

Disruptions in the audiovisual sector

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European Audiovisual Observatory
Europäische Audiovisuelle Informationsstelle



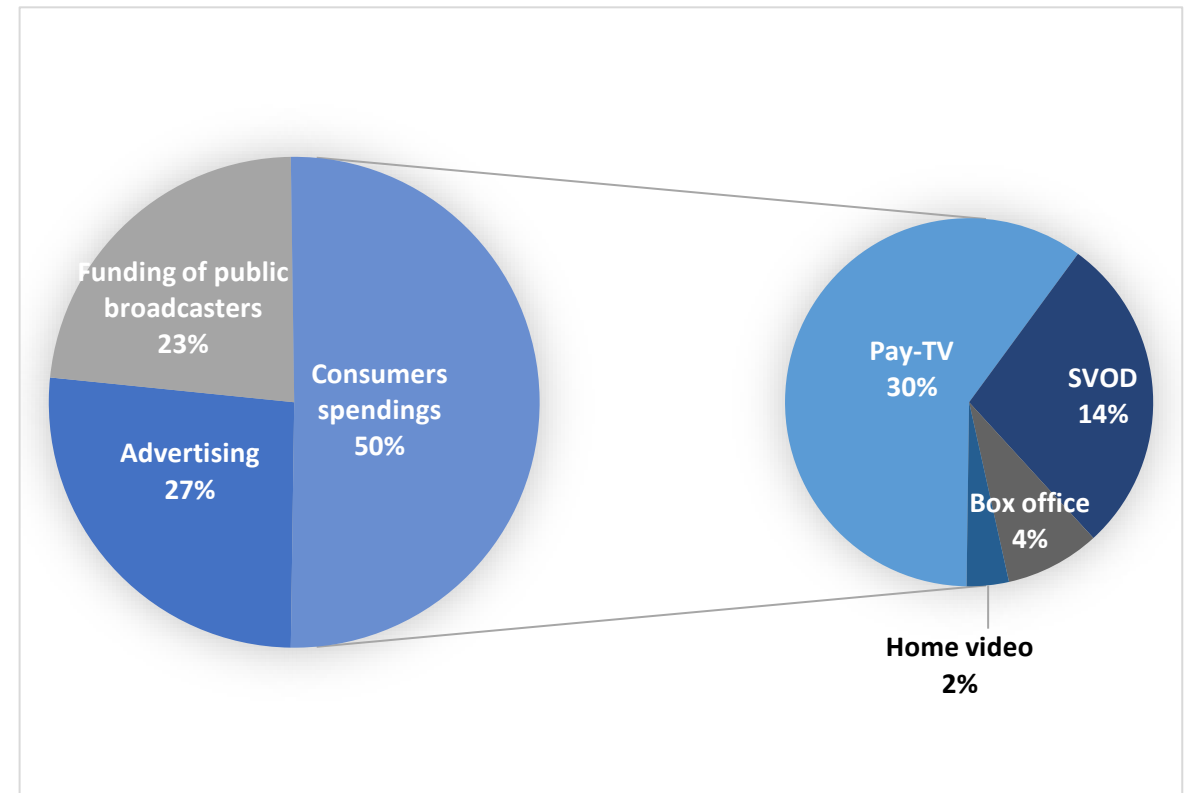
- 1. Some trends in the audiovisual markets**
- 2. So what for content?**
- 3. Players' reactions**
- 4. Then comes AI**

Some trends in the audiovisual markets

Reminder: where does the AV sector resources come from?

- *Consumers spending account for 50% of the audiovisual market and go mainly to pay-TV and SVOD*

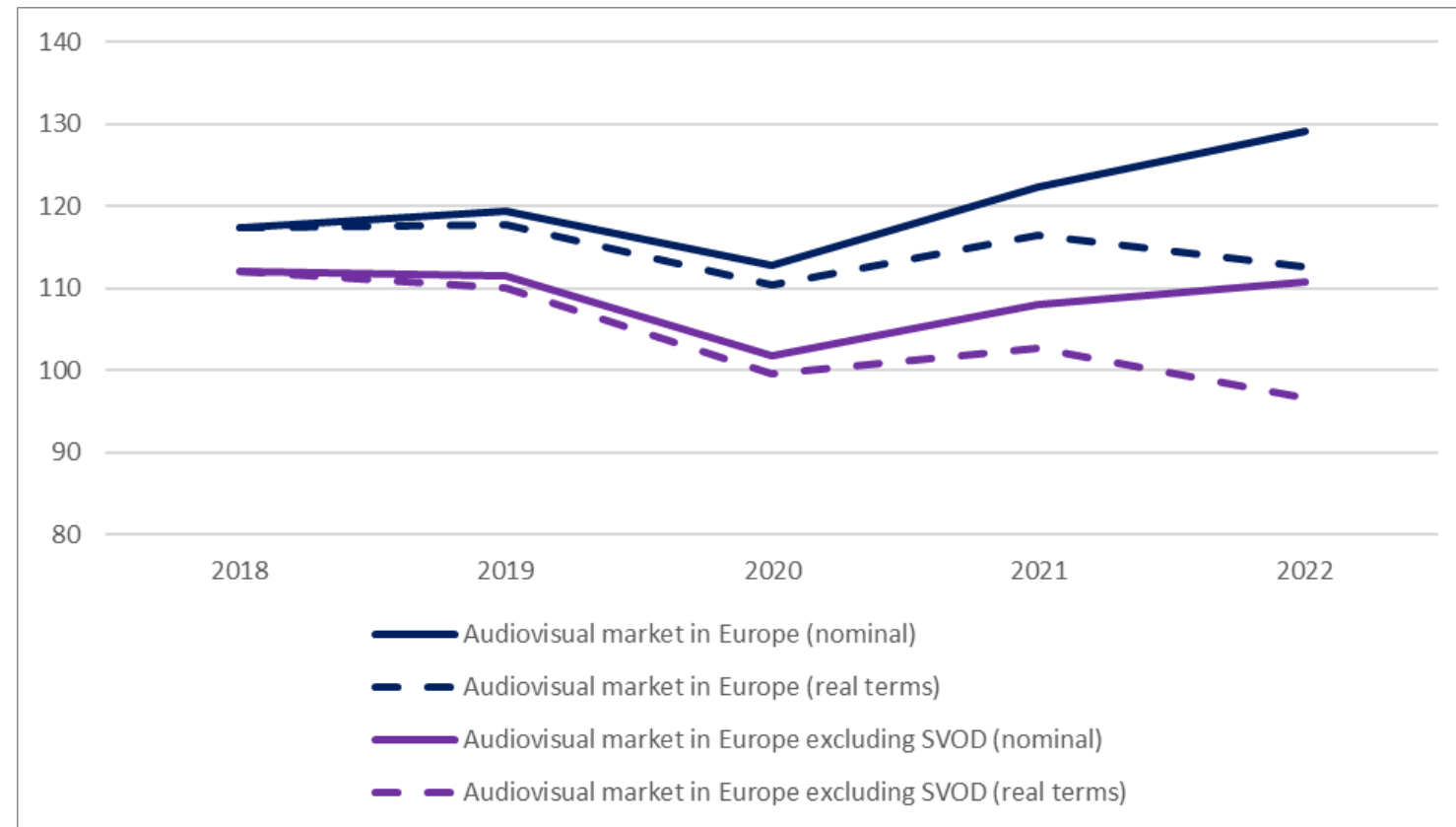
Breakdown of audiovisual market revenues (Europe, 2022)



How did market revenues evolve?

- *The audiovisual market grows in nominal terms but tend to decrease in real terms.*
- *Among the audiovisual market, only one segment is growing: SVOD*

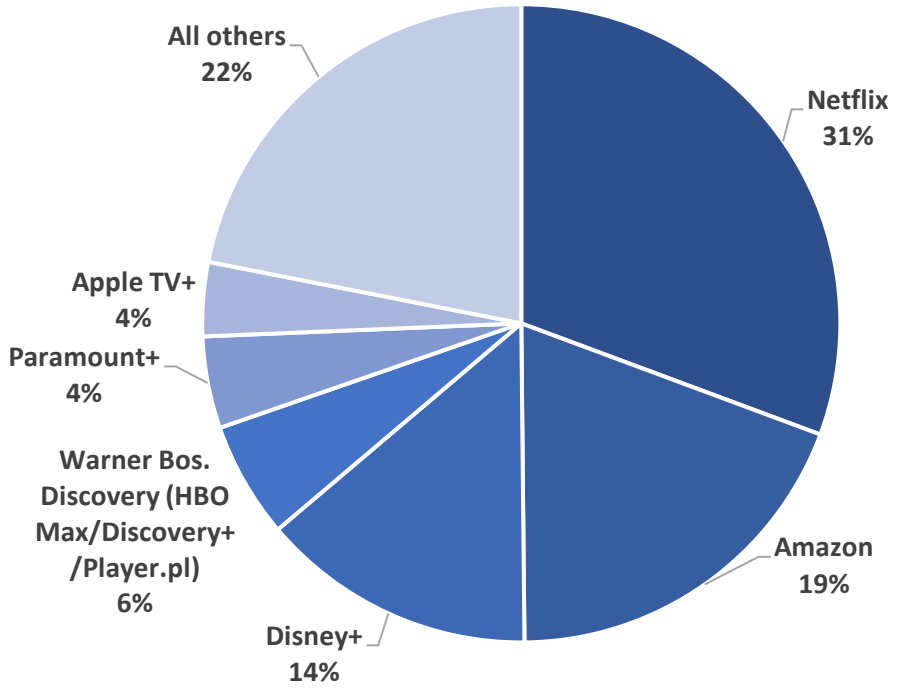
Audiovisual market revenues (Europe)



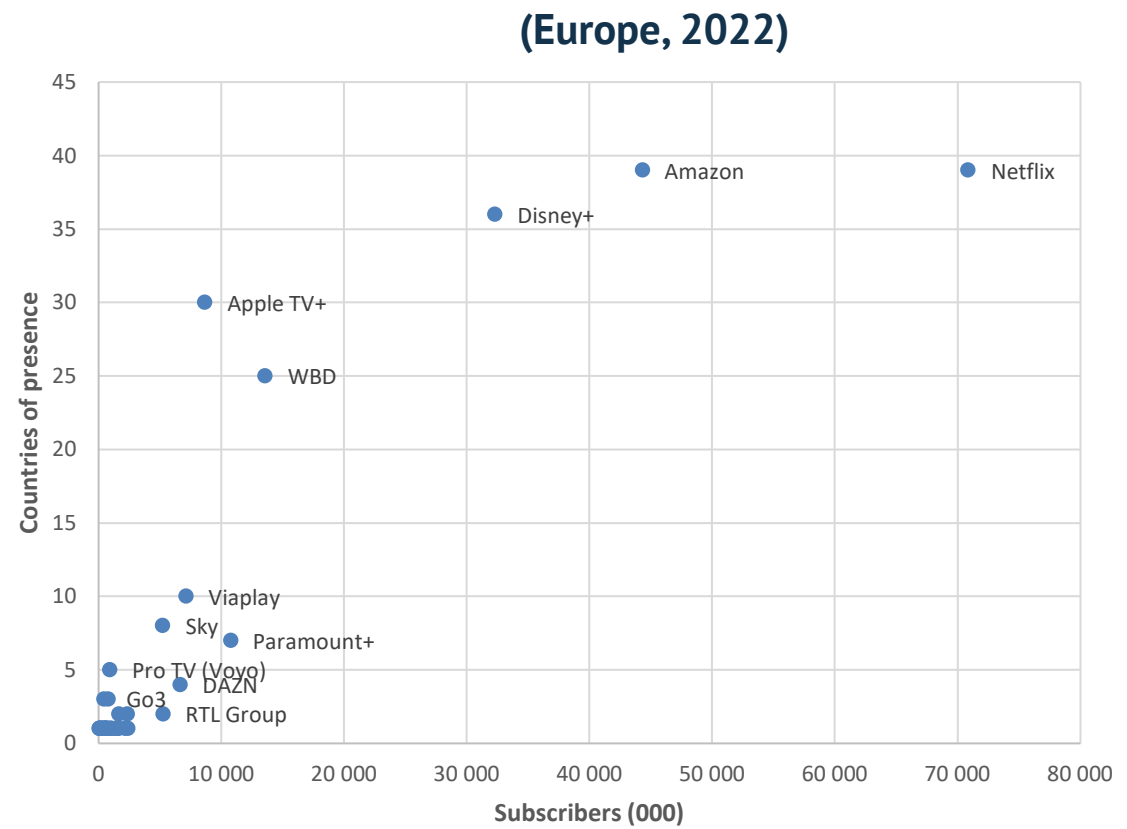
Dominant SVOD players

➤ *The SVOD market is captured by a handful of US-owned players present all over Europe*

Breakdown of SVOD subscribers (Europe, 2022)



SVOD services by subscribers and # countries of presence (Europe, 2022)



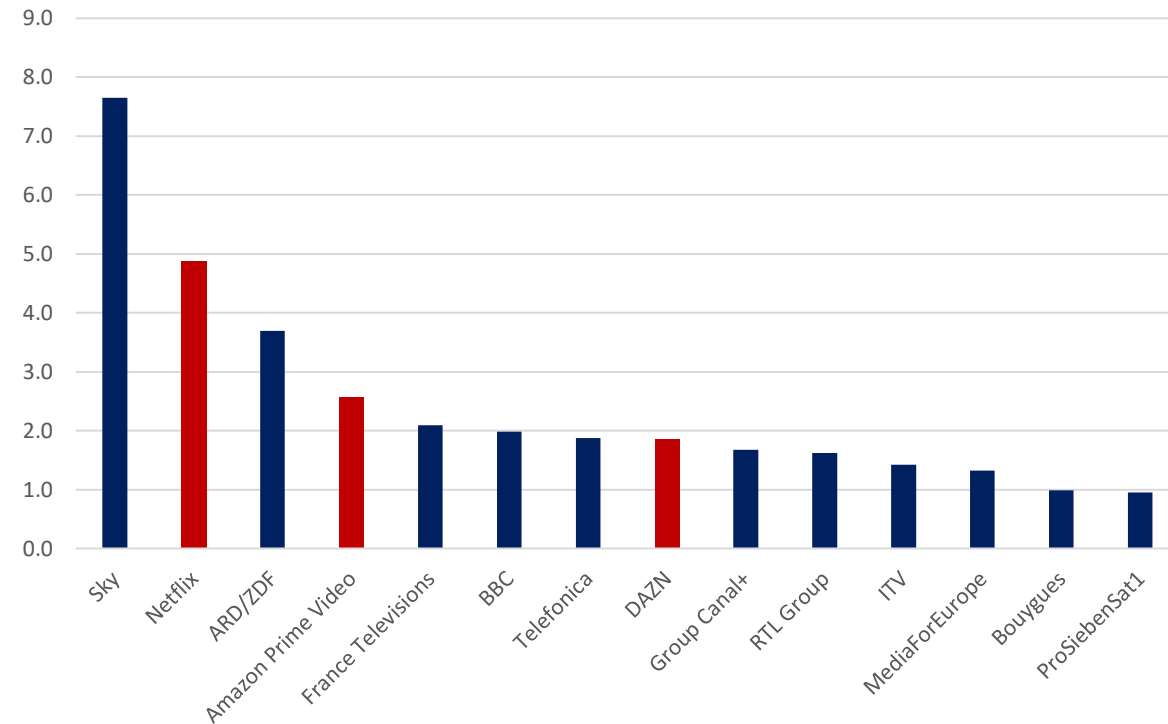
How do they compare with broadcasters

- *These US-owned US players have become as big as the legacy broadcasting groups, both in terms of revenues and investments in content*

Top 20 audiovisual groups active in Europe (2022)

Rank	AV group	Country	Statute	Final owner	Country of final owner	Revenues (EUR million)
1	Comcast (Europe)	EUR	Private	Comcast	US	20 500
2	Netflix (Europe)	NL	Private	Netflix	US	8 674
3	The Walt Disney Company (Europe)	EUR	Private	The Walt Disney Company	US	8 000
4	RTL Group	LU	Private	Bertelsmann	DE	7 224
5	ARD	DE	Public	State of DE	DE	6 958
6	BBC	GB	Public	State of GB	GB	6 623
7	Groupe Canal Plus	FR	Private	Vivendi	FR	5 870
8	Warner Bros. Discovery (Europe)	EUR	Private	AT&T	US	5 300
9	ITV	GB	Private	ITV	GB	4 372
10	ProSiebenSat.1 Media	DE	Private	ProSiebenSat.1 Media	DE	4 163
11	Bouygues	FR	Private	Bouygues	FR	3 172
12	France Télévisions	FR	Public	State of FR	FR	3 088
13	Vodafone	GB	Private	Vodafone	GB	3 050
14	Liberty Global	EUR	Private	John Malone	US	2 959
15	Paramount (Europe)	EUR	Private	Paramount	US	2 900
16	MediaForEurope (MFE)	IT	Private	MediaForEurope (MFE)	IT	2 801
17	Deutsche Telekom	DE	Private	Deutsche Telekom	DE	2 789
18	RAI	IT	Public	State of IT	IT	2 738
19	ZDF	DE	Public	State of DE	DE	2 431
20	Amazon Prime Video (Europe)	EUR	Private	Amazon Inc	US	2 377

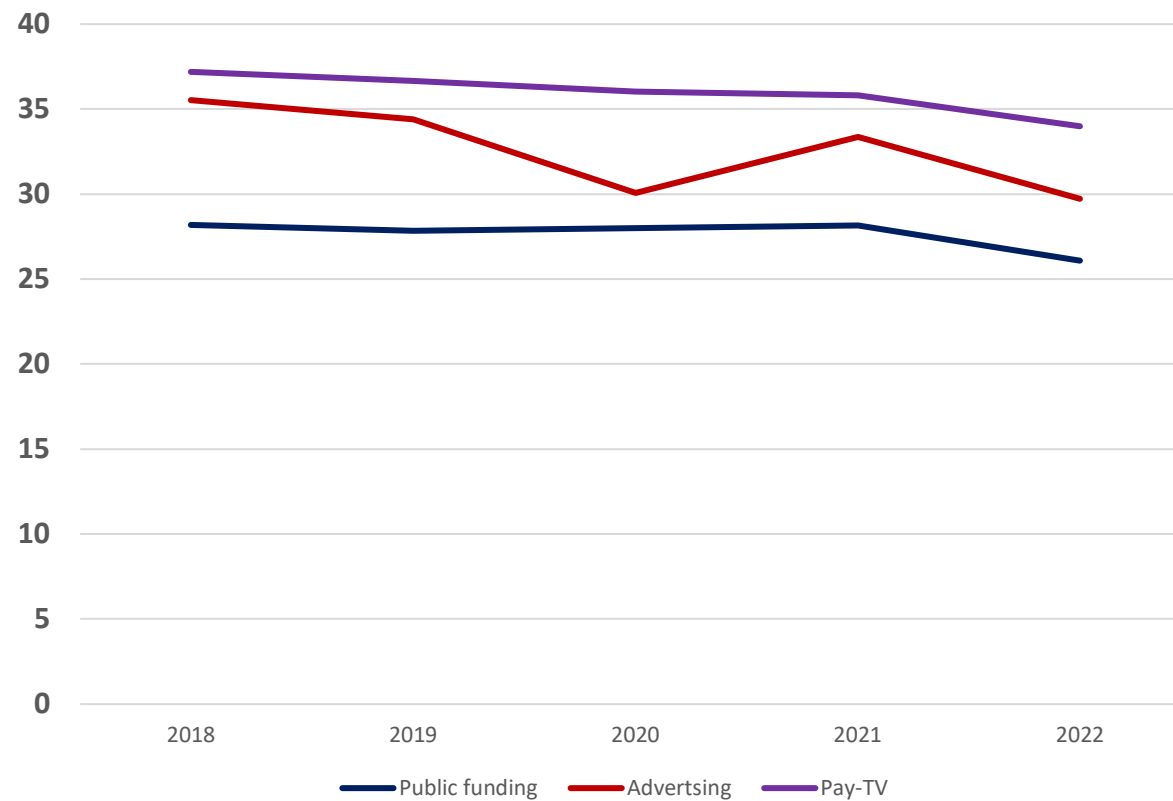
Main AV groups by investments in content (original, sport, acquisitions; bn EUR, Europe, 2022)



The trouble with the “legacy” market segments

- *All three main “legacy” segments of the audiovisual market are declining in real terms*

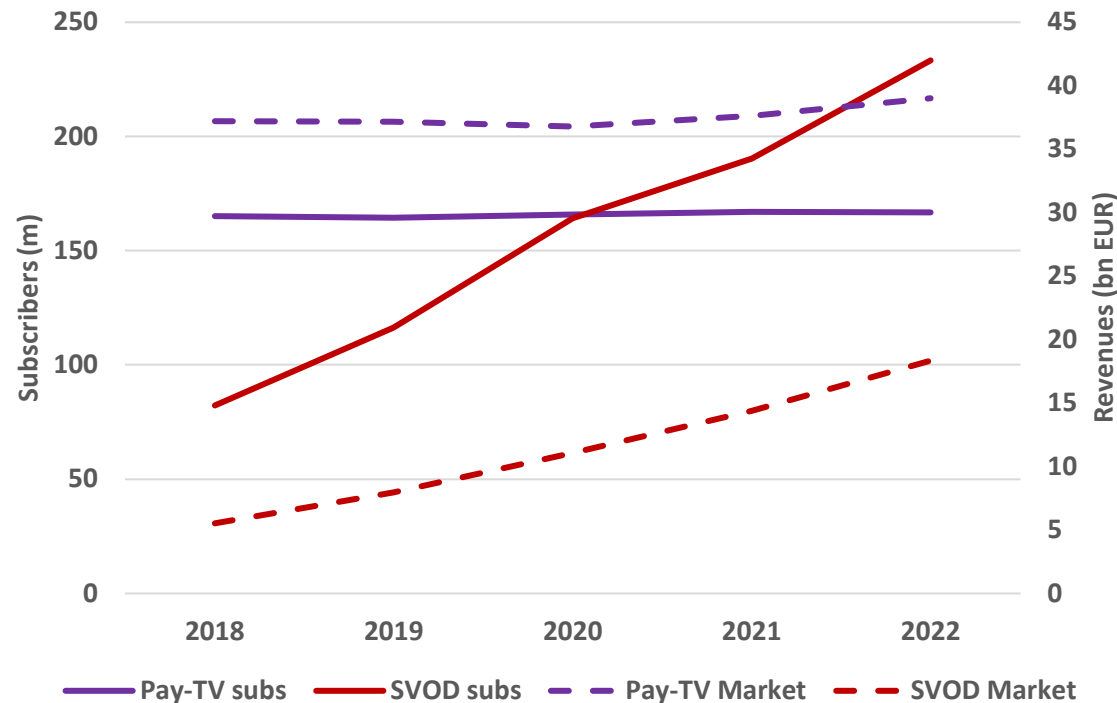
Pay-TV, advertising and public funding revenues (real terms, Europe)



Focus on pay-TV

- *More subscribers to SVOD than to pay-TV. But the market is larger for pay-TV due to higher prices.*

Pay-TV and SVOD subscribers and market
(nominal m and nominal m EUR, Europe)

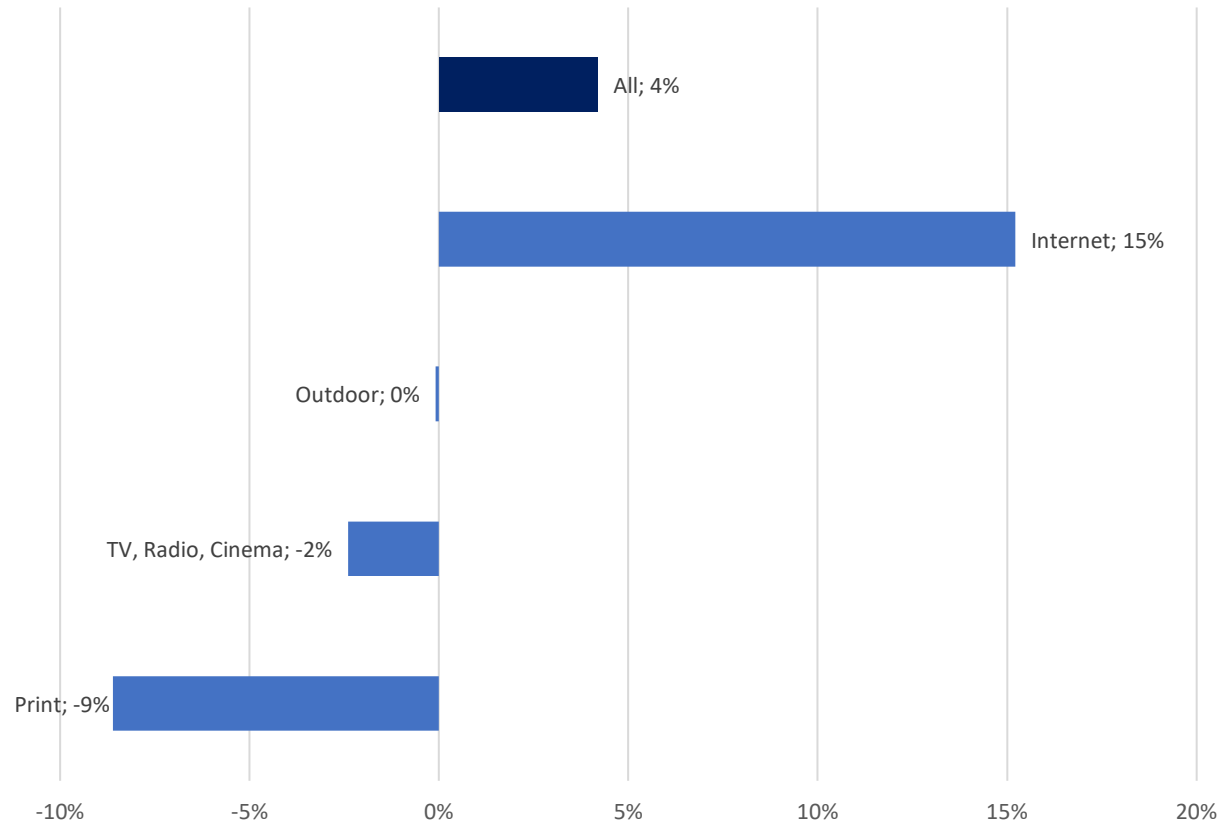


Will cord-cutting accelerate?

Focus on advertising

- *TV advertising resisted comparatively well to Internet advertising. But more competition is coming.*

Advertising market by segments (av. annual growth 2014-2022 Europe)

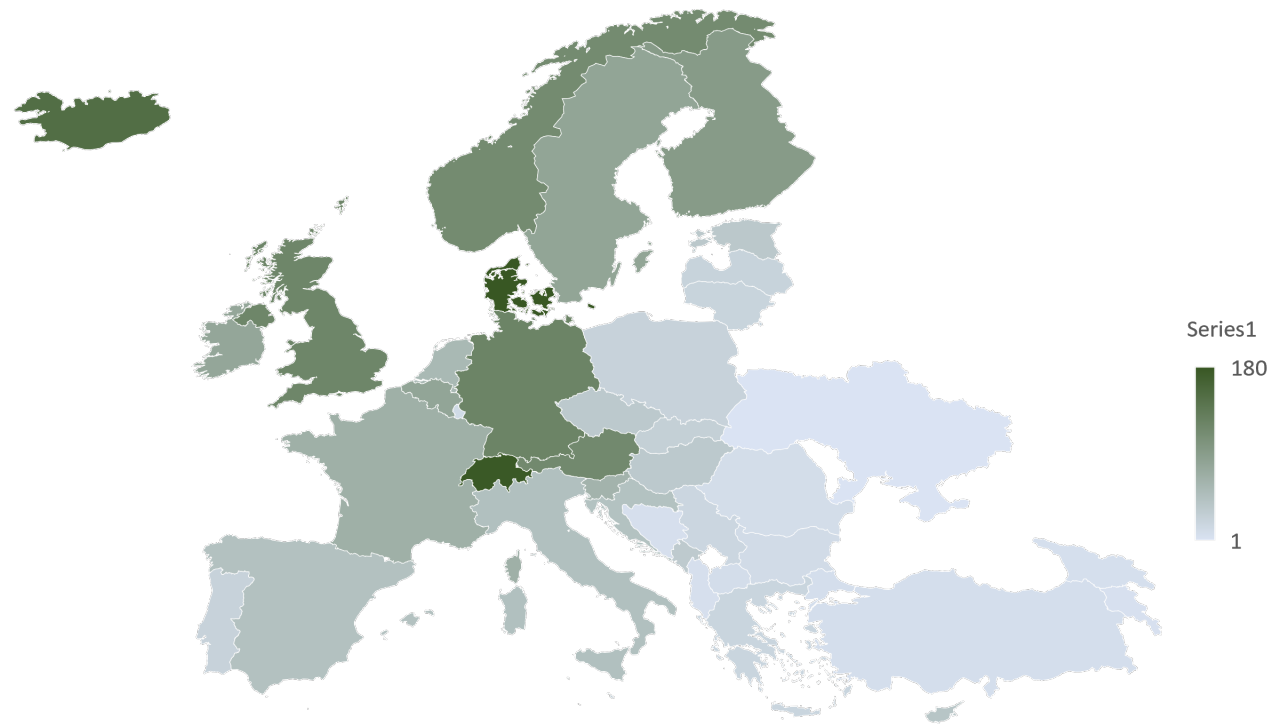


New competition
SVOD ad-tiers
FAST
YouTube, TikTok
Retail advertising

Focus on public funding of broadcasters

- *Very significant differences of resources of PSBs in Europe*

PSBs revenues per inhabitant (EUR, 2022)



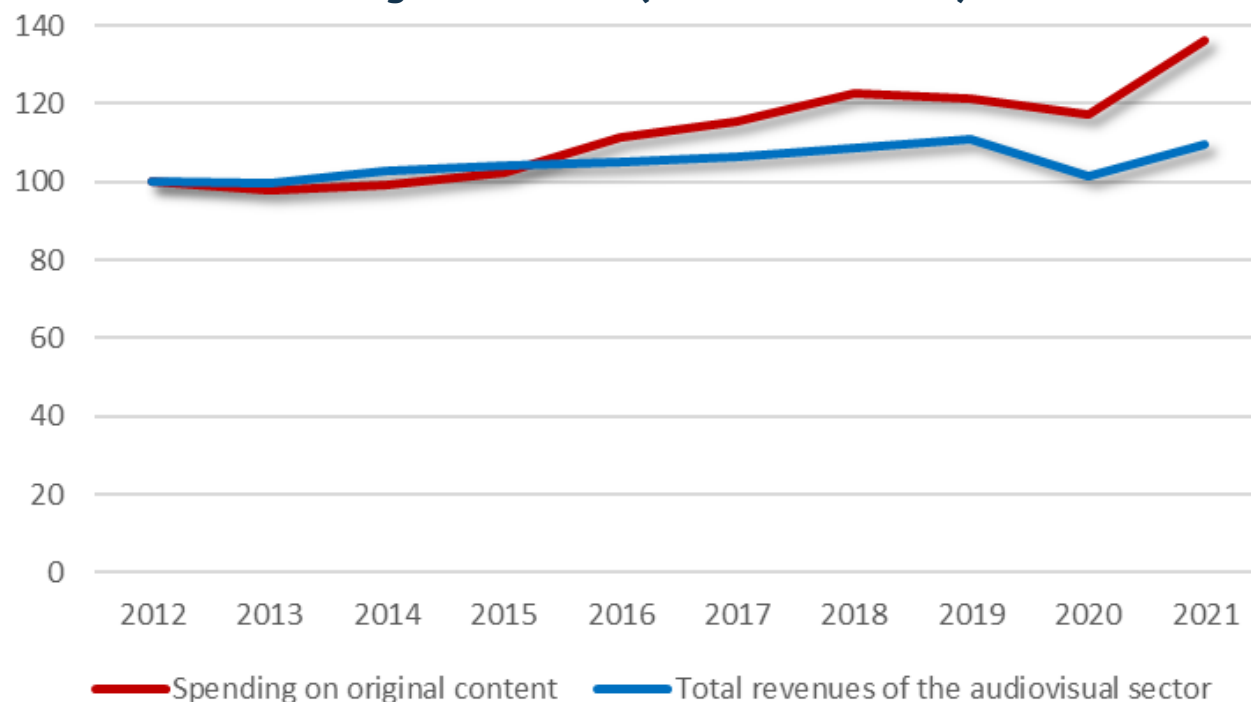
Austerity for PSBs?

So what for content?

Investments in original European content

➤ *Investments in original European content grew quicker than the market*

Compared evolution of AV sector revenues and spending* on original content (base 100 = 2012)



Why ?

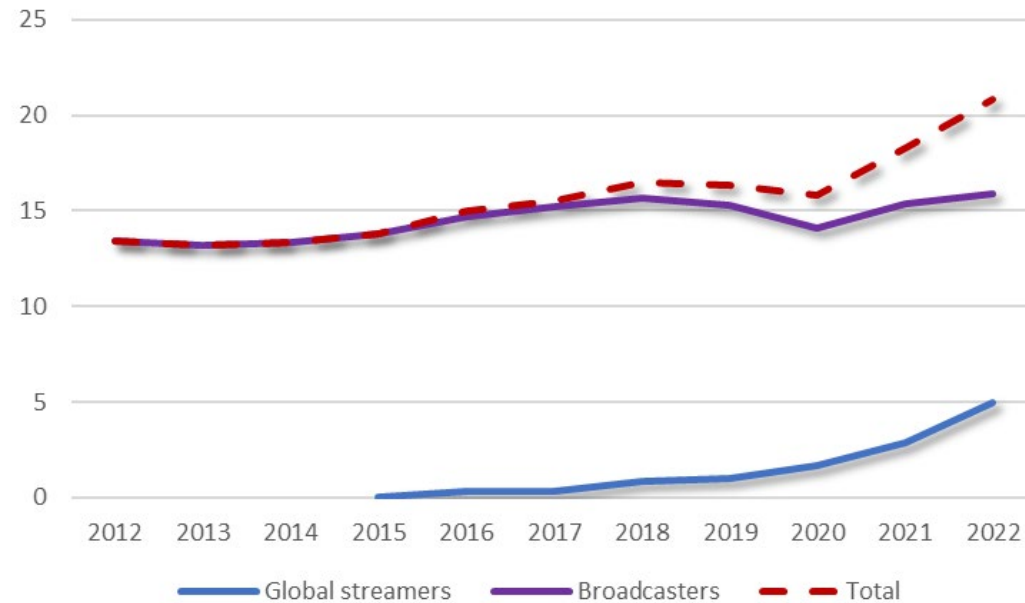
- Original content rather than acquisitions
- Race for SVOD market shares
- “Subsidisation” of SVOD services by other activities
- Production costs inflation
- ...

* Excludes news.

Investments in original European content

- *The growth has been driven by streamers, but broadcasters reacted to an extent*

Spending* on European original content by category of players (EUR bn)



* Excludes news

Source: EAO analysis of Ampere Analysis data.

Investments in original European content

➤ *The growth has been driven by streamers, but broadcasters reacted to an extent*



Will the growth continue?

Yes

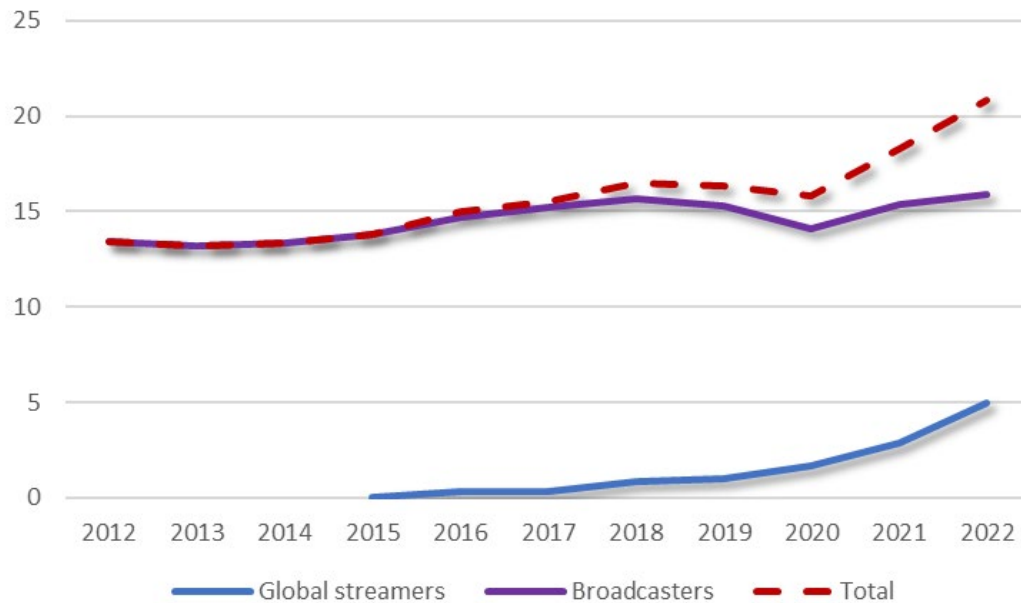
- Some US streamers just started investing in Europe
- Streamers will increase “local” production
- European shows are cheaper to produce
- Broadcasters will invest more for their AVOD services
- Production incentives get more and more attractive
- Sports costs will plateau

No

- Non-profitable streamers will cut their investments
- Merger of streamers will result in less commissions
- Less DTC strategies will make acquisitions easier
- Coproductions will result in less commissions (but with higher budgets)
- Broadcasters will need to cut their investments
- More unscripted cheaper content

What about AI?

Spending* on European original content by category of players (EUR bn)



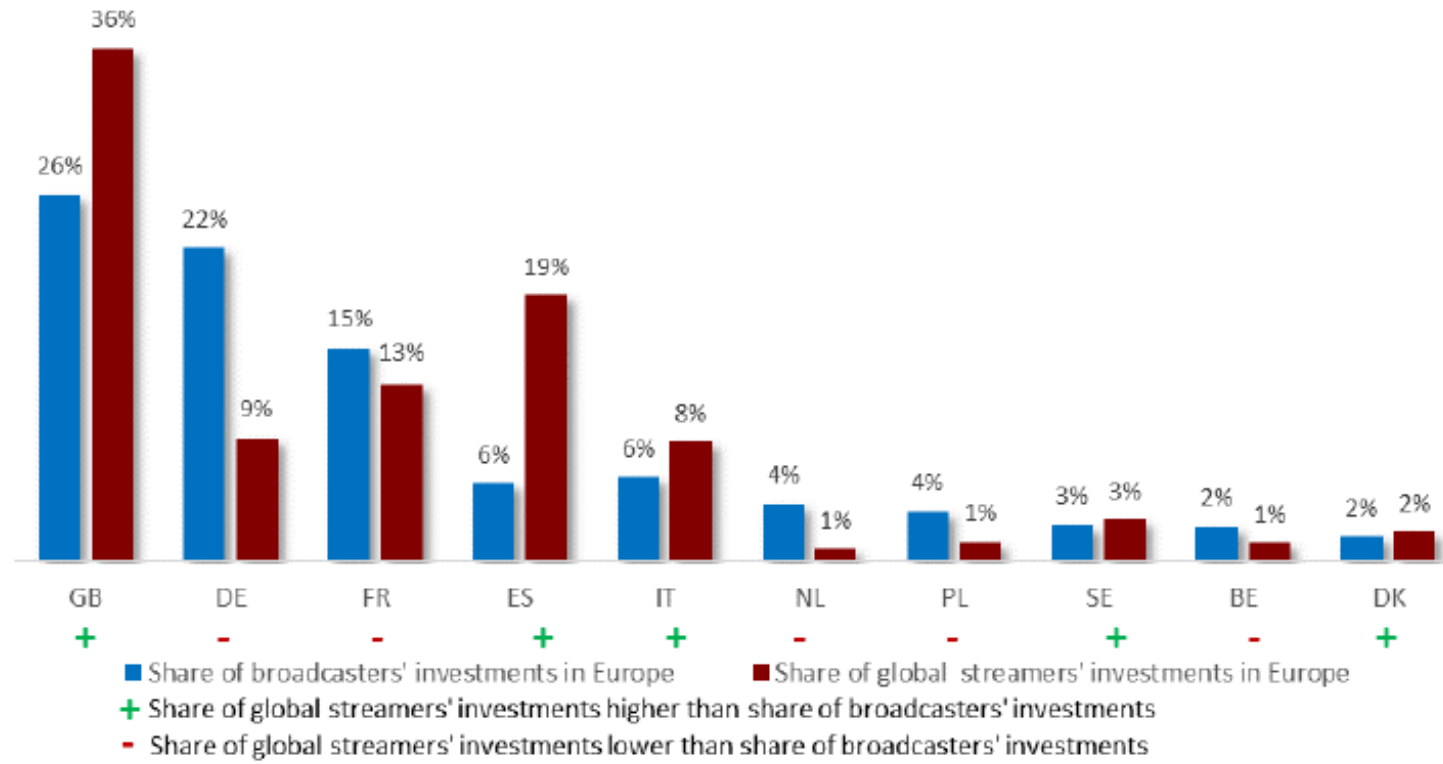
* Excludes news

Source: EAO analysis of Ampere Analysis data.

Investments in original European content

➤ *Streamers have changed the topography of content production*

Countries' share of investments in European original content: broadcasters vs SVOD



Players' reactions

Selection of 2022-2023 moves

PRODUCTION

DE: RTL + Asasha

Scand.: BBC Studios+STV

GB: Mediawan+Wildseed Studios

NL: Mediawan+Submarine

FR/DE: Mediawan+Leonine

EUR: Launch of New8

AV SERVICES

DE: High View+Sony Pictures

PL: Polsat+4FUN

DK: SF Anytime+Blockbuster

GB: Viaplay+Premier Sports

TR: WBD+BluTV

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**1 Broadcasters pivot to production
and compete with independent
producers**

Rationale: "content is king"

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PSBs turn more to coproductions

Rationale: pressure on PSBs

revenues

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3

Consolidation of AV services on national market

Rationale: economies of scale

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4

Increase of the footprint

Rationale: economies of scale

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5

Broadcasters turn their replay services into full-fledge AVOD services

Rationale: protect TV advertising

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6 **Telco-driven consolidation of pay-TV distributors**

Rationale: economies of scale

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7 Pay-TV distributors become aggregators of streaming services

Rationale: “if you can’t beat them join them”

Then comes AI

Reshuffling...
But still based on “traditional”
TV content







#1 AV service in viewtime
29 bn EUR revenues (2023)







Short, "low quality" content





Short, "low quality" content



AI

TV-like content

