My
6 main developments on the European audiovisual market

A presentation of the European Audiovisual Observatory
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European Audiovisual Observatory

COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

1. Market in transition “digital-first”– a structural shift on the pay-audiovisual services market?

2. Intensification of competition on the advertising market?

3. Market consolidation as an answer to market concentration?

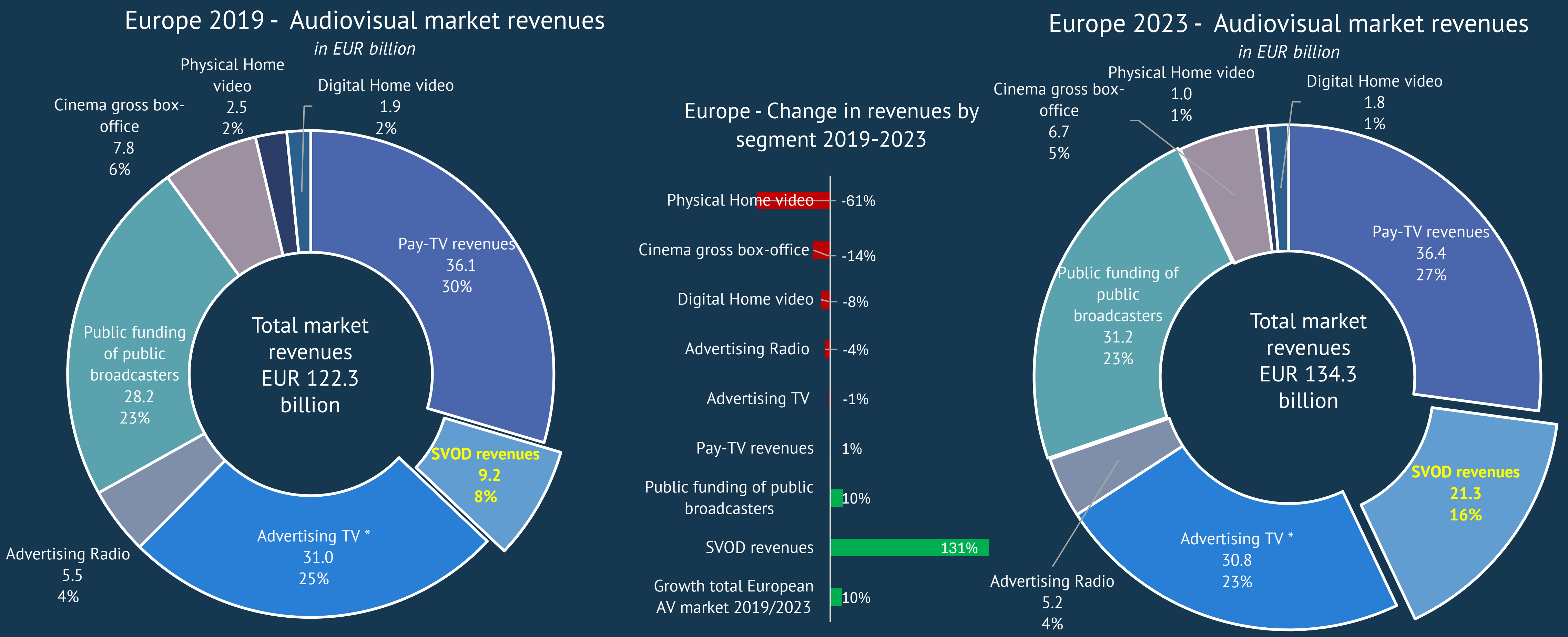
4. Collaboration?

5. Impact on production and viewing of European films and TV seasons?

6. Could AI be the next disruption to the audiovisual market?

1 – Transition towards a “digital-first” audiovisual ecosystem

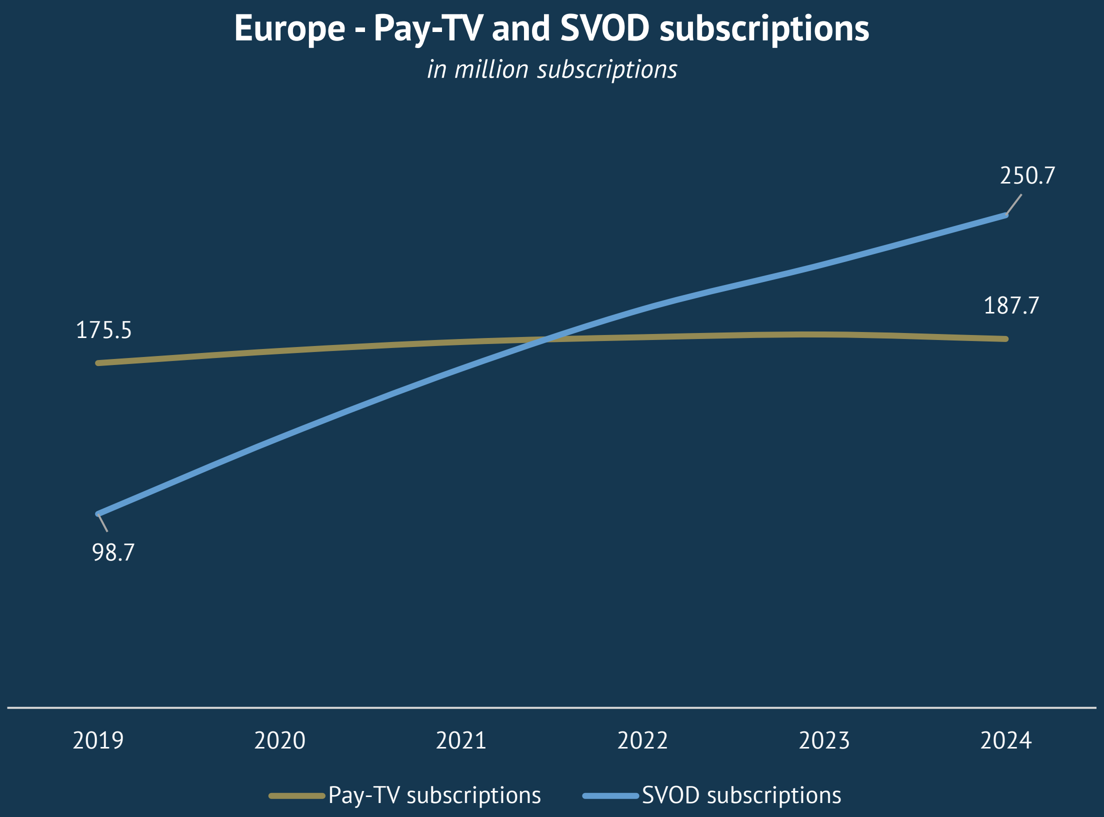
Only one segment of the European audiovisual market experienced real growth - decline or stagnation for all others

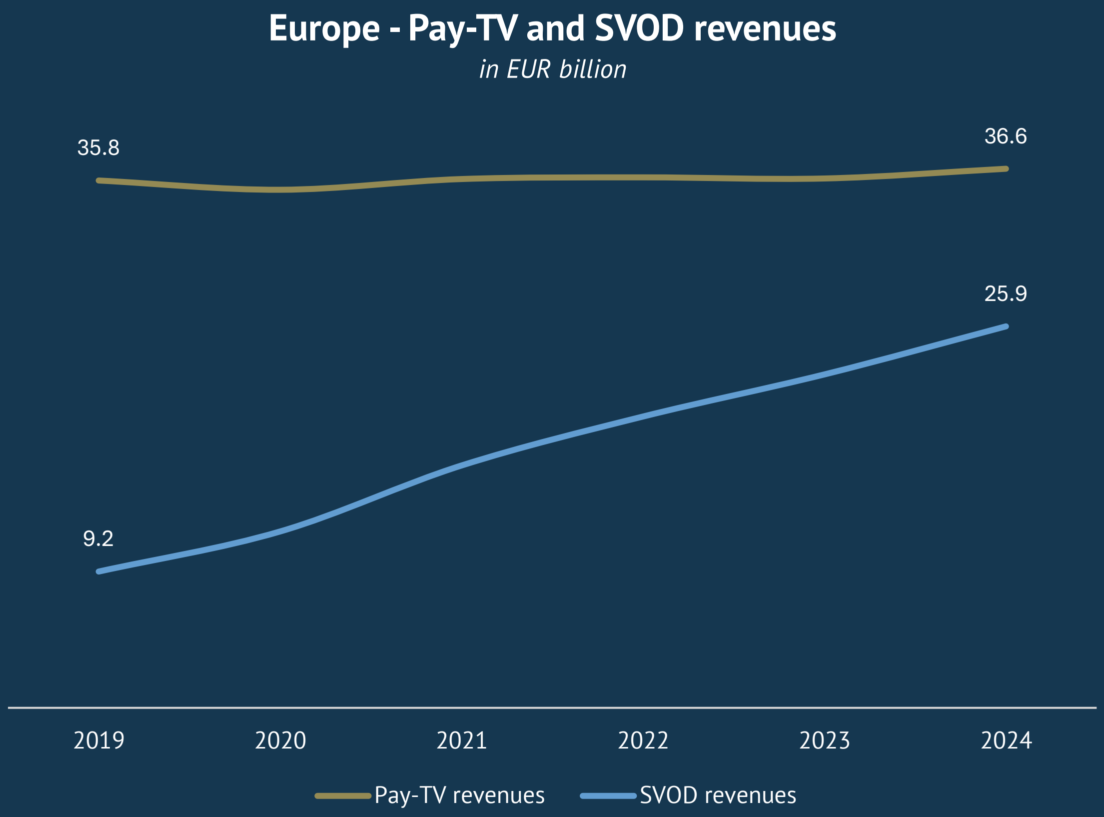


** Includes broadcasters' on-demand services advertising revenues; includes agencies commissions; excludes production costs.*

Source: Yearbook 2024 - Dataxis, Warc, European Audiovisual Observatory, EBU/MIS and company public reports

Quick uptake of SVOD services in Europe, surpassing pay-TV services in subscriptions since 2022





Source: Dataxis

SVOD services, with pan-European reach and global scale, are taking top spots for pay-AV services

Top 10 groups
by pay-AV service revenues (2020, in bn EUR)

COMCAST	9.6
NETFLIX	6.5
LIBERTY GLOBAL	2.4
T	2.4
orange	2.0
CANAL+	1.9
prime video	1.7
vodafone	1.7
Telefónica	1.6
altice	1.1

- **More SVOD subscriptions than pay-TV**
- Global SVOD services already in European top 5 by pay-AV revenues, with lower ARPU than pay-TV
- In a maturing market, **SVOD providers diversify their revenue streams** by entering the **advertising market,** providing **video games** and **other entertainment options**
- Pay-TV players have increased **bundling** of SVOD services
- SVOD services enter the **battle for premium sports rights**
- Are the **so-called ~~'streaming wars'~~ over**?
- **Small number of winners** on the European pay-audiovisual market

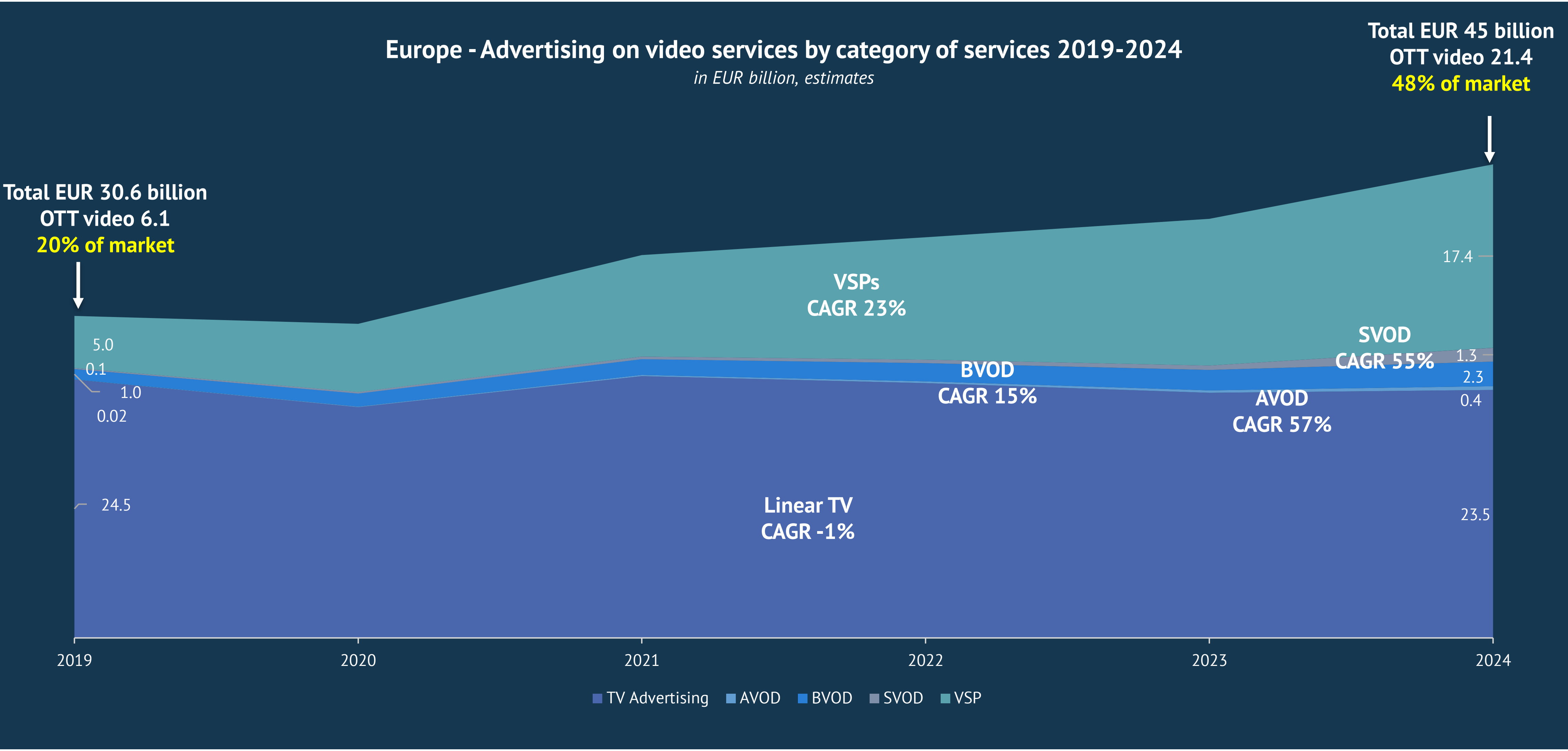
Top 10 groups
by pay-AV service revenues (2024, in bn EUR)

NETFLIX	10.2
COMCAST	8.8
prime video	3.7
T	3.0
Disney+	2.4
orange	2.3
vodafone	2.0
CANAL+	2.0
Telefónica	1.8
LIBERTY GLOBAL	1.7

Source: Dataxis, company reports, OBS desk research

2- Intensification of competition on the advertising market

"Battle for video advertising" - Video-sharing platforms and AVOD/SVOD services expand advertising market



Source: Dataxis

Rapid rise of video-sharing and creator platforms with global reach on the European advertising market

Top 10 groups

by AV advertising revenues
(2020, in bn EUR)

Group	Revenues
YouTube	4.1
RTL	2.8
MFE MEDIAFOREUROPE	2.3
Meta	2.1
ProSiebenSat.1 Media SE	2.0
itv	1.8
TF1 GROUPE	1.5
Discovery	0.97
4 CHANNEL FOUR TELEVISION	0.95
COMCAST	0.83

- Linear TV remains a **major source of advertising revenues** in Europe BUT broadcasters are under pressure due to **ageing audiences and declining viewing times**.
- **Increase in ad inventory** options and increased **use of connected TVs** by European consumers.
- Advertisers' budgets are **migrating to VSPs and online video services**
- **Audience fragmentation**
- European broadcasters **launched BVOD services and FAST channels**
- **Distribution experiments with long-form content on VSPs** by broadcasters/rightsholders
- Reduction in the **attention span of audiences, "lean-back" viewing**

Top 10 groups

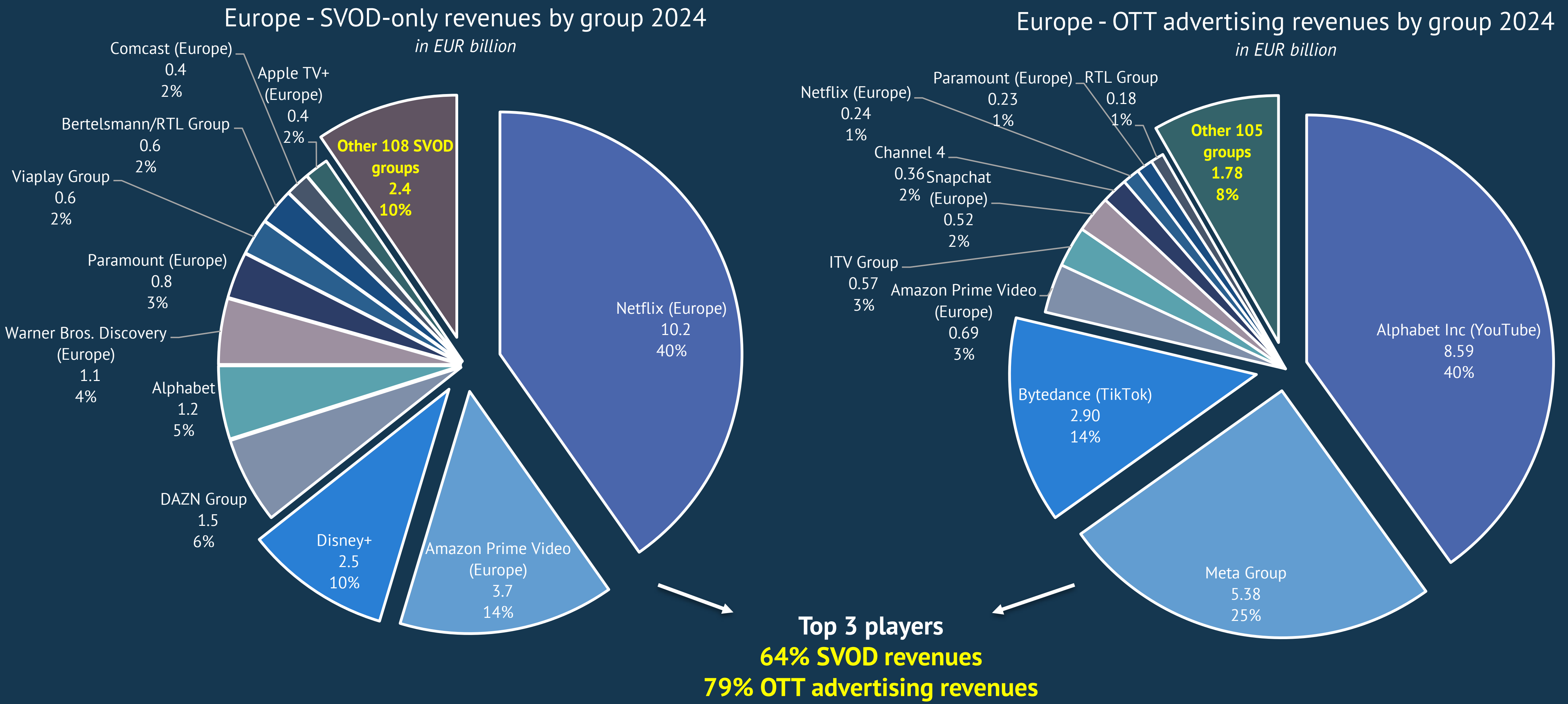
by AV advertising revenues
(2024, in bn EUR)

Group	Revenues
YouTube	8.5
Meta	5.3
RTL	3.1
TikTok	2.9
MFE MEDIAFOREUROPE	2.7
itv	2.1
ProSiebenSat.1 Media SE	1.8
TF1 GROUPE	1.7
WARNER BROS. DISCOVERY	1.2
4 CHANNEL FOUR TELEVISION	1.1

Source: Dataxis, company reports, OBS desk research

3 – Consolidation as an answer to concentration?

Global scale translates into concentration on the European SVOD and OTT advertising markets



Source: Dataxis

Market concentration as a driver of market consolidation

- **OTT distribution has lowered barriers of entry**
- **However, economies of scale** have created dominant players in programming and technology.
- A **high proportion of viewing and subscriptions are concentrated in the hands of a few global players**, which in turn creates **consolidated commissioning power** for these global buyers and **increased control over audiences and production**.
- **Online advertising controlled by a handful of players** in ad tech with capabilities/reach not matched by European groups
- Do **European broadcasters and studios need to consolidate** or **form partnerships with global players** ?

MFE MEDIAFOREUROPE + 7 · RTL + sky · CANAL+ GROUPE + MultiChoice A CANAL+ COMPANY

Fremantle · Mediawan · Banijay Entertainment

4 – Collaboration to reach audiences?

"If you can't beat them, join them"

- ✓ **Emergence of new forms partnerships between streaming services and traditional European broadcasters** in 2025

- ✓ **Traditional broadcasters and studios are experimenting with making their long-form content available on YouTube** to increase their reach and gain additional advertising revenue, as well as raising awareness of their content

- ✓ There are more **collaborations and coproductions between global streaming services and European broadcasters on high-end TV series and films**

- ➢ **High risk of becoming dependent on global players to reach audiences**

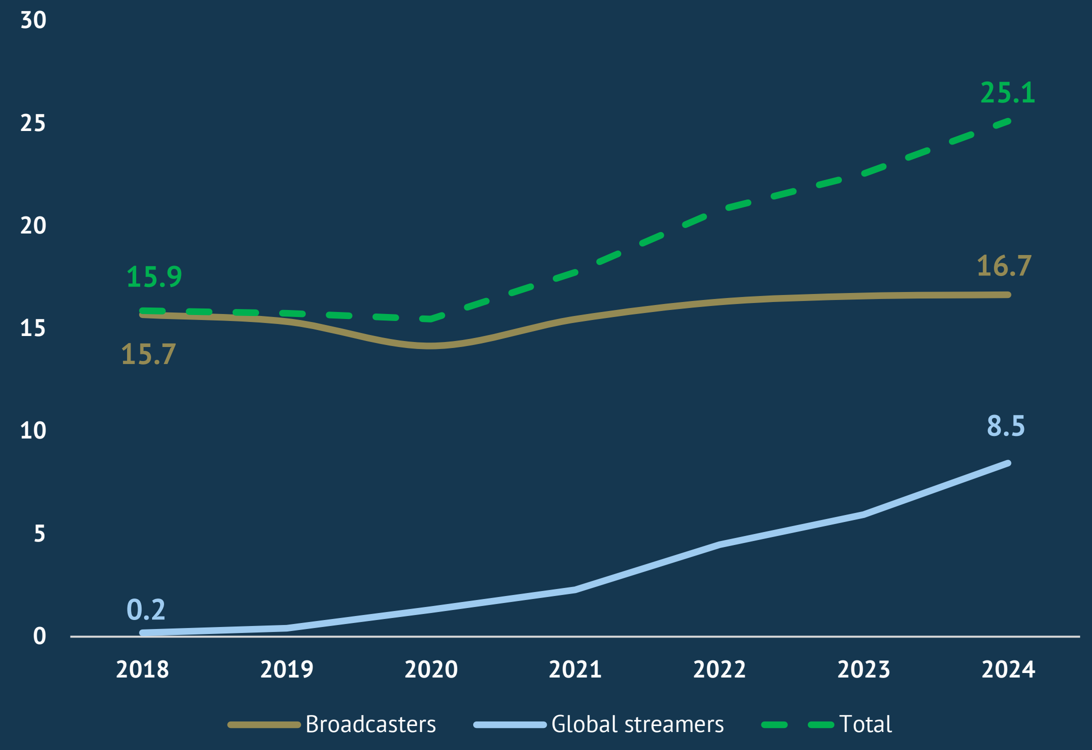
- ➢ **Loss of direct relationships, data and control of discovery**

5- Impact on production and viewing of European works?

Streamers' investments increased total European original content spend but are mainly concentrated on a selection of countries

Spending* on European original content by category of players

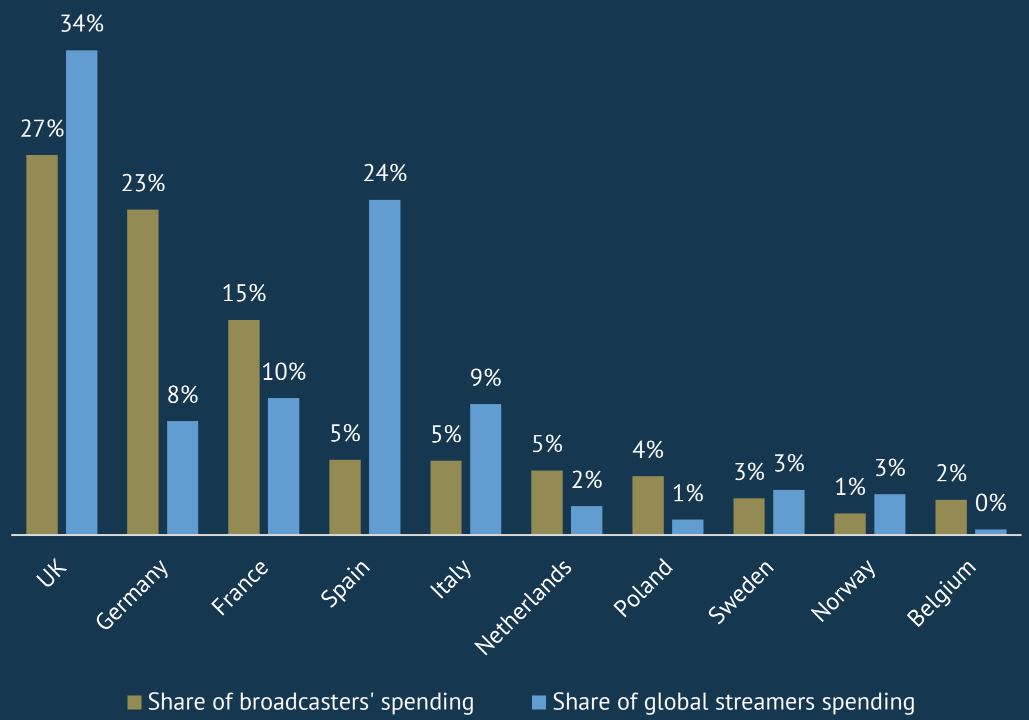
In EUR billion



*excludes news

Top 10 countries* compared share of broadcaster and streamer spending in Europe in 2024**

In % of total spend in top 10 countries

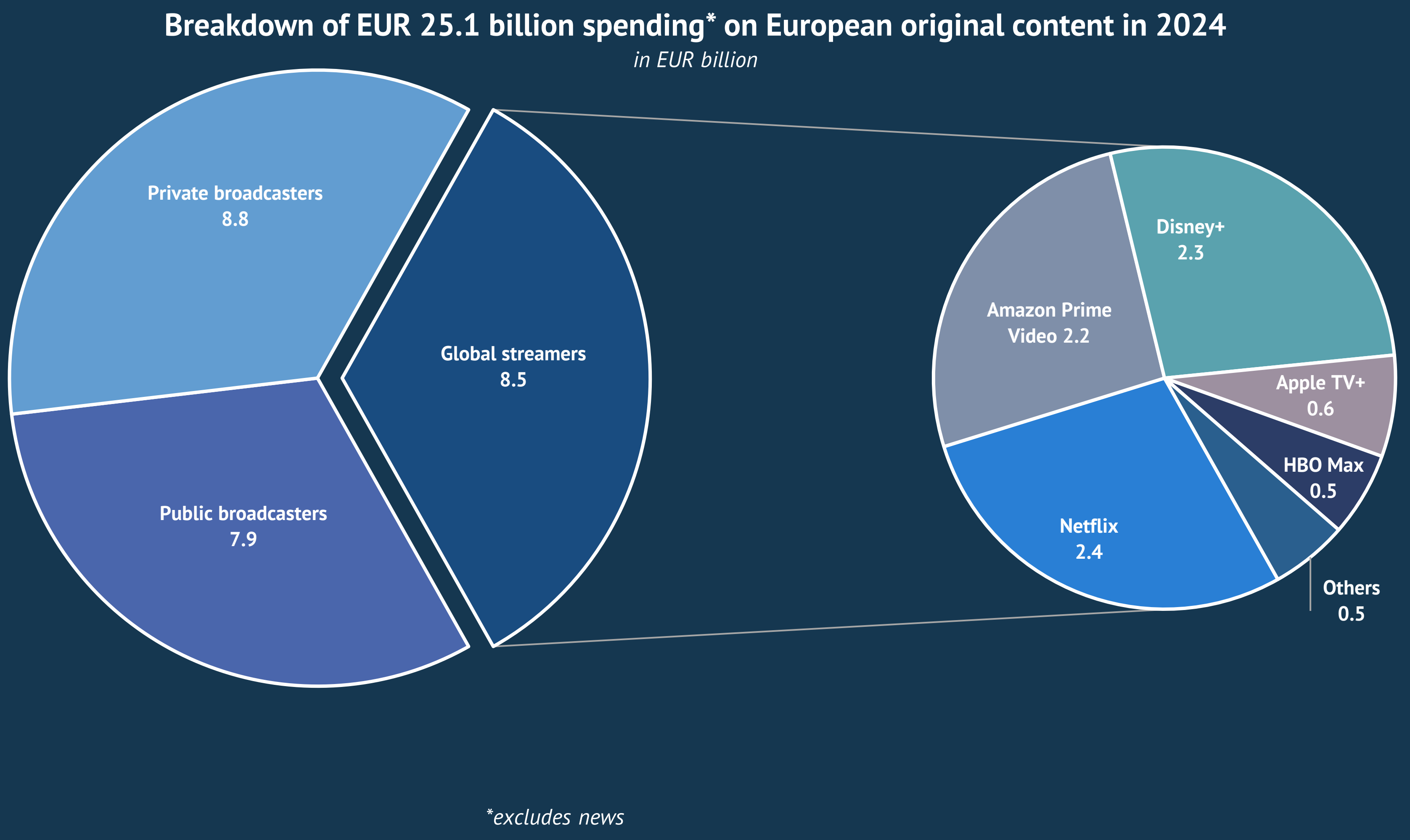


*excludes news

** Top 10 countries by total spending on original content (broadcasters + global streamers)

Source: European Audiovisual Observatory on Ampere Analysis data

Streaming services have become an important source of content investments in Europe



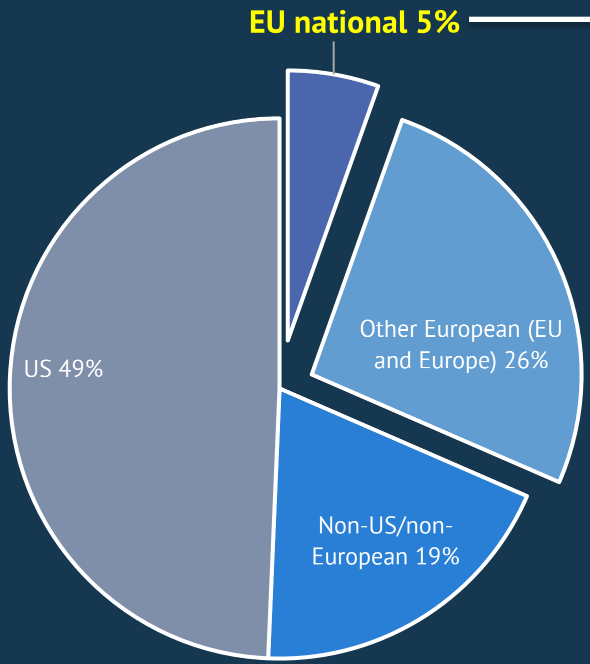
Source: European Audiovisual Observatory on Ampere Analysis data

Content investments in European original content

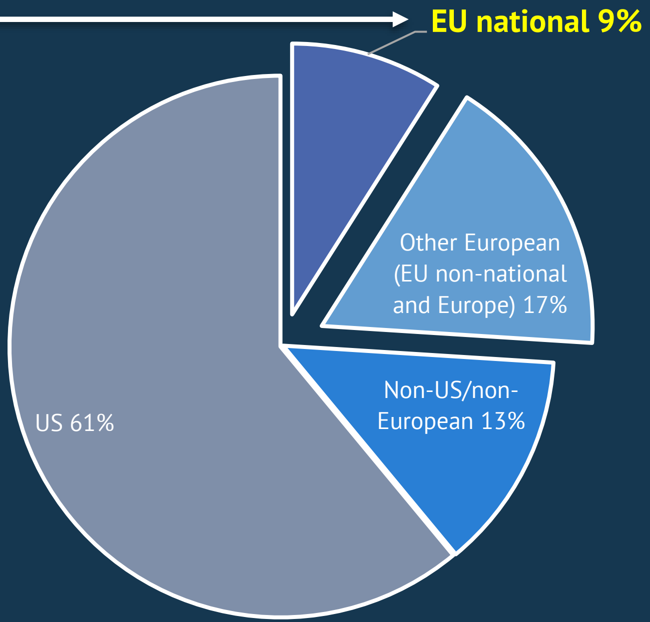
- **Streamers already represent one-third of investments in European content in 2024**
- Investment levels vary significantly between European countries, with the **majority concentrated in a small number of Western European countries**
- By 2024, **streaming services had already surpassed public broadcasters** in terms of investment in original European works.
- The recent **rationalisation of content spending by global players** could have a significant impact on European production companies
  - ✓ Still, the share of global streamers spend in Europe is increasing
- **Risk of commoditization of European content** and a **role of European producers as service providers**

National works as an opportunity – National works outperform in viewing time their share in SVOD catalogues

Supply - Share of films and TV seasons in 9 EU countries in 4 SVOD services catalogues by region of origin
in share of total, June 2024



Demand - Viewing time of films and TV seasons in 9 EU countries on 4 SVOD services by region of origin
in share of total viewing time, January to September 2024

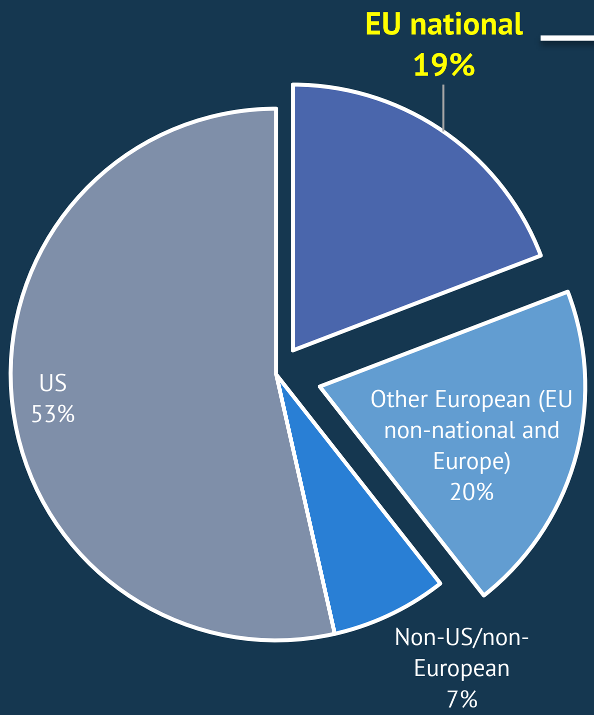


Source: OBS based on JustWatch data
Netflix, Amazon Prime Video, Disney+, HBO Max in Denmark, Finland, France, Germany, Italy, Netherlands, Poland, Spain and Sweden

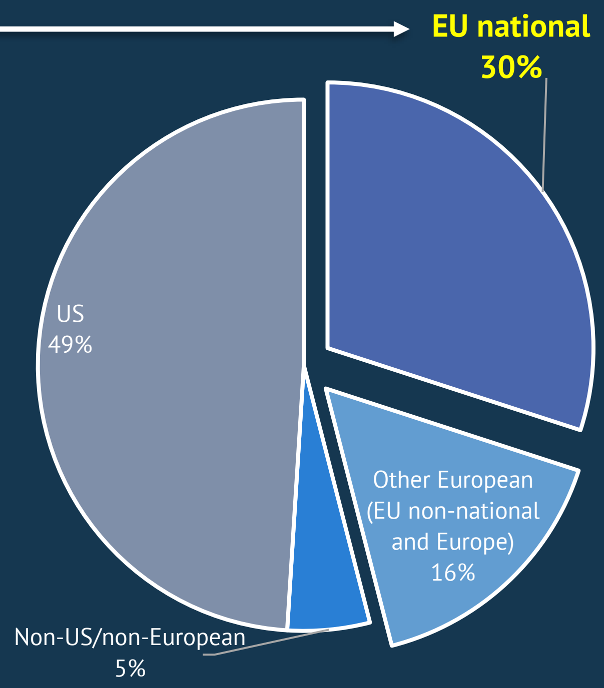
Source: OBS based on Digital i data
Netflix, Amazon Prime Video, Disney+, HBO Max in Denmark, Finland, France, Germany, Italy, Netherlands, Poland, Spain and Sweden

National films as an opportunity – National films outperform in viewing time their share of broadcasts

Supply - Film broadcasts on 142 TV channels in 18 EU countries by region of origin
in share of total film broadcasts, 2023



Demand - Film viewing time on 142 TV channels in 18 EU countries by region of origin
in share of total film viewing time, 2023



Source: OBS based on Glance data
54 public TV channels and 88 private TV channels
in Austria, Belgium, Croatia, Czechia, Denmark, Germany, Finland, France, Hungary, Ireland, Italy, Netherlands, Poland, Portugal, Romania, Sweden, Slovenia, Spain

National/local works as an opportunity and strength of European players

- **Audiences value local works** (culture, language, local storytelling)
- European players have **strong ties to their local production industry** and own local IP
- **Global streaming services need local content**
- **Opportunities to invest in local works with export potential** ('glocal') and cross-border co-productions for high-end works
- **Favourable conditions in Europe for local productions**

6 - AI, the next disruption?

AI has potential to impact the whole value chain of the audiovisual sector, from production to consumption

"Positive"

- **Productivity gains** in content production, lowers the barriers to entry
- **AI Localisation** (dubbing/subtitling) of content lowers localisation costs (circulation of works).
- AI could improve **content discovery and recommendation**
- **Hyper-personalized and targeted AI-generated** advertising
- …

→

Audience reaction to AI videos?

Impact overabundance of video content?

←

"Negative"

- **Fears for employment** in the creative sector
- **Battle for IP** and copyright between AI players and rightsholders.
- Further **concentration of AdTech**
- **Deep fakes and disinformation** on VSPs
- Algorithmic **over-personalization of recommendations** limits the discovery of new content
- …

Wrap-up

1. Pay-audiovisual service market in transition:

"Digital-first" audiovisual market is accelerating in several European countries over the past five years, boosted by lock-downs during the pandemic. Only growth comes from SVOD and OTT advertising markets.

2. Intensification of competition on the advertising market:

The **advertising market as a new frontier of competition** between OTT players and traditional European broadcasters as linear TV advertising revenues are challenged by OTT video advertising.

3. Market consolidation:

Scale is a competitive advantage, resulting in consolidation across the European audiovisual market, from production to distribution. A select few global players dominate the SVOD and OTT video advertising markets, controlling audience access to content. A strategic answer by European players seems to be **consolidation to gain scale**.

4. Collaboration:

The so-called 'streaming wars' between global OTT giants and traditional European players have given way to collaboration and partnerships in the entertainment market. **Traditional players get more reach, streamers access to local content**. There is a risk of dependence on global players for distribution, loss of direct relationships with viewers and data, and algorithmic dependence for content discovery. Are these the new gatekeepers?

5. Local works remain relevant, investment into European original works boosted by streamers but only in selected countries:

Local works remain essential for European audiences, even amidst an abundance of content. Is this an opportunity for European broadcasters to remain relevant in an ever-increasing competitive environment?

6. Could AI be the next disruption to the audiovisual market?

Generative AI could profoundly **impact all market segments**, from production to distribution, with positive and negative consequences.

“The only constant in life is change”

Heraclitus

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