# APFI Report:
# UK, Eire and US Television Market Landscape

- Focusing on childrens programming
- See separate focus reports for drama

MediaXchange encompasses consultancy, development, training and events targeted at navigating the international entertainment industry to advance the business and content interests of its clients.

This report has been produced solely for the information of the APFI and its membership. In the preparation of the report MediaXchange reviewed a range of public and industry available sources and conducted interviews with industry professionals in addition to providing MediaXchange's own experience of the industry and analysis of trends and strategies. MediaXchange may have consulted, and may currently be consulting, for a number of the companies or individuals referred to in these reports.



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# Market landscape for the UK, Eire and the US

- Broadcasters have been moving their childrens services online, reducing the number of hours of fully funded productions and increasing the number of co-productions to spread their reduced funds further.
- Demand for childrens and family content has risen due to Netflix, Amazon and Hulu’s need for content.  Budgets have increased in line with competition for the content to ensure a premium level of high ‘filmic’ quality and exclusivity for longer licence periods.
- YouTube and live streaming games and game platforms, like TWITCH and FORTNITE are popular with children, drawing them away even from Netflix.

# The UK

**Including:**

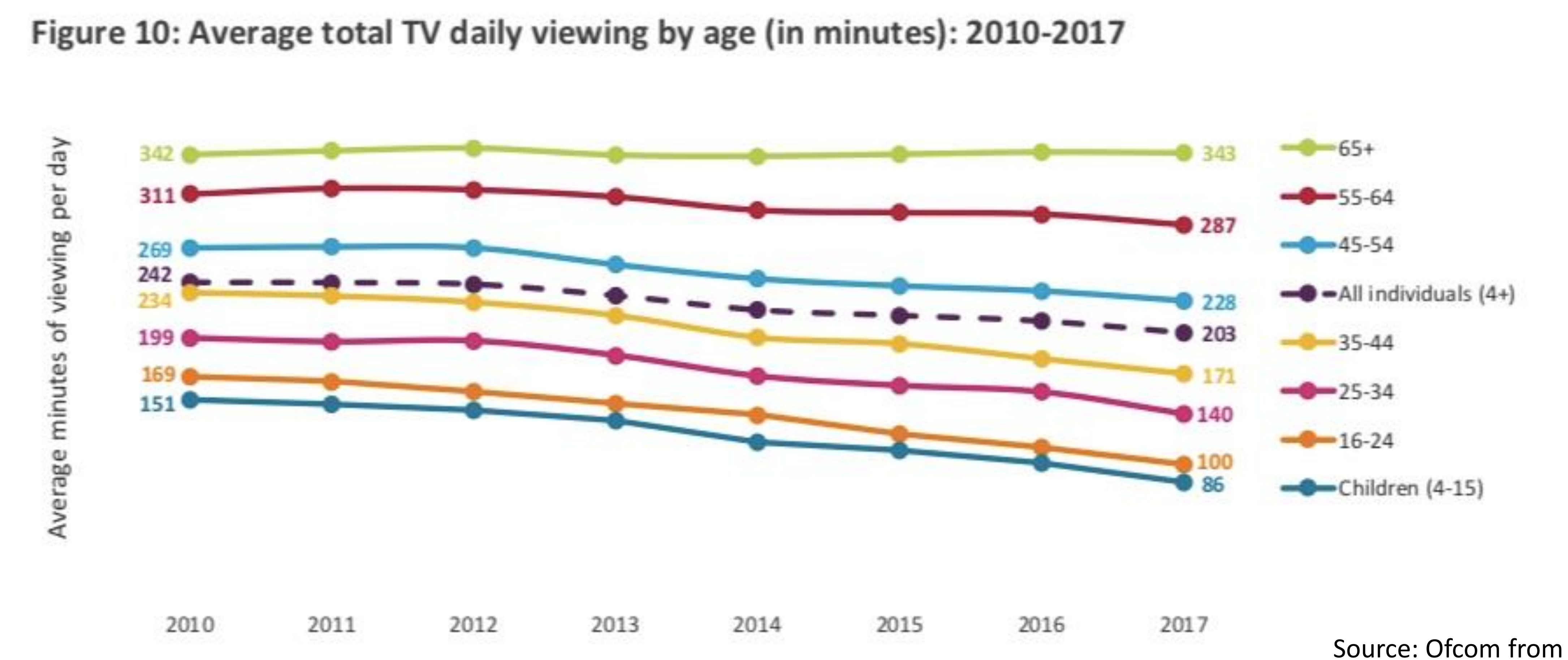
- UK broadcasters: current issues
- Channels and share: the UK
- Children’s content spend: the UK

# UK broadcasters: current issues

## Current issues

- Free-to-air, childrens' channel ratings for the BBC and the three commercial, public service broadcasters have been in decline
- On-demand and streaming services, especially YouTube, offer something new for younger audiences and disrupt the traditional TV markets
- Netflix and Amazon have ramped up their childrens and family originals with high budget and live action series, increasing the number of shows on offer across the board
- Production and spend on original programming has been in decline

# Half the decline in TV viewing levels due to changing behaviour of <25 year-olds




Source: Ofcom from BARB

# UK broadcasters: current issues

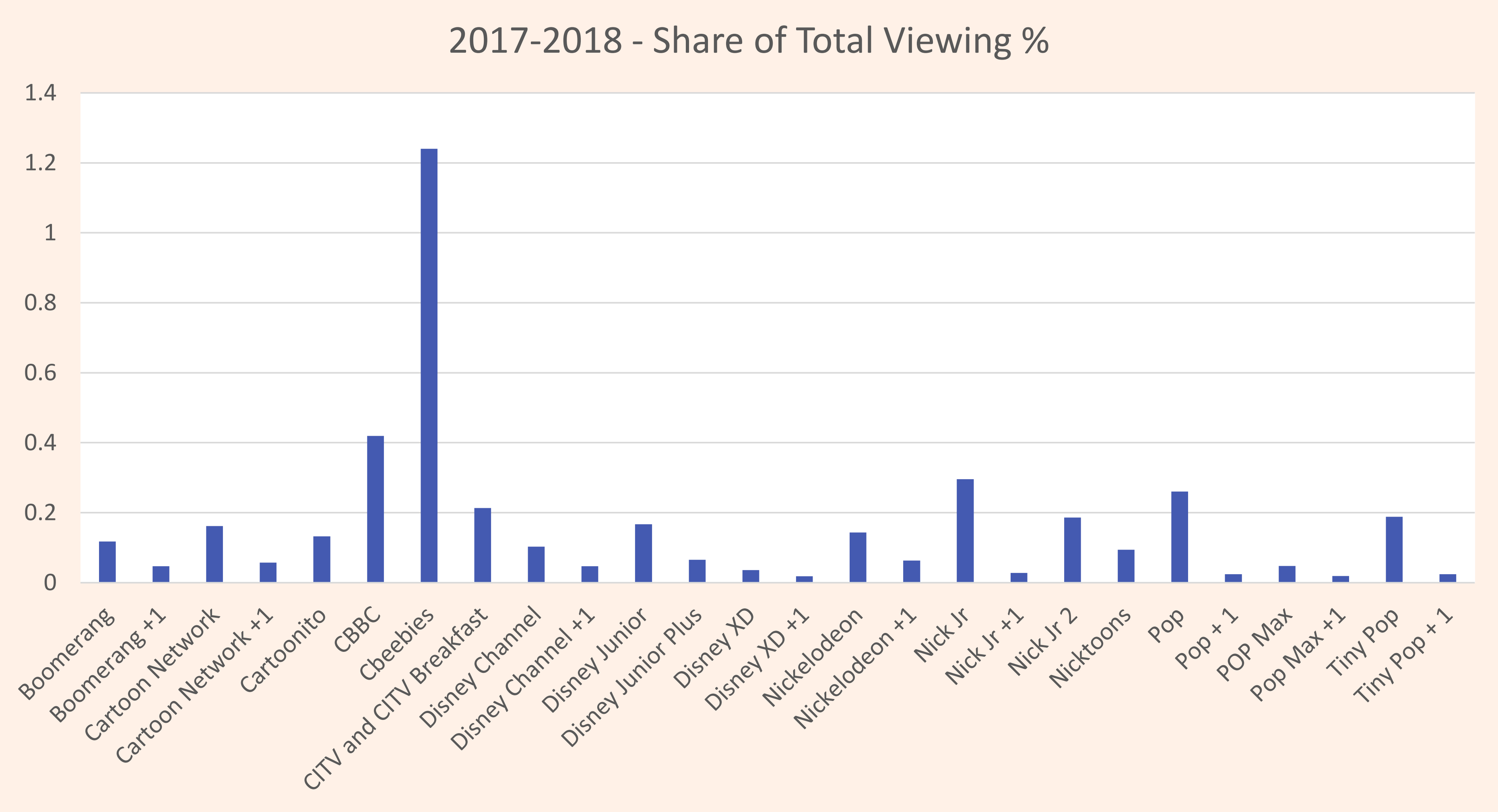
Ofcom, the UK regulatory authority, maintains an ongoing review and dialogue with UK public service broadcasters (the BBC and commercial channels) regarding their "plans to set out how they will improve their provision for children, in terms of creative ambition, investment and genre mix, across their full range of services".

Current issues being addressed include:

- a lack of original, high-quality programmes specifically made for older children across all programme genres
- a limited range of children's programmes that help children to understand the world around them
- a limited range of original, high-quality children's programmes available that allow UK children to see their lives, in all its diversity, reflected on screen.

Source: Ofcom Childrens content review update (July 24, 2018)

# Channel viewing share




Source: Built from BARB Viewing Data September 2017 – August 2018 (October 2018)

# Channels and share: the UK

**Overview**

- CBBC and CBeebies remain the most viewed services across all channels
- When looking at all programming that children watch, BBC One and ITV have the largest share of children's viewing.
- While total TV viewing by children has declined, the PSB channels' share of viewing has held relatively steady over recent years.
- Children's programming is provided across a number of PSB, free-to-air and pay TV channels, as well as through a range of on-demand and streaming services
- In addition to children's programming available on mixed-genre channels such as BBC Two, ITV, Channel 5, S4C and BBC Alba, there are 17 dedicated children's channels across free-to-air and pay services, with some channels broadcasting 24 hours a day and offering +1 channels
- Many of these channels and programme brands also have related websites, games and apps

Source: Ofcom 'Review of childrens content' (November 29, 2017)

# Channels and share: the UK

**Public Service Broadcasters**

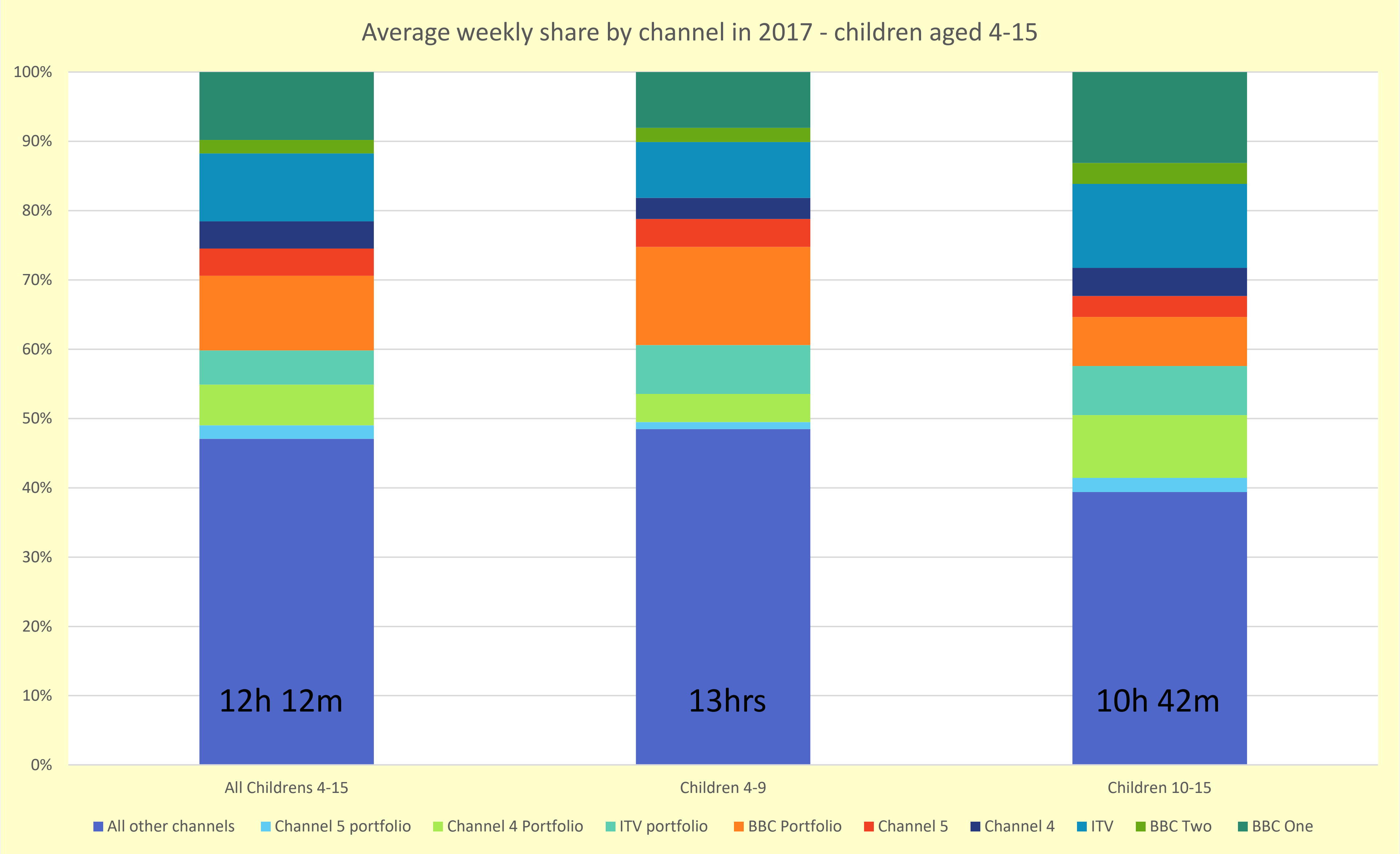
Public service broadcasters account for 41% of children's share of viewing to broadcast TV on the TV set. This rises to around 56% when the PSBs' portfolio channels are included.

Children's PSB programming is rated highly for importance and delivery. More than eight in ten (83%) parents/carers of children who regularly watch children's PSB channels rated the provision of PSB children's programming as important.

A similar proportion (81%) said that PSB channels deliver on 'providing a wide range of high-quality, UK-made programmes for children'.

Source: Ofcom 'Review of childrens content' (November 29, 2017)

# Channels and share: the UK




Source: BARB figures reported in Ofcom 'Review of childrens content' (November 29, 2017)

# Channels and share: the UK

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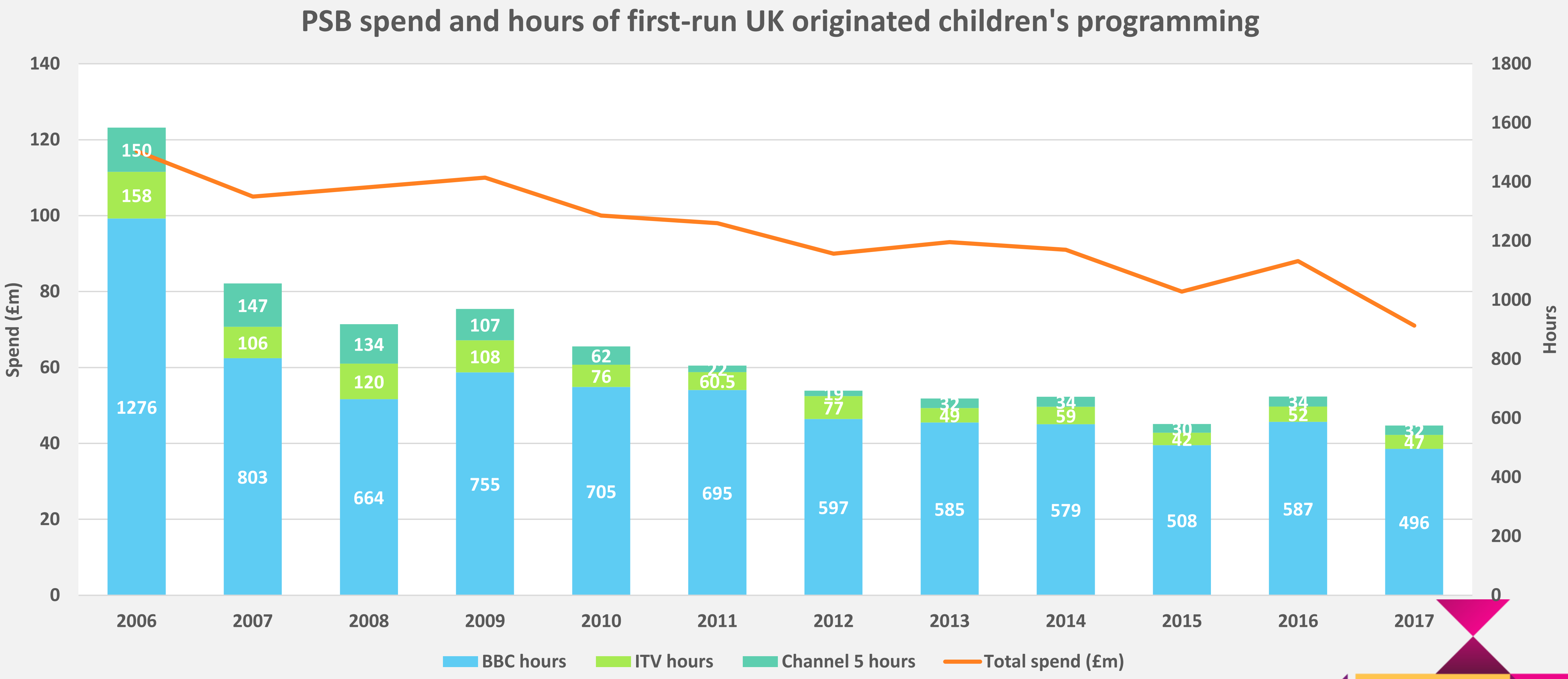
- The amount of time children spend watching broadcast TV on a TV set is falling. BARB viewing figures indicate that, in 2017, children aged 4-15 watched ten hours of broadcast television a week, down by over seven hours per week since 2011.
- Just under two thirds (63%) of all children's viewing of broadcast television on a television set is to programmes not specifically made for children such as family programmes or programmes made for older audiences.
- THE GREAT BRITISH BAKE OFF (Channel 4), ANT & DEC'S SATURDAY NIGHT TAKEAWAY (ITV) and BLUE PLANET II (BBC) proved to be particularly popular with children and families.

Source: Ofcom's Children Content Review (29 November 2017)

# Children's content spend: the UK




Source: Ofcom Childrens content review update (July 24, 2018)

# Children's content spend: the UK

- According to the UK's Commercial Broadcasters Association (COBA), whose members include Disney (101 DALMATION STREET, Sky (MOOMINVALLEY) and Turner (Cartoon Network), "the multichannel sector last year (2017) invested more than £23m [US$31m] in first-run, UK-made children's programming, representing one of the biggest sources of investment in home-grown kids' content outside the BBC," A substantial rise from the 2015 figure of £7m which they provided as a comparison.
- COBA has warned about the impact on its member channels' investment in local originals of Ofcom's proposed renumbering of channels. If Ofcom gives the BBC's childrens channels preferential placement higher up the numerical order this has the potential to reduce the audience numbers seeking out their members channels.
- In 2017, the BBC Children's budget was given an extra £34m which is expected to increase the annual budget to £124.4m by 2019/20 from its level of £110m in 2017. A quarter of all investment is to be targeted on content for the iPlayer and other online strategies in order to reach the younger audience migrating away from linear TV to Netflix and Amazon.
- In 2019, the Young Audiences Content Fund of £57m will be open to applications.

Source: C21media COBA issues new UK kids content warning (June 12, 2018), TBIVision 'BBC tackles kids svod threat' (July 4 2017) and UK Government 'Boost to UK Children's TV' (December 30, 2017)

# UK channel profiles

**Including:**

- Channel profiles
- Channel strategies, budget and tariff ranges
- Sources of finance and funding: tax relief
- Other stakeholders

# Channel Profiles: CBBC and CBeebies

**The UK's public service broadcaster, the BBC, has two separate, dedicated children's channels in its portfolio. Both are advertising free and free-to air via the Freeview digital platform and BBC iPlayer**

| Target Audience: 6-12 | |
|---|---|
| CBBC's tone is funny, entertaining, energetic, unpredictable, clever, and infused with laugh-yourself-smart appeal.<br><br>It offers a mixed genre output, including comedy, drama, entertainment, factual and factual entertainment and news. | "CBBC programming runs from 7am to 9pm."<br><br>"CBBC is now also seeking to increase its content for teenagers. As this age group views more online, original content is also being placed on the iPlayer and other platforms." |

| Target Audience: 0-6 | |
|---|---|
| "CBeebies shows content that is specifically produced for our youngest audience - at a pace and style that suits them." | "CBeebies programming runs from 6am to 7pm"<br><br>The top 10 childrens shows in the UK are consistently dominated by CBeebies. |

Source: https://www.bbc.co.uk/commissioning/tv/articles/cbbc and https://www.bbc.co.uk/commissioning/tv/articles/cbeebies

# Channel profiles: CBBC and CBeebies

**As quotas on others have been removed, CBBC and CBeebies are unique for their commitment to UK content and commission the majority of all first-run UK-originated children's programming in line with the following Ofcom conditions for childrens programming.**

| CBBC |
|---|
| News programmes at intervals throughout the day |
| 85 hours of news a year |
| 1,000 hours of drama a year |
| 675 hours of factual a year |
| 72% original production |
| 400 hours of first-run UK originations |

| CBeebies |
|---|
| A range of genres that support learning |
| 70% original production |
| 100 hours of first-run UK originations |

Source: 'About the BBC/how we work/Annual Plan 2017-18

# Content strategies: CBBC and CBeebies

| Declared programming strategies | | | | |
|---|---|---|---|---|
| To broadcast a broader range of genres than other children's channels, including drama, news, factual and factual entertainment programming<br><br>Offer a unique multi-genre mix of content for pre-school age children. | "Reflect the diversity of UK children to ensure everyone sees themselves and their lives represented on screen" | "Noisy content that stands out from the crowd: delivering non-stop, year-round content, including video, live online fan clubs, clips, blogs, podcasts, quizzes, games and apps." | "Content delivered whenever and wherever the audience wants it: personalised to them, curated from across the BBC on iPlayer and iPlayer Kids in one safe, trusted place." | "We'll consider all our platforms (linear, digital - including social) and create content that's right for each, … delivering interactive experiences on digital platforms to reflect the way children and young people are consuming media." |

Source: https://www.bbc.co.uk/commissioning/tv/childrens

# Content strategies and show examples: CBBC

- Currently commissioning has moved towards drama as part of BBC Childrens' 'Fewer, Bigger, Better' shows strategy. This will be balanced carefully because the budget for one drama series could easily fund another 3 or 4 factual or entertainment series.

- Co-productions, such as THE WORST WITCH with ZDF and Netflix, are, and will increasingly become, very important. The BBC say they are not scared of big projects and do want to work with other broadcasters and platforms.

- Animation is still key across both CBeebies and CBBC

- New content for 13-16 year olds on iPlayer will fill the gap for the teenage audience highlighted by Ofcom and address issues that cannot be raised on the CBBC linear channel. This will mean commissioning childrens content without being attached to a dedicated channel.

- The BBC want to grow iPlayer as a destination and are interested in short runs – ideally 3-5 episodes – of dramas for the CBBC audience that they can build stunts around. KATIE and JOE ALL ALONE are good examples.

The BBC Childrens Content team is based in Manchester and Glasgow. It operates independently of BBC Studios. Its three supply chains are:

- In-house Production
- Independents
- Acquisitions, including Independent Animation

Source: BBC Commissioning Childrens, Childrens Media Conference 'Commissioner conversations' (July 2 2018)

# Sources of finance and funding: budget and tariff ranges for CBBC: 6-12

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| Genre | Tariff | Notes |
|---|---|---|
| Animation | £120 - £240K p/h | Commercial co-pros, high production values, contemporary. |
| Drama (Middle range) | £125 - £275K p/h | Narrative drama or comedy, returning series, double commissions, minimal locations, less established talent, predominantly younger cast, digital propositions. |
| Drama (High range) | £275 - £450K p/h | Scripted, commercial co-pros, high production values, foreign filming and/or multiple locations, special effects, stunts, large cast and established talent |
| Entertainment | £40 - £240K p/h | Strong formats, studio and non-studio based, high volume, contemporary, audience participation. |
| Factual | £65 - £160K p/h | Broad tariff to encompass one off observation documentaries to new brand and channel defining, educational and public serving content. |
| Factual entertainment | £80 - £200K p/h | Programming based on a strong entertainment format, usually presenter led, tend to be event driven. |
| Short-form (narrative) | £500 - £1.5K p/m | A narrative-based video for iPlayer, or a section of the BBC website (e.g. Own It), based around exclusive content, with production values akin to broadcast quality. |
| Short-form (songs) | £500 - £3.5K p/m | An exclusive song, or licensed cover, for iPlayer, or a section of the BBC website, with production values akin to broadcast quality. |
| Games (HTML 5) | £100 - £150K (plus £30k - £50k for updates) | A bespoke single player video game developed for BBC website or apps, offering complexity and challenge appropriate for the target audience |
| Games (templated) | £25 - £60K | Collection of simple interactions taken from a pre-determined list and skinned with BBC children's brand and narrative. |
| **Social only platforms** | | |
| Short-form (narrative) | £500 p/m | A narrative-based (often subtitled) video for Facebook, YouTube or Instagram, which is tailored to the individual platform's needs and audience - but with lower production values than broadcast (i.e. different cameras, less editing, more basic structure and content). |
| Short-form (songs) | £1000 p/m | Songs: an exclusive song, or licensed cover, for Facebook, YouTube or Instagram, with lower production values than broadcast as above. |

Source: https://www.bbc.co.uk/commissioning/tv/articles/cbbc

# Content strategies and show examples: CBeebies

- Animation is still key across both CBeebies and CBBC.
- CBeebies are potentially looking for a new live-action drama, but it has to be the right kind.
- They are also interested in mood management for pre-schoolers and shows that encourage 'make and do' together with parents.

Programming on CBeebies includes:

- live-action drama series such as KATIE MORAG (produced by Move On Up and BBC Scotland), APPLE TREE HOUSE (Five Apples) and WAFFLE THE WONDER DOG (Darrall MacQueen).
- live-action pre-school entertainment with repeats of popular favourites such as SHOW ME, SHOW ME, TELETUBBIES and IN THE NIGHT GARDEN (both from Ragdoll Productions) and originals such as BIGGLETON and JUSTIN'S HOUSE (both BBC In-house productions)
- factual programming such as DO YOU KNOW
- pre-school animations, RASTAMOUSE (Rastamouse/Three Stones, UK), OCTONAUTS (animated by Ireland's Brown Bag) and GO JETTERS (animated by Boulder Media, Ireland).
- Overall, the provision of pre-school programming has held relatively stable in recent years and the BBC is the largest provider of preschool programming.

Source: BBC Commissioning CBeebies

# Sources of finance and funding: budget and tariff ranges for CBeebies

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| Genre | Tariff | Notes |
|---|---|---|
| **Animation** | £120 - £240K p/h | High production values, commercial co-pros driven by public service values, UK originated. |
| **Drama** | £120 - £280K p/h | Scripted live action, character-led, narrative storytelling, UK or foreign filming, younger leading artists, lower volume. |
| **Factual entertainment** | £40 - £160K p/h | Live action location or studio based, strong formats, presenter led, learning elements, high volume, double commissions. |
| **Other** | £160 - £320K p/h | Landmark events, specials, seasonal offerings, live or pre-recorded. |
| **Short-form (narrative)** | £500 - £1.5K p/m | A narrative-based video for iPlayer, or a section of the BBC website (e.g. Own It), based around exclusive content, with production values akin to broadcast quality. |
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Source: https://www.bbc.co.uk/commissioning/tv/articles/cbeebies

# Channel profiles and strategies: CITV

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**ITV is an integrated producer broadcaster. Creating, owning and distributing high-quality content on multiple platforms through the largest, ad-funded, linear, family of channels in the UK, on demand via the ITV Hub and across other platforms globally.**

| Target Audience: 4-11 | |
|---|---|
| CITV (Children's ITV) is the top, commercial, free-to-air children's television channel from ITV's Digital Channels division. CITV is the number one commercial children's channel.<br><br>The mix of animated and live action series for school aged children, and presentation items created by children themselves is 'wrapped around' on Saturday mornings by SCRAMBLED (Zodiak Kids). | While the majority of CITV programming is acquired, original commissions include HORRID HENRY (UK indie, Novel Ent) and game show SPY SCHOOL (Zodiak Kids)<br><br>Animated shows include Playmobile's SUPER 4 (Method, France and Morgen, Germany) and THUNDERBIRDS ARE GO! (ITV Studios/Pukeko, New Zealand). |

little Be

| Target Audience: pre-school | |
|---|---|
| ITV brought back pre-school programming in Sept 2018 after a break of 5 years.<br><br>As a programming block on its digital channel ITVBe, it brings in the advertisers (toys, games, etc) that had deserted ITV's client list. | ITVBe targets an audience of 16-34 females and young mums with lifestyle and entertainment. LittleBe is aimed at pre-schoolers with popular animation acquisitions such as BABY RIKI, FLORRIE'S DRAGONS, THE HIVE and ODDBODS. |

Sources:
ITV Media – Channels 2018
ITV Commissioning 2018
ITV Digital Channels Commissioning
TBI ITV reintroduces preschool block July 2018

# Content strategy: CITV

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- CITV and LittleBe are managed by the ITV Digital division with commissioning currently handled by genre editors.
- ITV do not generally fully fund childrens programming and acquisitions have been more normal than commissions.
- The regulatory authority's 2018 assessment of ITV's performance highlighted that "total hours of children's animation fell from 423 in 2006 to 88 in 2017", while "children's entertainment has increased from 51 hours in 2007 to 234 hours in 2017". But in original children's drama on ITV has been lacking.
- Given the importance Ofcom places on children's "access to new, UK-made programmes in a range of genres" and the success of teen dramedies like FIND ME IN PARIS on competing childrens channels, there may be a change in 2019.
- In the meantime, game show SPY SCHOOL (Zodiak) will return and in 2019 CITV will premiere PROJECT Z, a zombie role playing, gameshow. Adapted from a successful format on Welsh national channel S4C by ITV Studios owned Boom.
- For the 6-12s, CITV has picked a distinctively British project, animated by Cloth Cat in Wales – THE RUBBISH WORLD OF DAVE SPUD – specifically highlighting it as standing out from their 'US oriented' competitors.
- ITV Hub also live streams CITV throughout the day with 30 day catch up.
- ITV considers the Hub as being key to future content and direct to consumer strategies.

Source: ITV Digital Channels Commissioning

# Channel profile and strategy: Channel 4

**Channel 4 is the UK's free-to-air, commercially funded, public service, state-owned, publisher-broadcaster with a portfolio of branded channels.**

- Channel 4 does not commission programming for younger children. Its government regulated remit is to "participate in the making of relevant media content that appeals to the tastes and interests of older children" and with a specific obligation to focus on educational content.
- Channel 4 concentrates on the 10-14 and 14-19 age groups, principally handled by their educational commissioning process but including a range of entertainment shows. Dramas: ACKLEY BRIDGE (produced by drama specialist, The Forge, an independent with financial backing from All3Media) and HOLLYOAKS (Lime Pictures, an All3Media company) Factual entertainment formats: LEGO MASTERS (from indie Tuesday's Child, to be distributed by Endemol Shine/Plan B in the US), GOGGLESPROGS (a spin-off from GOGGLEBOX, produced by Studio Lambert, an All3Media company).
- The channel considers that these age groups are also well serviced by the broad reach of shows in its main schedule such as SUPERVET, SECRET LIFE OF THE ZOO and THE GREAT BRITISH BAKE OFF.


Source: Childrens Media Conference (July 2018) Channel 4's Ofcom response (January 2018)

# Content strategy: Channel 4

- In terms of submissions to the commissioning process, the value of a great title and a one-liner was stressed by the Channel 4 team as a timesaver for both the commissioner and the producer.
- “Television content will sit across the schedules on C4 and E4, with a presence in prime-time”
- “Channel 4 are looking to reach their core 14-19 audience with shocking ideas, and young voices driving those ideas and to be the voice of teenagers.”
- “'life-skills' subjects … themes that relate to the transition between childhood and adulthood”
- “content that touches on online behaviour and digital footprint, relationships and sex, and family and friendships”
- “new filming techniques, new technology, and fresh ways to tell a narrative”

Source: Channel 4 Commissioning

# Channel profile: Channel 5

- Channel 5 is the smallest, and youngest, of the UK's linear, broadcast channels.
- Since September 2014, the portfolio of 5 channels branded as Channel 5 has been owned by Viacom International Media Networks.
- Ofcom's recent report shows that Viacom voluntarily committed to broadcasting at least 600 hours of UK-originated children's programmes on Channel 5 until at least the end of its licence period in 2024.
- VIMN's European interests also include the MTV and Nickelodeon groups of channels.

| Target Audience: 2-7 | |
|---|---|
| Channel 5 broadcasts 24 hours of children's programmes every week on air from 6am- 9.15am every weekday and 6am – 10am on Saturday and Sunday.<br><br>Catch up and live can be found on Milkshake.tv.<br><br>Milkshake! Live shows tour the UK theatres. | Milkshake's pre- school schedule, including popular favourites FIREMAN SAM, BOB THE BUILDER, launched on SVoD on Amazon in mid-2018.<br><br>Acquisition LUO BAO BEI premiered in 2018 – from China's Magic Mall and Cloth Cat Animation's studios in Wales with Canada/Eire's 9 Story distributing. |

Source: Channel 5 Corporate Information and Source Channel 5 Children's Programmes

# Content strategy: Milkshake!

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| MilkShake \| 5 |
| --- |
| "We like programmes with a real tangibility about them – a sense that you can reach in and touch the characters. We are not looking for presenter-led formats or low-cost, high-volume studio-based half hour shows." |
| "What we DO want are programmes that are engaging, intelligent, well made and have a relevance to the viewer… we DON'T want programmes that are tricksy or derivative – or that are over formatted." |
| "We want to offer our customers the widest selection of kids shows, and with the addition of More Milkshake!, they will be able to access all of their favourites in one place." |
| Past tariffs for Channel 5's childrens programming have been at the lower end of the scale with £2,500-4,000 for an episode of pre-school and a wide range for the commissioned genres of drama and entertainment between £30,000 and £75,000. |

- **Milkshake's commissioning process has an open-door policy and is year-round.**
- **As a commissioner, Milkshake is interested in character and story-led content, which has characters the audience can connect with, and has some humour within it.**
- **Humour is key for Milkshake!, as both parents and children can connect to it.**
- **Past**

Source: Channel 5 Childrens Programming and Children's Media Conference, Commissioner Conversations

# Channel profile: Sony's POP channels

**Target Audience: 4-17**

- POP is a portfolio of 3 linear, free-to-air children's television channels run by Sony Pictures Television Networks in Europe.
- Broadcasting cartoons, facts and game shows on the digital Freeview, Sky and Virgin Media platforms.
- POP TV is the main service, leading TINY POP and POP MAX, with Popfun.co.uk and a companion app with games and free downloads.
- Based on BARB viewing figures for the year January 2017-18, Sony reported POP as the No.1. children's commercial channel in the UK – reaching an average 2.7m children every month.

POP – 7-10, including LEGO FRIENDS: GIRLS ON A MISSION, HANAZUKI, MIRACULOUS: TALES OF LADYBUG AND CAT NOIR. POP's range of shows has meant that the channel appeals to both boys and girls across the board, with no gender specific skew

POPMAX - 7-17 boys, action and adventure with TALKING TOM AND FRIENDS, LEGO NEXO KNIGHTS, NATE IS LATE, RESCUE BOTS, THE MR PEABODY & SHERMAN SHOW.

Tiny POP – for 4-7 year olds including the UK debut of COOKIE MONSTER'S FOODIE TRUCK alongside ZAFARI and MASHA AND THE BEAR.

Source: About Pop , Advanced TV 'Sony's Pop No 1 kids channel in UK' (February 2018)

# Content strategy: Sony's POP channels

- The current focus for Sony is on animated content but Sarah Muller, VP Childrens and Youth for Western Europe Int Networks, indicated possibilities for live-action scripted and factual content at a future stage.
- In the short term, programming will be predominantly acquisitions.
- Sony do not have a development fund for POP, so the focus is on acquiring pre-developed content but they are looking to partially finance content.

Source: Childrens Media Conference Meet the Commissioners (July 2018)

# Channel profiles: pay, SVoD and apps

**Including:**

- Cartoon Network
- Disney
- Nickelodeon
- Sky Kids
- Hopster

# Channel profiles and content strategies: pay and SVoDs

Nickelodeon, Disney and Cartoon Network ratings are down in line with the general decline. Localised versions of their portfolios of channels are bolstering the situation by extending their reach across more international markets.

Netflix's subscriber figures outside the US are now higher than their US subscriber base. It seems the same pattern may also apply to the three pay channels whose owners, Viacom, Disney and WarnerMedia, are more than ready to battle Netflix, Amazon and new streaming partnerships across Europe for a greater share of the global audience..

The originating US channels and their strategies are profiled in the US section. Highlights regarding the localised versions of the three channels in the UK and Eire will be found in this UK section:

- Nickelodeon's channels
- Turner's Cartoon Network and Boomerang, as well as Cartoonito, which exists as an international channel and does not play in the US.
- Disney Channel/Disney Jr/Disney XD

All channels are available on linear/subscription basis in the UK and Eire, including through Sky and Virgin Media platforms.

# Content strategy: Cartoon Network

- Turner is actively pursuing additions to its successful slate of local co-productions for Cartoon Network and Boomerang in the EMEA (Europe, Middle East, Africa) to add to originals such as:

    THE HEROIC QUEST OF THE VALIANT PRINCE IVANDOE from Denmark
    6 seasons of THE AMAZING WORLD OF GUMBALL from the UK
    ELLIOT FROM EARTH also produced out of Cartoon Network, London
    TAFFY from Cybergroup Studios in France
    BEN 10, a companion series to the gameshow produced in Spain.

- Cartoonito is aimed at pre-school viewers under the age of 6 years, Cartoonito focuses on providing fun, entertaining and light educational viewing for pre-school children.

Source: Televisual 'New director of original kids series for Turner EMEA' (January 16, 2019) and Broadcast 'International kids TV Channels Cartoon Network' (October 11, 2018)

# Content strategy: Disney

- Shows produced for Disney include a number of localised shows for their global channels including teen dramas such as UK produced HOTEL EVERMOOR, THE LODGE and Argentinian, telenovela style, VIOLETTA.
- Disney's international channels' commissioners stress the importance of shows that will fit with their branding and the Disney tone, but it needs to bring something fresh to the schedule.
- Disney like to see things as early on as possible and develop it along with the producer of the show.
- Disney in the UK do not have the animation teams and animator resources that the US Disney studio does, so producers are advised they should pair up with an independent studio.
- Disney's preference is for low-concept projects but which may have great people attached to them.

SOURCE: Childrens Media Conference 'Meet the Commissioners, Disney & Sony' (6 July 2018)

# Content strategy: Nickelodeon

- Nickelodeon International looks for local content with 'global legs' as an asset to making global channels more in tune with their audiences territory by territory.
- Transferable shows such as the Dutch format, HOUSE OF ANUBIS and Germany's HUNTER STREET (DE LUDWIGS), Irish/British pre-school animated series BECCA'S BUNCH and animated series PONY, a first for the International team as it will play in the US.
- Content that is character driven, non-prescriptive, and communicates a sense of adventure such as Nickelodeon UK's recent acquisition of hit teen drama, FIND ME IN PARIS.
- Shows that are "authentic, visually diverse, funny and emotional". Those looking to pitch their concepts are encouraged to adhere to the equation: simple + broad + emotional. Games, clips, shorts are all options as well.
- Potential collaborators are encouraged to think about how their concept would fit in with the wider Nickelodeon framework… and as a partnership finding a balance between how the Nickelodeon machine can help your brand and vice versa.
- On the changing landscape for media, Nickelodeon are "embracing YouTube, and creating content for the platform" and expanding their linear channel reach into Eastern Europe and Russia.

**Starting January 2019, all Nick UK and Eire channels will air 24/7 with favourites like HOUSE OF ANUBIS and reruns of GET BLAKE!.**

SOURCE: CMC 'Report Commissioners Conversations, Nickelodeon and Turner' (5 July 2018) and Nick Alive 'Nick goes 24/7' (December 20, 2018)

# Channel profile and strategy: Sky Kids

| Broadcast Strategy | Content Strategy | Target Audience: 2-9 |
|---|---|---|
| Sky's platforms offer childrens channels from Viacom, Turner and Disney as well as a massive library of on demand episodes.<br><br>Sky opted launch its own dedicated Sky Kids App on mobile in the summer of 2018 as the focus for its childrens programming | "We commission a small number of original shows every year for our on demand platforms and we look for ideas that are just like children's – surprising, playful, curious and disruptive."<br><br>"We already have a lot of action adventure, toon comedy and US tween/teen dramas so won't be commissioning in those areas. We also have a lot of pre-school shows so our focus when we commission is usually aimed at the four and overs."<br><br>"Format is flexible, we have commissioned episodes from 90 seconds up to 12 minutes long but we don't tend to commission long runs."<br><br>"We are also looking for standalone TV specials." | Split into three distinct areas:<br>2–4 years<br>4-7 years<br>7-9 years<br><br>An increasing slate of commissioned originals, in addition to popular acquisitions, includes tween drama THE ATHENA (Bryancoed, UK, distributed by ZDFE) and will focus on more short-form such as comedy series SUNNY BUNNIES (non-exclusive as it premiered, and continues, on the show's own YouTube channel) |

Source: Sky Commissioning Submissions , Childrens Media Conference Commissioner Conversations (July 2018)

# Content strategy: Sky Kids

- Recent commissions have included ALIENS LOVE UNDERPANTS AND… (from Tiger Aspect, an Endemol Shine company), new episodes of MORPH (from Aardman) and a range of games and interactive content for the Sky Kids app.
- Branded as a Sky Original Production, MOOMINVALLEY (from Finnish producers Gutsy and broadcast coproduction partner YLE) will premiere exclusively on Sky One in 2019 as part of the higher profile family and childrens strategy.
- Sky News is also getting an exclusive, Sky Original, children's show of its own with 'FYI', a 15 mins, weekly news show launched in November 2018. Produced by independent Fresh Start Media, the show is presented by children and aimed at the 7-12 age group. Airing on Sky News every Saturday and Sunday morning and across all Sky Kids on-demand platforms, including streaming service NOW TV Kids Pack. FYI has been given exclusive fortnightly access to Downing Street for Junior Prime Minister's Question Time.
- 26x15 mins episodes of SO BEANO! is Sky's angle on an original, sketch and comedy show featuring kids alongside YouTubers and influencers. This is blurring the lines in the way children are watching by blending the show with the publishing venture interests that own the 80 year old, irreverent comic classic, The Beano.

Source: Sky Kids launches FYI (November 2018) , Sky Orders Alien Underpants (May 2017)

# Channel profile and strategy: Hopster

- One example representing the many options for curated and original content apps which are  swiftly growing into global players is Hopster.
- Originally launched in the UK in 2015 as an app to provide an ad-free, SVoD service to families of curated content specialising in entertainment and learning programming from the catalogues of leading children's distributors.
- Now available in 100+ countries, Hopster has been taking a slow approach to the US, starting with joining Sling TV's OTT service and expanding to Sling's parent company Dish, where Hopster will be offered to Dish's direct to home service subscribers from October 2018.
- Hopster is backed by a number of international and UK private investors, including Sony.
- It also received funding from the British Business Bank, a 100% UK Government owned, but independently managed fund bringing expertise and Government money to the smaller business finance markets from over 100 partners such as banks, leasing companies, venture capital funds and web-based platforms.

# Content strategy: Hopster

- Hopster offers “safe and educational entertainment for kids five and under” and sees itself as a pre-school age group specific alternative to Netflix and Amazon.
- Hopster ‘originals’ now include CLEVER BRENDA (produced and animated by Rude, UK). CEO Nick Walters considers their originals as being uniquely Hopster and recently appointed Aardman as worldwide distributor for all Hopster’s originals which will make the shows available to traditional TV channels for the first time.
- Acquired shows like BINO AND FINO from Nigerian animator Adamu Waziri, which aims to show a more accurate representation of children growing up on the African continent, represent Hopster’s core values of expanding the knowledge of the world for their target age group.

# Sources of financing and funding:

**Including:**

- Sources of financing and funding
- UK tax relief options
- Impact of tax relief on production and investment

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# Sources of financing and funding: UK examples

A £1m+ per hour budget level is required by the UK's High-end Television Tax Relief (HETV). HETV offers UK producers and channels the potential to make the local content they see as essential or more internationally focussed co-production projects.

The upside of HETV and the Young Audiences Content Fund is the amount of content being produced in and by the UK. A local production partner is a precondition of most UK funding options. A local writer and viable local story and character elements are also likely to be partner conditions.

The Young Audiences Content Fund of £57m will be available for children's and youth content over a three year pilot, starting in April 2019. The fund and its criteria are designed to address the shortfalls in the market identified by Ofcom in their Children's Content Review.
Source: UK Government 'Boost to UK Children's TV' (December 30, 2017)

New UK companies in the creative industries sector may qualify to receive investment from government funded schemes such as SEIS (Seed Enterprise Investment Scheme) and EIS (Enterprise Investment Scheme) or 'angels' such as the British Business Bank (Hopster) or British Business Investments' new £100m UK Regional Angels Programme. SEIS and EIS have, however, come under recent review for performance issues and returns.

# Sources of financing and funding: accessing UK TV programme tax reliefs

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**The British Film Institute (BFI) is responsible for the supervision of the applications for the following tax reliefs. It is advisable to check your, or your potential UK production partner's, status under official coproduction treaties at the earliest stage.**

**Accessing children's television tax relief**

- In order to access children's television tax relief the programme must meet all of the following criteria:
- It must qualify as British by either passing the Children's Television Cultural Test or qualify as an official co-production (with treaty partners that allow for television).
- The programme must be intended for broadcast (this includes the internet).
- At least 51% of the total core expenditure is on live action.
- At least 10% of the core expenditure must be UK expenditure.
- The children's television production company (CTPC) responsible for the programme needs to be within the UK corporation tax net.
- The programme must not be one of the excluded programmes (a list of excluded programmes can be found on HMRC's website). Gameshows will qualify if the prize total does not exceed £1,000.
- The primary target audience of the programme will be under the age of 15.

Source : Outline of Tax Relief and About Tax Relief for Coproductions

# Sources of financing and funding: accessing UK TV programme tax reliefs

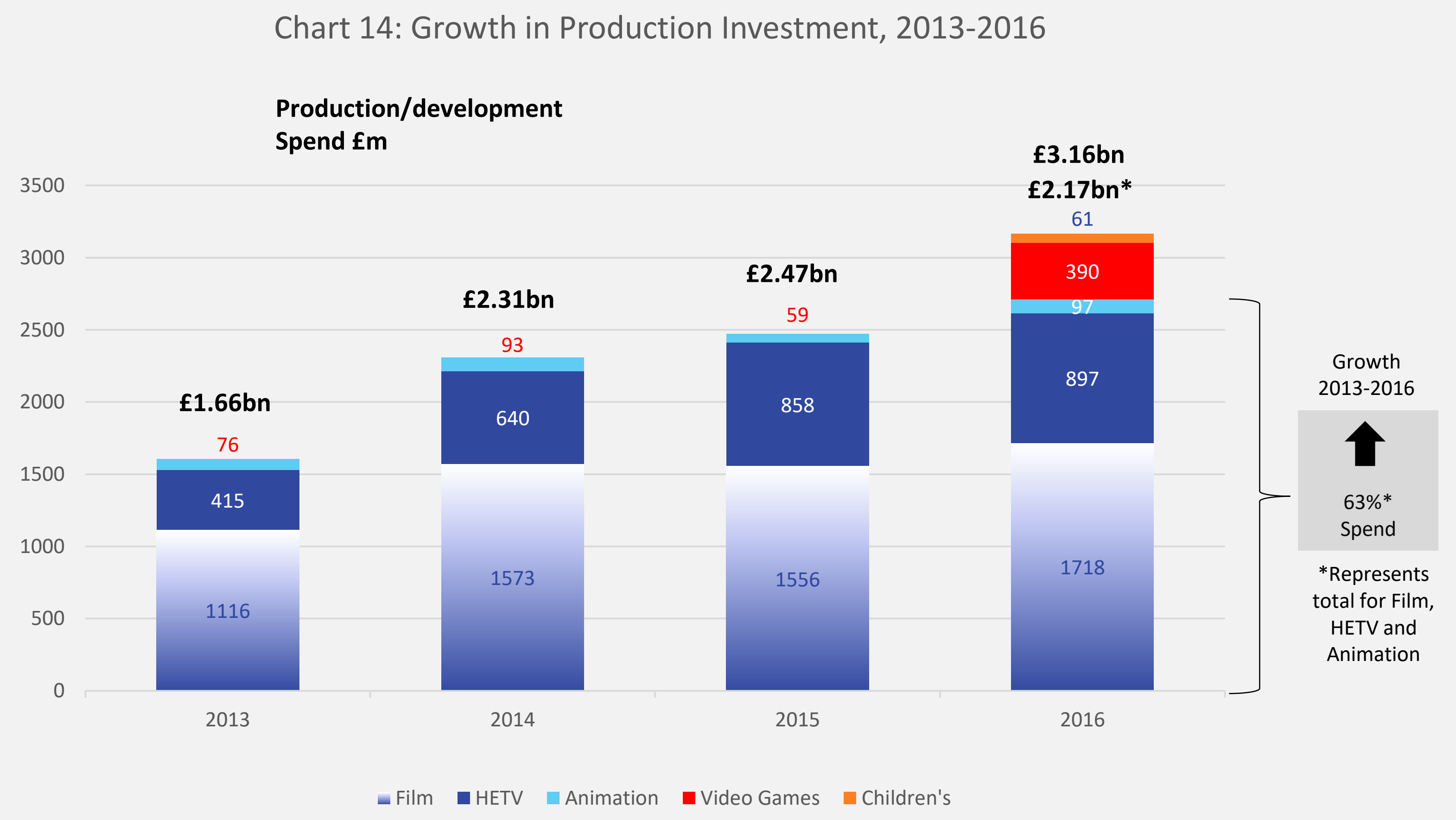
**The British Film Institute (BFI) is responsible for the supervision of the applications for the following tax reliefs. It is advisable to check your, or your potential UK production partner's, status under official coproduction treaties at the earliest stage.**

**Accessing animation tax relief**

- In order to access animation tax relief the programme must meet all of the following criteria:
- It must qualify as British by either passing the Animation Cultural Test or qualify as an official co-production (with treaty partners that allow for television)
- The programme must be intended for broadcast (this includes the internet).
- At least 51% of the total core expenditure is on animation.
- At least 10% of the core expenditure must be UK expenditure.
- The animation production company (APC) responsible for the programme needs to be within the UK corporation tax net.
- The programme must not be one of the excluded programmes (a list of excluded programmes can be found on HMRC's website).

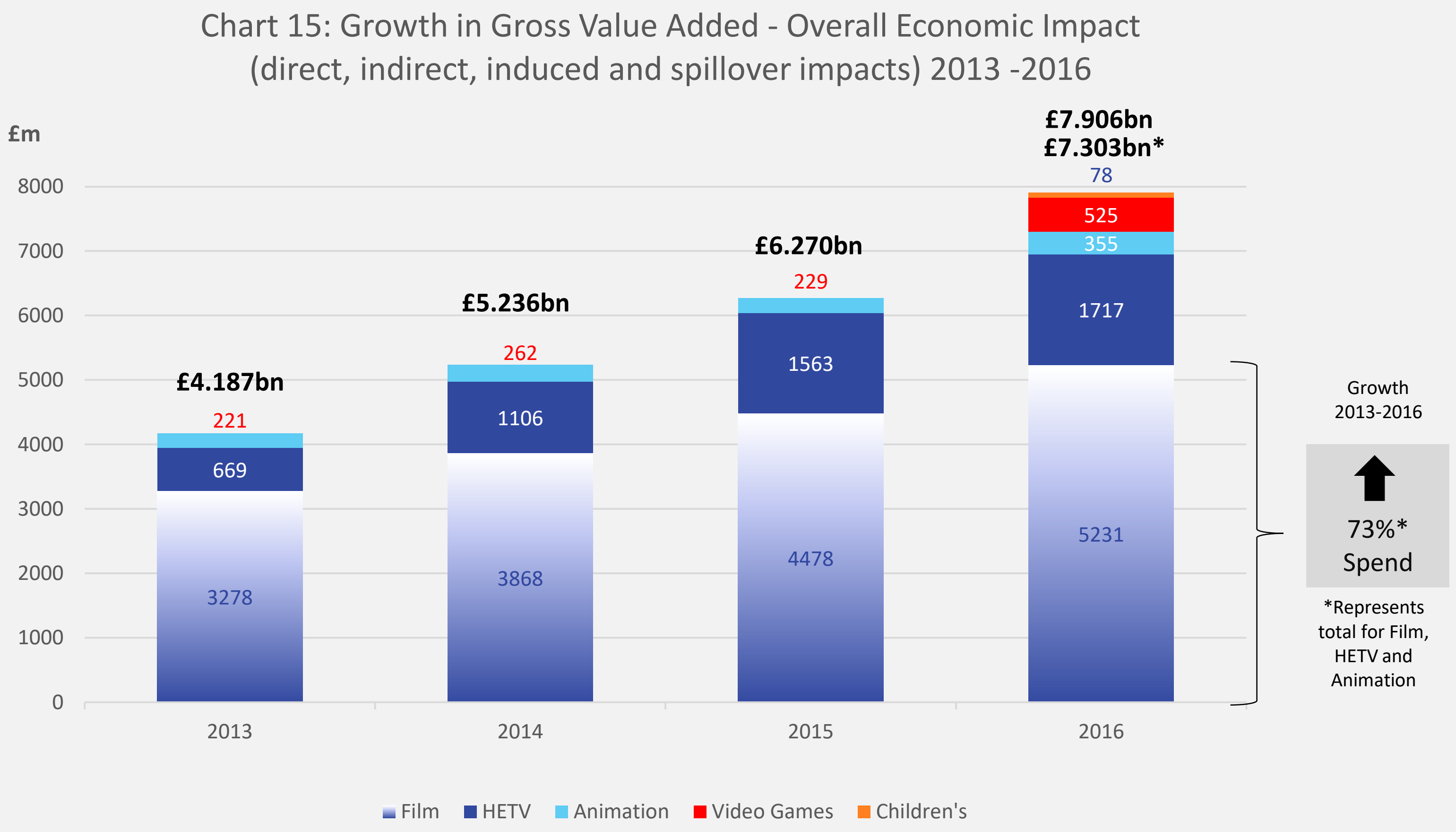
Sources : Outline of Tax Relief and About Tax Relief for Coproductions

# UK High End Tax Relief: impact on production investment




**SOURCE**: BFI ' Screen Business' (Summary Report , October 2018)

# UK High End TV Tax Relief: overall economic impact




**SOURCE**: BFI ' Screen Business' (Summary Report , October 2018)

# Penetration of international SVOD/OTT platforms in the UK

# Penetration of international SVOD/OTT platforms in the UK

- A third of people watch programmes on BBC iPlayer.  Subscription streaming and on-demand services such as Netflix and Amazon Prime Video are in around 40% of households.
- The fall in broadcast viewing is steepest among children and young adults. Children's viewing fell by 15% in 2017 to an average of 1 hour 24 minutes, and 16-24s' viewing fell by 12% to an average of 1 hour 40 minutes.
- Young adults (16-24s) watch an average of an hour of YouTube a day.
- YouTube is now used by 71% of 5-7s, rising to 90% of 12- 15s. Ofcom's research found that YouTube and Netflix had higher brand recognition than BBC or ITV among 12-15 year-olds.
- Broadcast channels in both the UK and Eire are responding to research that shows these two platforms are being chosen for content that 'makes you laugh', 'gives you something to talk about with friends' or 'inspires you to try something new'.
- They are freshening their approaches and formats to encompass these elements, moving online and establishing a more direct-to-consumer approach.

Source: Ofcom 'Childrens Content Review (July 24, 2018)

# APFI Report: Eire Television Market Landscape

- See contents page

# Contents

# Eire broadcasters: current issues

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**Current Issues:**

- The public service broadcaster RTÉ is experiencing major financial funding challenges.  In 2008 RTÉ was spending €16 million on children's programming – by 2016 that had fallen to €6.5 million.
- Reductions in revenue, from the licence fee and advertising, projections of increasing loss of audience to SVoDs has led to necessary capping of budgets and original commissions.
- Ireland's regulatory authority, the BAI, has been lobbying government for additional funding.
- RTÉ  has sought to maintain the number of original shows by commissioning independents, partnering on coproductions instead of fully funding commissions and cutting in-house production of childrens down to a minimum.
- Virgin Media Ireland's investment in the market by acquiring the commercial, broadcast channels has sparked off a more optimistic mood for the Irish TV landscape.
- For childrens programming however, Virgin has focussed more on the new on-demand service which is offered as part of its European platforms strategy.

**Market features:**

The Irish film and television industry's strengths lie in its successful range of tax credits and incentives, prompting imaginative coproduction partnerships and which have built an international level of studio and production talent base for scripted and animation genres.

Source: Irish Times 'Getting Kids to watch RTÉ  (November 17, 2018) and BAI Statement on 5 Year Review of Public Funding

# Channels and share

"Linear TV (live TV plus playback within a seven-day period) represented 79.7% of ALL video consumption for Irish adults aged 15 and over, in 2017.

The other 20.3% represents video-on-demand (VOD) players, YouTube, Netflix, Amazon Prime, pay-per-view and so on. So, despite all the options available, four out of five minutes of video content remains linear TV."

**Source:** Core's Outlook 2018 Report

***Total viewing and media consumption is likely to continue to increase, but with more fragmentation due to the wide choice of content, channels, platforms and more expansive broadband from fixed and mobile providers.***

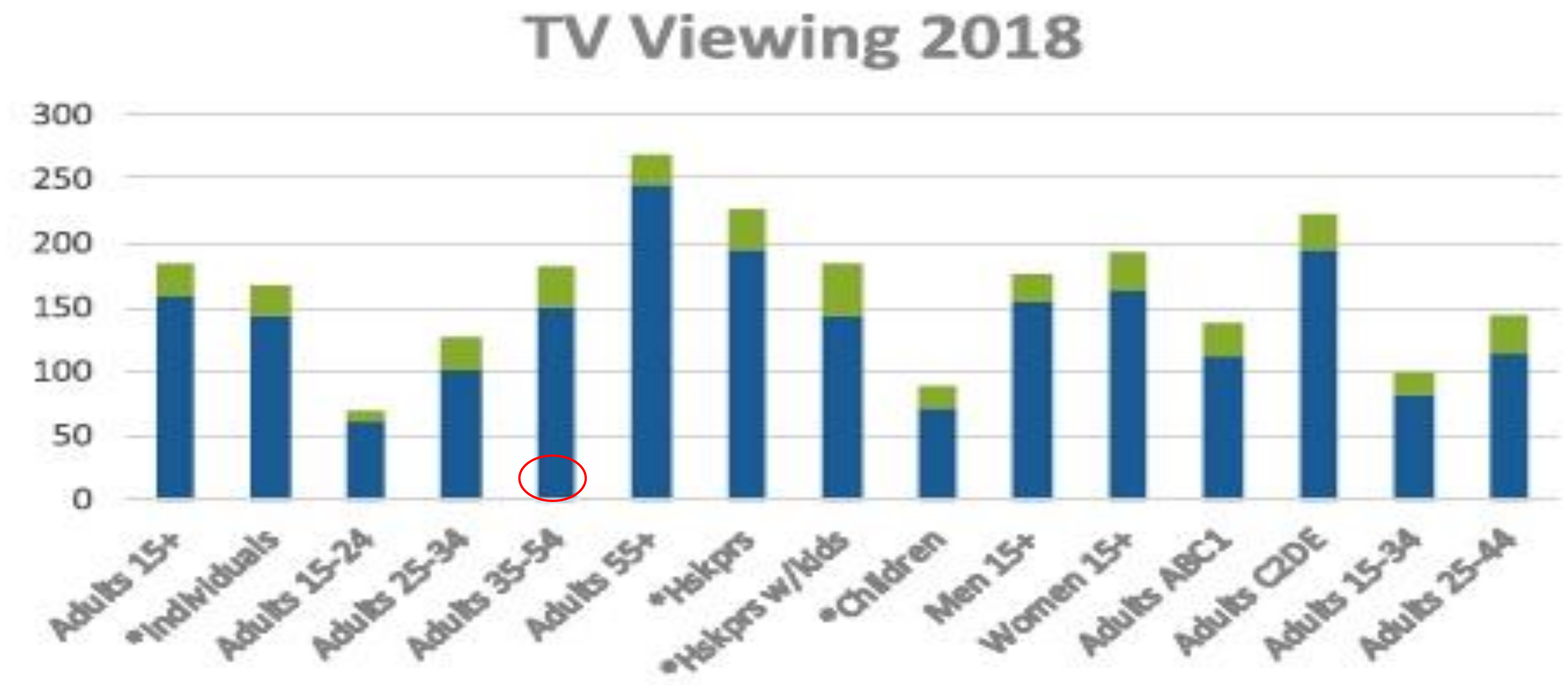
***While broadband penetration in Ireland is expected to reach 90 percent by 2020, there remains an urban-rural divide which will impact on the ability of some to consume media in new ways.'***

Source: The Media Landscape in Ireland

"The average individual is spending 2 hours, 55 minutes a day watching TV on a TV set, that's just 6 minutes less than they did in 2007. When Broadcaster VOD was added to the 2017 figures, total time spent with TV content was 3 hours 4 minutes per day, which is on a par with viewing figures from a decade earlier"

Source: TAM Ireland "In a decade of disruptionTV viewing is resilient"

# As in the UK, younger Irish viewers watch far less live linear TV




Source: TAM Ireland Ltd. / Nielsen TAM, National, All-Day, Individuals 4+, Average Minutes Per Person

# Eire channel profiles

**Including:**

- Channel profiles
- Channel strategies, tariffs/budget ranges
- Sources of finance and funding: tax relief
- Other stakeholders

# Channel profiles and strategies: RTÉ

| Target Audience: 0-7 year olds | |
|---|---|
| RTÉjr is a free-to-air youth orientated television channel operated by Irish public service broadcaster RTÉ. | The channel currently broadcasts 12 hours of programming each day between 06:00 and 19:00. |

| Target Audience: 8-12 year olds | |
|---|---|
| Home produced content for this age group runs in a block which anchors the schedule on RTÉ2, the public service broadcaster. | "Drama, gaming, sport, comedy, energetic, clever, funny unique ideas and series that resonate" |

| Target Audience: 13-16 year olds |
|---|
| Under its new head of content, Suzanne Kelly, RTÉ Young People's Content commissioning team are planning specific call outs during 2019 for programming ideas for this age group. They will need to fulfil the overall Young People's strategy of "complementary mixed genre content across multiple slots". |

Source: IFTN 'RTÉ New Head of Young People' (September2018) RTÉ Commissioning Briefs 2019

# Content strategies: RTÉ

| Content strategies and show examples | |
|---|---|
| • Ireland's most popular shows regularly feature sports, entertainment formats and news in the top 10.<br>• This is reflected in RTÉ 's original childrens commissions.<br>• The current slate of RTÉ Jr series are considered as indicative of the channel's success and the commissioning brief for 2019, i.e. "life affirming, fun, engaging, repeatable and have strong format points that work well with a younger audience."<br>• RTÉ 's focus is particularly on programming that will resonate with the lifestyles, interests and culture of the Irish audience and this applies equally to their childrens content | • LIVING WITH A FAIRY (GMarshTV) a story for pre-schoolers about a mysterious fairy<br>• JOURNEYCAM (Dyehouse Films) filmed by and featuring children from all over Ireland on their daily journeys<br>• ABRIKIDABRA (Macalla Teoranta) featuring Irish magician Joe Daly<br>• In animation, a 52-part RTÉ/Cbeebies series PABLO followed a smart, funny five-year old boy on the autism spectrum.<br>• Returning animated favourites from Irish producers include Geronimo's PLANET COSMO, NELLY & NORA and PUNKY, Cartoon Saloon's PUFFIN ROCK and Kavaleer's WILDERNUTS. |

SOURCE: Scannain 'RTÉ jr programming 2018'

# Content strategies: RTÉ

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| RTÉ Player |
|---|
| • RTÉ relaunched an improved RTÉ Player in December 2018, after a 3 year period of development to combat alternatives including, in particular, Netflix, Sky and Virgin.<br>• Catch up (30 days+) is available for most programmes on the RTÉjr website and the RTÉ Jr app as well as the RTÉ Player.<br>• The player now offers on demand/boxed sets access to an increased number of archive shows. RTÉ's wholly owned content may be available beyond the 30 days. Content is not yet, however, downloadable.<br>• New streaming and exclusive content on RTÉ Player focuses on the Young People demographic with digital, short form and scripted content. RTÉ has been working for some years on a lab growing this content and new talent and plans to extend this further.<br>• The possible transition of the children's content currently being shown on RTÉ2, mostly TRTÉ's shows for older children, to an online service only – like BBC3 in the UK – would tie in to the strategy for Young People's Content. |

SOURCE: Scannain 'RTÉ jr programming 2018'

# Sources of finance and funding: Eire budget/tariff ranges

| RTÉ jr - type of content | Duration | € per hour |
|---|---|---|
| Scripted short form<br>10, 15, or 20 episodes | 5-7mins per episode | 52,000 |
| Studio/location based short form<br>10, 15, or 20 episodes | 5-7mins per episode | 52,000 |
| Animation –RTÉ finance available up to a maximum of this per hour figure. | | 60,000 |
| **"Please note budget ranges are indicative only, and proposals that can achieve lower costs per hour will be particularly attractive."** | | |

Source: Screen Producers Ireland 'RTÉ jr output children call ideas' (June 1, 2018)

# Channel profiles: Virgin Media Ireland

**Virgin Media Ireland acquired the TV3 Group of free-to-air, commercial, publisher broadcaster channels in 2015.**

- Rebranded as Virgin in 2018, it is Ireland's one and only, linear, English language broadcaster funded entirely by advertising.
- It does not currently offer a specific channel or block of children's programming on its linear services.

- Parent company Virgin Media is a TV, broadband, internet and telephony services company and platform operator owned by Liberty Global, "the world's largest international TV and broadband company, with operations in 10 European countries".
- In addition to the children's channels offered as part of Virgin Media's packages and a VirginTV Kids app provided to its customers, Virgin launched a 'personalised Video on Demand channel' for children in partnership with zone.tv in September 2018 as the "latest smart technology".
- "Our human curated technology, powered by AI, combined with Virgin Media's vision means subscribers in the UK will be first in Europe to experience a revolutionary, personalized channel expressly designed for Virgin Media's youngest customers."
- Content on these newest options is aimed at the 3-7 age group.

**Source**: Virgin Media Television Commissioning, Virgin: New kids channels player package (October 4 2018)
Broadcasting & Cable: Virgin Media & zonetv launch kids channel (September 12 2018)

# Channel Profile:

| TG4 | Cula4 |
|---|---|
| • TG4 (Teilifís na Gaeilge) the Irish language television channel is a public service broadcaster. A free-to-air channel, available across all the viewing platforms, throughout the whole island of Ireland. The 8th most popular channel in Ireland, with average of 650,000 viewers a day watch TG4 in the Republic of Ireland<br>• TG4 invests over €20m annually in original Irish programming from the independent production sector in Ireland<br>• The BAI's recent, regular 5 year review recommended that an extra E6million be given to TG4 in view of underfunding of the service. | • Cúla 4 is an Irish language programming block and a stand-alone television channel for Irish speaking children in the Republic of Ireland and Northern Ireland. It is operated by TG4.<br>• In addition to on-air programme content, the children's acquisition and production team now also prioritises digital content to address young people and children with more interactivity, games, a second online channel and online / mobile content.<br>• Catch up and on-demand is available for most programmes on Cula4 website and the Cula4 app |

Source: TG4 Corporate background

# Content strategy: Cula4

| CÚLA4 NA NÓG | CÚLA4 | PONC |
|---|---|---|
| Airing between 07:00 - 14:00. Is a programming block targeting pre-school children ages 2 to 5.<br><br>All programmes are in the Irish language including popular acquired favourites, WANDA AND THE ALIEN, MASHA AND THE BEAR, QPOOTLE, DINOSAUR TRAIN. | Airs between 14:00-16:5.<br>Is a programming block targeting 6 to 11 year olds.<br><br>Programming ranges from imports like WINSTON STEINBURGER AND SIR DUDLEY DING DONG to locally produced C.L.U.B, with young people showcasing their Gaelic Athletic Association club featuring some of their sporting heroes. | Airs between 16:50-19:00 targeting 12 to 18 year olds. It hosts a number of live action drama series, international shows and extreme sports |

# Channel profiles: pay, SVoD and apps



- The children's pay channels on this page are available across the UK, Eire and the US.
- The channel profiles are summarised in the UK section.

# Channel profiles: pay, SVoD and apps

Details of the original US channels for the following are in the US section.  Highlights of the local originals and international strategies for these global channels will be found in the UK section.

- Nickelodeon's channels
- Cartoon Network and Boomerang.  Cartoonito was developed as an international channel and does not play in the US.
- Disney Channel/Disney Jr/Disney XD

All channels are available on a subscription basis in the UK and Eire, including through Sky and Virgin Media platforms.

# Sources of financing and funding:

**Including:**

- Eire tax incentives
- Accessing Eire tax relief and funds

# Sources of finance and funding: Eire tax incentives

**The Department of Culture and Heritage's Film Tax Relief: Section 481**

**Creative Europe Media Desk Ireland and Northern Ireland Screen are potential options for funding. Northern Ireland Screen funding is not limited to the Irish Language Broadcast Fund but UK HETV criteria would apply for any coproduction involving NI and Eire.**

*Funding from these sources is conditional upon an Irish production partner with varying criteria applying in each case. A focus on relevant domestic or indigenous stories may also be key.*

**The BAI's Sound & Vision 3 Broadcasting Funding**

**Screen Ireland's Development Loans**

# Sources of financing and funding: accessing Eire tax relief and funds

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**The film tax relief, known as Section 481 and regarded as a vital asset by the Irish film and television industry, has been extended to December 2024.**

- **Corporation tax credit Section 481 film relief is used by production companies as a credit against corporation tax. If the relief exceeds the tax due, the Revenue pays the difference, making it a valuable support to qualifying productions.**
- The credit due is 32 per cent of whichever is the lowest of the eligible Irish expenditure (including the cost of international cast and crew working in the State), 80 per cent of the total production costs (including overseas expenses), or €70 m.
- This means that under the current rules, excluding any regional incentive, the maximum tax credit per project is €22.4 m. In practice, the credit per project does not usually exceed €5 m and is most commonly less than €500,000.
- To qualify, feature films, television dramas, animations and "creative documentaries" must pass a cultural test, under which they are assessed by officials from the Department of Culture, Heritage and the Gaeltacht.

**The Broadcasting Authority of Ireland (BAI) announced in Sept 2018 that €5.247m of the total €5.971m Sound & Vision 3 Broadcasting Funding Scheme was given to 27 TV projects from the 227 TV and radio applications for the funding were received.**

- 7% of the TV licence fee is allocated to the Broadcasting Fund.
- The Sound & Vision 3 Broadcasting Funding Scheme supports one of the BAI's key strategic objectives to foster diverse and culturally relevant content for Irish audiences.

**Screen Ireland is responsible for funding and promoting Irish film, TV and animation internationally, as well as for skills development, and for promoting Ireland as a film location**.

- To provide "seed funding" to enable Irish producers to originate and develop strong internationally minded high end television projects of scale (retaining ownership of the IP)
- To provide Irish producers with the resources to work with international talent with a strong track record, strengthening their slates and engendering sustainability.

Sources : Tax Relief Extended  BAI Sound and Vision Funding  Screen Ireland International TV Development

# APFI Report: US Television Market Landscape

- See contents page

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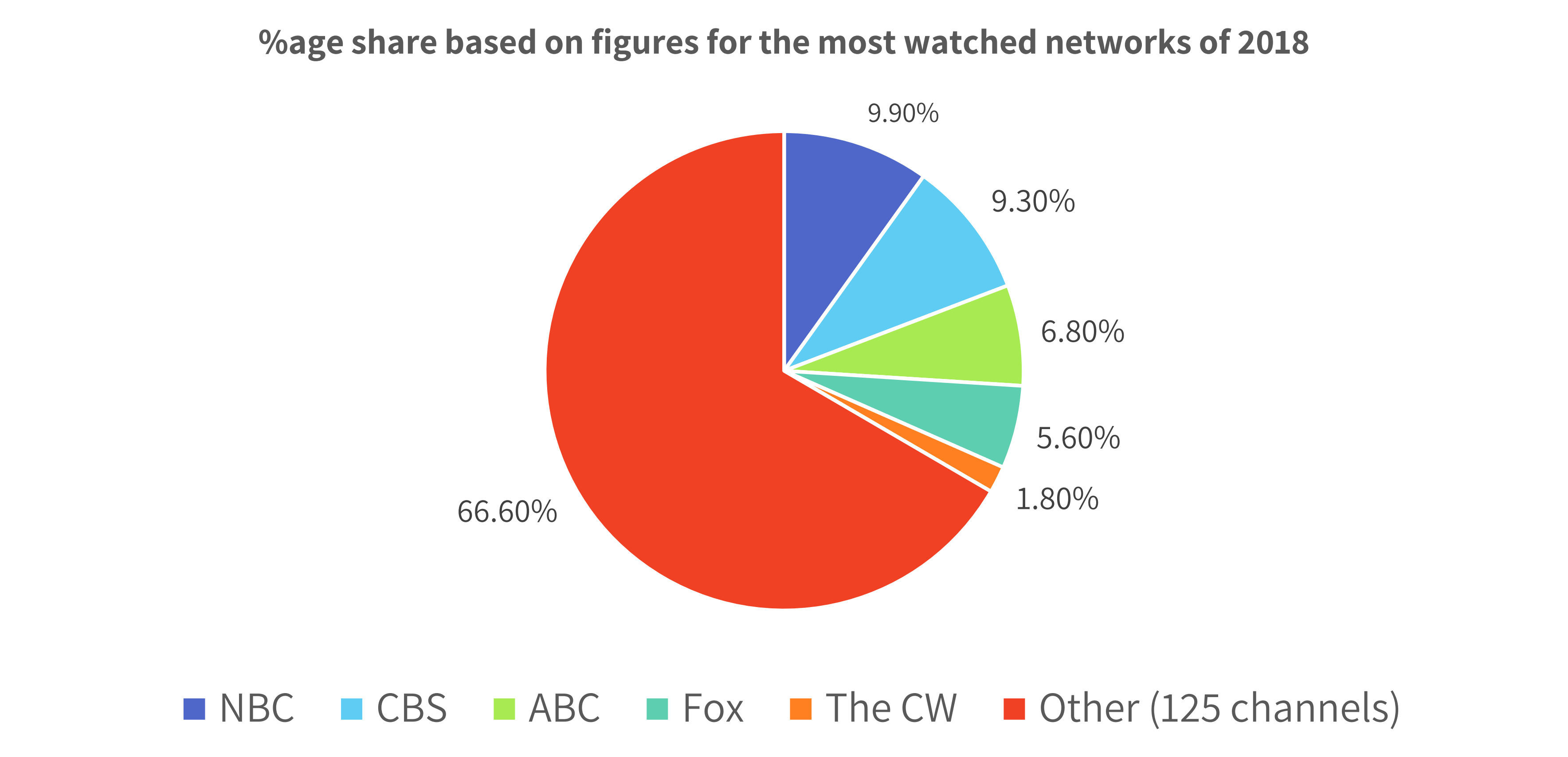
# Contents

# US market landscape: consumers and content

| Children's market segmentation (by age) | Type of content |
|---|---|
| Pre-school: 2 – 5<br>Primary: 6 – 11<br>Teen: 12 – 17 | Live action<br>Animation<br>Educational/Informational (E/I) |

SOURCE: Nielsen 'TV Viewing Among Kids at an Eight-Year High' (26 October 2009)

# US market landscape: channels and share




*Source: Nielsen, NPM (01/01/2018-12/02/2018 vs. 12/26/2016-12/03/2017) Mon-Sat 8pm-11pm/Sun 7pm-11pm, ad-supported networks, Live+7. Ranked by 2018 Year-To-Date.*

**SOURCE**: Nielsen/Indiewire Top Channels 2018 (Dec 2, 2018)

# Broadcast channels: current issues

**US Congress passed the Children's Television Act (CTA) in 1990. Implemented by the US telecommunications regulator, the Federal Communications Commission (FCC), the Act requires:**

- TV stations to air a **minimum of 3 hours** of E/I (Educational and Informative) content per week in no smaller than 30 min increments, whether live action or animated
- News & Live Sporting Event **preemptions** over the children's block are **limited**
- On weekends, **advertising** during the Children's block is **limited** to 10.5 minutes per hour or 5.25 minutes per half hour
- The advertising restrictions impact only children's programming targeting 12 and under. **Childrens programming 13 – 16 is exempt**.

**In July 2018, the FCC published a proposal for the modernization of the requirements for children's programming seeking comments from interested industry and public interests. Confirmation of the adoption of the proposal is awaited.**

- The proposal focuses on modifying and relaxing the requirements for childrens programming as the FCC recognizes the "dramatic changes in the way television viewers, including younger viewers, consume video programming. Appointment viewing has significantly declined, while time-shifted viewing has risen. At the same time, the amount of programming for children available via non-broadcast platforms, including children's cable networks, over-the-top providers, and the internet, has proliferated."

**Services in the US must also be compliant with COPPA, the Childrens Online Privacy Protection Act**

SOURCE: B&C 'O'Reilly Takes Aim at Kid Vid Mandates' (26 January 2018), DEADLINE and FCC Children's Programming Rules

# US market landscape: broadcast channels' share

Viewership of broadcast channels has generally been on a downward trend.

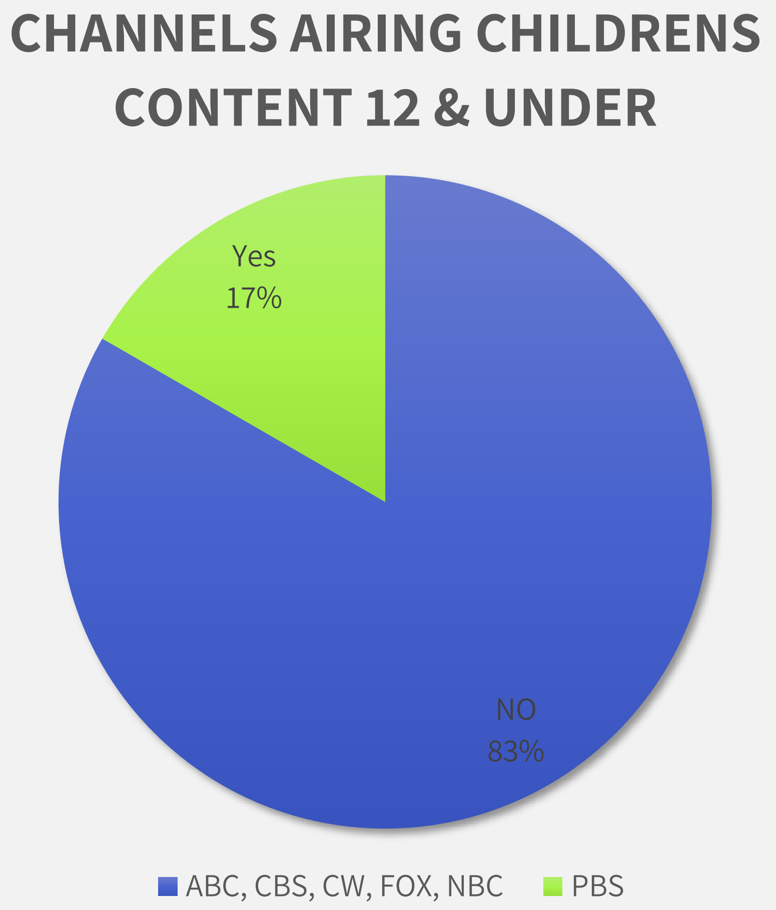
Broadcast channels are negotiating with Nielsen Ratings for an improved service which takes into account catch up and all platforms on which their services are played out, which may be the reason for the slight increase in numbers over the 2018 figures for market share on the previous chart.

Overall audience size per network in 2017

| BROADCASTER | 2017 VIEWERSHIP TOTAL | % DROP IN VIEWERS FROM 2016 |
|---|---|---|
| ABC | 6.637m | -9% |
| CBS | 9.925m | -6% |
| FOX | 6.213m | -14% |
| NBC | 9.023m | -3% |
| THE CW | 1.770m | -4% |

SOURCE: Chart built from Nielsen 'How Much Each Broadcast Net's TV Ratings are Down from Last Year'. (6 December 2017)

# Broadcast channels: current strategies




As of 2016, none of the broadcasters air children's programming targeting children 12 and under except PBS.

SOURCE: Chart Built from DEADLINE '<u>Preteen Saturday Morning Kids Shows Abandoned by Broadcast Networks</u>'. (20 June 2016)

# Broadcast channels: current strategies

**The strategies adopted by the broadcasters to comply with the CTA regulations are explained as follows:**

- Public broadcasting is ad sponsored content
- E/I content for 13 – 16 year olds fulfils the CTA Requirement for all children's programming
- E/I content for 13 – 16 year olds allows 50% more ad time sales

- 12 & under → 5.25 min per 30 min segment x 6 segments = 31.5 min ads per 3 hr block
- 13 – 16 → 8 min per 30 min segment x 6 segments = 48 min ads per 3 hr block

E/I: Educational and Informative

SOURCE: DEADLINE 'Preteen Saturday Morning Kids Shows Abandoned by Broadcast Networks'. (20 June 2016)

# US market landscape: channels

- In addition to the full-time children's cable channels - Viacom's Nickelodeon, Nick Jr. and Teen Nick, Disney Channel, Disney Junior, and Disney XD – and OTT providers Netflix, Amazon and Hulu, the many non-broadcast platforms on offer providing E/I (Educational and Informational) programming intended for viewers of all ages include:

  Discovery, Discovery Family and Animal Planet (Discovery)
  National Geographic and National Geographic Wild (21st Century Fox now Disney)
  History Channel (A&E/Disney)
  Smithsonian Channel (Showtime/Smithsonian)

- Online sites which provide educational content for children for free or via subscription, include:
  LeapFrog
  National Geographic Kids
  PBS Kids
  Scholastic Kids
  Smithsonian Kids
  Time for Kids
  Funbrain,
  Coolmath
  YouTube
  Apple iTunes U.

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# Channel profiles: Broadcasters

**Including**

- Broadcast channels
- Channel and content strategies

# Channel profiles:

- PBS is unique in being the only non-profit, public broadcasting system in the US.
- One of it's foundational pillars is **PBS KIDS.** As part of their educational mission, PBS member stations are required to air at least seven hours of educational children's programming each weekday, far in excess of the CTA's requirements on broadcasters.
- Because PBS KIDS funding is provided by a READY TO LEARN Grant from the United States Department of Education as well as donations from the general public, **PBS is less reliant upon ads than other broadcasters**
- PBS KIDS' **content directive** is to help preschool and school aged children in each of the four key areas of childhood development – cognitive, social, emotional and physical.
- PBS is strengthening its offerings around **STEM (**science, technology, engineering and math), inviting children to explore and develop interest and appreciation for the natural and life sciences
- in January 2017, PBS launched a 24/7 educational children's multicast channel that reaches 95 percent of households and "that is re-doubling the efforts of its' local stations to serve all children with curriculum-driven children's programming."

SOURCE: PBSKids.org and FCC Childrens TV Programming Rules (July 2018)

# Channel strategy: PBS


- 29 series for children 2 – 11 each with an educational component
- 4 are full time live action
- The rest are either entirely animation or hybrids with live action segments and animation segments mixed
- PBS continues to be the broadcast home of SESAME STREET but since 2016 has taken a secondary window, 9 months after the start of each season premiere on the show's new home on HBO. HBO's premium pay services have the funds to support what is a US 'institution' contrasting to the decline in funding available to PBS.

SOURCE: PBSKids.org

# Channel profiles and strategies

The five main commercial broadcasters are ‘for profit’, advertising supported channels.

- ABC
- CBS
- Fox
- NBC
- The CW

They have each  built 3 hour, E/I blocks of programming for 13 – 16 year olds in line with the CTA requirements.

The blocks are usually scheduled on weekend mornings.

Broadcasters are also able to offer multiple, free, OTT digital streams or channels of programming simultaneously.

E/I: Educational and Informative

# Channel profiles and strategies

- ABC, CBS, The CW and NBC farm out (license) their entire 3 hour E/I  content block for 13 – 16 year olds
- The blocks are managed and produced entirely by Litton Entertainment

MediaXchange
THE TV DRAMA ACCELERATOR

# Content strategies: ABC, CBS, The CW


**Animals** – *Jack Hanna's Wild Countdown / The Great Dr. Scott*

**Exploration** – *Rock the Park / Ocean Treks*

**Vacation** – *Vacation Creation*


**Animals** – *Lucky Dog / Dr. Chris Pet Vet Pet Vet Dream Team/ Hope in the wild*

**Educational** – *Henry ford's Innovation nation*

**Scripted Educational** – *the inspectors* a procedural with a teen interning with the US postal service inspectors fighting identity & mail theft, internet scams, consumer fraud


**Animals** – *The Wildlife Docs / ready, Set, Pet*

**Home improvement** – *this old house: trade school / welcome home*

**Innovation** – *did I mention invention?*

**Heroes** – *chicken soup for the soul's hidden heroes*

SOURCE: Litton Entertainment

# Content strategies: NBC

- **The More You Know** has appeared on NBC for 30 years as a provider of Public service and educational content.
- In 2016, NBC partnered with **Litton Entertainment** to turn The More You Know brand into a 3 hour E/I block on Saturday mornings.
- **Animals** – *Wilderness Vet*
- **Health** – *Health + Happiness with Mayo Clinic / Naturally, Danny Seo*
- **Inspiration** – *The Champion Within*
- **Travel** – *Journey with Dylan Dreyer / The Voyager with Josh Garcia*

SOURCE: NBCUniversal and B&C 'NBC, Litton Partner on 'The More You Know' Block' (24 February 2018)

# Content strategies: Litton Entertainment

- Litton is a production, syndication and distribution company controlling two-thirds of the E/I children's market via its content licensing and partnerships with ABC, CBS, The CW, NBC and NBC's Spanish language channel, Telemundo.
- Litton Entertainment is majority owned by Hearst, a global media, information and services company.
- Hearst's 8 divisions include publishing and television stations sharing a 50% interest in the A&E Networks (History, Lifetime, A&E and ESPN) with Disney.

# Channel profile and strategy: FOX

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**Xploration Station:**

Created in conjunction with **Steve Rotfeld Productions** (SRP), a television production and broadcast syndication company. The block is currently licensed to Fox through 2020 and also streams via Hulu, Amazon Prime and Roku.

Science based programming built around **STEM** (science/ technology/ engineering/ math) subjects

*Xploration Awesome Planet*

*Xploration Outer Space*

*Xploration Earth 2050*

*Xploration DIY Sci*

*Xploration Nature Knows Best*

*Xploration Weird But True*


SOURCE: 21CF 'Fox TV Stations Premier Two-Hour Block of STEM Programming with Philippe Cousteau' (11 September 2014) & STEVE ROTFELD PRODUCTIONS 'Xploration Station' (8 October 2018)

# Channel Profiles: US cable channels

**Including:**

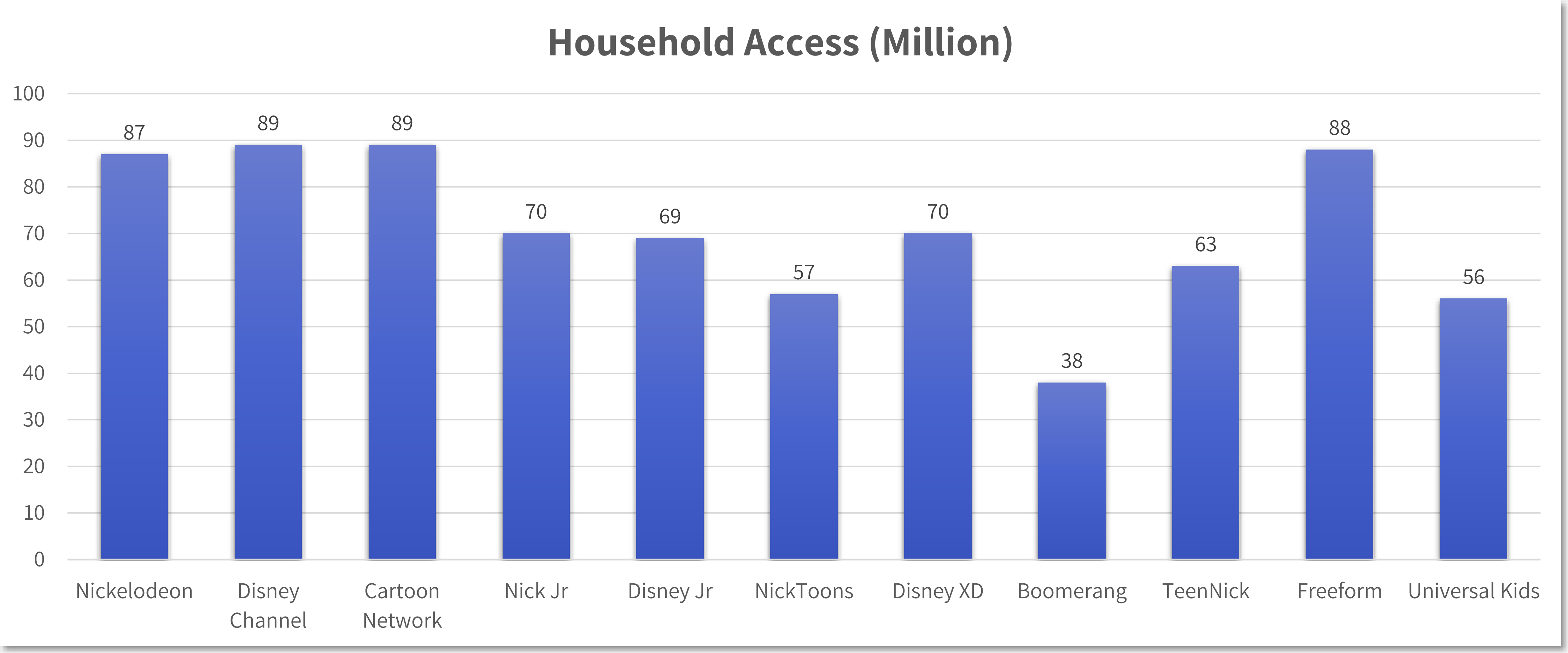
- US cable channels
- Channel share
- Ownership
- Channel profiles
- Channel strategies
- Cable trends

# US Cable channels

- The CTA rules and requirements do not apply to cable networks and digital streamers
- The 3 main cable network players in the US are **Nickelodeon, Disney** and **Cartoon Network** – their global profiles are summarised in the global section later in the report
- **Universal Kids** is a minor player
- **Qubo** as a 24 hour channel does not appear in the top 136 channels in the US by viewership.
- As a provider of smaller content blocks for its sister TV network ION,  Qubo contributes to ION's ranking but is not equal to Disney, Nickelodeon or Cartoon Network.

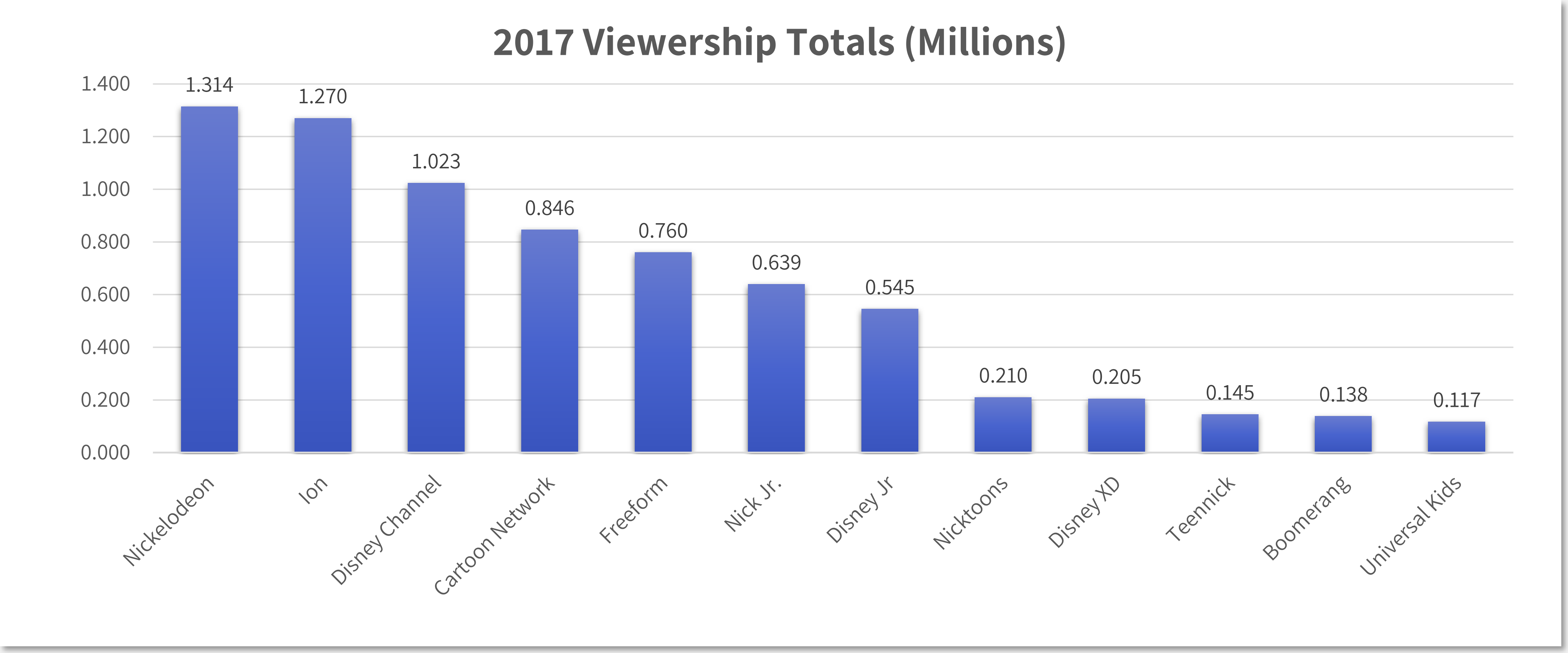
SOURCE: INDIE WIRE 'Most-Watched Television Networks: Ranking 2017's Winner and Losers'. (28 December 2017)

# Cable channels' share (household)




SOURCE: Chart built from Nielsen data 'August Cable Coverage Estimates Show Continued Drops for ESPN, NBCSN, FS1, a big one at BTN, and some notable ESPNU Data' (20 August 2018)

# Cable channels: market share




SOURCE: Chart built from INDIE WIRE 'Most-Watched Television Networks: Ranking 2017's Winner and Losers'. (28 December 2017)

# Channel profiles: pay cable

- The children's pay cable channels on this page are also available in their localised version across the UK and Eire.
- Local content strategies are summarised in the UK section for pay and SVoD channels.

# Channel profile: nickelodeon

Viacom Media Networks

(includes the MTV channels, Comedy Central, BET, CMT, The Paramount Network and TV Land)

↓

Nickelodeon Group

↓

Nickelodeon, Nick Jr., NickToons, TeenNick, Nick at Nite

# Channel profiles

nickelodeon

- #1 entertainment brand for kids
- The #1 rated basic cable network for 20 consecutive years
- Live-Action & Animated series for all 3 kid demos top series: *Henry Danger, The Loud House, SpongeBob SquarePants, School of Rock*

nick jr.

- Targets 2 – 5 and their parents
- Top series: *Paw Patrol, Peppa Pig, Dora the Explorer*

nicktoons

- Home to Nickelodeon Toons from 1990s and 2000s

*Yu-Gi-Oh! Digimon, Avatar: The Last Airbender, Invader Zim, Power Rangers*

- Also includes a programming block for:

nicksports

- Acquired long & short form content from NFL, MLS, Nascar, and WWE

teennick

- Targets 12 – 16 with live-action content
- Top series: *TeenNick top 10, iCarly, Victorious*

SOURCE: Viacom

# Content strategy: Nickelodeon

- Most animated series are generated in house at Nickelodeon's animation studio in Burbank, California and most live-action series are shot in Los Angeles, California
- A new Nickelodeon Chinese Animation Development Project will partner Nickelodeon with Chinese companies to invest in a five-year intellectual property strategy to develop and produce animated series for two qualifying projects per year. The first season of DEER RUN, coproduced by Nickelodeon and Chinese market leader iQIYI, will screen on Nickelodeon Asia in 2020 and may be taken by other Nickelodeon territories.

SOURCE: VIMN Five year Nickelodeon Chinese animation development project (October 2018)

# Channel profile: Disney

The Walt Disney Company

↓

Disney Channels Worldwide

↓

Disney Channel, Freeform*, Disney Jr. and Disney XD

*Freeform currently falls under the US division of Walt Disney. Disney's other channels fall under Disney Channels Worldwide. Once Disney's acquisition of Fox is completed, the new names of the new divisions will be confirmed.

# Channel profiles

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**Disney Channel**

- Targeting kids and families with original series, movies, short-form
- Top series: *Hannah Montana, That's So Raven, Phineas and Ferb*
- Recent series: *Bunk'd, Andi Mack, Raven's Home, Ducktales*

**Freeform**

- Targets 12 – 17
- Original and acquired live action series plus movies and marathon events :*31 Nights of Halloween, 25 Days of Christmas*
- Top series: *Siren, Marvel's Cloak & Dagger, Shadowhunters, Pretty Little Liars*

**Disney Junior**

- Targets 2 – 7
- Magical, musical, heart-felt stories featuring Disney's iconic characters that incorporate learning & development themes
- Top series: *Doc McStuffins, Sofia The First, Mickey Mouse Clubhouse*
- New series: *Muppet Babies, Fancy Nancy, Vampirina, Puppy Dog Pals, The Lion Guard*

**Disney XD**

- Targets 6 – 11 with primary focus on boys
- Humor and adventure-filled storytelling via live-action and animated series

*Star Wars Resistance, Star Wars Rebels, Ducktales, Ultimate Spiderman, Lab Rats*

SOURCE: disneyabcpress

# Content strategy: Disney

- Disney retains ownership of all Disney content
- The majority of production occurs at Disney Studios in Burbank
- Disney's future content strategies will be revealed in line with the plans for the new Disney+ streaming service.

# Channel profile:

MediaXchange
THE TV DRAMA ACCELERATOR

CARTOON NETWORK

AT&T

↓

WarnerMedia Group

(HBO, Cinemax, 50% of The CW)

↓

Turner Broadcasting

(TNT, TBS)

↓

Cartoon Network & Boomerang

# Channel profiles

CARTOON NETWORK

- 24 hour animated content **averaging close to 1Million viewers**
- Targets 6 – 11 and 12 - 17
- Top series: *Adventure Time, Ben 10, Steven Universe, Teen Titans Go! Unikitty!*
- New series: *Apple & Onion, Craig of the Creek, Infinity Train, Summer Camp Island, Victor and Valentino*

BOOMERANG

- Home of world's largest animation library
- Warner Bros., Hanna Barbera, Cartoon Network, MGM Studios
- Top series: *Looney Toons, Tom and Jerry, PowerPuff Girls, Scooby-Doo*
- New Series: *Dorothy and The Wizard of Oz, Wacky Races*

SOURCE: WARNER MEDIA GROUP 'Time to Get Your Boomerang' (12 April 2017)

# Content strategy

- Turner Broadcasting is based out of Georgia
- Cartoon Network's US executive offices are in both Burbank, California and Atlanta, Georgia
- One of the largest cartoon producers generating content for Cartoon Network is Turner owned Williams Street Productions
- Turner's US team also works closely with the international acquisitions and coproductions team in Europe.

SOURCE: BROADCAST 'Cartoon Network/Boomerang (Tuner)' (11 October 2018)

# Channel profile: including ownership

MediaXchange
THE TV DRAMA ACCELERATOR

qubo®

Ion Media Group

An independently, privately held media company which owns and operates 70 local TV stations across the US and runs 3 TV networks.

Qubo

Ion's network for premium children's programming.

# Content strategy:

- 24 hour Cable channel
- Targets 2 – 11 during morning and daytime hours
- Targets 12 – 15 during evening and midnight hours
- Hosts content from Scholastic, DHX, Splash Entertainment
- Recent series: *Madeline, Monster Math Squad, The Adventures of Paddington Bear, The Da Vincibles, Bubu and the Little Owls*

- In some markets in the US Ion is not a cable channel but a public broadcaster
- Ion counts these broadcast viewers within it's cable viewer tally
- To meet the CTA requirements, Ion pulls a 3 hour programmed block from its sister channel Qubo

SOURCE: IONMEDIA 'Ion Media Announces 12 New Programming Acquisitions for Qubo and Ion Life' (27 June 2018)

# Channel profile: including ownership

ComCast

NBCUniversal Ent Group (including NBC, USA, Bravo, E! and Telemundo)

Universal Kids

# Channel profile

- 24 hour channel formerly known as Sprout
- Targets children with a mix of animated, live action unscripted, and live action scripted content
- Top shows: *Top Chef Jr, American Ninja Warrior Junior, Nina's World, Floogals*

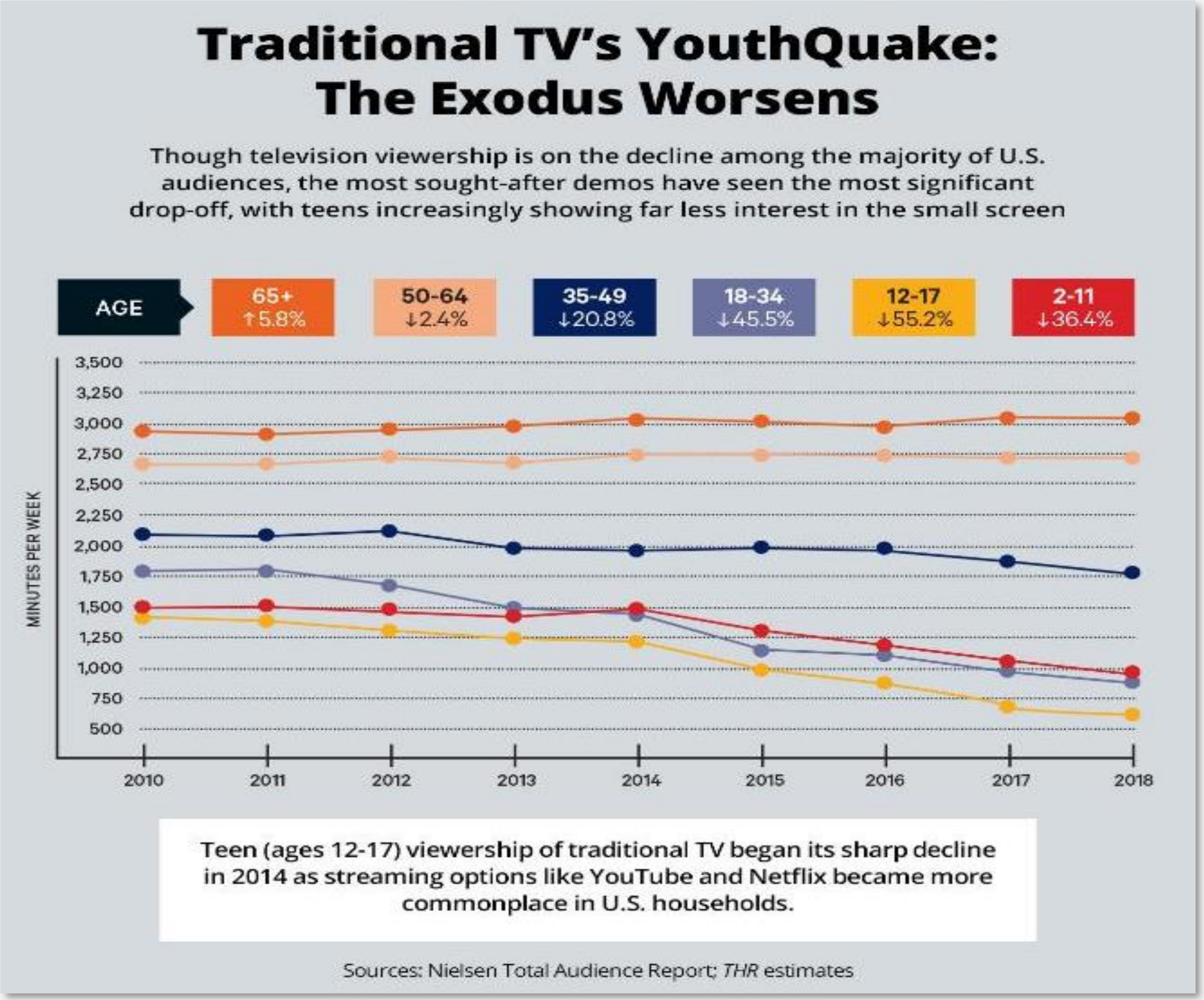
SOURCE: Universalkids.com

# Appetite of the US Audience

**Including:**

- Viewership by Age
- Change in Select Media
- Viewing Trends

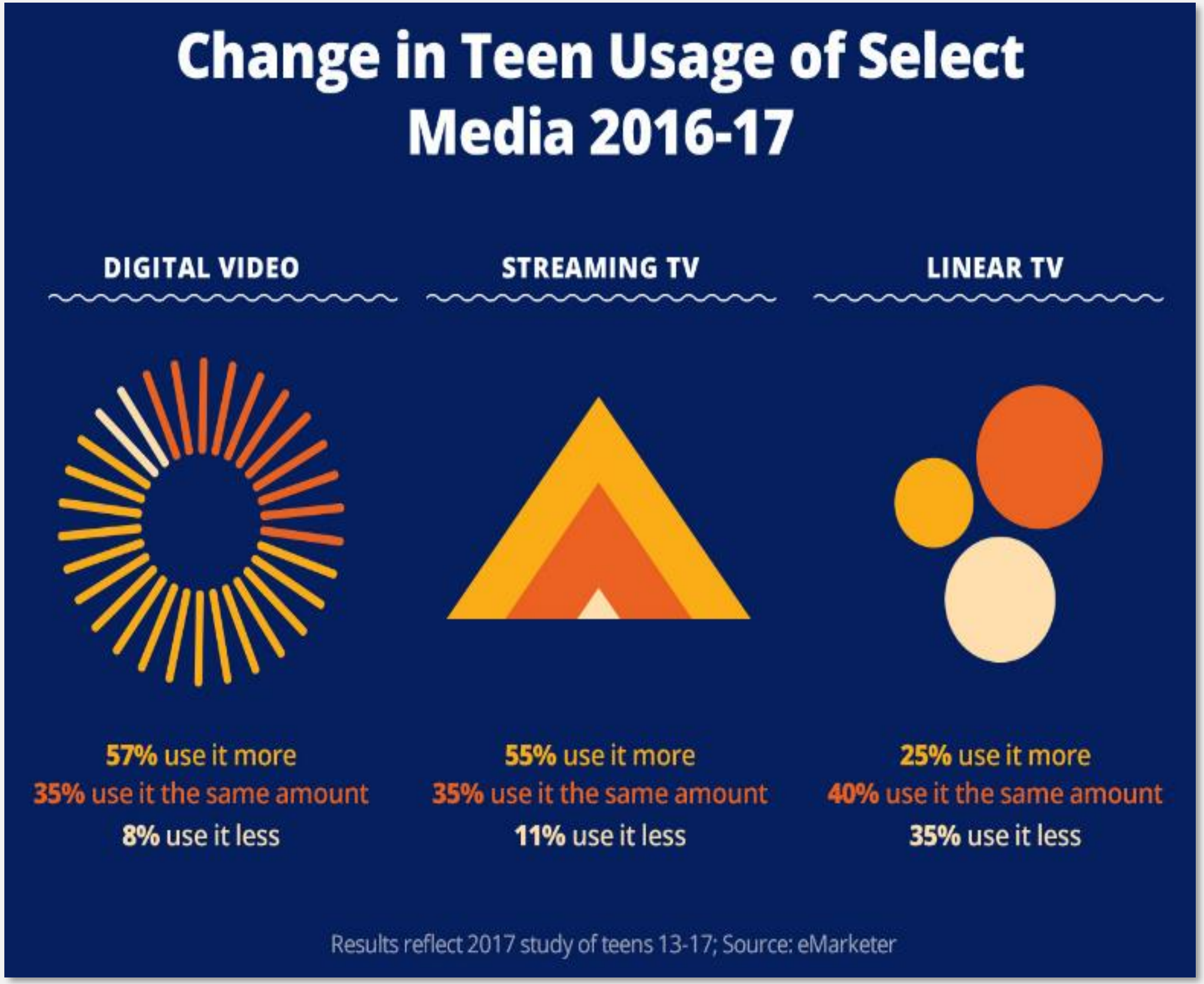
# Appetite of the US Audience: Viewership by Age




- Regardless of channel, children are watching less broadcast and cable television

SOURCE: THE HOLLYWOOD REPORTER '[Teen Television Consumption Drops by Half in 5 Years: Study]' (10 August 2018)

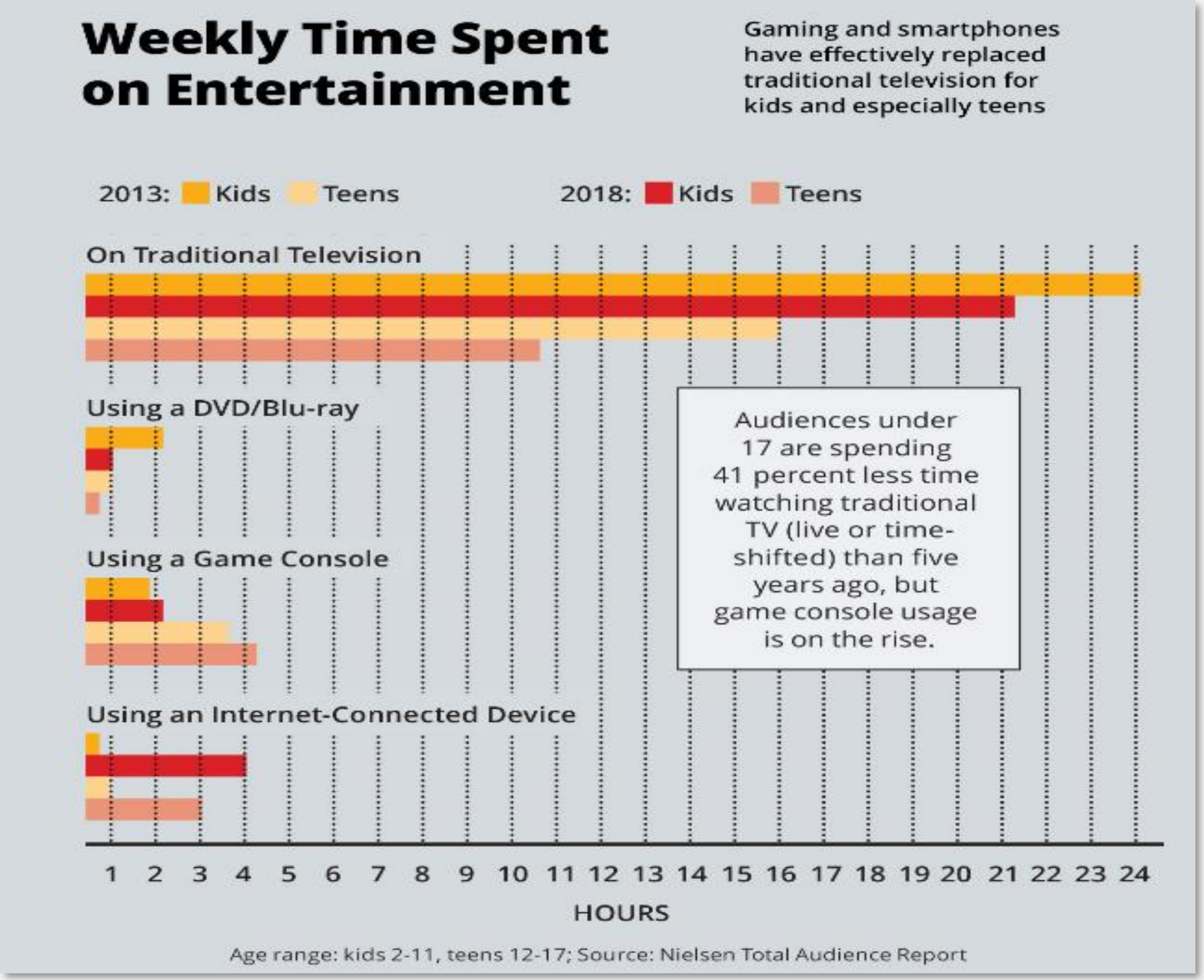
# Appetite of the US audience: Change in teen usage




- Kids' Consumption of content via digital means is rising

SOURCE: THE HOLLYWOOD REPORTER 'Teen Television Consumption Drops by Half in 5 Years: Study' (10 August 2018)

# Appetite of the US Audience: Viewing Trends




- Additionally entertainment hours are being lost to gaming

SOURCE: THE HOLLYWOOD REPORTER '[Teen Television Consumption Drops by Half in 5 Years: Study]' (10 August 2018)

# Penetration of SVoD/OTT services

**Including:**

- Channel strategies
- Cable channel strategy example

# Penetration of SVoD/OTT services: channel strategies

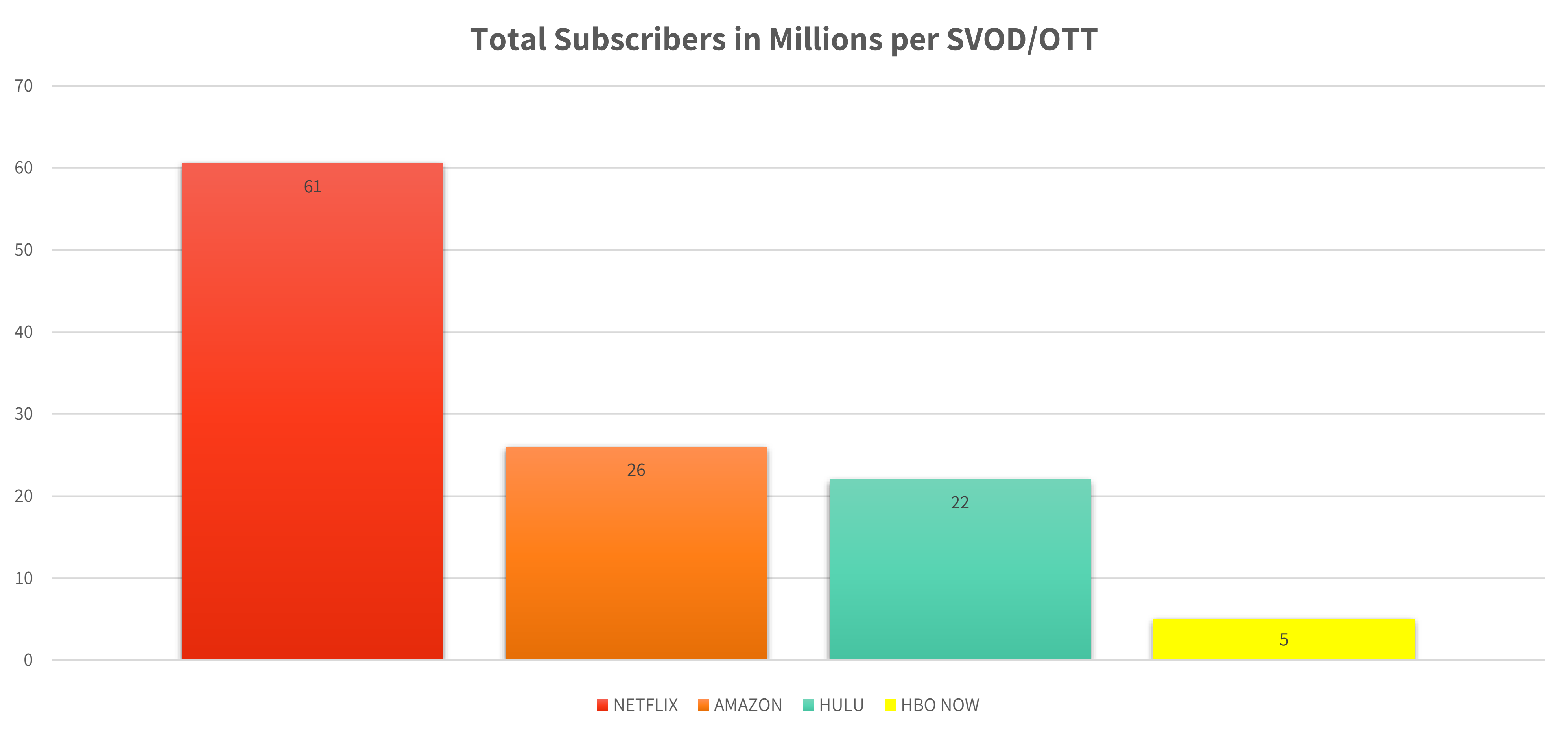
- Realizing kids are transitioning away from traditional tv viewing, networks have extended their brands into the digital realm
- **Nickelodeon, Cartoon Network** and **PBS Kids** have generated OTT channels accessible through online portals, Amazon and YouTube
- Additionally, most offer episodes and games available via their own personal websites and apps, built for Amazon Kindle and Apple iPad
- Outside of the US, Nickelodeon, Cartoon Network and Disney's international channels and their global audience reach will be further defined by each of their parent company's corporate strategies for exclusive streaming services

# Penetration of SVoD/OTT services: cable channel strategy example

- To fight against attrition, Nickelodeon is increasing content to 800 episodes released in 2018
- This content will be found across the cable channels, OTT extensions, and digital apps
- "Your odds of getting a fat hit are greater if you have more at-bats.  We are filling more platforms, between apps, and the international business and other channels." –*Cyma Zarghami, President, Nickelodeon Group*

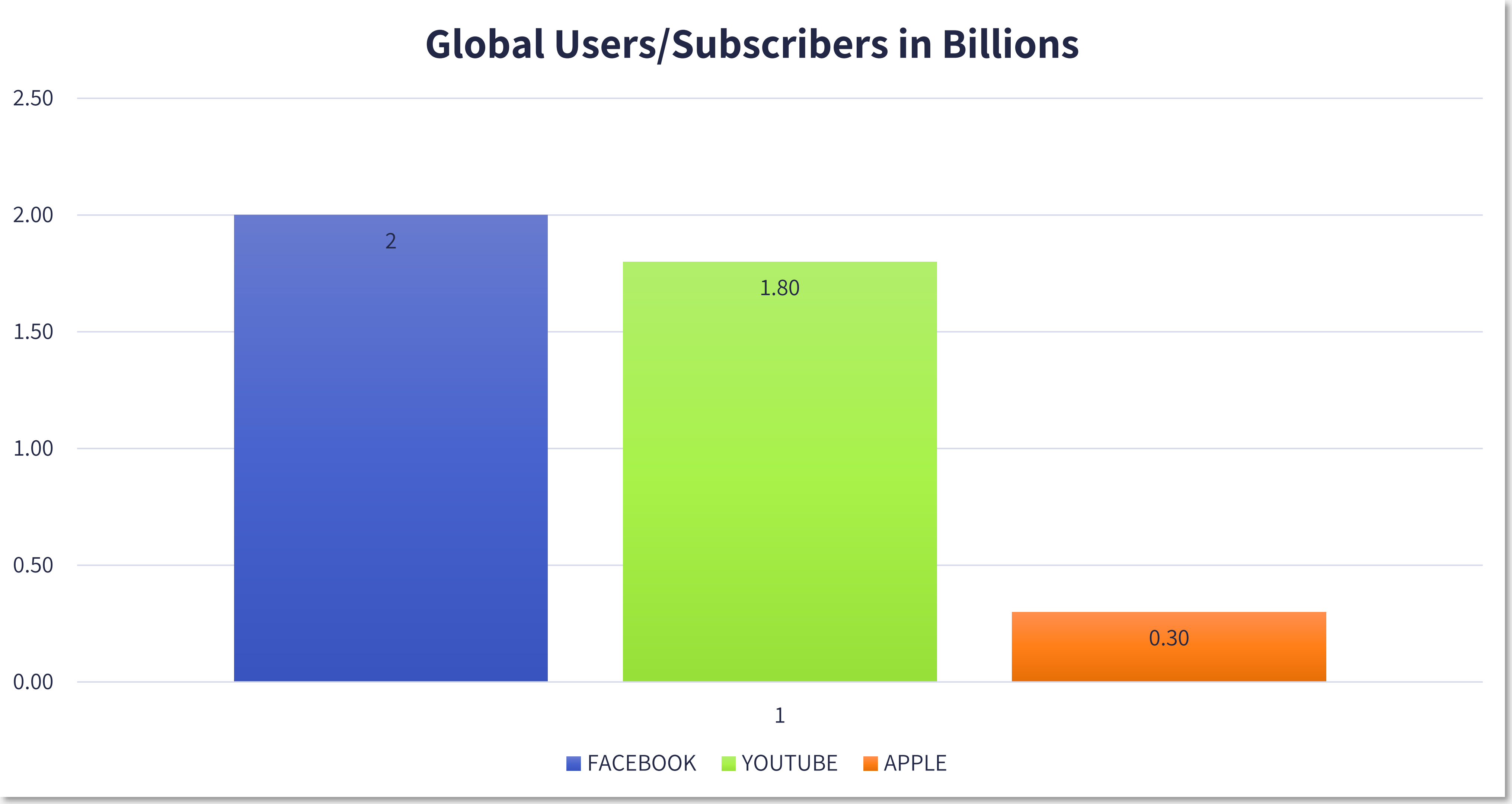
SOURCE: VARIETY 'Nickelodeon Plots Content Explosion to Keep Kids Watching Its Screens' (6 March 2018)

# Penetration of SVoD/OTT services: subscriber share




SOURCE: Chart built from data from Multi Channel News 'Amazon Prime exceeds 1m subs' (April 19, 2018) and Hollywood Reporter 'Netflix grows subscriber base to 139m worldwide' (January 17, 2919)

# Penetration of SVoD/OTT services: global subscribers




SOURCE: Chart built from DIGIDAY 'Apple Tops 300 Million Paid Subscriptions as it Reportedly Preps New Subscription Services' (31 July 2018) and BUSINESS INSIDER 'YouTube Now Has Over 1.8 Billion Users Every Month, Within Spitting Distance of Facebook's 2 Billion' (4 May 2018)

# Penetration of SVoD/OTT: service categories

Whether SVoD or OTT, platforms fall into one of the following three categories

| Subscription based (SVoD) | Advertiser based (AVoD) | Hybrid |
|---|---|---|
| Netflix | Amazon | Facebook |
| HBO Now | Apple* | YouTube |
| Hulu* | Cartoon Network | |
| | Disney | |
| | Nickelodeon | |
| | PBS Kids* | |

*Worth noting are:

- Hulu recently launched ad free option fofor extra subscription fee.
- PBS is able to run donor and sponsor messages not only from foundations but from commercial business
- Apple is rumoured to be considering offering its new services free via Apple products

# SVoD services: profile and strategy

**Including:**

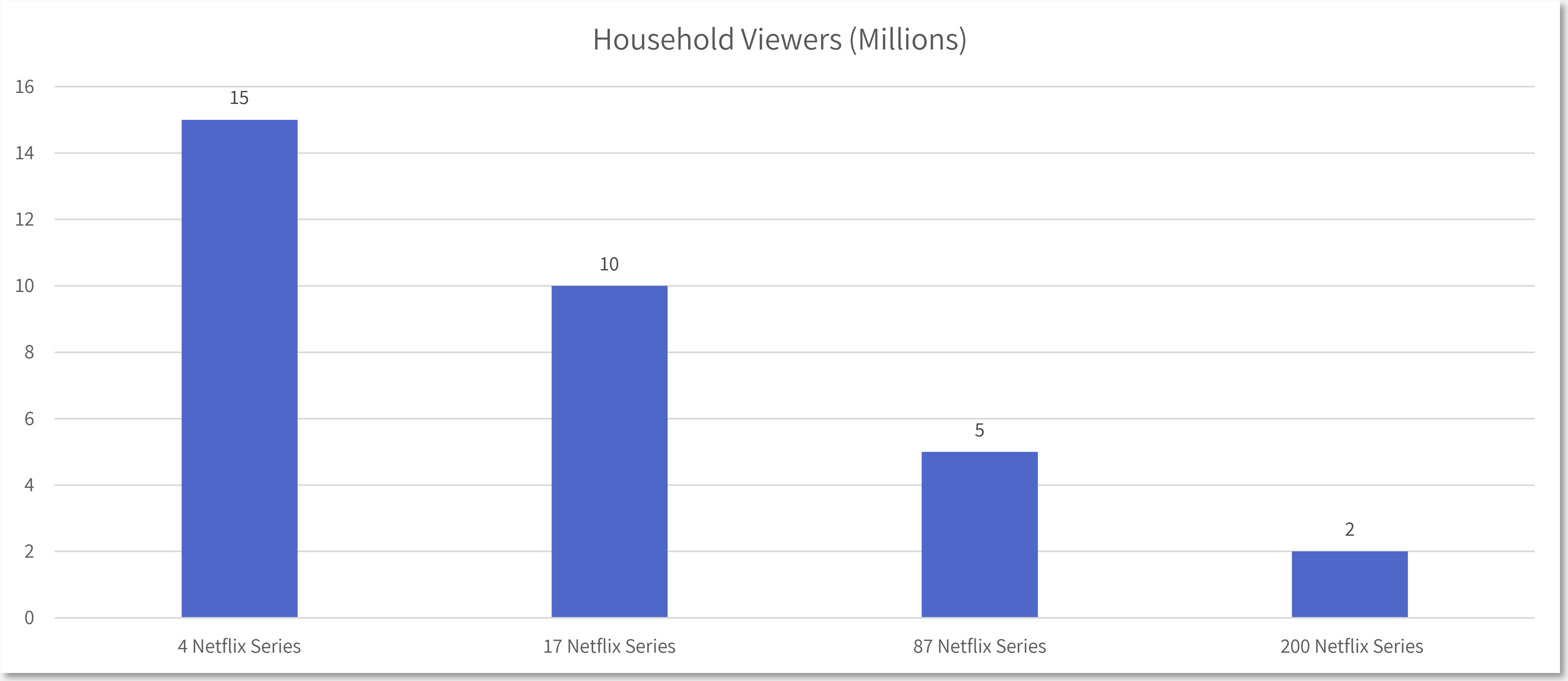
- Netflix
- HBO Now
- Hulu

# SVoDs: current issues

- With an express goal "to be the service kids all around the world can't do without, and that parents trust", Netflix has spent the last couple of years spending a lot of money "programming an incredibly diverse slate".
- As a general principle, HBO has argued that "more is not better. Only better is better." and that this strategy allows them to focus on their creators more despite having lower content spend – at $2b+ - than Netflix – which is reported at having spent closer to $13b total for 2018 than the $8b referred to by Reed Hastings at Series Mania, 2018
- As part of their animation strategy, Netflix has opened its doors in Los Angeles as a home to teams working on its animated projects.
- The abundance of childrens and family projects that Netflix's activity has created a potential boom for animation and children's producers.

SOURCE: ANIMATION MAGAZINE 'Netflix's Yeatman Discusses Kids Strategy at MIP Jr' (16 October 2017) and Digiday 'Netflix content spree creators' (April 2 2018)

# SVoD profile and strategy: Netflix




- More than 125 million hours viewed per day in 2017

SOURCE: ANIMATION MAGAZINE ‘Netflix’s Yeatman Discusses Kids Strategy at MIP Jr’ (16 October 2017)

# SVoD strategy: Netflix

- Netflix's 2017 estimates were that it "offered **37 shows** across preschool, animation and live-action "with "more Netflix members watching kids' content outside of the US than inside the US".
- There are no ratings for Netflix shows but it has reported  that nearly 60% of its customers, or roughly 83 million households, watch kids and family content.
- The new head of Kids and Family, Melissa Cobb commented in Variety, that "We're not focused on creating a singular brand identity."
- With such an extensive slate, international star talent can't be attached to every project but amongst upcoming animated feature films is Guillermo del Toro's PINOCCHIO, animated series KID COSMIC from creator of THE POWERPUFF GIRLS about a 9 year old boy with superpowers and BOOK OF LIFE director, Jorge R Gutiérrez, producing a nine-episode limited series titled MAYA AND THE THREE, based on Mesoamerican mythology and a warrior princess for 2021.
- Melissa Cobb also indicated that Netflix "is dipping its toe into the consumer products realm, launching a line of toys and Halloween costumes" tied to the December 2018 launch of Canadian animated SUPER MONSTERS.

SOURCE: ANIMATION MAGAZINE 'Netflix's Yeatman Discusses Kids Strategy at MIP Jr' (16 October 2017) and Variety 'Melissa Cobb Netflix family entertainment animation' (2018)

# Content strategy example: Netflix



- Dreamworks (a Comcast, NBCUniversal company) has produced 19 series over the past 5 years for Netflix .
- The studio recently signed a deal with Hulu to be the exclusive home to Dreamworks' animated film library. Together, they will also create new series from Dreamworks' franchises with the first to premiere in 2020.
- Netflix's deal with Dreamworks will continue through its term with deals for shows to be developed together on a case by case basis including the upcoming spin off, animated series of FAST AND FURIOUS.
- It is clear that Hulu's ownership changes and the global streaming plans of its owners, Disney, Warner and NBC, will bring further changes in their deals for content with Netflix.


SOURCE: THE WRAP 'DreamWorks Animation Set New Streaming Deal With Hulu' (2 May 2018)

# Content strategy: Netflix

Business needs for Netflix to acquire content as ‘original’ series:

- Global rights where Netflix has creative control either: top IP in local markets or formats proven to travel well
- Work with top studios and creators in local markets to create something distinct from everything within that market
- Programming that fills gaps within Netflix’s slate

SOURCE: ANIMATION MAGAZINE ‘Netflix’s Yeatman Discusses Kids Strategy at MIP Jr’ (16 October 2017)

# Content strategy: Netflix

Creative needs for Netflix to acquire content:

- Highly visual with action or physical comedy
- Easily understandable hook
  - It's important for the show to have an image that is both distinct and clear in explaining what the show is
- Universal themes of family and friendship
- Unique, specific point of view
- Fantasy genre works very well (not a requirement but they favor fantasy)
- Highly flexible format, no minimum length, does not require minimum number of episodes and does not require 11 or 22 minute episodes

SOURCE: ANIMATION MAGAZINE 'Netflix's Yeatman Discusses Kids Strategy at MIP Jr' (16 October 2017)

# Deal term strategies: Netflix

- Global streaming licensing windows
- Producer can negotiate to retain distribution right for their domestic market
- Netflix takes the other 190 territories it is in
- License periods range from 5 – 15 years, 7 – 10 years is most common
- A 10 year window  is typical deal for US major studios such as Warner Bros., Lionsgate, Sony

SOURCE: DIGIDAY 'Netflix's Deal Terms Post a Conundrum for TV Studios' (19 March 2018)

# Content strategy: Netflix example series

- Green Gold animation (India)


- Aurora World (Korea)/Mondo TV (Italy)


SOURCE: Netflix

# SVoD profile and strategy: HBO Now

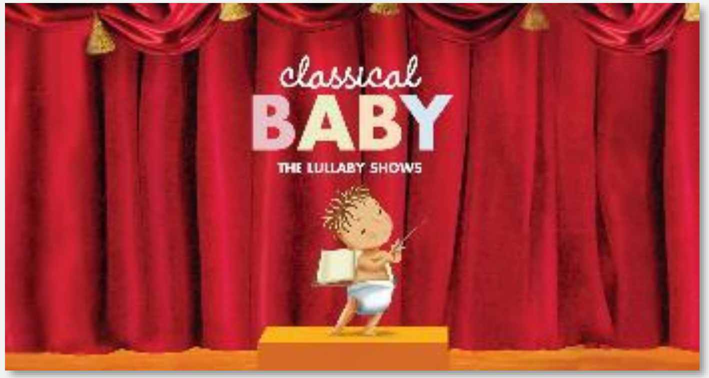
- HBO has 2 permanent online platforms
- HBO go – an online extension for those with a cable channel subscription
- HBO now – an online platform for those without a cable channel subscription
- HBO is also available as an Amazon Prime Channel
- HBO's Sesame Street is also available on Hulu Kids and PBSKids' YouTube channel

SOURCE: WIRED 'Facebook for 6-Year-Olds? Welcome to Messenger Kids' (5 December 2017) & : INDIE WIRE 'Most-Watched Television Networks: Ranking 2017's Winner and Losers'. (28 December 2017)

# Content Strategy: HBO/HBO Now

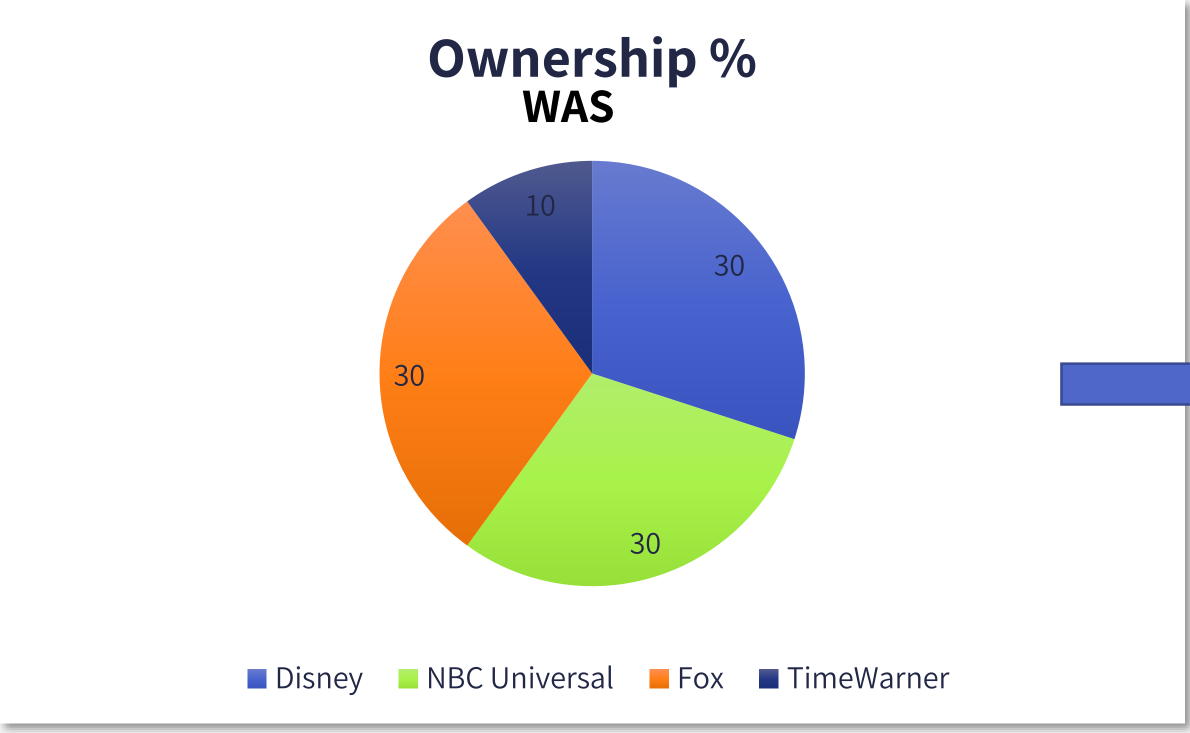
- HBO targets 2 – 6 with education based shows

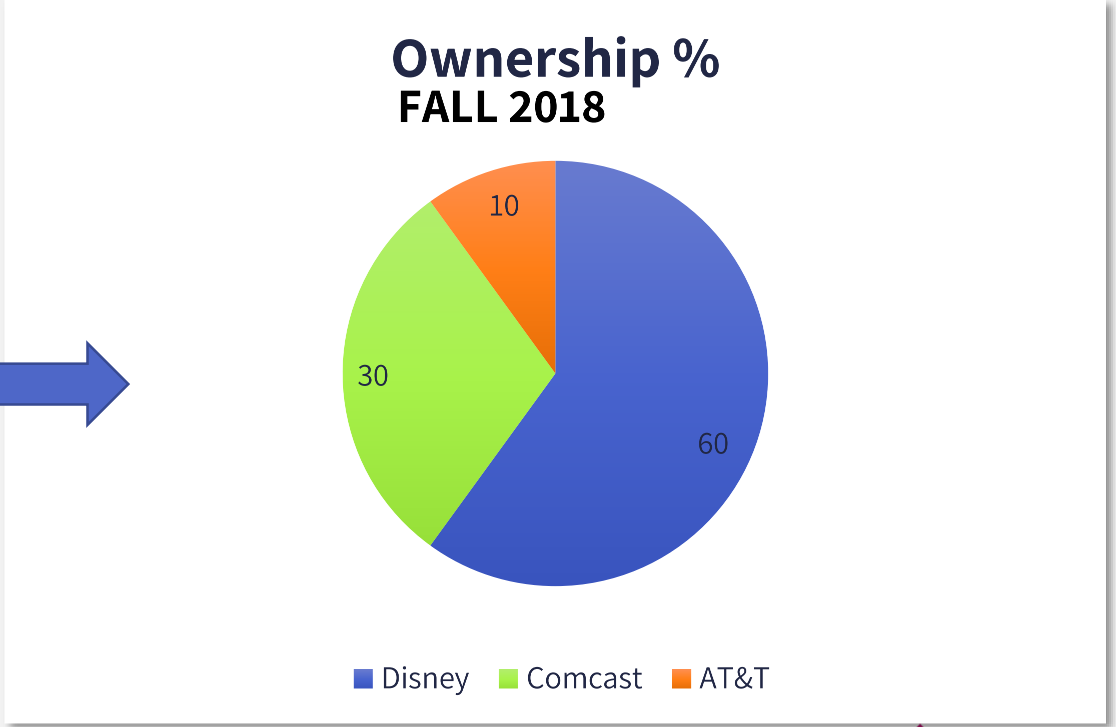
| Sesame Street | Esme & Roy | Classical Baby |
|---|---|---|
| Premier children's show teaching kids about the world, politics, numbers, letters | From Sesame Workshop Monster-sitters Esme & Roy use the power of play to help younger monsters through trying new foods and being scared during thunderstorms | Introduces children to classical music and famous art |


SOURCE: HBO

# SVoD profile and strategy: hulu




SOURCE: CNBC '<u>Why Hulu Hangs in the Balance of the $39 Billion Comcast-Sky Deal</u>' (23 September 2018)

# Channel Strategy: Hulu

- Hulu is both subscription based and advertiser driven
- It is in the US market only but coproducing content internationally
- Unlike Netflix and Amazon, Hulu does not currently want global rights to series appealing to producers who want to license to non US markets

SOURCE: VARIETY 'Hulu, Amazon Stream Pocket.watch Kids Shows Featuring YouTube Stars' (11 October 2018)

# Content strategy: Hulu

- A recent deal with Dreamworks will bring premiere, new animation shows to Hulu which would previously have gone to Netflix under a past output arrangement
- The first series has yet to be titled but is expected to launch in 2020
- Dreamwork's shows will still appear on Netflix for the duration of their deal and, on a case by case basis, they are already in discussion on a new show.

SOURCE: THE WRAP '<u>DreamWorks Animation Set New Streaming Deal With Hulu</u>' (2 May 2018)

# Content Hosting:

hulu

| HOSTS CHILDREN'S CONTENT FROM: |
| --- |
| Disney |
| Dreamworks Animation |
| HBO (Sesame Street) |
| Nickelodeon |
| Pocket.Watch (YouTube) |
| Universal Kids |

SOURCE: Hulu.com

# SVoD Strategy: Hulu

- Disney is now the 60% owner of Hulu following its acquisition of 21st Century Fox
- Hulu may continue as is or, if Disney were to buy Comcast’s 30% and WarnerMedia’s 10%, be transformed into the new Disney platform
- Disney+, the upcoming streaming platform to be launched in 2019, is intended to be a digital platform to rival Netflix

SOURCE: CNBC ‘Why Hulu Hangs in the Balance of the $39 Billion Comcast-Sky Deal’ (23 September 2018)

# AVoD services: profile and strategy

**Including:**

- Amazon
- Apple

# Content hosting: Amazon

- 26 Million US subscribers access Amazon Prime Video per year.
- In addition to their own original content and hosting other premium services such as Showtime and HBO programming on demand and channels, they have also increased their childrens and animation originals.

| AMAZON HOSTS CONTENT FROM: |
|---|
| Dreamworks Animation |
| Nickelodeon |
| PBS Kids |
| Pocket.Watch (YouTube) |

Prime members can purchase a 3rd party channel subscription through Amazon including:

PBS Kids

Boomerang

Nick Jr. (Noggin)

HBO

SOURCE: Hulu.com

# Content strategy: Amazon Prime Video

**Types of teen targeted series on Amazon:**

- **Progressive, female-led, inclusive**

  Adventure/sci-fi series championing 'nerdy' girls with interest in **STEM** fields,

  Ethnically diverse casts

  Quiet incorporation of LGBTQ+ and personal acceptance storylines

  Not overt 'the more you know' public service message spots


- **Casually educational**

  more whimsy and silliness = no boring lectures

- **Character driven stories**


SOURCE: THE VERGE 'Amazon's Big Content Shift Includes More Kid's Shows About Science – and Science Fiction' (5 October 2017)

# Content strategy: Amazon



**Types of kids targeted series on Amazon:**

- High quality animation
- Adventure, mystery, whimsy
- Strong female characters



SOURCE: AMAZON 'Kids' Shows You'll Want to Watch Too' (6 September 2017)

# Content strategy: Amazon



**Types of preschool targeted series on Amazon**

- High quality animation
- Gentle adventure, curiosity
- Magic & science



SOURCE: AMAZON 'Kids' Shows You'll Want to Watch Too' (6 September 2017)

# Hybrid: Profile and Strategy

**Including:**

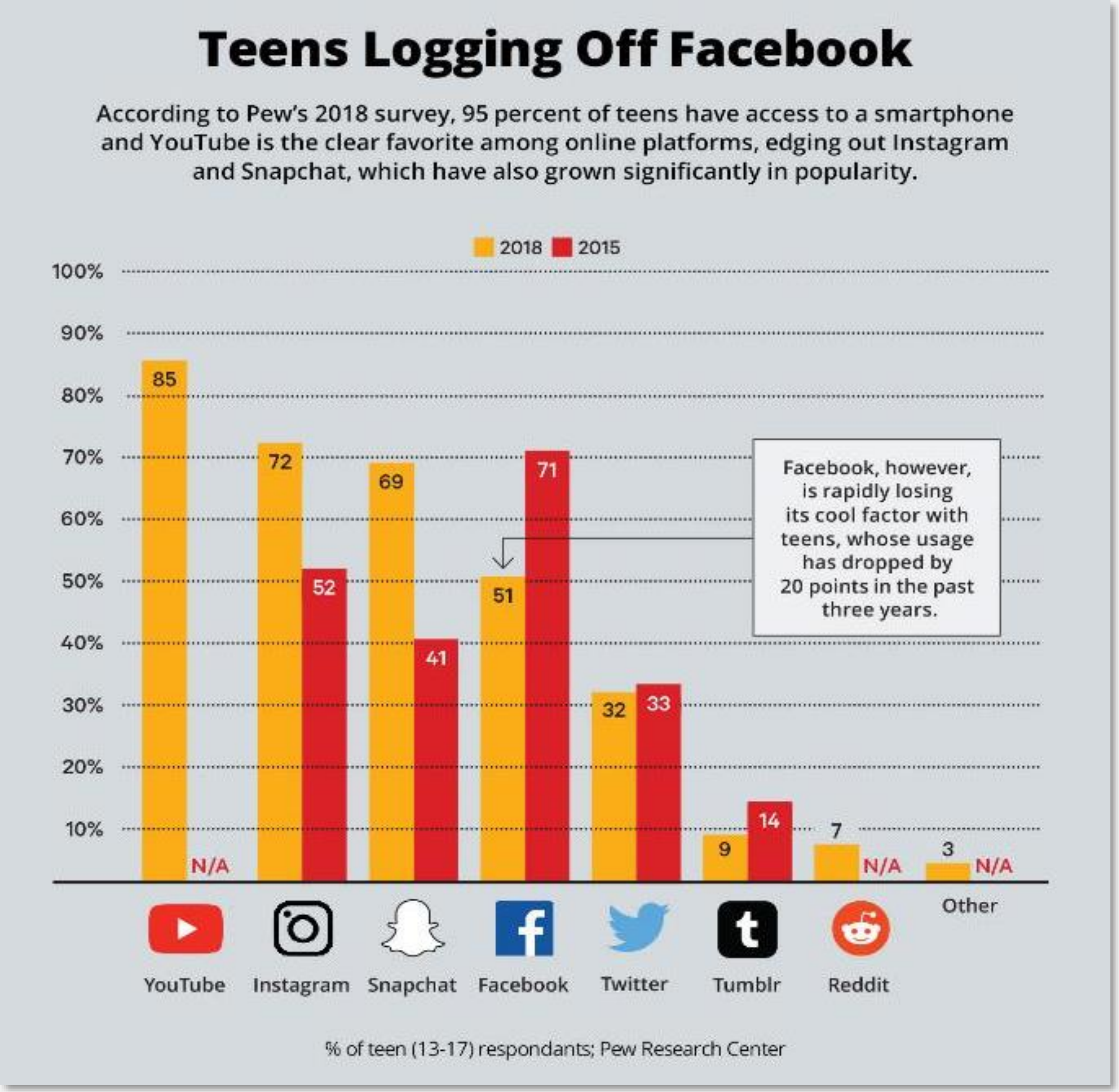
- Facebook
- YouTube

# Hybrid Profile and Strategy: Facebook

- Currently, Facebook does not have children's television content on it's site and has acknowledged no strategy to generate such content
- However, Facebook launched a walled-in social media site Messenger Kids
- Targeting kids 6 – 12 with animated emojis and gifs
- With 2 billion subscribers, Facebook could easily become a content goliath in the kids market if Messenger kids is a success

SOURCE: WIRED ‘Facebook for 6-Year-Olds?  Welcome to Messenger Kids’ (5 December 2017)

# Hybrid profile: Facebook




- Though current trends indicate that teens are switching off Facebook, Facebook Watch has invested in original programming for targeted at that age demographic.

SOURCE: THE HOLLYWOOD REPORTER 'Teen Television Consumption Drops by Half in 5 Years: Study' (10 August 2018)

# Hybrid: profile and strategy Facebook Watch

- Industry observers have been struggling to see who Facebook Watch's scripted content is for and what 'brand' it is building.
- It claims 75m daily active users it claims are watching for an average of 20mins per day.
- Long-term goal is still to turn Facebook Watch into a service fully fed by third-party creators and partners, who get a cut of ad revenue,
- Despite this, Facebook has renewed for second seasons of several of its original shows including 3 aimed at the teen-20's demo.
- SKAM AUSTIN – the US version of the wildly popular Norwegian original.
- SACRED LIES (10 x 30mins, Blumhouse TV) a Grimm Brothers 'fairy tale' anthology which follows the journey of a handless teen who escapes from a cult.
- FIVE POINTS (Indigenous Media/Kerry Washington) about 5 diverse kids from a Southside Chicago high school and their daily struggles.

SOURCE: Variety 'Facebook Watch series renewals' (December 13, 2018)

# Hybrid profile: YouTube

Alphabet

↓

Google

↓

YouTube and YouTube Kids

# Hybrid profile: YouTube

- 1.8 billion subscribers
- Ad-based revenue streams
- Primarily hosts user-generated content
- Launched YouTube Kids to be a portal where children are sheltered from content that is not child friendly

SOURCE: YouTube Kids

# Content hosting: YouTube

- 3rd party users generate their own channels which are hosted by YouTube

SOURCE: YouTube

# Content strategy example: YouTube

- YouTube’s content generators can be American or international
- Based in India, generating English-language content with multi-ethnic,  animated children, ChuChu TV is one of the top 25 most watched YouTube channels in the world
- It’s largest markets are India and the USA

SOURCE: THE ATLANTIC ‘Raised by YouTube’ (November 2018)

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# YouTube: audience reach:

**Sesame Street:**

- 5 billion views
- 4 million subscribers

**India based ChuChu TV:**

- 19 billion views
- 19 million subscribers

SOURCE: THE ATLANTIC ‘Raised by YouTube’ (November 2018)

# YouTube: audience reach:

## NOT APPLES-TO-APPLES COMPARISON HOWEVER

**Sesame Street:**

- Full length episodes
- Live action, puppetry, animation mix
- Educational: letters, numbers, reading
- Slower paced
- Built in coordination with leading experts on childhood development

**ChuChu TV:**

- Short form 3 – 4 minutes
- Cheap, hyper active animation
- Music video versions of re-written lullabies and nursery rhymes
- Compiled as 30 min blocks of 2 – 4 minute music videos

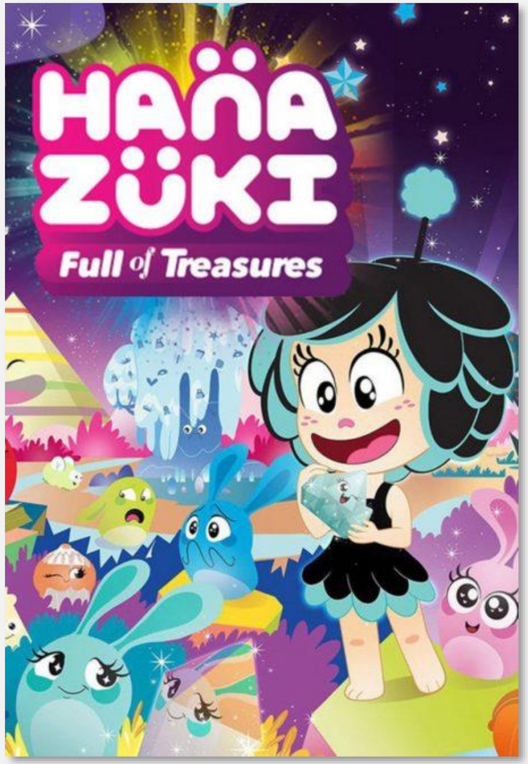
SOURCE: THE ATLANTIC ‘Raised by YouTube’ (November 2018)

# Content strategy example: YouTube

- For decades Hasbro co-produced or licensed it’s toy content to studios and networks to generate shows
- In 2017, Hasbro broke that model  and bypassed the studios and networks
- It placed the entire series of HANAZUKI on Hasbro’s YouTube Kids channel

SOURCE: THINKWITHGOOGLE ‘Hasbro Shares its Content Strategy Behind Launching a Brand on YouTube’ (June 2017)

# Content strategy example: YouTube




**Why?**

- “Brands can’t tell consumers, ‘to engage with our brand, you need to be in your living room, watching tv, on Monday at 2:00pm’.  Today people watch what they want, whenever they want…so as brands, we have to be consistently present — and let people binge-watch and engage further if they’d like”.
  -*Victor Lee, SVP Global Digital Marketing, Hasbro*

SOURCE: THINKWITHGOOGLE ‘Hasbro Shares its Content Strategy Behind Launching a Brand on YouTube’ (June 2017)

# Content strategy example: YouTube

Core principals guiding content and promotion strategy

- Strategic content-release timing and volume
- Tailoring promotion of content to the channel
- Ads for engagement, not just reach

SOURCE: THINKWITHGOOGLE 'Hasbro Shares its Content Strategy Behind Launching a Brand on YouTube' (June 2017)

# Content strategy example: YouTube

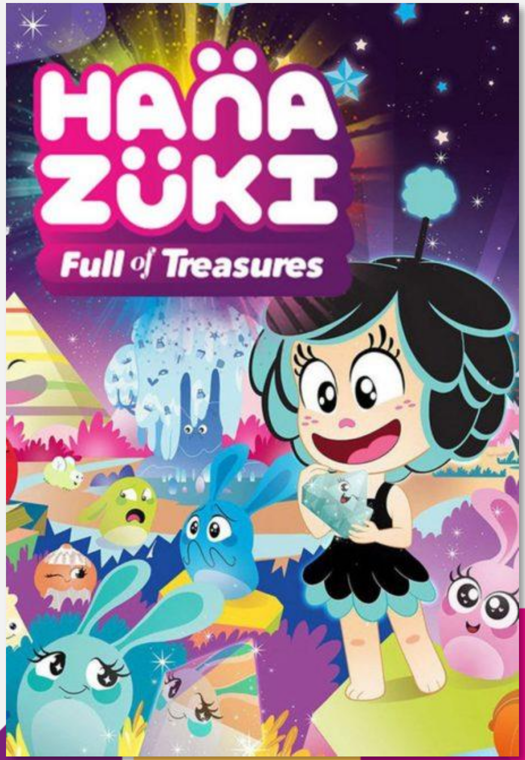
Strategic content-release timing and volume

- "Hanazuki is a child on the moon – so we launched the series on the first full moon of the year
- Episodes are released in batches around full moons
- Enough episodes are released at once to be satisfying story-wise, but they stagger the season throughout the year"

SOURCE: THINKWITHGOOGLE 'Hasbro Shares its Content Strategy Behind Launching a Brand on YouTube' (June 2017)

# Content strategy example: YouTube

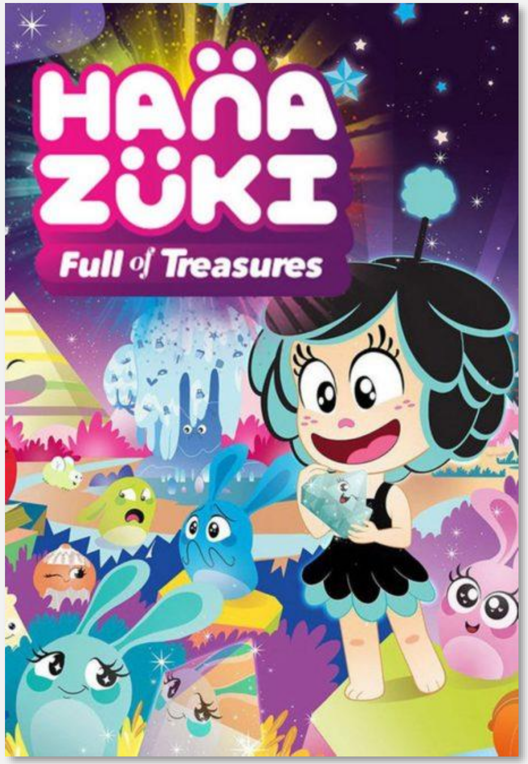
- "Years ago, you'd think of making the same ad for every channel – matching luggage.  Now you bring the best luggage for the trip you're going on"
  -*Victor Lee, SVP Global Digital Marketing, Hasbro*
- **Tailoring promotion of content to the channel**
  Ads made for YouTube using their proprietary systems bumper ads
  - TrueView discovery
  - TrueView in-stream ads




SOURCE: THINKWITHGOOGLE 'Hasbro Shares its Content Strategy Behind Launching a Brand on YouTube' (June 2017)

# Content strategy example: YouTube

Hasbro




Ads for engagement, not just reach

- Ads can be edited based off real-time interest based analytics:
  - more music, more subtle branding
- know it's going well when fans comment, subscribe, recommend, and create their own content in response

SOURCE: THINKWITHGOOGLE 'Hasbro Shares its Content Strategy Behind Launching a Brand on YouTube' (June 2017)

# Content Strategy Full-circle

- User-generated content on YouTube lives and stays on YouTube. It's not further licensed or repurposed.
- YouTube is the final destination.

Or it was…

# Content Strategy Full-circle

pocket.watch

YouTube

- Backed by Viacom with the aim of developing long and form content featuring kid creators
- pocket.watch repackages YouTube user generated con

  *Ryan Toysreview*
  *Hobbykids TV*
  *EvanTubehd*
  *JillianTubeHD*
  *Captainsparklez*


into 22 min tv show formats licensed by Hulu and Amazon

SOURCE: VARIETY ‘Viacom Leads $15 Million Round in Pocket.watch, Sets Content and Ad Pact With Startup’ (18 July 2018)

# Future streaming platforms

- **Including:**
- Disney+
- Warner Media
- NBCUniversal

# Future streaming platforms: Disney

Disney's new platform will be launching in 2019

- It is targeted to compete directly with Netflix
- It may or may not be a complete take-over of the Hulu platform
- Disney plans to host past and new original content from its brands:

# Future streaming platforms:

WARNERMEDIA

- AT&T announced it wants it's own Netflix styled streaming platform for 2019
- Hours of content will be increased across all sectors
- Content will come from AT&T's Warner empire which includes:

CARTOON NETWORK

AT&T's announcement can be considered as surprising given the current status of its HBO NOW and HBO Go services.

SOURCE: ARS TECHNICA 'HBO, CNN, DC Comics, and more could Join a Streaming Video Service Under AT&T' (10 October 2018)

# Future streaming platforms: NBCUniversal

And to start 2019, NBCUniversal rolled out their plans to launch a new streaming service in 2020

- access to world-class premium content for free
- partnership opportunities for advertisers and distributors
- an ad-supported service
- no cost to NBCUniversal's pay TV subscribers in the U.S. and major international markets
- Comcast Cable and Sky will provide the service to their 52 million subscribers
- an ad-free version will also be available for a fee
- non-pay TV customers can purchase a subscription to the service
- NBCUniversal will continue to distribute and license content to other studios and platforms, while retaining rights to certain titles for its new service.

# Children's genre trends: serialisation

**Including**

- Models
- Concerns
- Pre-school

# Childrens content: genre trends

- Shifting towards:
  - gender-neutral series
  - more family, team, group stories rather than single protagonist
  - themes of friendship and magic
  - adversity & challenge or adventure & mystery themes with female leads aimed at girls
  - anthropomorphic vehicles for young boys

SOURCE: AMPERE '<u>Kid's TV Increasingly Gender-Neutral as Commissioning Reflects Social Zeitgeist</u>' (5 January 2018)

# Content trends: serialisation models

| Avengers Assemble & Marvel's Spiderman | Trollhunters | Star Wars Rebels |
|---|---|---|
| Chunk episodes into mini-arcs, bigger arcs, uber-arcs | Heavy serialization | All episodes have beginning, middle, end but they connect to push you along the season long story |
| Mini-arcs service the overall season arc | All 26 episodes closely interconnect for one giant story | Must balance the narrative with connecting and creating entry points into the grand mythology established by the movies, books, other short form content |
| 26 episodes a season = 4 to 7 Episode Arcs + some 2-parters | | |

SOURCE: KIDSCREEN 'Serialized Storytelling: Why Making Binge-worthy Shows with Intricate Story Arcs and Complex Characters Is Not Just for Grown-up TV Anymore' (4 April 2017)

# Content trends: serialisation concerns

**Required flexibility:**

- If your content will go out over multi-platforms – both broadcast and your OTT, or if you've sold to foreign territories you need stories with flexibility
- 'Serialization isn't fully platform-agnostic. You have to be aware that traditional broadcasters are still going to air a series in different orders, and kids will watch them in a different order.'
  - *Steven Wendlend, VP Technicolor*

**Repeatability:**

- Comedy is essential – it brings a level of repeatability
- Depth of mythology & character nuance lead to repeat viewing
- Kids want to ensure they 'catch all the bells and whistles'

**The End**

- Build to a natural, satisfying conclusion
- "You don't want to string the audience along and make them think that you are promising something you can't deliver".
- Live action child actors grow up
- Your characters must change as actors grow or you need new characters

SOURCE: KIDSCREEN 'Serialized Storytelling: Why Making Binge-worthy Shows with Intricate Story Arcs and Complex Characters Is Not Just for Grown-up TV Anymore' (4 April 2017)

# Content trends: serialization in pre-school content


- SLOW IT DOWN
- “You can still tell complex stories with a lot of emotions but you have to do it with specific timing.”
- “Pre-Schoolers will stay engaged, if you can find the right pacing”
- *- BILLY Macqueen, Executive Producer Topsy and Tim, Waffle the Wonder Dog*

SOURCE: KIDSCREEN ‘Serialized Storytelling: Why Making Binge-worthy Shows with Intricate Story Arcs and Complex Characters Is Not Just for Grown-up TV Anymore’ (4 April 2017)

# Sources of Finance and Funding

**Including:**

- Budget/tariff ranges
- Animated series
- Pre-school

# Sources of financing and funding: budget/tariff ranges

- Netflix's move into an extensive line up of childrens and family originals has prompted a boom in the production of family and childrens content, similar to the ripples created in the scripted drama genre.
- There are more buyer options for producers and creators of content. But the need for cost-effective projects with several co-production partners and strong IP to trigger merchandising opportunities, which have always been a feature of both the animation and childrens genres, remains.

# Sources of financing and funding: budget/tariff ranges

**Live action series:**

- A top end, live action, half-hour series coproduced with European partners, such as ZDF's FIND ME IN PARIS, with a budget of Euros 460k+ ($525k) delivers for its partners by spreading the budget.
- FIND ME IN PARIS has proved to be popular, quality content with British and Irish writing and directing talent attached to the second season.
  - ➢ Hulu made an early stage, pre-buy of the series as the first teen drama for its US service premiering it in September 2018
  - ➢ Leaving distributors ZDFE and Federation in a valuable position for other sales.
  - ➢ NBCU Kids has picked up the second US window.
  - ➢ Nickelodeon acquired the show for the UK and Eire, a good match to Nickelodeon's other teen dramas.
  - ➢ Disney France and France Television will share the series.
- THE WORST WITCH, also from ZDFE in partnership with the BBC and Netflix, is estimated to fall into the same category of budget.

# Sources of financing and funding: budget/tariff ranges

**Live action series:**

- Disney's channels are bringing on series with 'filmic' production qualities and stories which also bring higher budgets. High end, teen targeted series similar to a FIND ME IN PARIS or with action and adventure are reportedly setting a new top end in a range from $375,000-1m+ per episode.
- Netflix is well able to extend the range of its budgets to the level of its premium drama shows which fall between $3-7m per hour. A show, like LOST IN SPACE, that will make parents take a subscription for their family is estimated as being a good option for the subscriptions being retained.
- Premium prices are reportedly around $2m per half-hour at Hulu and $3m per half-hour at Facebook.
- A budget for a high-end quality, 11mins episode series could be expected to come in at the level of Euros 135k ($150k) per episode.

# Sources of financing and funding: budget/tariff ranges

**Animated series:**

- Animation: Netflix and Amazon are far out in front on the content spend being made by streaming services.  Estimates put Netflix as having an expected 2018 spend of $1.1b, representing 11% of its programming budget, on animated projects, according to estimates from venture capital firm Loup Ventures. Loup also projected an Amazon spend of $300 million this year, representing 10% of its budget and significantly higher investment by 2022.
- Top end of the budget ranges for an animated, US cable network half-hour on a Nickelodeon, Disney or Cartoon Network could be expected to range beyond $500k to the $1m+ level.
- THE SIMPSONS sits in a range of its own somewhere between $2-5m per episode, mainly due to the seasonal increases for its talent.
- The 4 x 50mins animated, mini-series of WATERSHIP DOWN, was an eye-catching, big budget, ‘tentpole’ television event at a reported total budget of around £20m.
- **Pre-school:**
- Budgets for animated shows for US streaming and cable services hover at around $275,000-350,000 per half-hour, which is estimated to be higher than a show intended for US broadcast, e.g. PBS.

# Deal terms

**Including:**

- Strategies
- Exclusivity

# Deal terms: strategies

**Exclusivity for primary and secondary rights:**

- Budget and exclusivity are more tied together than ever in the deal terms.
- The Netflix position is to take all rights in perpetuity by paying for premium budgets and an additional 10-20% fee to the producer within the series cost. Or periods of up to 10 years where a project is not available to them for the perpetuity option.
- Being a majority or equal funder ensures the premiere window for a broadcaster's territory/s.  It also spreads the costs and has become a common model for broadcasters and SVoDs to share.
- A broadcaster, like the BBC, has required a 5 year exclusive period for the childrens shows which it fully funds.  However, recognising the swiftly changing nature of the market, in 2017 the BBC's terms changed to allow for guarded negotiation on the exclusive period.  Conditions involve protecting its own position on shows where the brand is clearly identified with the BBC and has value as a long-running show or, as with many pre-school shows, is an asset in terms of repeats and flexible scheduling.

# Deal terms: strategies

- Because the 5 main, US free-to-air broadcasters are not significantly in the childrens game, the exclusivity arrangements in the US market revolve around the cable channels and SVoDs.
- Premium childrens programming is, however, treated much the same as a drama series would be by any of the three types of player.
- They either fully fund, controlling all rights to add the programmes to their extensive catalogues and feed their US and international channels, or co-produce with broadcasters with non-conflicting services or territories.
- The US market is, however, due for a review of the children's programming requirements on broadcasters.
- Hulu makes the most of its 'only in the US and Canada' status by partnering on productions with European producers and broadcasters.
- Amazon, despite a similar global reach to Netflix has, when it suits them, shown a marginally more flexible approach to coproduction and shared exclusivity.

# Deal terms: strategies and examples

- With the number of catch-up and on-demand services the broadcaster may have on either their own, or third party, platforms, the secondary rights and windows are taking up all or more of what has been, until now, a 2-year exclusive window for the initial broadcaster.
- Broadcasters, cable and SVoDs are aggressively negotiating to retain the 2 years, extend it or to improve their position on ownership of a project.
- Producers and distributors we spoke with promoted an initial 6-12 month exclusivity as being ideal.

# Deal terms: strategies and examples

- Exclusivity has to balance the interests of the different parties to allow each to benefit from the marketing of the show.
- The initial broadcaster will not want to see the secondary broadcaster benefitting more from their transmissions of the show but is prepared to compromise by entering in to an earlier deal with partner channels/SVoDs to reduce their own costs.
- The value of the licensing and merchandising revenue streams is more significant as higher programme budgets make the initial transmissions of a show a loss leader.
- In spite of falls in viewer numbers, a traditional broadcast channel still provides the reach that is most valuable to advertisers and IP stakeholders.
- The speed at which the market is moving will bring more changes on strategies for coproduction and exclusivity.  Including the curated app services for childrens programming, YouTube Premium’s potential change of strategy to ad supported services for its original programming and the deals for programming yet to be made with the new streaming services for children and family such as Disney +.

# Conclusions & Recommendations

# Get serious about co-production

- ✓Alternatives to Netflix-style all-rights deals will require flexible & sophisticated co-production strategies
  - ✓Amazon generally more flexible & committed to co-production with shared rights
- ✓Ideal is to bring projects with other broadcasters or financing partners, such as distributors, already attached

# Exploit growing number of potential partners & fiscal measures

- ✓Number of potential UK, Eire & international broadcaster & platform partners is expanding
- ✓Both UK & Ireland offer attractive tax breaks, but UK rules more restrictive
- ✓UK & Irish producers can act as 'gateway' to global English-language TV markets

# Seek solid advice to successfully navigate US (& other) partnerships

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- ✓Despite a greater open-ness to co-production, US players such as Disney, Turner and Nickelodeon, are also more likely in the upcoming competitive climate to default to buying all rights to service their global channels
- ✓In line with deal structure for all programming outside of the childrens genre, they will usually require:
  - ✓'stacking rights' across all catch-up & on-demand services
  - ✓Control over whether these rights will be exclusive or non-exclusive
  - ✓Control of licenced secondary windows & rights
  - ✓Shared ownership of back-end distribution revenues
- ✓'On-the-ground' strategic help is critical to success with US partners

# Understand the content strategies of potential partners

- ✓Pay attention to local audience tastes & study commissioning strategies of target broadcasters & platforms
  - ✓e.g. local broadcasters' current focus is on reflecting the culture, lifestyle and social issues of their local audience
  - ✓Pay and global platforms are tending to look for attractive 'water cooler' type properties to bring in their subscribers and a different type of show to retain them
  - ✓OTT platforms are looking at formats that reflect the viewing habits of their audience of children and young people
  - ✓Be as flexible in thinking about show & series length for scripted shows (e.g. 10x10min, 10x30min, etc) as you are for the more flexible pre-school options

# It's all about the story & the talent …

- ✓Seek recognisable creative talent or IP to impress international partners
  - ✓It can be critical to find & work with writers who come from your partner's territory
- ✓Think about potential for spin-off merchandising & licensing at an early stage