



Australian Government

SCREEN  
AUSTRALIA

**MIPCOM 2010  
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**Report by Mark Lazarus, Investment Manager**



## TV market 'up'

In what everyone at MIPCOM hopes is the *aftermath* of the global financial crisis, the market is 'up'. Just what 'up' means is still a matter of debate. Different companies of different sizes report a range of views on the marketplace. While bigger companies were largely isolated from the damage done by the massive readjustment in the TV market after the worst of the economic downturn, smaller companies have been left struggling by their buyers' inability to pay. All the distributors in the marketplace report some improvement but in most cases it's limited. An indication of how much the market has changed is that in the words of some sellers, Asian markets were actually 'closed' a year ago but this year the buyers are back. Despite the return of buyers from all territories, no one at MIPCOM voiced the opinion that the money available for television programs had returned to the levels that existed before the GFC. Sellers on the whole believe that it will take another 12 months before an accurate measure can be taken of how much the market has restored itself.

In a sales environment like MIPCOM, it's difficult to sort out hope from reality, but it's not too bold to say that television has changed permanently. The fragmentation of audiences, the range of different-sized screens that audiences view content on, the *dimensions* in which they are watching it, all of these are complicating the real value of programming. That said, free-to-air TV is still the dominant platform for content and the anchor to which android phones, iPods and 3D home cinema systems are fixed.

What will happen in the future is still murky but the demand for content will just become greater – which is good news for the clients of Screen Australia. The challenge for producers now is to look ahead to see where the content gaps appear and fill them with material that possesses both local and international appeal.

## Acquisitions vs commissions

Buyers have come back to MIPCOM but mostly for acquisitions and not for commissions. It's much more risky and expensive for buyers to commission something off paper than to buy a completed program off the shelf. As a result, there are fewer new drama programs (they are expensive to produce) than other genres. Of course, there are still a number of high-profile drama projects circulating the Palais looking for investment (like ITV's monster-sized *Titanic* mini-series, for example) but the lack of commissioning money internationally has had the effect of increased focus on Australia's direct subsidy and offset mechanisms. International companies are usually thwarted by the strict requirements for securing Australian government support but there is no doubt that they are interested and making the attempt.

## Prices

During the global financial crisis, prices plummeted across all territories for most programming. The networks' ad revenues fell to historic lows. Interestingly, a large component of TV advertising used to be made up of advertisements for financial products and that source of potential income for broadcasters was one of the hardest hit sectors of the ad base. Slowly, the

ad base has begun to return in the major territories. However, despite advertisers returning to television, the prices that networks are willing to pay for content has not risen significantly. There's hope this will change but it isn't changing soon enough for producers or sales agents.

The worry now is that buyers are too comfortable with prices as they are and that even as revenues increase further, prices will continue to lag behind.

### The state of drama

Screen Australia's *Rake* was named a "hot tip" by *Broadcast Magazine* just before MIPCOM opened and it illustrates a new trend in high-end drama: international cast. Star Richard Roxburgh is an actor of international significance himself, but one of the reasons *Rake* got the notice it did was that it featured some other high profile actors in guest roles including Sam Neill and Noah Taylor. Of course, this follows the trend in US network shows of utilising movie stars in series television.

However, *Rake* is a kind of 'boutique' show and it only fits in a limited number of slots. The international demand for Australian drama is for more programs like *Sea Patrol* and *McLeod's Daughters*. Their high production values, gorgeous locations and the fact that they can play to a family audience means that they are able to screen in access to primetime, the afternoon to 7pm timeframe. Australian drama as an export is almost never a primetime prospect for an international broadcast or pay network anyway. Primetime is usually taken up with the glossiest American shows or something locally produced instead. The buyers are sophisticated, too. They know their audiences and they aren't just filling up slots – the competition to hold viewers with the range of channels now available means that what they buy has to be compelling.

Not surprisingly, the true crime material that works especially well on Australian television has had some trouble selling overseas (with some notable exceptions) for the simple reason that a UK audience, for example, just reacts with "well, it didn't happen here, so why should we care?"

However, Australian drama continues to work internationally on a modest level. It will be the rare Australian show that sells to a hundred territories, but the sales agents who rep them are still enthusiastic – they know that if the shows are well-made they can sell them in enough territories to justify their advances and mint some coin along the way.

The other dimension to be aware of in drama is that the format rights for Oz TV programs are often more sellable than the finished shows. DRG (formerly Portmans) is selling Screen Australia's half-hour ABC-TV comedy *Laid* (aka *Like a Virgin*) and feels that while the finished show will work in some territories, it's also a concept that could work well if re-done for the vibrant UK comedy market.

There are always 'hot' genres that cycle through the marketplace and currently Screen Australia is lucky enough to have *Panic At Rock Island*, a disaster picture, on the slate. Mark Lawrence from NBC Universal who is involved with this production has said that he hopes that *Panic* is one of a set of three movies his company can be involved with in the 'popcorn disaster' genre. These can be expensive to produce but they are sellable everywhere and most notably to US pay TV.

## Factual

The appetite for factual entertainment is still enormous and the market is thriving. Sales company Off The Fence, for instance, is experiencing consistently high demand for wildlife, history and science. Beyond's anchor, *Mythbusters*, is still racking up sales all over the planet and their series of *Deadliest Women* sells everywhere as well (although they did indicate in a meeting that they may be running out of deadly enough women to make series 5). Rex Recka, an executive at Discovery, listed the attributes that make material work for his international group of networks: the programs must be entertaining, with high-quality production values, they have to have a situation or character that the audience can identify with, they must be informative and they must be immersive. Discovery's *Deadliest Catch* follows all of Rex's rules.

## Branded entertainment

In an environment where investment is drying up, branded entertainment is emerging as a potential new funding source. It's been around for the last several years but it may finally be maturing or at least entering a new phase. Programs like Screen Australia's *Slide* are going to have a number of brands associated with them from the beginning and their presence will be clearly represented in the show, but some of the other branded strategies in factual content require finding large investors with an agenda who want to be more subtle with their messaging. One UK sales company has a program they didn't want to discuss too much in detail, but they found a UK broadcaster for an environmentally themed brand-funded program that didn't mention the brand at all. The strategy the company employed was that the program would lead viewers to a website where they would learn about the corporation and what it did there. The head of acquisitions for that company says that the difficulty in sustaining this model will be whether or not the company will ever be able to measure the effectiveness of their substantial investment in any meaningful way.

Established Australian production company Quail TV has a new branded content arm and their team attended MIPCOM. As TV changes and ads become less effective at reaching viewers, this new way of funding programs has the potential to take off but at this stage most companies are treating it as a speculative add-on to their core businesses. All of the producers and sales agents working in this area are extremely careful about how they produce shows. Viewers can quickly sense if the brand's agenda hijacks the quality of the content and they turn off. Of course, in some of the least-common-denominator reality shows (usually involving badly behaved people in an artificially complicated wedding situation) the brand can afford to be more up front.

## 3D TV

As reported from the last MIPCOM in 2009, 3D is on its way to becoming a mainstream TV format. Of the televisions sold in the world this year 2% will be 3D and that number is expected to jump to 40% in the next five years. As a result, 3D channels like SKY 3D are beginning to emerge. Other channels are scheduled to begin popping up in the US but the launch dates are still not

clear. Attenborough's *Flying Monsters 3D* is a flagship launch for SKY 3D and illustrates just how appealing wildlife in 3D can be.

Toshiba and Sharp are both hoping to release glasses-free 3D TV before the end of 2010. While Toshiba admits that the TV is not mainstream technology (due to price and insufficient screen size), just the emergence of these devices shows where 3D is heading and the potential it has to become mainstream in the future.

### Conclusion

MIPCOM 2010 showed the resilience of the international TV market and also highlighted the fact that Australians continue to punch above their weight in all types of programming. One of the benefits of a global downturn (if it can be called a benefit) is that production slowed for a period of time and therefore demand for new programming went up. Producers in attendance reported significant interest in their adult and children's drama projects and their factual programs as well. Yet, finance is still hard to come by and will continue to be until confidence really returns and the networks are willing to take more risks. There is still a feeling at MIPCOM that buyers and sellers are holding their breath until they are sure there won't be some new economic challenge for them to overcome. That said, the faith that DCD rights have in shows like *Rake*, *The Slap* and *The Straits* and DRG's faith in *Laid* are all encouraging signs that Australian-produced television will continue to be a successful export commodity.

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### List of meetings – MIPCOM 2010

DCD Rights	Pilar Perez
C4i	Niki Page
Off The Fence	Georgie Eyre
Target	Ali Hill
ITV Global	Noel Hedges and Richard Life
Universal/NBC	Mark Lawrence
Indigo	David Lawley and Emma Collin
Aver Media	Brad Sherman and Catherine Stuart
Daro	Anne-Marie Gaskin
TVF	Amy Nelson
DRG/Portmans	Jeremy Fox and Anke Stoll
All3 Media	Louise Pederson and Maartje Horchner
Telefilm	Marielle Poupelin
Ingenious Media	Jim Reeve and Fergus Haycock

# TRAVEL REPORT

Nat Geo	Maurice van Sabben and Edwina Thring
RDF	Emily Elisha
Cake	Tom Van Waveren
Vision 3	Natalie Samson
Discovery	Rex Recka
Beyond	Fiona Crago
Singapore MDA	Chris Chia and Chen Cheng
Beta	Oliver Bachert

1 x full day in Focus on Australia

Many meetings with Australian Producers