

## MIPTV Report Cannes, France, April 8–11 2013

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MIPTV was held only a month ago and already bigger TV discussions are happening that dwarf some of the themes of the Cannes TV market. Fox and CBS in America have flagged the possibility that they may make their networks available **only** on cable in order to battle Aereo, a US system that aggregates free-to-air product for on-demand streaming to its customers. Nonetheless, important trends were identified and discussed in the booths of the Palais, and at the financing conferences of this year's MIPTV.

### Multiplatform

Multiplatform has solidified its place as a guiding principle for the creation of new content. For example, the most successful format in Europe for 2012 was a reality show from Endemol called *The Money Drop*, which features an at-home, online dimension that enables the audience to play along with the contestants they are watching on TV. How they are watching, which TVs they are watching, and where, are changing too. It is now widely accepted that in many cases the second screen is now the first screen. This means that households no longer gather around the large primary screen in a central room to watch television together. Each member retreats to another space and watches exactly what they want to watch in the way they want to watch it: on laptop, iPod Touch, tablet, etc. This way of consuming content profoundly changes the way the economics of the TV business work. Most notably, it alters the idea of traditional windows, which has had a direct effect on the yet to be screened Screen Australia title, *Mako Mermaids*, for example. ZDFE, the production company, accepted an offer for the US to go straight to Netflix – who were prepared to pay a considerably higher price for the program's first window than other broadcasters. *Mako Mermaids* will now have its US premiere as a subscription VOD title rather than a cable TV premiere. The second screen, perhaps a laptop in a little girl's room, will now become the first one.

### Mergers and acquisitions

eOne, normally an extremely acquisitive company, took a hiatus from buying other companies from 2008 to 2011 to protect itself from fallout from the global financial crisis. (Among their acquisitions in 2011 was Australian distributor Hopscotch.) In January this year, eOne purchased Canadian film and TV company Alliance. It has stated that buying companies is a major part of its growth strategy.

eOne is not alone in buying big. Even Endemol, which is weighed down by a large corporate debt, is buying companies again. These larger companies, according to their principals, view acquisitions as a major part of keeping their pipelines supplied with product. Their strategy is not only about the supply line, however. These purchases also rejuvenate the large companies with new talent and creativity. The benefits are two-way as the acquisition targets get the benefit of their new parent company's large, well-resourced, aggressive and innovative distribution arms.

The acquisitions are not always on the large scale described above. Over the last eighteen months, many smaller UK production companies have been snapped up by larger ones. It is a necessity: the large companies need the smaller ones to grow, and the smaller ones need the larger ones to survive in an increasingly competitive global environment.

In Australia, the difficult business environment for smaller production companies at present means that the acquisitions phenomenon seen in the UK is likely to happen here, too. Smaller companies are either going to be acquired or find it a struggle to maintain viability.

### **Australian drama in the international market**

In the last few years, Screen Australia has financed some high-rating domestic dramas and the networks want more. The financing for those programs often included large rest-of-world (ROW) distribution guarantees. It is still unclear how these programs will perform in the international marketplace.

The two major international hits from Australia in recent times, the ones international buyers would like more of, were *Sea Patrol* and *McLeod's Daughters*. What set these apart in ROW was that they were suitable for a general audience (which meant they could play in a primetime slot), they had uniquely Australian settings and they each had over 60 episodes. Screen Australia's recent big ratings winners, however, are small-run, event shows with mostly local subject matter. They cannot command the same high prices in ROW.

Australian producers have relied on the large ROW advances in order to complete their financing but the big international distributors are now in the process of reconsidering the size of those advances – which could make financing more of the same kind of programming in the future difficult.

The international heads of these companies are still looking for Australian shows with international appeal. It is likely that they may be more selective in future but at the same time they have begun to get involved in development with some Australian producers.

Certain shows from Australia still find great success overseas despite having a limited number of episodes. All3media had a good news story for Screen Australia show, *Miss Fisher's Murder Mysteries*. Executives told Screen Australia they had insisted that a Scandinavian buyer take the program even though the buyer did not want it. Buying the Australian show was a condition for buying a show they **did** want. When *Miss Fisher's Murder Mysteries* aired, the network was surprised and delighted to discover they had a hit on their

hands. They immediately ordered the second series.

### **Brands, retail, merchandise and apps**

The brand that built eOne, and the cornerstone of that company's success over the last several years, is a little porcine female named *Peppa Pig*. There were one million downloads of the app for this children's animated show in the UK alone. **Five million** pairs of shoes with her image on them were sold worldwide.

Endemol has just announced a joint venture with The Rolling Stones. The venture's gateway is an app which connects the user to a social media community and an online store for Rolling Stones merchandise.

Branding and merchandising can provide a substantial revenue stream and, like the multiplatform elements, they now need to be considered from a project's inception. Merchandising has always been a key revenue stream for media IP, but in the exploding multiplatform world, where digital pennies equal analog dollars, this theme bears restating.

### **Other MIPTV observations:**

- Reality TV: there is more now and there is more coming. There seems to be no end to this and most of it appears to be about human cruelty. Go figure.
- Are kids watching TV? YES THEY ARE – but it has to be multiplatform.
- Online advertising has grown to \$35 BILLION in five years. Think about it.
- Consolidation needs to happen soon: no-one wants five different content bills for three different boxes in their home.
- Direct to consumer distribution is already possible. What will this mean for producers?
- The world is getting bigger not smaller. Local teams need to pursue their creative objectives and if they succeed, they will become global. Examples: *Homeland* and *Your Face Sounds Familiar*, a Spanish game show where celebrities dress up as famous rock stars and compete for the best performance.
- Youtube: Redbull had eight million live viewers for Felix Baumgartner's parachute from space. Youtube channels are growing and generating significant ad revenue.
- Endemol will have a *Fear Factor* channel shortly.
- Original, high-quality TV drama is still very robust if it has the right elements and there is always room for new players. Endemol has just completed its first drama, *Low Winter Sun*, starring Mark Strong, which is broadcast in the US by AMC.
- You better have good content. This never changes.