Audiovisual Content Streaming: Setting the scene

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European Economic and Social Committee

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European Audiovisual Observatory

INTRO

1. Who is who in Streaming world

2. Focus on OTT Subscription VOD

3. What contents are available on VOD in Europe?

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1. Who is who in Streaming world

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(R)evolutions

➡ **Widespread broadband** leads to **OTT distribution** and multiple devices

➡ **ATAWAD** (any time, anywhere, any device) **adopted by consumers**

➡ **Explosive growth of EU VOD market in 5 years**

- **D2C** disrupts relationship between subscribers and multichannel operators
- New services launched by traditional and new media players
- International players expand into the EU
- Alliances of EU players

HOWEVER

➡ **VOD market still a small segment of EU Audiovisual market**

... dominated by a few

... mainly driven by OTT SVOD

... major D2C launches expected (Apple TV+, Disney+)

OTT replicates traditional TV in a digital context

BUSINESS MODELS

TRADITIONAL VIDEO		OTT				
Pay-per-view		Transaction based (TVOD)	· iTunes	· Amazon	· Rakuten	
DVD and Blue-ray rental			· Google Play	· Ziggo NL	· Chili TV	
Cable and Pay-TV subscription	Live sports	Subscription based (SVOD)	Sports	· BT Sport (UK) · ESPN+ (US)		**DMVPD**
	Live events and news		Live	· Hulu Live TV · CBS All Access	· Amazon Live	· Molotov · Sling TV
	First run TV and movies		Original	· Netflix · Amazon Prime	· Maxdome · Movistar+	· Playstation Vue · Direct TV Now
	Syndicated TV and movies		Syndicated	· C More · Now TV	· Netflix · Amazon Prime	· Amazon Fire TV · Sky España
Broadcast TV and Free-to-air TV		Ad based (AVOD)	· YouTube · Facebook	· MyVideo (DE) · Pluto TV	· Amazon Freedive	

CONTENT CREATORS

TRADITIONAL VIDEO	OTT
Professional	Professional / Professional-Amateur / Amateur

Source: BCG Analysis

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1/3

WHO
IS
WHO

Catch-up bridges linear and On-demand

- Huge success in watching time (10-15% of total)
- But still quite difficult to monetise: online minutes are less advertised than TV

Pay-TV channels often propose Catch-up services, i.e. a non-linear access to their catalogues.

Catch-up is a bigger cutter than frontiers
- Essentially at national level
- Exception for own production, formats, news, talk-shows…

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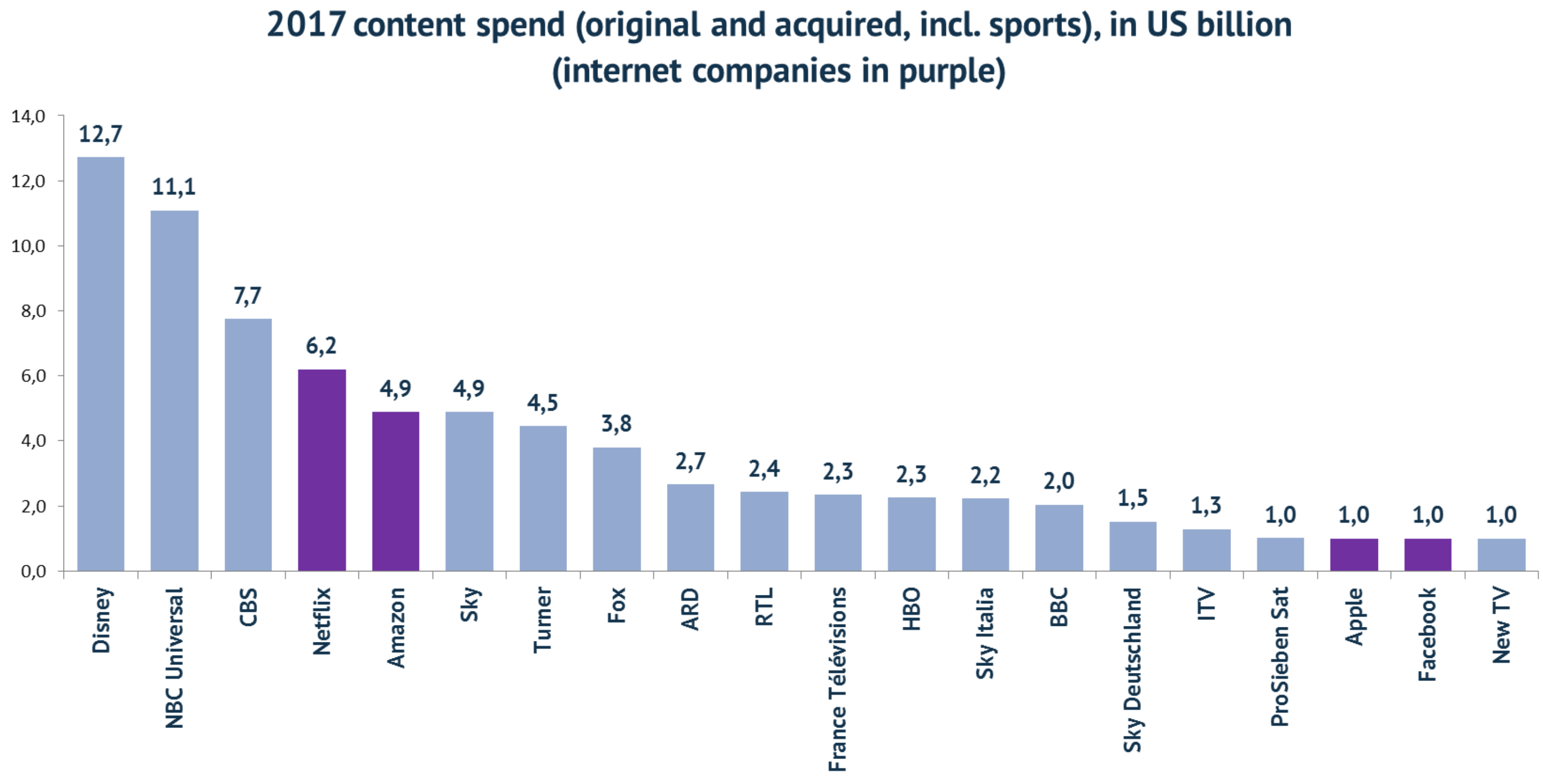
Streaming services changing TV content financing



Source: Ampere Analysis

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Financing content in EU

➡ Pan-European and local services are producing original content

- C More (Nordics)
- Viaplay (Nordics)
- Sky (UK)
- Movistar+

➡ Contents labelled "original" are broadly distributed

SVT's "Bonusfamiljen" (Sweden), France 2's "Le Chalet" (France), RAI's "Carlo & Malik" (Italy), RTVE's "El ministerio del tiempo" (Spain)...
BBC manages to maintain its label ("Doctor Foster," "Happy Valley") although not always ("Bodyguard").

Industry in evolution: still 'case per case' contracts...

2. Focus on OTT Subscription VOD

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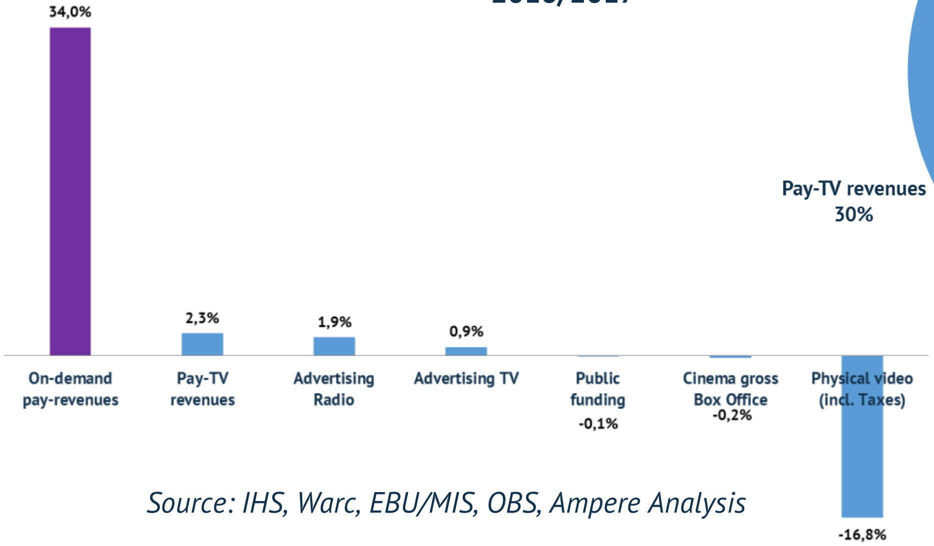
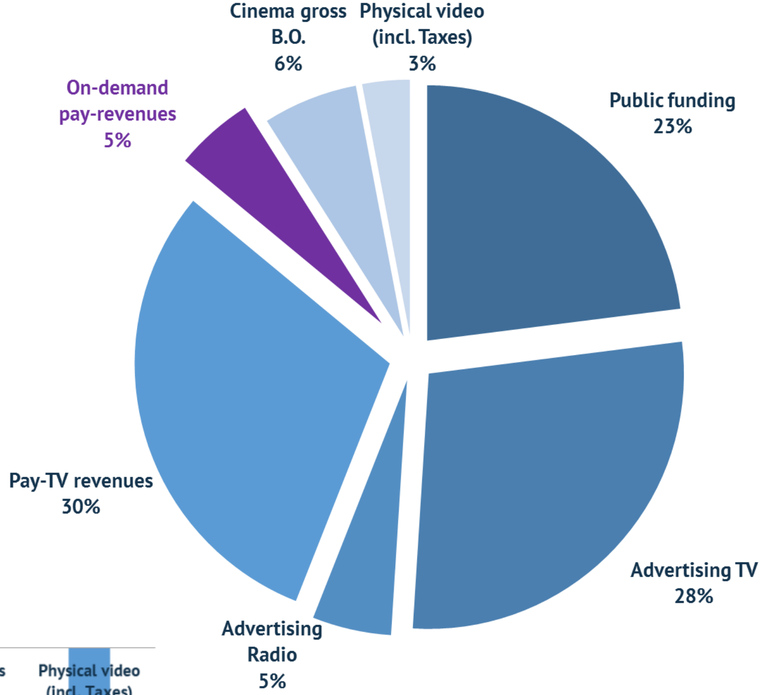
FOCUS ON SVOD

Pay-on-demand: 5% of all Audiovisual ecosystem

Year-on-year growth rates by market segment 2016/2017





Source: *IHS, Warc, EBU/MIS, OBS, Ampere Analysis*

EU AV market in 2017: EUR 111,5 billion

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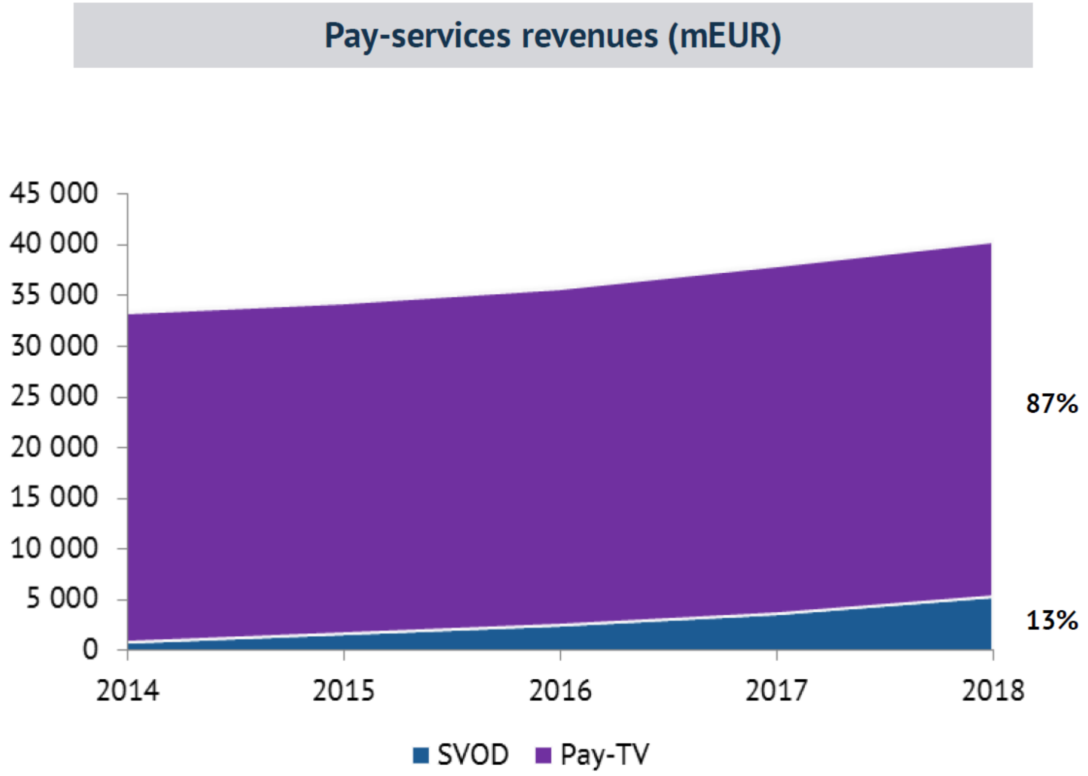
SVOD: only a small fraction of all Pay-services...



Source: Ampere Analysis (SVOD includes only OTT SVOD)

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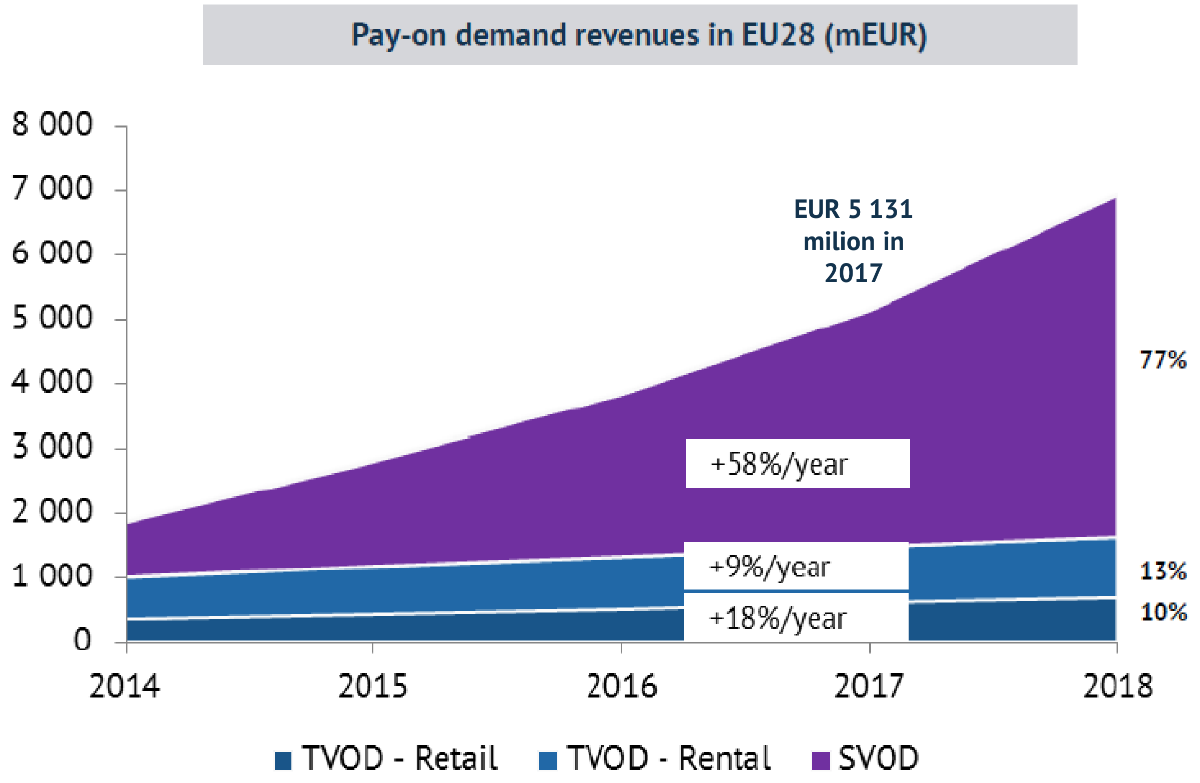
FOCUS ON SVOD

…but biggest value & growth in Pay-on-demand



Source: Ampere Analysis (SVOD includes only OTT SVOD)

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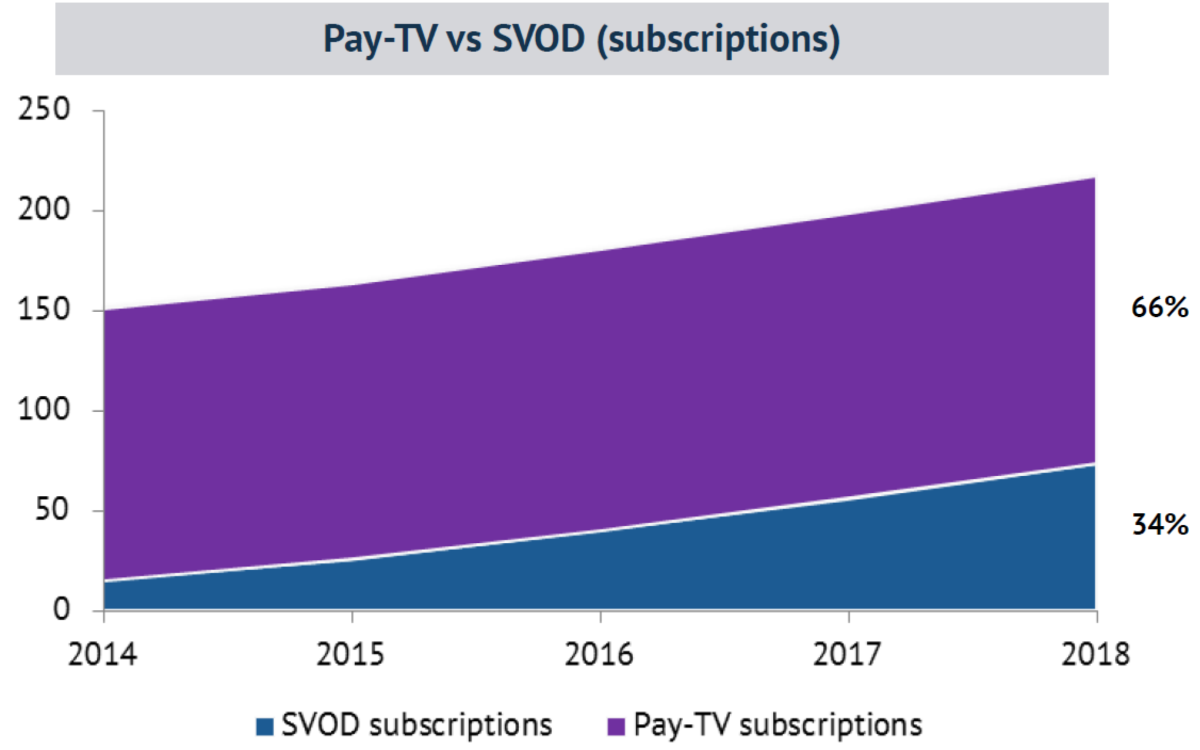
FOCUS ON SVOD

Also, over one third of subscriptions are SVOD



Source: Ampere Analysis (SVOD includes only OTT SVOD)

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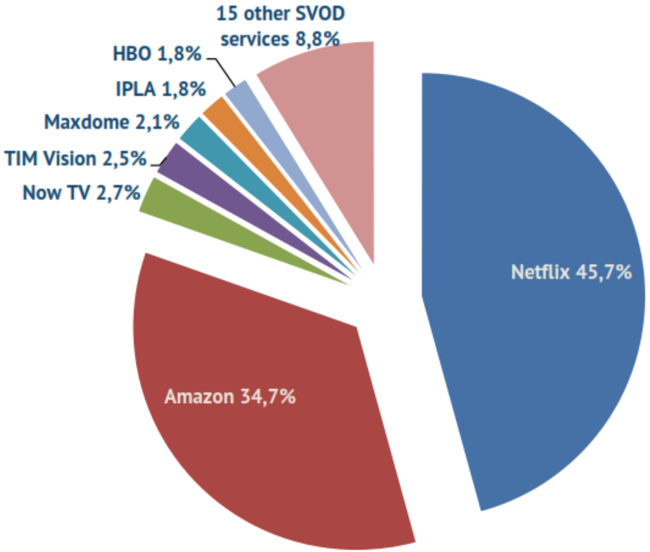
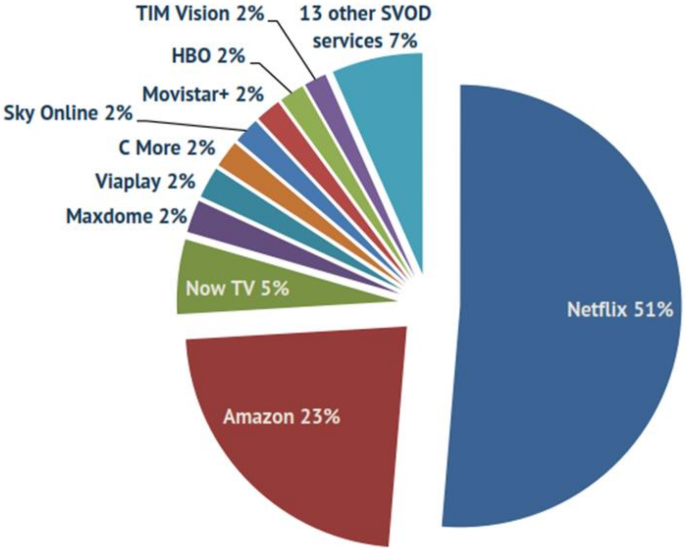
SVOD: EU subscribers and revenue



53,9 million SVOD subscribers in 2017 in EU



EUR 3 649 million revenue in 2017 in EU

Source: Ampere Analysis

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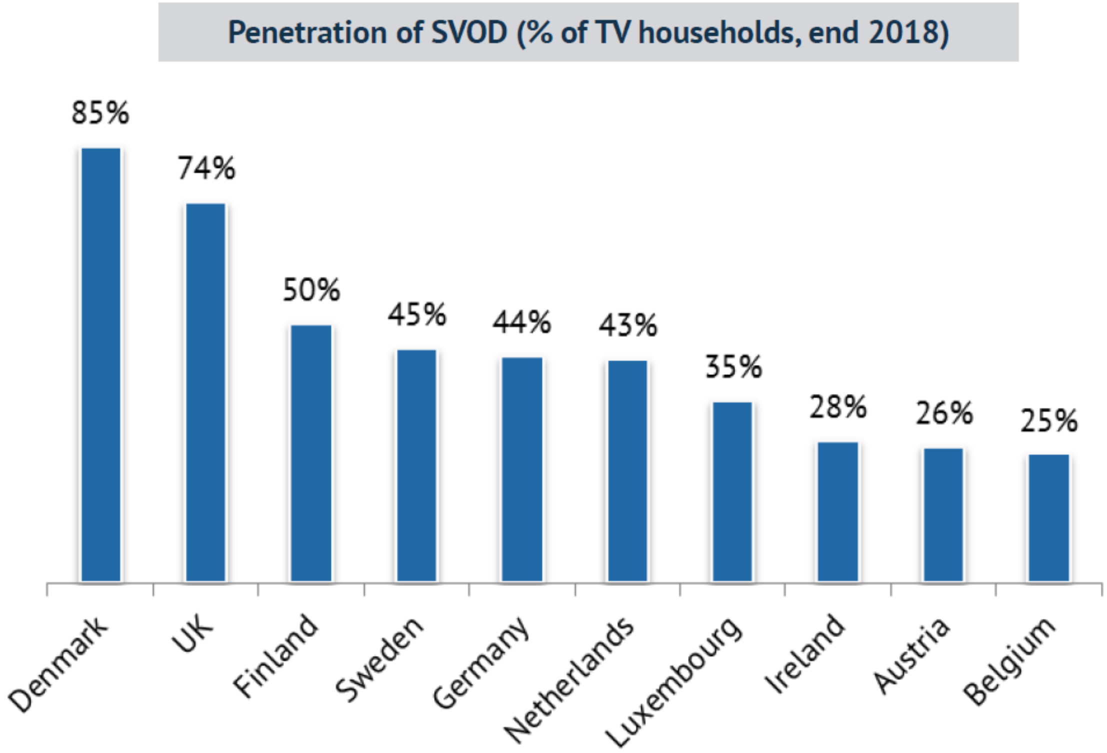
High penetration of SVOD in Nordics, UK, DE, NL



Source: Ampere Analysis (SVOD includes only OTT SVOD)

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FOCUS ON SVOD

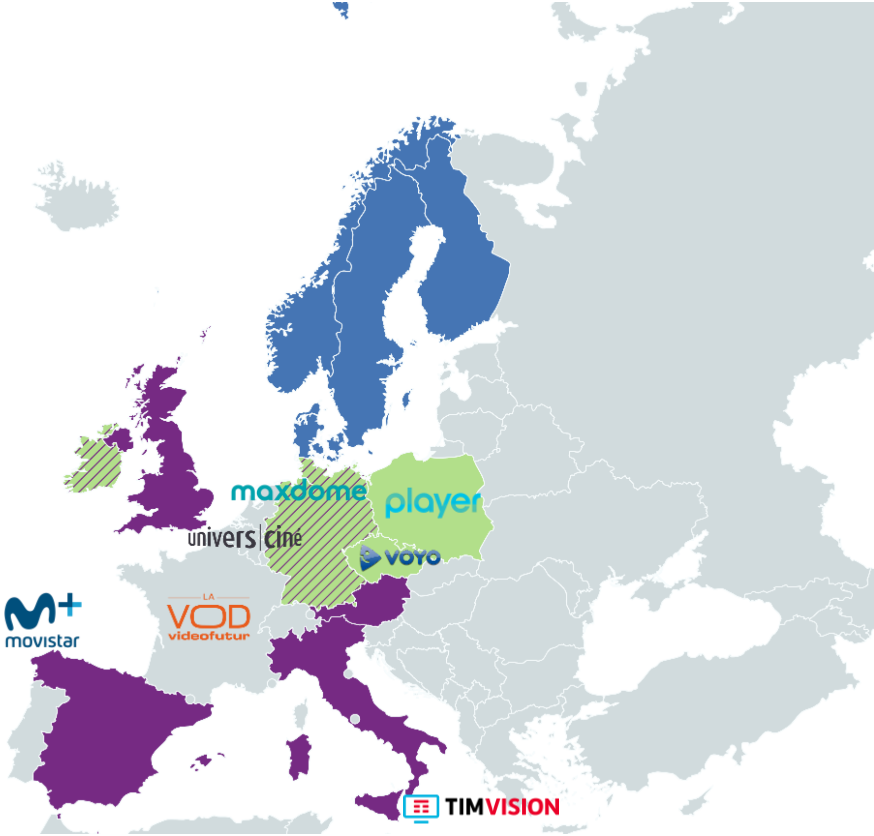
Some strong European SVOD services

Pan-European:

- C More
- Horizon
- Sky Now TV

Local services:

- Player PL
- Videofutur
- Maxdome
- Movistar+
- TIMVISION
- Universciné
- Voyo Czech SVOD



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Many joint services arising at EU level…

France – Salto: France TV + M6 + TF1
(Online subscription video platform)

Germany – 7TV: ProSieben + Discovery
(TV streaming platform)

UK – BritBox: ITV + BBC
SVOD service based on their US service, UK contents

Spain – LovesTV: RTVE + Mediaset + Atresmedia
(HbbTV-based platform, a joint OTT TV service as a second phase)

…and Alliances for high-end content production

European Pubcaster Alliance: RAI + ZDF + France TV (2018)

- Goal: produce high-end scripted productions & innovative projects for younger target groups.
- **Two** of the three broadcasters as **co-producing/commissioning partners**, with the **third** one designated as a **pre-buyer**.
- "Privileged" partnerships with RTVE, RTBF, VRT and RTS. An invitation to join the alliance is also extended to other European broadcasters.

Nordic12 (2018)

- five Nordic channels (from Denmark, Sweden, Norway, Finland and Iceland).
- alliance to co-produce a dozen series a year.

May also end up co-producing with Netflix and Amazon?

Cohabitation - finding a niche market

SVOD stacking (when a customer subscribes to more than one SVOD service) is **on the rise** in most markets.

- Allows juxtaposition of **generalist and niche** services.
- US households subscribe on average to 3 paid streaming services and in 2018 for the first time to more video streaming services (69%) than traditional Pay-TV services (65%). *(Statista)*

➡ **OTT potential as a platform for niche contents**

- **MUBI**: a “human-curated platform” having content that is not for one and all, but for fanatic movie lovers.
- **Britbox (BBC + ITV)**: high-quality British TV for US audiences.
- **Arte** plans VOD service with Arte Deutschland, France TV, ARD and ZDF, specialised in documentaries and magazines; scripted later.

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3. What contents are available on VOD in Europe?

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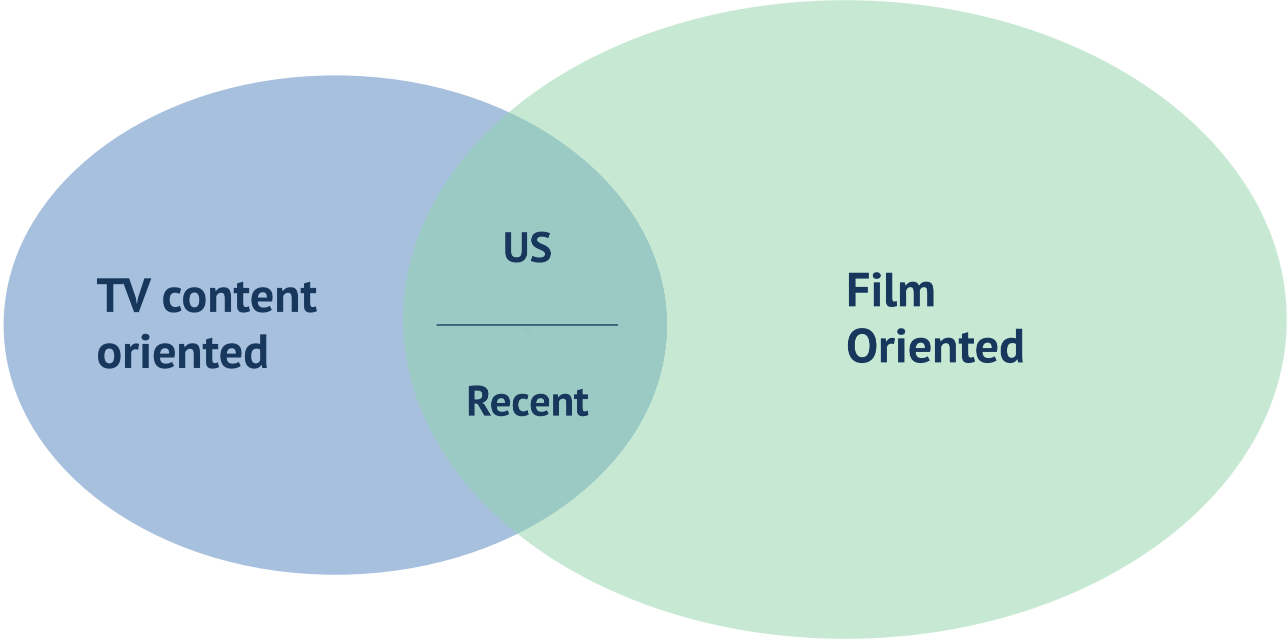
Structural differences in VOD services in Europe

SVOD
(Subscription VOD)

TVOD
(Transactional VOD)



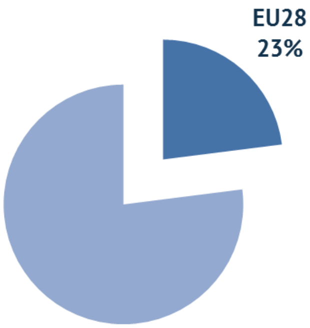
Over 55 000 different films, 6 500 TV content titles and 178 000 TV content episodes

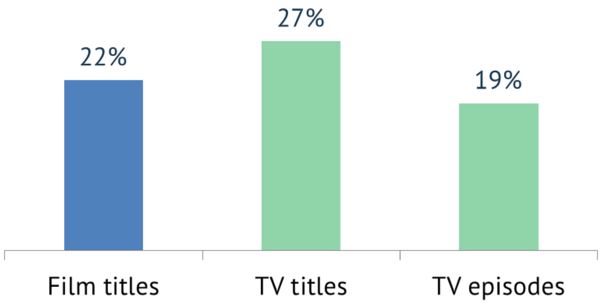
3/3

OFFER ON VOD

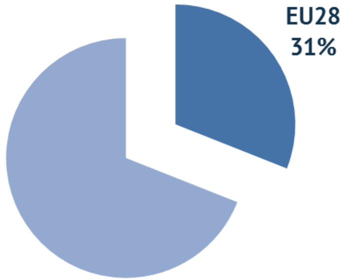
Choice of Indicators impacts the share of EU28 works

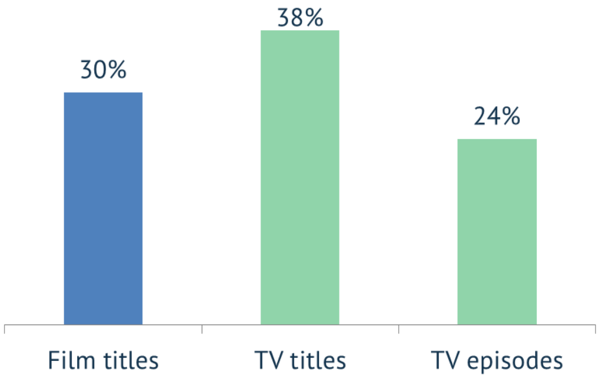
SVOD (all titles)





TVOD (all titles)





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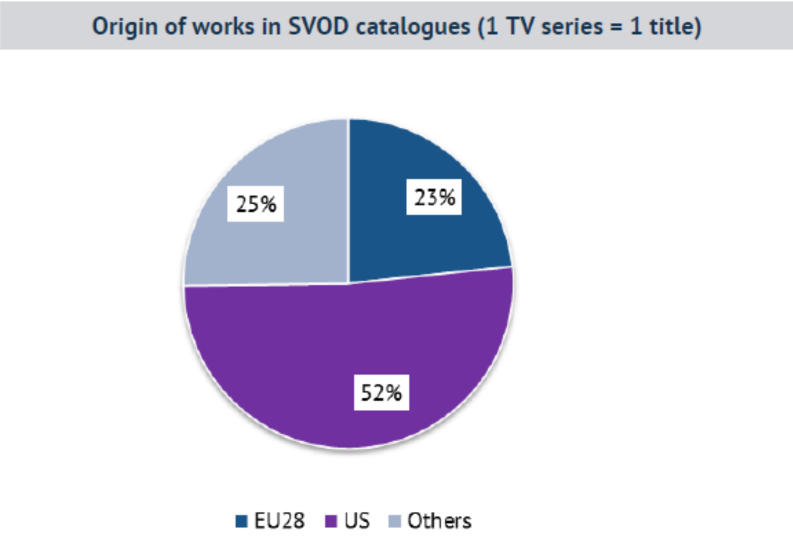
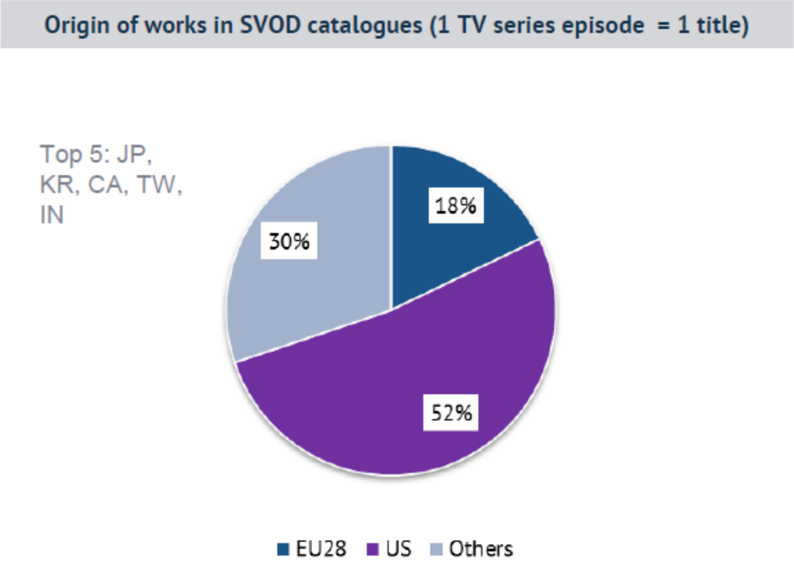
SVOD: more 'international' contents than EU





Source: OBS

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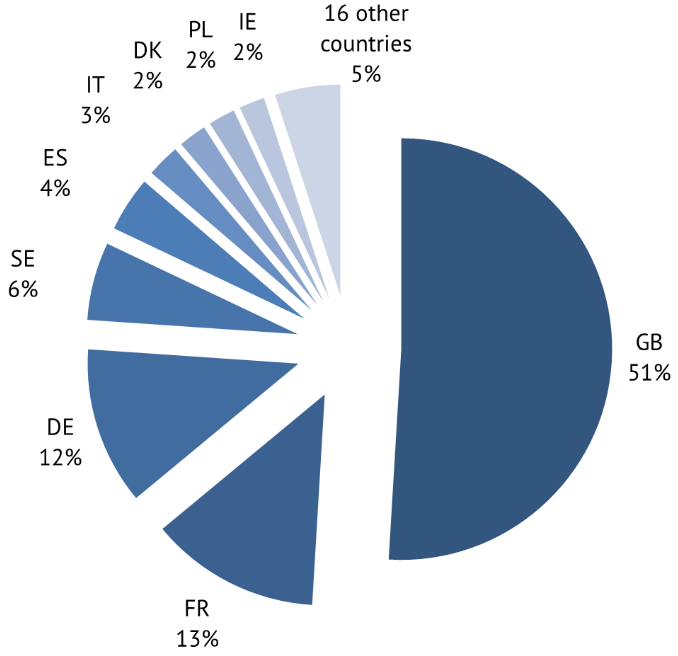
OFFER ON VOD

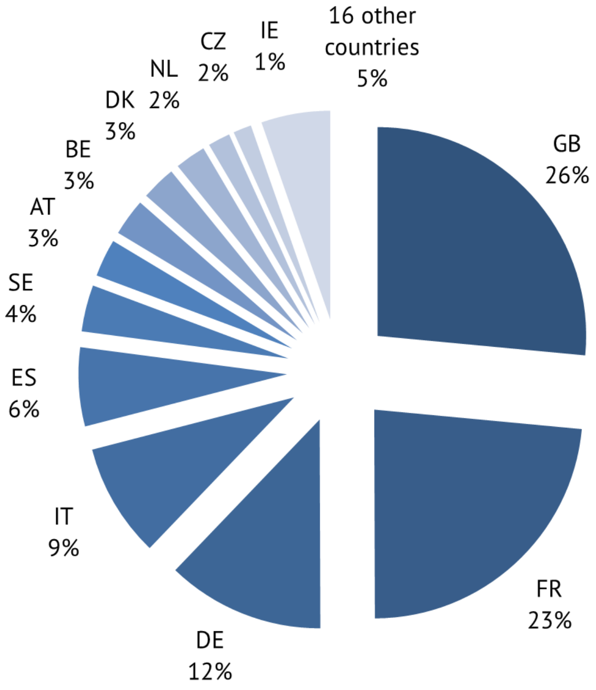
UK, France, Germany lead the provision of EU contents

TV Content



47 SVOD catalogue services from 27 EU countries
45 TVOD catalogue services from 13 EU countries

Film



45 SVOD catalogue services from 26 EU countries
77 TVOD catalogue services from 49 EU countries

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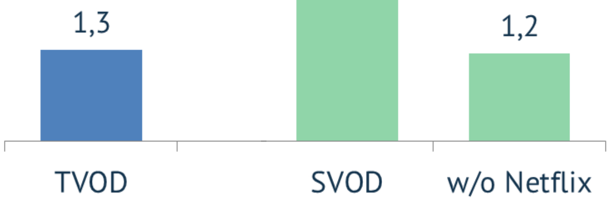
OFFER ON VOD

The impact of VOD on the circulation of EU titles

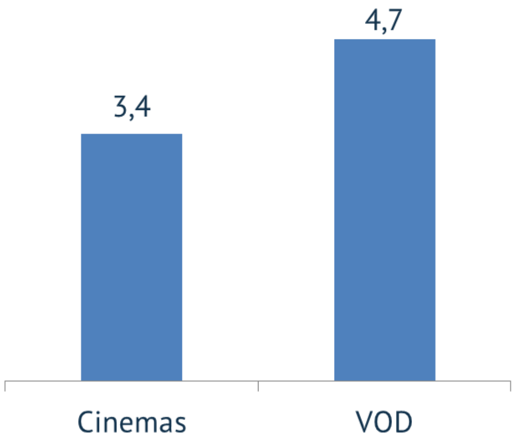
TV Content

60%
of titles on VOD only in 1 country



Film

62%
EU recent films to VOD



Overall: more EU titles than US, but they circulate in less countries

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Online services fuel increase of TV content offer

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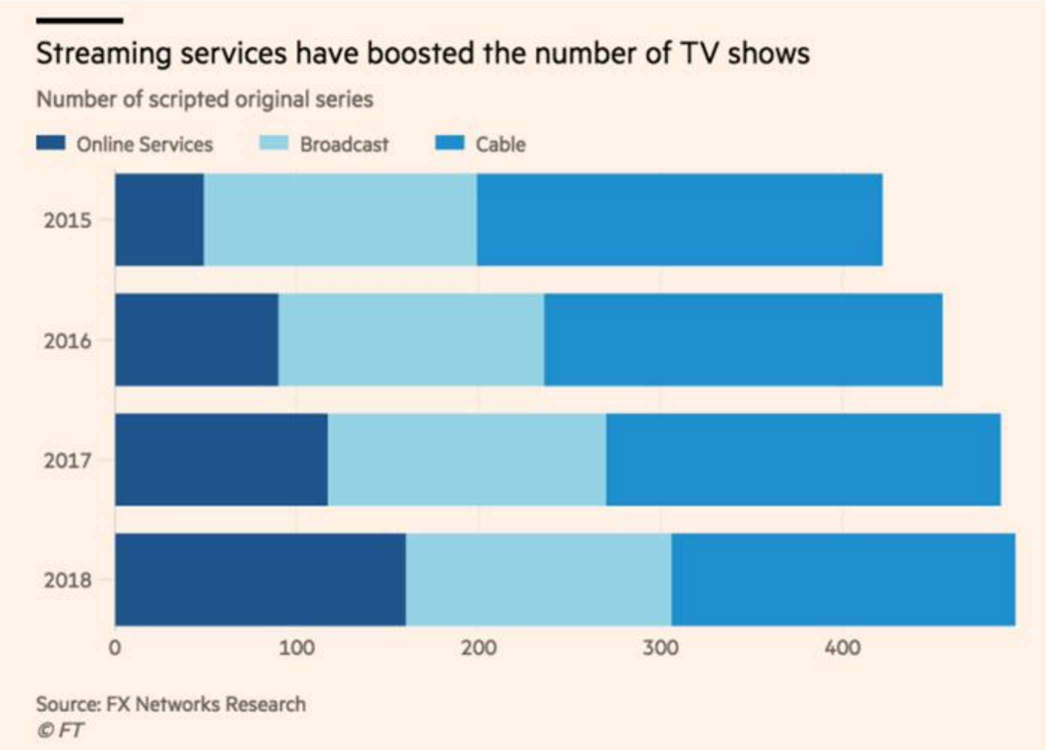

Source: Financial Times

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SUM
UP

Conclusions

➡ **D2C are influencing an evolving the streaming market**

➡ **Impact of SVOD on EU audiovisual:** on production, on offer, on circulation

➡ **The global SVOD market is expected to grow rapidly in the next 5 years:**
- SVOD revenue worldwide in 2020 will be **USD 22.22bn**
- SVOD subscriber numbers reaching **568.4 million worldwide** *(Statista)*

➡ **Original production by online services:**
- **In US**, it represents **one third of total** shows: it is huge and growing.
- In **Europe**, still estimated at 5-10% but is expected to grow: **at the beginning of the knock-on effect.**

Not the end of the story!

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Thank you!

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