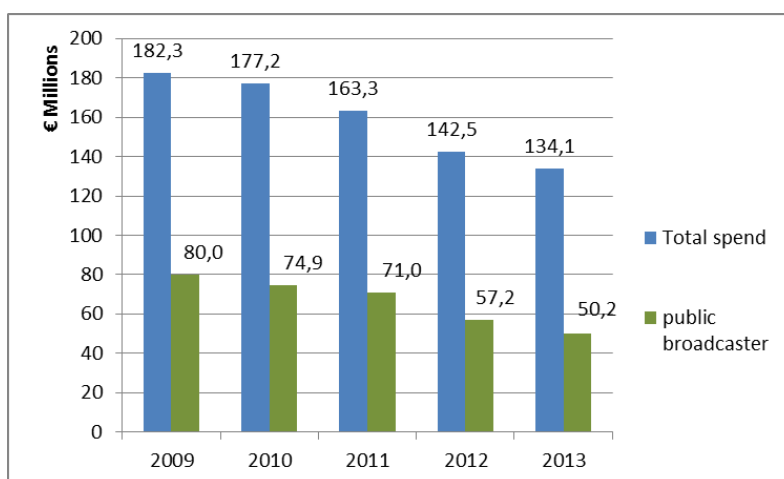
Fig 46: Expenditure on original programming by top 4 Portuguese TV Groups 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

The expenditure by the four major groups has decreased quite dramatically, by 26% over the 45 years.

Fig 47: Expenditure on original programming Portugal /proportion of public broadcaster investment 2009-2013

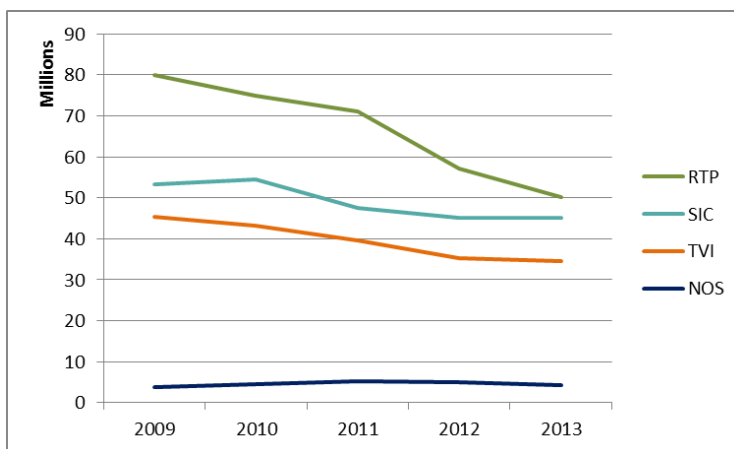


Source: European Audiovisual Observatory on the basis of data from IHS

Fig 47 shows that this dramatic increase was in part due to the reduction of investment by the public service broadcaster, with the most significant drop between 2011 and 2012. The overview of trends in investment by each group (fig 48) shows that all the major broadcasters have reduced investment in the time period of the financial crisis.



Fig 48: Expenditure on original programming Portugal, Group by Group comparison 2009-2013



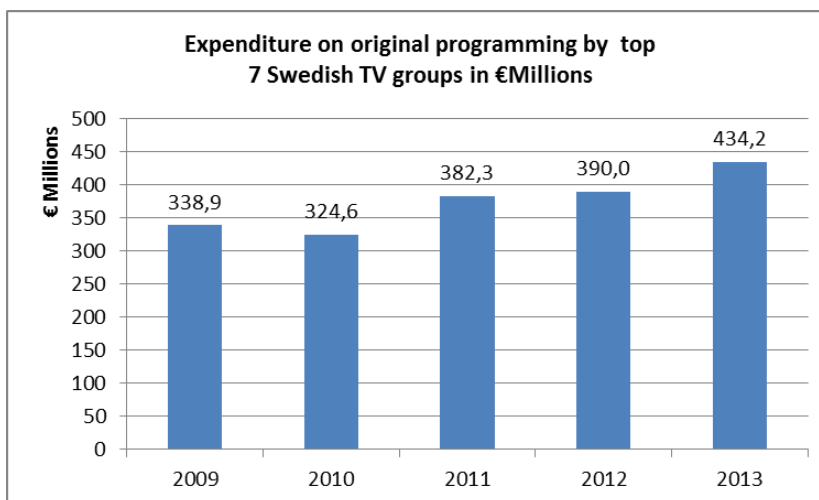
Source: European Audiovisual Observatory on the basis of data from IHS



Sweden: Strong growth in programming investment since 2011

The Swedish data is based on seven groups. These include those focused on pay TV: Modern Times Group (pay TV), and C More Sweden, neither of which invest make any investment in original programming in Sweden. Hence the data is really representative of the five groups: SVT (public broadcaster), TV4 Sweden, the Modern Times Group (free TV), SBS Discovery Sweden, and Non-stop Television. These represent more than 70% of the daily audience share.

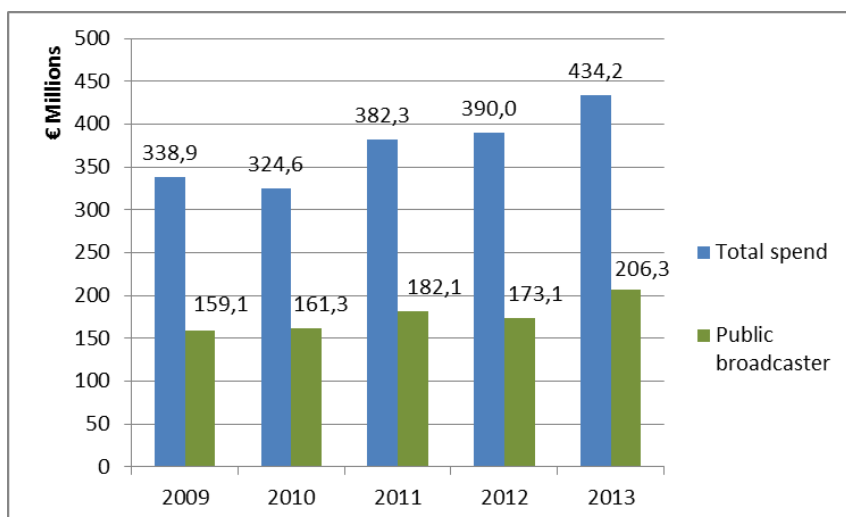
Fig 49: Expenditure on original programming by top 7 Swedish TV Groups 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

The expenditure on original programming has shown strong growth in Sweden over the five years.

Fig 50: Expenditure on original programming Sweden/proportion of public broadcaster investment 2009-2013



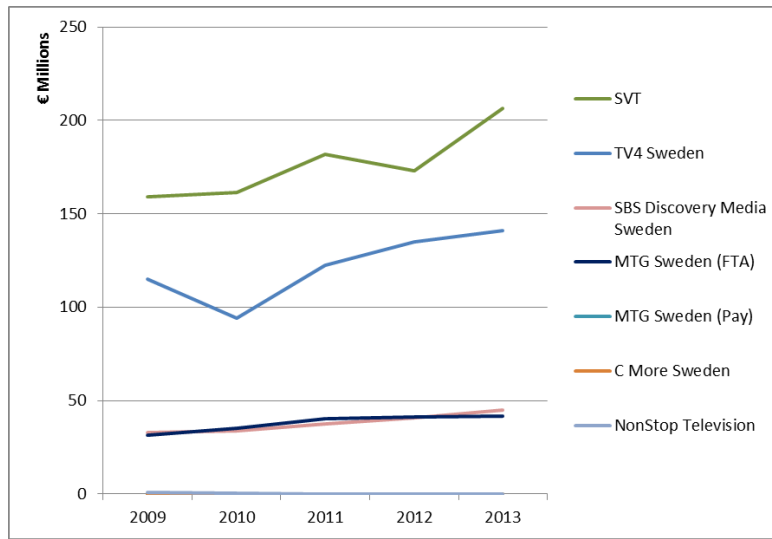
Source: European Audiovisual Observatory on the basis of data from IHS

While fig 50 indicates the important growth in investment by the public service broadcasters, fig 51 shows that the private broadcaster based in Sweden TV4 (Bonnier Group) has also been increasing its investment.

The two UK based broadcasters invest much less in Swedish programming but their investment has remained steady over time.



Fig 51: Expenditure on original programming Sweden Group by Group comparison 2009-2013



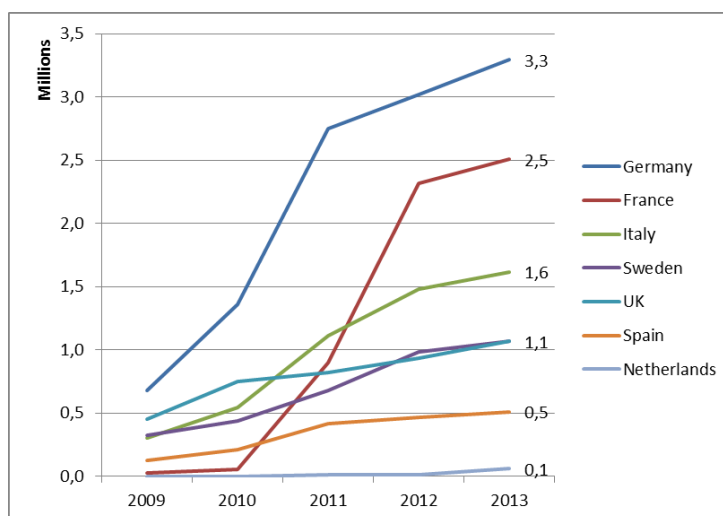
Source: European Audiovisual Observatory on the basis of data from IHS



5. Investment in original exclusive online programming and content

As noted under the methodological section, it is very difficult to access data on investment in original online programming. Hence the data here should be treated with caution. The method of gathering the data involved the creation of a database of all content identified via desk research with estimates of programming costs aggregated for each country. Fig 52 shows the growth for 2009-2013 in investment in online content in seven countries.

Fig 52: Investment in exclusive online content in seven EU countries 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

For the purposes of comparison this data is presented (see fig. 54) with data for the seven countries (the most comprehensive data is available from 2010-2014) on “total VoD revenues” and on “SVOD revenues” in the seven countries. The “total VoD revenues” includes online TV consumer revenues, online film consumer revenues, SVOD consumer revenues and TV VOD consumer revenues. SVOD consumer revenues represented one third of total revenues in 2014. The definitions of these services are outlined in the table below.

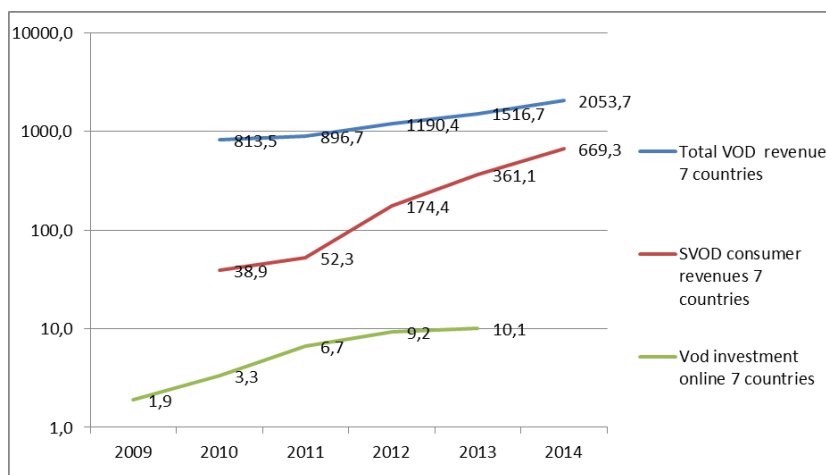
| Term | Description |
|-------------|---|
| SVoD | Subscription Video on demand is a business model traditionally associated with streaming video. Users pay a standard monthly rate for access to content which is streamed on request, this is to say no long term store of the content is made on the users device. |
| Online Film | Online film refers to movie content delivered over the open internet to a connected device such as a PC or smartphone. This includes content delivered to applications as well as web portals. This field technically encompasses SVOD content, however is usually used to describe transactional content. |
| Online TV | Online TV refers to television content delivered over the open internet to a connected device such as a PC or smartphone. This includes content delivered to applications as well as web portals. This field technically encompasses SVOD content, however is usually used to describe transactional content. |
| TV VOD | The delivery of movies and TV content on a transactional (VoD, NVoD/PPV) basis via cable/satellite/IPTV services. |



Source: IHS definitions

Fig 53 places the investment in original online programming in the context of other trends in the on-demand services markets. Please note that the data here is displayed in a logarithmic scale. For example, the total revenues for on demand services in 2013 was 1,5 billion, for SVOD revenues 361 million (one third of the total) while investment in original content was 10,1 million. (Data for revenues in 2014 has also been included as it was already available).

Fig 53: Total VOD revenues, SVOD revenues, and investment in exclusive online content in seven EU countries 2009-2013



Source: European Audiovisual Observatory on the basis of data from IHS

However, the investment represents less than 1% of the total revenues, and just under 3% of the SVOD revenues (2013).

The provision of original content for the online world is a relatively new development, which appears to be growing exponentially, alongside the other market indicators. New content is of particular value for competing SVOD operators in order to create new brands of programming and distinguish them from other services. Hence the SVOD revenue figures were singled out as a potential benchmark.



Table 1: TV Groups analysed in IHS programming investment data and their channel audience shares

| Country | Channels | Type | Daily audience share 2009/ % | Daily audience share 2013/% |
|--|--|--|------------------------------|-----------------------------|
| AT - Austria TV Groups | | | | |
| ORF | ORF1, ORF 2 | Generalist public | 38,9 | 33,2 |
| ATV Privat TV | ATV / ATV2 | Generalist private | 3,5 | 3,8 |
| Red Bull Media/ Servus TV | Servus TV | Generalist private | - | 1,5 |
| ProSieben Sat1 Austria | Puls 4, ProSieben, Sat1 | Entertainment private | 13,5 | 13,7 |
| RTL Austria | RTL | Generalist private | 5,8 | 5,3 |
| Total audience | | | 61,7% | 57,5% |
| BE - Belgium (VLG) TV Groups | | | | |
| VRT | Een, Ketnet VRT Canvas, | Generalist public, children public | 41,2 | 38 |
| VMMA | VTM /VTMK Zoom, 2BE | Generalist private Entertainment private | 26,5 | 23,6 |
| SBS Belgium | VT4/ Vier, Vijf | Entertainment private Lifestyle | 6,0 | 8,4 |
| Total audience | | | 73,7% | 70% |
| BE- Belgium (CFR) TV Groups | | | | |
| RTBF | RTBF - La 1, RTBF - La 2, RTBF La 3 | Generalist public Generalist public Cultural/educational | 19,3 | 20,9 |
| RTL Belgium | RTL – TVI, Club RTL, Plug RTL | Generalist private Entertainment private | 28 | 25,8 |
| Total audience | | | 47,3% | 46,7% |
| CZ – Czech Republic TV Groups | | | | |
| Czech Television | CT1, CT2, CT24 (other CT) | Generalist public News, sport etc | 28,1 | 29,2 |
| TV Nova (Central European Media Enterprises) | TV Nova, Nova Cinema, | Generalist private Film | 39,6 | 30,9 |
| Prima (MTG) | Prima, Prima Cool, etc. | Generalist private Entertainment private | 17,7 | 22,3 |
| Total audience | | | 85,4% | 82,4% |
| DE- Germany TV Groups | | | | |
| ARD | ARD, ARD (3), | Generalist public | 26,2 | 25,1 |
| ZDF | ZDF, ZDF Neo/Info/Kultur | Generalist public Documentary | 12,7 | 14,7 |
| ARD/ ZDF | Kika, Phoenix | Documentary children | 1,5 | 1,6 |
| Prosieben | Pro 7, Sat1, Kabel 1 | Generalist private | 20,9 | 19,9 |
| RTL Group | RTL, RTL 2, Super RTL | Generalist private Children private | 18,9 | 17,4 |
| Sky Deutschland | | Pay TV channels | | |



| Country | Channels | Type | Daily audience share 2009/ % | Daily audience share 2013/% |
|-------------------------------|---|--|------------------------------|-----------------------------|
| Total audience | | | 80,2% | 78,7% |
| DK - Denmark TV Groups | | | | |
| DR | DR 1, DR2, (Other DR channels) | Generalist public | 26,4 | 31,1 |
| TV2 Danmark | TV2, (Other TV2 channels) | Generalist public | 38,7 | 34,7 |
| MTG Denmark (free) | TV3 Denmark, TV3+ | Generalist private | 8,3 | 7,5 |
| MTG Denmark (Pay) | TV3 pay channels Viasat pay channels | | 1,4 | 3,1 |
| SBS Discovery | 6'eren, Kanal 4, Kanal 5, (others) | | 6 | 6,4 |
| Total audience | | | 80,8% | 82,8% |
| ES- Spain TV Groups | | | | |
| TVE | TVE 1, La 2 (other TVE) | Generalist public | 22,6 | 16,7 |
| Atresmedia La Sexta | Antena 3, La Sexta, (other Atresmedia) | Generalist private | 23,4 | 23,8 |
| Mediaset Cuatro | Tele 5, Cuatro (Other Mediaset) | Generalist private | 24 | 27,5 |
| Canal Plus | Canal+ | Pay TV channels | | |
| Total audience | | | 70% | 68% |
| FI - Finland TV Groups | | | | |
| YLE | YLE 1, YLE 2, (other YLE) | Generalist public | 43,8 | 41 |
| MTV Media | MTV3, AVA TV, Sub, (other MTV) | Generalist private | 29,3 | 25,9 |
| Nelonen Media / Sanoma media | Nelonen, Jim, Liv, (other) | Entertainment private | 12,5 | 14,9 |
| SBS Discovery Finland | Kutonen, TV5 (other SBS) | | 1,5 | 4,7 |
| MTG Finland | | | n/a | n/a |
| C More Finland | | | n/a | n/a |
| Total audience | | | 87,1% | 86,5% |
| FR - France TV Groups | | | | |
| France Télévisions | France 2, 3, 4, 5 | Generalist public Cultural public Entertainment public | 32,7 | 28,8 |
| | Arte | Cultural public | 1,7 | 2 |
| Metropole Television (RTL) | M6 (others) | Generalist private | 10,8 | 11 |
| TF1 | TF1 (and others) | Generalist private | 30,1 | 27 |
| Canal+ | Canal+ (and pay channels) | Generalist private | 3,1 | 3 |
| Orange France | OCS | Pay film channels | | |
| Total audience | | | 78,4% | 71,8% |



| Country | Channels | Type | Daily audience share 2009/ % | Daily audience share 2013/% |
|--------------------------------------|---|--|------------------------------|-----------------------------|
| GB – United Kingdom TV groups | | | | |
| BBC | BBC1,2,3 and4, CBBC, CBeebies (others) | Generalist public Entertainment public Cultural / Children | 32,6 | 32,3 |
| UKTV (BBC worldwide/ Scripps) | Dave, Gold etc. | Entertainment private | 3,8 | 4,4 |
| Channel 4 | Channel 4, E4, Film4, (others) | | 11,1 | 10,8 |
| Channel 5 | Five, 5* (others) | Entertainment private | 6,2 | 7 |
| ITV Plc | ITV1 Network, ITV2, ITV3, ITV4, (others) | Generalist private Entertainment private | 22,7 | 23 |
| Sky Plc UK | Sky One, Sky Two, Pick TV/ Sky 3 (others) | Entertainment private | 6,6 | 7,7 |
| S4C | S4C | Generalist public | | |
| STV | STV | Generalist private | | |
| UTV media | UTV | Generalist private | | |
| Total audience | | | 83% | 85,2% |
| IE – Ireland TV Groups | | | | |
| RTE | RTE1, RTE2 (others) | Generalist public News, children | 34,4 | 27,5 |
| TV3 | TV3 | Generalist private | 11,9 | 11 |
| TG4 | TG4 | Generalist public | 2,6 | 1,9 |
| Sky Ireland | Sky One, Sky Sports/ Sports News | | 4,7 | 3,5 |
| Total audience | | | 53,6% | 43,9% |
| IT- Italy TV Groups | | | | |
| Mediaset/ RETI | Canale 5, Italia 1, Rete4, Other mediaset | Generalist private | 39,6 | 29,9 |
| Mediaset Premium | | | | |
| RAI | RAI1, RAI2, RAI3, Other RAI | Generalist public | 40,6 | 39,3 |
| Sky Italia | Cielo (other sky) | | | 0,8 |
| Telecom Italia media | | | | |
| Cairo Communications | La 7 | Generalist private | 3,0 | 3,8 |
| Total audience | | | 83,2% | 73,8% |
| NL – Netherlands TV Groups | | | | |
| NPO | NPO1, NPO2, NPO3 (Ned1) | Generalist public | 33,9 | 32 |
| SBS Netherlands | Net5; SBS6, Veronica | Entertainment private Generalist private | 18,4 | 14 |
| RTL Netherlands | RTL4, RTL5 | Entertainment private | 18 | 18 |



| Country | Channels | Type | Daily audience share 2009/ % | Daily audience share 2013/% |
|--------------------------------|-------------------------------|--|------------------------------|-----------------------------|
| | | Generalist private | | |
| Chellomedia Netherlands | | | | |
| Fox Sports | | | | |
| HBO | | | | |
| Total audience | | | 70,3% | 64% |
| | | | | |
| PL – Poland TV Groups | | | | |
| TVP | TVP 1, TVP2 (other TVP) | Generalist public News, entertainment | 42,5 | 30 |
| Telewizja Polsat | Polsat, Polsat 2 | Generalist private | 14,8 | 12 |
| Cyfrowy Polsat | | Pay TV channels | | |
| TVN | TVN, TVN24, TVN7 | Generalist private, News, entertainment | 20,3 | 19,1 |
| Telewizja Puls | Puls, Puls2 | | | 2,2 |
| Cyfrowy Canal Plus | Canal Plus pay TV channels | | | |
| Total audience | | | 77,6% | 63,3% |
| | | | | |
| PT – Portugal TV Groups | | | | |
| RTP | RTP 1, RTP2 (others) | Generalist public | 29,8 | 17 |
| SIC | SIC, SIC Noticias, SIC Muhler | Generalist private News, | 23,4 | 23,6 |
| TVI | TVI, TVI24 | Generalist private, News | 28,7 | 25,9 |
| NOS | Pay TV channels | | | |
| Total audience | | | 81,9% | 66,5% |
| | | | | |
| SE – Sweden TV Groups | | | | |
| SVT | SVT 1, SVT2 (others) | Generalist public | 32,9 | 35,3 |
| TV4 Sweden | TV4, Sjuan (others) | Generalist private | 27,6 | 32,4 |
| MTG Sweden (free) | TV3, TV8 | Generalist private | 10,2 | 9,2 |
| MYG Sweden (pay) | Viasat pay channels | | | |
| SBS Discovery | Kanal 5, Kanal 9, Kanal 11 | Generalist private | 9,8 | 8,4 |
| CMore Sweden | Pay TV channels | | | |
| Non-Stop television | TV7/ TNT | Entertainment private | | |
| Total audience | | | 76,4% | 76,2% |

Source: OBS based on EurodataTV Worldwide for audiences (audience data not available for all niche/ pay channels)