International Media Trends and Dynamics 2008

Introduction:

The global media industry represents one of the most dynamic, creative and growth markets of all – simultaneously delivering:

- Entertainment for individuals, groups and dispersed colleagues
- Economic benefit and Innovation imperative in communities
- Cultural expression, Indigenous Heritage preservation and Lifestyle enhancement
- Import and Export of goods, services, intellectual capital, and intangibles
- Collaboration, co-production and continuous learning
- Social fabric sustainability and Tourism attraction

The screen and media industry is now well into transition to the digital, multi-platform era where traditional geographic and language borders are dropping, where definition and creation of content involves the audience, and where economic and innovation success requires embracing new technologies, collaborations, some risk and creating whole new forms of story-engagement.

Historically this industry developed around a physical piece of Film. All aspects of what we have learned in the past – ownership of the film strip; how we made copies, distributed it, showed it, broadcast it, how we charged for its use; how we produced it, planed for the efficient development of it, who and how we paid for the creative force that brought it into being. That physical piece of film defined the industry! All of this has changed now with digital.

Digital content can be captured, transmitted, adjusted and presented by increasingly sophisticated yet increasingly low-cost technical equipment. However, our audience is also becoming more demanding and sophisticated. Freed of that physical piece of film, Audience now expects access to and customization of content on their terms, on different devices, and within different times and spaces. Content can not only be edited /re-purposed by the creators in a linear sense, but also using each of the layers – visuals, voice, music, environmental sound, story-lines and characters can be pulled off separately into different applications and commercialization. Further, the audience is now engaged in the manipulation of the content at the receiving end – even participating in the creative process of defining their final experience.

Changing too is the traditional process & sequence of bringing stories and entertainment content to the consumer. For example, a feature film or documentary may actually start out today on YouTube or a social network, gain prominence and a following; get re-versioned or upgraded or enhanced; then move into the movie theatres; and finally come back around into television simultaneously with a gaming component, consumer merchandising, and mobisodes for mobile phones. There is significant opportunity in non-traditional approaches to production and going to market. We are also witnessing some interesting new economic models that really *are* proving very successful.

Given all this, different regions of the world are at different stages in the transition, and the different cultural characteristics are also impacting the way things are shifting, the influences at play and the priorities for change. What follows, is IITL's observations of the trends and dynamics in 2008.

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Key Media Industry 2008 Trends By World Region		
North America	**Europe**	**Asia**
1. Multichannel Universe a Reality – Broadcasters seeking differentiation of content & branding.	1. Multichannel Universe coming – Sky & Cable. Diversification & branded content becoming valued.	1. Multichannel Universe coming slowly – Sky. A small % is still a huge audience in Asia.
2. Technology advancement in hands of consumers has reached critical mass – impacting viewer experience, viewership, and advertising approaches	2. Consumer Technology & Broadband penetration on path to emulate NA access in both western & eastern Europe. Mobile content is very advanced.	2. Broadband Penetration is significant even with Free-to-Air as a staple expectation. Mobile is leap-frogging traditional technologies
3. "TV watching" shifting to "Media Experiencing" - including culture or environment experiencing	3. Traditional Language & Geo boundaries are dropping fast. Multi-language capacity by audience	3. Cultural and Language-distinctive programming still significant as alternative to US programming
4. US Dominance of Programming – especially drama, comedy, and news	4. British, French & German dominance – especially in reality & formats; but US breakthrough with & without versioning	4. India vs. China vs. Indonesia – all are sizeable markets and yet w/ very different characteristics (India – mainly English-speaking; China not!)
5. Public Broadcasters fighting for survival – value proposition unclear with audience	5. Public Broadcasters dominate Age 60+ and Kids, with Private Broadcasters dominating Youth & Middle-age.	5. Public & Government-owned Broadcasters dominate most markets and regulate content standards
6. New Entrants now big hitters – Telcos, IPTV, Social Networking, Games Platforms	6. EU funding incentives for local/regional cultural & language productions	6. New Entrants – Mobile, Social Networking, Games Platforms

North American Trends:

1 Multi Channel Universe – Basic Programs and Specialty

- 90 % + penetration of cable or satellite into households
- 100+ standard & specialty channels including 4-5 time zone versions
  [European, Middle East (Al Jazeera) and Asian channels brought in too]
- Time shifting taken for granted
- Both subscription revenues plus advertizing revenues drive programming

The multi-channel universe has definitely taken hold! In such an environment Producers and Channel Managers alike must seek ways to distinguish themselves to the viewers and deliver niche audiences to their advertisers. The Major Broadcasters can afford to spend large dollars on drama and comedy productions, big sporting and event coverage, etc. Meanwhile the secondary channels are having to be much more creative within limited budgets to still produce anchor programs, theme slates and "destination" nights to attract their target viewers.

The program guides of the cable and satellite broadcasters do little to inform the viewer, and "dial positioning" has become almost irrelevant. Broadcasters now must assertively brand themselves & advertise – then deliver the expected programming! The Production community can equally assertively brand their shows and productions – lining up with certain broadcasters with compatible brands.

Major Broadcasters rely mainly on advertising revenues to fund programming, while the specialty channels rely on subscription revenues from the distributors as well as advertising to fund shows. In Canada there are some government funds available to help fund original Canadian and/or co-produced programming.

2 Technology impacts

- TIVO / DVR
- Multiplexing of advertizing signals – experimental
- Significant viewer data
- HD TV take-up very strong

The digital video recorder has managed to find "critical mass" in household penetration. This means that the viewer can watch whatever they want when they want. Broadcaster schedules of course still attract audiences, but DVR (including portability) has effectively separated the broadcaster and viewer in both time and space.

Cable and satellite distributors have at their disposal an immense amount of data about the viewers, show preferences, timing of viewing and more. They also have a fairly accurate sense of the demographics of the households. There is some richness of information here somewhere, though it is unclear if it is being fully utilized as yet.

One area being actively experimented with is the multiplexing of commercials – essentially if House A and House B are watching the same program; House A with kids can receive a commercial for Peanut Butter, whereas House B with a young professional couple can receive a commercial for a tropical vacation – in the same commercial slot.

Finally, we have also achieved the "tipping point" for HD TV in North American homes. HD Programming will be mandated in the USA in 2009 allowing broadcasters to stop over-the-air (OTA) transmission of regular signals. OTA will need to be digital and all homes will require a digital box & digital-capable TVs. In Canada this is slated now for 2011, whereas Mexico has no such regulation as yet. Regardless of regulation, more and more households are purchasing HD TV's and looking for HD programming for their fancy new machines!

3 TV watching vs. media experiencing

- Average 21 hr/wk : grows to approx. 25 hours with multi-channel access
- Gaming / Social Networking replaces traditional and specialty TV

With HD, bigger screens and electronic gaming all penetrating the viewer household space, the entertainment environment is clearly moving from "watching TV" to "experiencing programming". Increasingly, people are looking for high impact, engaging experiences with surround-sound, sporting event parties, or multi-player wrap-around 3-D gaming (with headsets & motion controls). Also we are seeing youth engaged simultaneously in on-line social environments (games, networking or chats) with TV in background & text-messaging on phones.

Research is showing that households with more channels watch more TV. But we are not that accurately measuring the lost attention to the TV and advertising as a result of competing technologies being attended to simultaneously.

Some of the technologies may not be competition at all! Some are in fact, proving to be complimentary & reinforcing. For example, recent research has shown that while 70% of people under age 34 in NA are actively surfing the internet while watching TV, 13% of these are surfing the net related to the show they are watching! There is some excellent potential for enhancing the media experience!

4 U.S. Dominance in programming

American Production houses tend to have an *emphasis* on: Drama, Sitcom and now Reality/Game shows. The budgets in the USA for top dramas/sitcoms are in the range of $4 million/episode, with very high production levels, and almost everything moving to HD. Game shows and Reality TV series are in the $1 million/episode range.

Canadian TV has been seeing significant challenge, sitting right next door to the USA for many years now. However, the environment seems ever more difficult. Canadian Broadcasters tend to be airing:

- Simulcasts of US-shows
- Formats from US and Europe in a Canadian version
- Some Canadian drama series and comedy (often in ½ hour formats)

It's a real dilemma for Canadian Broadcasters – both majors and specialty.
A simulcast/repeat of a US show such as 24 or CSI costs approx. $250K/ episode,
whereas the original commissioning of Canadian programming costs approx. $1.4 M/ episode hr.

Of course food shows, history/factual, news magazine and other programming are pressured to cost much less than this as a staple for the specialty and secondary channels.

5 Public Broadcasters Fighting for Survival + Related Funding of Non-commercial Productions

As controversial as it is, we are really struck by the loss of both direction and relevancy of English-speaking public broadcasting in North America today. This has been in decline for some time, but 2007 probably marked the lowest point yet in public perception of the value of public broadcasters and their on-air product.

The PBS in U.S.A. is comprised of many local entities, and a small number of regional dominant players, plus the relatively new PBS HD channels. In Canada there is of course, CBC, plus regional broadcasters such as TVO (Ontario), Knowledge Network (BC), SCN (Sask.) and Access (Alberta). Aboriginal Peoples Television Network, Canada's 4th national network, is essentially a public broadcaster with funding however from both government and subscriptions.

As we enter 2008 the Canadian landscape has shifted with Global buying Alliance-Atlantis, CTV taking over CHUM & A Channels and selling CITY & Sportsnet to Rogers. This has put even more pressure on the Public Broadcasters to respond with distinct & meaningful programming. CBC has shown some new programming as we enter 2008, and the Regionals are also at work:

- TVO : revitalizing educational positioning / kids programming
- K.N. : in turn around mode / kids & BC focused
- SCN : becoming relevant to only a few, reflecting Sask. culture, but still important in remote telecommunications services
- APTN : actually in growth mode with distinctive programming and audience

PBS HD as well as leading regional stations (WGBH Boston & KCTS Seattle) have started to find more prominence in their offering of high quality sound & visuals in programming for HD TV, as well as presenting some thought-provoking shows to engage the community in important dialogue. The other 340+ stations are still fighting for survival.

With some new leadership in various public broadcasters there is some definite hope for this segment, but there are steep challenges to address. The production community selling into these broadcasters need to be aware of how they will partner with them to bring about a meaningful viewer destination – all done on tight budgets!

6 New Entrants: Telcos, IPTV, Social networking

In the ever-changing media landscape, new "powerhouses" have been evolving, and now in 2008 there are some clear new "major players" that are in position to distribute other broadcaster programming, while provide end-consumers with their own programming through such things as pay-per-view, specialty offerings, mobile, and more. When we realize that the field is "screen entertainment" not just TV or film – and that today "screens" come in many shapes & sizes & locations the mulit-platform environment means whole new outlets for the producer community to bring programming and for consumers to experience their entertainment.

In one dimension, in Canada for example TELUS (Canada's 2nd largest phone company), is now offering TELUS TV through co-ax / optical fiber to homes. Bell (Canada's largest phone co. has captured the satellite market through Bell Express Vu. *Both* are now offering mobile TV through their cellphone subunits.

In the IPTV area, Joost is starting to make headway and penetrate the consumer base via computer screens.

The realm of Social Networking has captured significant "entertainment" attention and consumer hours. YouTube has the dominant 28% market share in NA, with Facebook the fastest growing platform and Windows Live Media/MSN & Yahoo Messenger also significant players. Estimates are for an audience of 85million in social networking in USA by 2011.

- 30 B hours in 2006 in U.S.A. spent on gaming by men aged 28-40 years!
- *2008 estimate: $ 86 B spent on games !*

That's a lot of time spent gaming, and away from traditional television! More women in the age group above are also getting into e-gaming, though in different types of games.
Sony and Microsoft have already announced their intention to produce e-gaming television streamed through their game boxes hooked up to ADSL. Sony already has television production and broadcasting properties around the world, and if they could ever tie them together with their e-gaming platform – watch out!

European Trends:

1 Multi Channel Universe

TV is still Europe's preferred forum of media entertainment. In fact there has been significant fall-off in the movie-going activity in favour of TV or gaming or internet entertainment. Distributors of broadcaster signals and other offerings such as VOD and Sports channels are capturing most market share.
Satellite: Sky and partners
Cable: more city-specific companies i.e. Paris, Berlin. Other Euro stats:

- 50 M^+ households in 2005 with Satellite
- 15 M^+ households in 2005 with Cable
- 15 M^+ households with Terrestrial
- 5 M households with ADSL TV

European markets are already starting to look at both production and distribution based upon screen size/location, and are talking about the concept of distance from screen to viewer:
100 ft – Public Screen (outdoor/sports complex/bars, etc.) – "Event" content & HD format
10 ft – Home Entertainment & Engagement in the experience – HD programming
1 ft – Computer/Mobile entertainment – short programming cycles and options HD not req'd but multiple formats of carriers and end-consumer technology are necessitating multi-format productions.

The content and the writing required for each of these programming environments is quite different and many are developing stories or entertainment streams in parallel by different creative groups for the different environments right from the start.

2 Technology and Broadband Penetration

Broadband uptake in Europe is exploding! From a base of approximately 56million homes in 2005, it is estimated that by 2009 approx. 110 million homes will have high-speed internet access. Likewise IPTV households are expected to grow from just under 5 million in 2007 to about 12 million in 2010.

The Europeans are farther advanced than anyone in mobile TV/entertainment – perhaps due to the commuter culture around the big European cities. The cellphone as an entertainment device, plus general resource for retail, travel directions and inter-personal networking is very well developed. This is providing some interesting new production opportunities. However, rarely is the content simply re-packaged content from a regular broadcast format. Much can be learned from this Geo with respect to broadband entertainment.

3 Language and Geographic Boundaries are Dropping

- "Gen X'ers" - largely all capable speaking English plus their native language
- "Boomers" - still most comfortable in own language but still willing to switch to English or other European language due to experience travelling
- "Grey Wave" – traditional orientation to language and geographic boundaries

With the growth of the EU, and the increased travel across EU and outside EU to Asia and Americas, the younger demographics are increasingly comfortable and capable in the English language. Most use it day to day in their work, on computers, and increasingly in their entertainment. In addition, many speak several languages German, French, Spanish, English, etc.

As a result the traditional boundaries for broadcasting of terrestrial signals in host country language are falling. For example, Danish viewers can get Norwegian programming via satellite or cable, and are generally happy to experience their entertainment in either language.

So now, what was once a geographic space protected by both language and state boundaries, is a smorgasbord of programmatic options in a variety of languages – where the best, most engaging programming will "win" the viewer eyeballs regardless of country of origin or language. This is particularly so in the younger demographics.

Versioning of USA programming is very popular across Europe due to the high production value; but even this is likely to give over to broadcasting such shows in English without the versioning in the coming years.

Most important – beyond the language issue – is that good "entertainment engagement" and cultural stories/legends with insightful content can much more easily be adapted or taken into new territories and markets than ever before.

A great recent example – "Beowulf" originally an Anglo-Saxon poem and cultural legend – is now being brought to the big screen in English and other languages, along with multi-platform components over the internet. There is BIG potential for indigenous/traditional story-telling in new concepts/platforms from Irish, Spanish, Scandinavian, Romanian or other folklore!

4 British / French / German Dominance in Programming

- Local Cultural Drama
- Adventure/Cultural Documentary skew
- Local language production is high
- Dubbing of imported shows and documentaries is still critical

The big broadcasters and production houses of Britain, France and Germany dominate the European TV landscape today. And they are also dominating the web-based programming emanating from this region.

This region is also strong in the production and export of Reality TV & Formats for Game-type shows. Of course they have a lower budget than drama, but they are also successfully being exported to USA, Canada, Australia, South America, etc.

Despite the dominance of these 3 countries in the region there is however, still good potential for co-production with North American or Asian-Australian initiatives, especially in new growth areas of old Eastern Europe: Poland, Czech Republic, Ukraine.

What is unclear is if there is an "event" viewing culture as is prominent in North America for other than sporting events. The DVR is also really starting to make headway into these markets.

VOD is growing in popularity and with the huge growth in broadband/IPTV as mentioned above, this region will soon be accessing productions from around the world in a subscription or pay-per-view model, and quite possible through internet search engines rather than traditional broadcasters. Remember, Joost originates from Europe!

5 Public Broadcasters Dominate 60+ Age Group

Unlike North America, the biggest broadcasters such as BBC, ZDF, and the leading broadcaster in each country are *public* broadcasters. They have been defining the evolution of TV in their countries and "protected markets" for decades. But wait, there is a shift afoot!

Indeed most of the Public Broadcasters have their biggest audience segment and the Age 60+ group as well as the young children on the other end. GenX, even the young Boomers are all watching the private broadcasters which generally dominate market share in the 12 – 59 segment.

These once mighty powerhouses are struggling for relevancy with the majority of the population with disposable income! The role of public broadcasters in European society is not that far behind the challenges being faced by public broadcasters in North America.

Programming style, development approaches, and story-engagement; plus multi-platform extension to the entertainment experience, is markedly different in Europe between the public and private broadcasters.

6 E.U. Financing Incentives

The EU is a dominant force in broadcasting and entertainment across Europe; especially when it comes to funding the production community. In fact broadcasters and creative talent alike have come to expect government funding of their programming from multiple levels. There has developed, unfortunately, a culture of chasing funding grants and thus producing programming that will attract such funding, rather than an audience-engagement focus! (Not unlike that in Canada!)

The point – Well if you are from outside Europe, realize that you will need to get into the government funding world if doing co-productions in Europe, and this doesn't always move speedily. If you are from inside Europe, you likely already know that EU offers funding incentives for productions that cross several territorial boundaries, so co-productions between say 3 or 5 different regions/states will have a better chance of gaining EU funding. Also, they may actually have a better chance of audience distribution if we can figure out a way to make the productions applicable to the different tastes & cultural expectations of the multiple regions.

Asian Trends:

1 Multi-Channel Universe Coming from SKY!

Similar to Europe, the multi-channel universe is coming to Asia, Australia and New Zealand quickly – mainly via Sky satellite. Though penetration is lower and slower often due to government regulation the market potential is enormous!

Other than Singapore and India, most of Asia is currently a terrestrial signal environment. Indonesia is also starting to cable-up and also has a couple of competing satellite providers.

Once the multi-channel universe comes, more diverse programming opportunity and the need for added program production from more unique providers will be important. Start building partnerships now.

2 Broadband Penetration

- *India* : 250 million households have subscription cable / broadband service
- *Singapore* : 75 %$^{+}$ households have cable / broadband
- *Indonesia* : rapidly expanding cable subscription and satellite providers and a significant population ; Community-based programming is growing
- *Australia* : 2/3 population of Canada, slow and expensive broadband; free-to-air digital decision reduces potential subscription revenue for programming

Many of the territories in this region have large land masses and large populations. Traditional cabling and distribution systems of NA and Europe are being leapfrogged by newer wireless protocols. This is freeing up households and individuals to move straight to digital distribution via satellite, high-bandwidth cable and wireless.

Computer & internet based TV, media and gaming programming is the direction this region will go very fast in the next few years. Thus the "distributor" is becoming a very important partner for producers in addition to broadcasters.

Digital and internet direct-to-consumer distribution of entertainment is likely to be very big here. The prices per download/access will need to be much lower due to disposable income levels, but you can make it up in volume!

3 Culture and Language Distinctive Programming

While there is a fascination with and much interest in consuming "western" culture and entertainment; there is also a significant pride and consumer preference to spend the majority of their time engaged in uniquely Asian cultural entertainment. Producers from other parts of the world need to understand this when entering into co-productions in this region.

Of course, some very interesting opportunities lie in combining new western approaches with traditional/evolving Asian cultural understanding!

4 Distinctively Different Sub-Regional Markets

Singapore:

- Still the Regional hub of Asia with a dynamic cultural mosaic
- Small local population (5M) but large impact & distribution throughout region
- Australia co-pro agreement in 2007
- Local focus on co-creating Web 3.0 and digital entertainment of the future!

India:

- Distinct Indian – style programming BUT mainly English speaking → 1B people!
- Very interested in co-production with other regions
- Growth potential for US/ Australian/ European programming
- Interest also in exporting into Europe / North-America / Australia

China:

- Distinctly Chinese programming
- Significant Government control over content
- Generally interested in learning our technology / processes, then doing it themselves and selling back into our markets
- Story telling in Chinese culture very different, BUT huge population (1 B+); so even a small market segment can be big.

Indonesia

- Significant population (235M) and multi-cultural mix for rich and diverse entertainment possibilities
- One of the largest Muslim countries in world, yet fairly modern and open for business

Japan (127M), Philippines (91M), Vietnam (85M), Thailand (65M), Korea (49M), Malaysia (25M), Australia (20M), New Zealand (4M) and other countries in Asia-Pacific all with distinctive cultures and entertainment environments.

5 Public Broadcasters Dominate (except in India)

Nowhere in the world do public broadcasters and government-owned broadcasters dominate like in Asia! This dominance also defines such priorities as cultural programming, content standards, language/versioning needs, support to home state creative talent, and more. Co-production is welcomed, but usually on the home state terms. Outside producers should learn about the local culture and attempt to find folklore and culture inspired stories as a basis for entertainment.

While the public broadcasters tend to be national/central, several regional public broadcasters exist in each major territory. China for example is already opening up multi-channel offerings and content models, mainly through regional publicity broadcasters. However, some privatization is also underway in China – likely under stringent government guidelines.

6 Mobile / IPTV / Social Networking

- Mobile big in India but Mobile TV fledgling
- IPTV Singapore - Launch of WOW TV. Mobile TV also growing
- Indonesia: Cell phone penetration high; Cell TV fledgling

The mobile technology in this region is affordable, quickly installed for the consumer and thus has become the dominate communications structure in the region. As cell phones or satellite phones grow, entertainment over these systems will also grow. Games on cell phones will likely be 1st layer to be added – they are inexpensive, engaging and share-able. It is unclear whether the inexpensive and widely used handsets for this region will really become a platform for film-style entertainment.

Social networking, SMS, and related entertainment however, is already proving to be huge in this region. Interactive television already in place in Hong Kong and Singapore for example, is widely using SMS-based mechanisms to connect mobile audiences into television programming with their friends and family who might be at home.

Overall Dynamics Going Forward

Based upon the work of IITL around the world in the past few years, now that we are into 2008, there are some very clear dynamics that people of all levels and realms of the screen media industry need to pay attention to and work with, influence, ride…

1. Who is your Market vs. Where is your Market ?

- Dissolution of geographic boundaries
- Multi-platform and co-productions will take you beyond
- Really, really know your audience!

The time has come to shift the thinking of audience and entertainment distribution! It is now about programming being distributed to a targeted and well-defined audience with niche-based entertainment that reaches them on all the various platforms they use – some simultaneously. The audience is becoming oh so more sophisticated and choosy. Once you have a loyal base and great reputation they will follow you and also demand you follow them. And, a good niche well served, has no geographic boundary!

Gone and going are the days where broadcasting was defined by geo-political and even language boundaries. An excellent talent and story can travel, and will. It can be monetized across multiple platforms, and it has residual life in the infamous 'long tail'.

So, know your audience & step out of your traditional "box"!

2. Story-Engagement and Multi-platform: 360 Production/Writing/Version from the start!

Despite what many say, content is not king! Audience Engagement IS.

Today's and tomorrow's screen media must engage the audience – whether is be physically, emotionally, spiritually or intellectually – engagement is critical to achieve.

A good and valuable story poorly told and impoverished in presentation/technology utilization is NOT justifiable. Indeed, good story-telling has always included masterful engagement of the audience. So, while excellent content and good creative stories are needed, in and of themselves they are not enough. Utilization of screen & related technology to pull-in the audience is also critical to success. If you fail to engage, you fail.

Also, many audiences are utilizing multiple platforms at the same time, or in succession. A good story engagement in 2008+ will utilize multi-platforms and find ways to continue to engage the audience as it goes mobile, sits for high definition experience, and then seeks interaction with friends and others in their social network.

On the production side, more and more content is being developed by collaborative teams working across various platforms and writing techniques. Collaboration is not something nice and value-add to talk about; today, collaboration is the very basis of innovation and high value, high engagement, and higher profitability.

Producers need to collaborate with other platform producers, they need to collaborate with distributors, broadcasters, talent and even audience. Broadcasters need to better collaborate and share with producers, audience and other distributors too.

3. Monetizing of Digital Rights

- Broadcasters HAVE to deliver added benefit if they buy digital rights!
- BBC – now holds them for only 90 days then they revert the producer

There are *many* models of successful monetization of digital rights working around the world just fine at the moment. So, the time has come to STOP saying that digital rights can't be monetized!

Broadcasters need to get with it – get clever – monetize, share, and play nice!
Producers need to develop multi-platform content that is designed for the different platforms and has, um, real value to real audiences!

4. IPTV - A coming reality

- New content distribution, advertizing and revenue model
- New content potential for producers / distributors

IPTV is not just pushing the same old signal through a new pipe! IPTV harnesses the interactivity of the medium, the capacity of the viewer's computer and the innovation of the distributor. WOW TV and Joost are probably at the forefront of this new stream.

Challenges are still around getting first-run content onto these platforms, but the value-added features being offered onto re-purposed content is truly exciting. The monetization strategy is also something to study!

5. U.S.A. Quality and Export-priced Programming vs. Homegrown Drama

- 24, Grey's Anatomy, etc. @ US$205 K /episode hr
  vs.
- US$ 1.2 M / episode hr for homegrown drama

US drama and comedy production quality is high due to use of writing/production teams, and also because of the international distribution pathways they have developed.
This makes it challenging for other countries to afford to develop homegrown drama, documentaries, comedies, etc. if they are only looking at domestic market revenues to pay for development. Also, there seems to be a less-developed practice of writing and production teams in many of the other jurisdictions.

Co-production is of course a good approach, but not necessarily in traditional terms. A Canadian production co-produced in say Africa or Ukraine or Australia will probably provide some access to these other markets. However, these countries tax treatments are favoring their local producers in order to develop capacity in their home markets. While more and more necessary to get an original production off the ground and viable up-front money to begin development, the back-end payoff is still difficult to orchestrate!

Producers and their partners (broadcasters, investors, etc.) need to have a view to multiple market niches around the world for which their entertainment has real value and potential for leveraged revenues. Parallel development for multiple cultural/language application needs to be conceived and built-in from the beginning, as does multi-platform elements.

There is a sophisticated business side, including marketing, new distribution pathways, market/platform niche monetization, and more that is now a reality in this industry. Creative and production talent really needs to be innovating in this area as well as the story/content side right from the start.

It is questionable whether any screen media productions in the future will be viable in a home-market-only approach.

6. Growth in Specialty

With both the multi-channel universe and multi-platform environment, the marketplace/audience sees increasing:

- Fragmentation
- Slicing up of the advertizing pie :
- No more domestic eyeballs really, therefore less advertizing $ per channel on average
- Less $ per channel means decrease in $ available for production from single channels
- Free-to-air digital has created a real paradox in Australia as there is no significant mechanism to bring in subscription revenues to help pay for original program development

In order to appeal more effectively to audience, broadcasters and distributors really need to clearly position themselves and their brand with various audience segments. This means they also need content that targets their audience niche(s).
Producers also need to be really clear about the audience niche they are developing stories and engaging entertainment towards. Then they can better partner with broadcasters/distributors or go direct to consumer using the mechanisms that best suit their creative work.

7. Gaming Revolution

- *35 % of over 18's prefer games to TV*
- *Merchandize* your content and develop game elements for added revenue

The boundary between classical television and game-playing has become very hazy. Satellite and cable distributors are distributing games as well as broadcast signals, as well as pay-per-view movies, as well as sports event channels. All of these currently separate streams are starting to be layers in a bigger gaming framework.

E-gaming has already moved to production quality levels that rival Hollywood movies! And we are seeing screen productions now taking on e-gaming textures and qualities. Soon, digital delivery to movie theatres and digital delivery to the home or computer terminal or wireless device will give creative talent to potential to merge gaming with traditional screen media approaches and morph into a whole new level of individual drama-come-game-come HD virtual experience!

8. User-generated & User-manipulated Content

Right along with the morphing of screen media and gaming virtual environments, will be the inclusion of social networking and user-manipulation of the entertainment experience! Can your content/stories include:

- Tapping into the viewer's social network for a multi-player engagement?
- YouTube promos/shorts that they create to enhance YOUR reputation?
- Facebook networks/groups analysis and chats related to the experience?
- Second Life storefront for added merchandising?

How will we structure our content so that it allows for user manipulation and co-creation in the same way as several of the gaming platforms do today?

9. Producer Collectives

If it hasn't become obvious already, small individual production enterprises, which have been the backbone of the screen media industry for the last 30+ years are being challenged like never before. Mind you, so too are the broadcasters and traditional distributors!

Unfortunatley, most of the multiple elements identified above are almost impossible to master and harness by the small independent themselves. Independents who remain fiercely independent have already become endangered species! And, returning them to more familiar environments is not likely to happen. So, the game has changed; and so too must the independent sector change with the times.

Producer Collectives are really important structures to create across all the various regions of the world. And the "master producer" will need to become a "master collaborator, networker and team leader." This will be necessary in order to:

- Share technologies and find cost efficiencies
- Create multi-platform/ multi-jurisdiction writing & production teams
- Develop both Linear and Non-Linear partnerships
- Establish common sales/marketing into new distribution paths (YouTube, i-Tunes, Yahoo, Google, etc.) and new geo/audience niche markets
- Spark innovation into high-value integrated and layered entertainment productions

In Conclusion

Any Trends and Dynamics document is going to spark some debate and alternate viewpoints – and that *really* is the point of this IITL brief! Let's get talking and sharing various viewpoints.

- Correct us if you like and think it important.
- Share this article and portions of it with your network, then discuss what YOU are going to do together to address some of the opportunities these trends and dynamics offer
- Visit/Join our Facebook discussion groups of television & media executives from the various regions of the world
- Send us one of your commentaries, or links to other commentaries that you think will advance the dialogue.

Most importantly, help us *advance* the dialogue!

Doug Macnamara