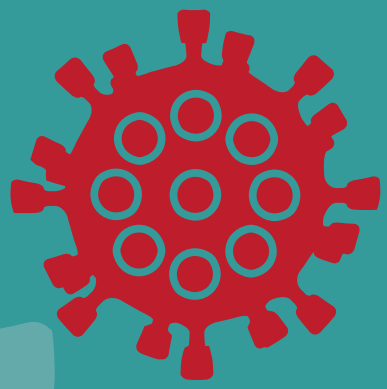
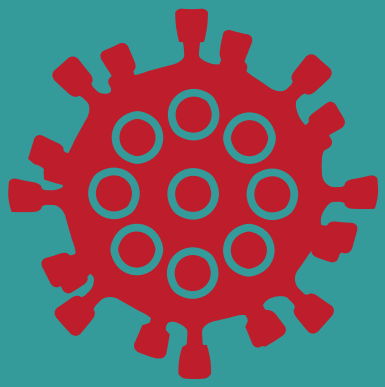
TBI Television Business International Special Report

Content Creation In A New Era





What Covid-19 means for TV

An uneasy outlook

Screen production has been among the hardest hit sectors from the Covid-19 pandemic, with freelance workers in particular suffering badly. Mark Layton explores how some businesses have adapted and evaluates lockdown's lingering effect

New Metric Media's Canadian comedy hit *Letterkenny* (above) is still on course to shoot its ninth season in July

It is hard to understate the impact that Covid-19 has had on communities around the world. First and foremost, of course, is the human suffering, but the impact on economies has also been immense and, in many cases, is only beginning to be felt.

The content business finds itself in something of an unusual position. With hundreds of millions of people around the world trapped in their homes under lockdown, streamers and broadcasters are finding their services soaring in popularity. For SVOD's, this is largely unreservedly good news – Netflix added almost 16 million subscribers in its most recent quarterly results. For advertising-supported broadcasters, translating bigger ratings into bigger revenues is all-but impossible as brands clamp down on marketing spend. Networks from Israel to the US have all enforced pay cuts and slashed programming budgets to deal with the decline.

At the same time, many of the producers who provide these services with their content are finding life harder than ever. Shows that were part-way through production have been halted mid-shoot, financing has been put in a holding pattern and, most importantly, the people working on programmes have been left with exceedingly uncertain futures.

The US pilot season, a staple of the production calendar, where broadcast networks order a slew of scripts for development, has barely happened.

Wrapping up & working out

A large part of the problem facing producers has been the sheer speed at which the crisis has unfolded.

Jacqueline Hewer is co-CEO of UK-based Brown Bob Productions, which was poised to wrap filming on its factual series *Inside The Ambulance* for UKTV when the pandemic hit.

The show had almost got to the end of its filming schedule, she tells TBI, so the hope is that post-production can ensure a series can still be delivered. But another show, which was just about to go into filming in an A&E department, had to be pulled. "So we had dozens of people lined up to work on that who just had to stand down to further notice." That scenario has been replicated on hundreds of projects around the world, with untold effects on the production community, many of whom work on a largely ad-hoc, freelance basis.

For other prodcos, the timing of the crisis has stunted the pain to some degree. Mark Montefiore is president and executive producer at LA and Toronto-based New Metric Media, which is behind hit Canadian comedy *Letterkenny*. He points out that for most producers, the majority of the year is not spent actually in production but rather in development and administration.

"*Letterkenny* is still scheduled to shoot in July at this point, on season nine, but I have to say as a company we are in an incredibly fortunate scenario," because he wasn't mid-production. Some now will be carrying tens of millions of dollars worth of loans for shows that can't be completed, and as Montefiore put its, "who knows when that is going to happen? It's been a really interesting couple of weeks for us, but it's been a lot scarier for some other companies."

Production sources tell TBI that in most cases, the commissioning side is adapting expectations and financing is being worked out, with extensive legal assistance on the side. But there have also been concerns around future productions, with insurance often not covering the risks caused by a pandemic.

Richard Tulk-Hart, the recently appointed co-CEO of *Marcella* producer Buccaneer Media, found himself in a similar position to Montefiore. "We weren't due to go into production on a show until September/October, so we haven't had to close down a production and work out the finances," he says.

But he highlights the less immediate impact of the virus on production – namely the uncertainty and delay that it is causing to the entire process. "We've been on a big round of pitching – both on this side of the pond and over in LA – and we've had some successes. We'll see what the impact of the Coronavirus is on those shows.

"We're also in a writing and developing phase at the moment, but there again, we don't know how long this will go on for so it's very hard to say if we'll be able to go into production come September/October. There's lots of guessing going on."

Marcella prodco Buccaneer Media were not producing when the Covid-19 pandemic hit

Moving to remote post & tapping tech

With filming grinding to a halt in many cases, there has also been an almighty scramble to ensure any show that has filming wrapped – or nearly wrapped – can move into post-production and help fill some of the looming gaps emerging. More than that, perhaps, is the realisation that much of this work can be completed remotely relatively easily.

Chiara Cardoso, head of development at BlackBox Multimedia, says that the lockdown has not drastically changed the way that the international prodco operates, describing the situation as "business as usual" for a company used to working remotely and keeping in contact with partners the world over.

"What has changed is the fact that now a lot of people are beginning to see how efficient this way of working can be. The hope is that, once we have returned to the new normal, more producers and partners will see the bounty of opportunities that can stem from co-productions with partners in different territories – technology has made it easier," she says.

Hewer adds: "Our post-production house has been fantastic in setting up our editors working from home, so we've still got an *Inside The Ambulance* edit running and we're hoping we can deliver that through final post."

Steve Oemcke, co-founder and director of content at Australia's WTFN, faced a different sort of issue. His crew were working on *Mega Zoo* for Nine Network when the crisis hit. "The zoo had to close to

$310m

Covid-19's impact on revenues at British indies (Source: Pact)

"We're in a writing and developing phase but we don't know how long this will go on for – there's a lot guessing going on"
Richard Tulk-Hart, Buccaneer Media

the public, and our production temporarily stopped. As the zoo team took a breath and worked out a new set of protocols for caring for both staff and animals, we caught our breath too and had a think of what we could do.

"We had developed a great relationship with the zoo, so our contacts were keen for us to complete the series. In collaboration with them, we split our crew into A and B teams, mirroring the zoo's workforce protocols to prevent cross-contamination. We deployed strict social distancing, so boom mikes and zoom lenses came into their own."

Existing fixed-rig cameras were also used, but the prodco also turned to zookeepers to take on crew roles, wearing harness-supporting mounted rigs that shoot over their shoulder. "These workaround examples are giving us the intimate footage we want – but with new perspectives that will really add to the finished series."

Elsewhere, its docu-soap *Teen Mom* for MTV faced similar problems. Crew sizes were shrunk to reduce possible infection and the shooting schedule was collapsed – "all while rigorously adhering to new health and safety protocols," Oemcke says.

"Most people's homes do not allow for social distancing in the same room, so we have made great use of monitors and two-way communications for directing. We've also relied more on diary cams for top-up footage and, for the first time on this title, we've deployed drones and have captured some wonderful 'hero' shots of our families in their gardens or on the beach."

Laura Marshall, CEO of Icon Films, says her company has in some ways never been busier. "We do a lot of international travel and adventure shows. Obviously we've got a lot of those stood down at the moment because we're not able to travel," she explains. "But we've also got a load of those in the edit and because we have a fully comprehensive post-production set-up, we have been able to arrange for our teams to work remotely and those edits continue. That's really good for a company like ours – to be able to keep things going.

"We've got something like 12 edits working remotely and finishing remotely," she continues, adding that the company's "spacious" offices in the UK city of Bristol mean that with 90% of staff working remotely, there's plenty of space to social distance. "It's incredibly busy at the moment."

Animation is also experiencing an uptick in demand, with remote workers able to perform more or less as they had previously. Caterina Vacchi, EP and head of production and distribution at Italian producer Atlantyca Entertainment, says that having been forced to work from home since the 25 February meant a rejig to the post-production work

Mega Zoo completed filming without the use of traditional camera operators

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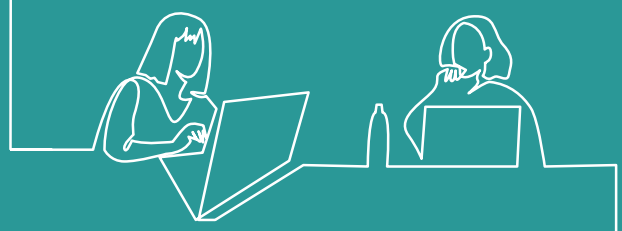

The Covid-19 pandemic has blindsided much of the content business, but producers, distributors, broadcasters and streamers have been quick to adapt and opportunities are emerging

Exploring opportunities amid Covid-19

Wednesday 13 May 2020. 3pm BST

TBI Talks are a new, engaging, entertaining and enlightening series of monthly online discussions with key players from the world of content, who will share their experiences of working through this unprecedented time.

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- Find out where opportunities lie ahead
- Hear from market-leading analysts about the changing trends from viewers

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Executive Director of Media, Service Providers & Platforms, Omdia

Jeremy Roberts
Partner and Head of Broadcasting & Content Distribution, Sheridans

Richard Middleton
Editor, TBI magazine

on its new animation *Berry Bees*.

"Our script producer, for example, was handling the final Italian dubbing and once the lockdown took place, did so from home. But, it meant implementing a system of internal co-ordination for the production team. There were several final episodes that were in the full throes of completing the animation: some required audio post production while other scenes had to be finalised in master.

"The impact was not as traumatic as it could have been because we do typically work with a group of international partners and always have to coordinate our work objectives and deliverables. For *Berry Bees* the production is split between Italy, Ireland, India and Australia so conference call platforms are typically part of our everyday life, together with managing the time difference."

The result is that Atlantyca has delivered *Berry Bees* to Nine in Australia and Rai in Italy as planned and on time, which Vacchi says was "extremely critical for us." Challenges remain of course, not least voice-recording with actors and managing dubbing, but the availability and accessibility of software means the ramifications of lockdown are less.

She adds: "We are still able to finalise distribution deals, even with the recent cancellation of markets such as MIPTV and we are working on three new developments for our brand new series."

Driving development

Indeed, one of the numerous takeaways from speaking to such an array of producers is the concentration on development. Lucas Green, head of content at Banijay Group, says the focus for his company – which is in the midst of acquiring Endemol Shine Group – has been to ensure its myriad production firms remain connected.

"Like everyone across the world, in every industry, we've all had to adjust to this new way of living and working. But remarkably, it's happened very quickly, and seamlessly at Banijay. From day one, we looked at ways to unite our teams more regularly and drive creativity and best practice through collaborative video conferences, which inspired idea sharing and briefings, and provided solutions to the problems everyone was facing.

"Early on we explored our catalogue, finished tape, archives and third-party materials, in addition to focusing development on establishing new IP to fill the gaps in the schedules our clients faced."

Icon's Marshall says her development teams are "going full steam ahead and continuing to have calls" and make pitches, while Tulk-Hart at Buccaneer, says he too is focused on hitting the ground running when lockdown ends.

"We're going to get on with projects that we might not have done ordinarily at this point and we're looking for new IP that fits and balances out our slate," he says, identifying "where we feel we might have any gaps, be it for free-TV, the SVODs or other genres. We're looking to fill those gaps."

And pushing production

It is also worth noting that commissioners are still ordering series, as Banijay's Green points out. Germany's ProSiebenSat.1 has ordered shows such as fixed-rig series *Luke, Alone At Home* from Brainpool in Germany and the *Free European Song Contest*, while Nordisk Film TV has snagged an order from TV2 for Denmark Stands Together.

Elsewhere, BBC Two in the UK has commissioned shows such as *Hospital: The Covid-19 Frontline* from Label1 Television and Channel 4's slate includes *Grime Gran On How Not To Be A Dick In A Pandemic*.

ViacomCBS International Studios and Fremantle have begun production on *Balcony Stories*, a series of short-form shows that celebrates the "positive and creative ways" people are coping with the current global lockdown.

"We've had a lot of conversation with the commissioners that we work most closely with and everybody has been really supportive," says Hewer.

"We've had some very positive conversations about new shows we can do for them, which are either nothing to do with Coronavirus but which we think we can make in lockdown, or something to do with Coronavirus but not depressing – and makeable," she adds. And, perhaps in the short term at least, that is the main focus for a large swathe of the production community. **TBI**

"We've got something like 12 edits working remotely and finishing remotely. It's incredibly busy at the moment"
Laura Marshall, Icon Films

15.77

Netflix subscriber growth since January, in millions

Talking it out

Streamers and broadcasters face the unenviable task of delivering fewer shows to bigger audiences with less money to spend on production and acquisition. Richard Middleton and Mark Layton explore how they are weathering this uncertain time – and the steps some are taking to keep content rolling and viewers engaged

Few sectors of the economy have experienced an uptick in demand for their services since Covid-19 took hold, but the content delivery business is one of them.

Streamers have seen subscriber numbers rise and ratings for most broadcasters have been buoyed by locked down audiences. Yet even that doesn't necessarily mean a positive outcome for producers and content creators looking for buyers.

Execs were left scrambling as the pandemic took hold, working out what they had in the can and what could be strung out over the coming weeks or months – not that anybody knew then, or knows now, when their country's respective lockdowns will end. And while the attention has understandably focused on advertising-supported broadcasters – which have found themselves in the unenviable position of having rising ratings but no brands with cash to splash – streamers have also had to adapt to this new normal.

Showtime series *Billions* (above) is among the many shows that have been delayed by the pandemic

Stuck in the stream

One example of this was NBCUniversal (NBCU), which rolled out its new OTT service Peacock to select users in the US in April amid warnings from senior execs that Covid-19 had had a "significant" impact on its launch. The vast majority of production on its originals planned for later in the year has halted as a result of the pandemic and plans to launch more widely in tandem with the Olympics in Japan have also been dashed after the sporting extravaganza was delayed to 2021.

The latter especially has left gaping holes in schedules around the world, compounded by other sporting events such as football's European Championships being pushed to next year. Further, it is deeply impacting ad spend and the subsequent ability to invest in programming, with execs and analysts telling TBI that the much vaunted AVOD services that were just months ago seen as key revenue drivers also being hit. The result, execs suggest, is more cautious spending.

For Peacock, more specifically, the pandemic has limited its slate for the rest of the year, with a "significant" number of originals now set to debut in 2021 rather than 2020. It hopes to offer series including *Brave New World* plus reboots of *Punky Brewster* and *Saved By The Bell* this year, and the streamer is also exploring opportunities to commission Covid-19 related programming. But the message was clear: 2020 will be "our runway" to 2021.

With so many existing productions delayed and, crucially, with a deep existing library on which to rely on in the mid-term, it seems commissioning spend might be thinner in 2021 than some had hoped. HBO Max, which is to launch 27 May, has found itself in a similar bind, having to postpone the launch of its much-vaunted *Friends* reunion for example because of lockdown.

And even Netflix's deep pockets will only stretch so far. The headline's screamed that Covid-19 – plus shows such as *Tiger King*, *La Casa De Papel* and *Love Is Blind* – had helped the world's biggest streamer to even loftier heights, with almost 16 million new subscribers over the first quarter.

Yet even the commissioning king – seen by some as the great hope for an industry needing some serious capital injection – looks on shaky ground. Much of its programming for the next three months is completed but in its letter to investors in mid-April, the company said that it had "never seen a future more uncertain or unsettling." Like other home entertainment services, the company has seen "temporarily higher viewing and increased membership growth", although it immediately put a downer on proceedings by pointing out that the dollar – long a safe haven currency in dire times – meant there has been a "depressing" impact on global revenues. It added that there would be "less cash spending this year as some content projects are pushed out."

"We're seeing distributors looking to move library programming or unsold content previously rejected in this territory"
Cate Slater, TVNZ

Producers tell TBI that the streamer's buyers around the world remain as active as ever but suggest that there could be a shift towards less costly unscripted fare – a strategy presumably appealing given the fact that shows such as *Tiger King* and Red Arrow Studios' *Love Is Blind* have performed so well.

The streamer has also said that "significant disruption" had been felt on the production side so far, although more than 200 projects are in post. Virtual writers rooms are in place too – no doubt with one eye on ensuring that existing commissioning commitments keep it ahead of the competition as Peacock, Apple TV, Disney+ and others look to come back with a bang when some kind of normal returns.

Changing channels & opportunities

For channel operators around the world, Covid-19 has resulted in ratings rises coupled with dire warnings about future earnings. But of immediate concern was balancing schedules: the UK's ITV and the BBC have cut back on airing soaps while over in the US, cablers such as Showtime have rejigged timelines with planned series such as *Billions* and *The Chi* being delayed. Over in

The popularity of shows like *Tiger King* could mean more less costly unscripted content

Ireland, ratings driver *Fair City* stopped production and shifted to air twice weekly instead of four times, Dermot Horan, director of acquisitions and co-productions at Ireland's RTÉ, tells TBI.

Feel-good shows have understandably become a key focus for programme purveyors, keen to offer audiences some form of escapism. Cate Slater, director of content at Television New Zealand (TVNZ), adds that her broadcaster has also been looking for high-impact second window drama for its VOD service TVNZ OnDemand, as well as library content to fill schedule holes due to production shutdowns.

RTÉ is doing likewise. "There are a lot of more mature people who are stuck at home and are obviously extremely nervous, because they're in a vulnerable age group or they may have underlying health issues," says Horan. That has meant providing shows that "will help people escape and escape back into their youth. Those kind of titles have a real value at this time."

10%

Advertising revenue drop forecast by ITV for April

Brave New World (top) is expected to launch this year and *Fauda* (bottom) network Yes has launched a Covid-19 linear network

Horan, who is also VP of the European Broadcasting Union (EBU)'s TV Committee, says his counterparts across the continent are all "faring pretty much" in the same way. "My colleagues in other acquisition departments are beginning to look at material made in recent years that perhaps for one reason or another they weren't able to pick up [but will do so now]," he adds.

IP rights holders seem to be playing fair on pricing however, despite the surging demand for library content. But there could be a lag effect – TV2's acquisition chief Anette Rømer points out that at present, it has been largely "business as usual" in Denmark, although the broadcaster had to cancel its new version of Warner Bros. reality format *The Bachelor*. "This was part of a major strategy to strengthen our AVOD service TV2 Play," she reveals.

For Slater in New Zealand, it's a similar picture on the cost front. "What we're seeing in the open market are distributors looking to move library programming or unsold content previously rejected in this territory. We're not seeing increased demand or rate increases at this point," Slater says.

Rømer has also had to contend with turning TV2's Sport X network into a film channel, due to the lack of live sports, while Israeli pay TV and streaming outfit Yes – which debuted hit Netflix drama *Fauda* among numerous others – has launched a dedicated linear network in response to the pandemic.

Keren Gleicher, SVP of content acquisition, tells TBI, that the media company has not dramatically changed its buying strategy in terms of genres but is looking to offer new avenues for consumption. This includes the creation of a new TVOD service for theatrical shows.

"We're still looking to buy the same types of shows we did before, but are offering them in new creative ways," reveals Gleicher. "We're sourcing content from various partners, including distributors and various local channels we carry on the platform, and curating content specials on our linear and on demand."

On the other side of the world, Slater at TVNZ – like RTÉ, the BBC, TV2 and many others – tells TBI the focus is on bolstering both educational and entertainment content for kids and families. She adds: "The situation has created a greater sense of focus on critical matters, such as maintaining our core operations and safeguarding our news production, and prioritising the content that matters most to our viewers at this time." **TBI**

Looking ahead

Covid-19 has blindsided most of the TV business but the severity of the repercussions on SVOD, AVOD and broadcast sectors look likely to be felt across the long-term, writes Richard Middleton

Love Life (above), starring Anna Kendrick, forms part of HBO Max's launch slate

There is a school of thought that the current pandemic we're living through will provide the impetus for a wholesale shift in the way we consume content.

For most advertising-driven broadcasters and cable operators, life was already pretty tough. Cord-cutters in the US were increasing in number; the spending power of American media conglomerates was growing and being targeted at vertically integrated OTT services; younger demos were continuing to desert linear; and incumbent SVOD's were surging, despite their proliferation in number.

Life under lockdown for ad-supported channels looks even less rosy. Brands are clamping down on marketing spend while reliable rating-draws - from the Tokyo Olympics to Wimbledon and football's European Championships - have been axed. Yet the situation is evolving quickly and while commercial channels undoubtedly face huge challenges, it is clear that the impact of Coronavirus has been scattered widely.

Broadcasters braced

Nevertheless, it has been broadcasters that have been hardest hit and the global impact of Covid-19 has been mirrored by its effect on channel operators around the world. Pick any country and it is easy to find examples: in Spain, domestic operator Atresmedia has cut back the salaries of its board of directors by 40%; revenues at Seven West Media in Australia are down by at least 50%; execs at UK duo ITV and Channel 4 have taken pay cuts and suspended dividends, in the former's case.

More important than shaving percentages off exec pay though is the impact on programming budgets. C4, reflecting hundreds of others around the world, has unveiled almost £250m ($310m) of cost-cutting measures to deal with the advertising slump, with £150m slashed from its programming budget. C4 said it expected ad revenues to be down by 50% over April and May, reflecting similar falls in countries ranging from Israel, to Australia and Brazil.

C4's content chief Ian Katz says the cuts "reflect

both the delay of programmes which have been unable to be produced due to the circumstances and a number of shows which will regrettably have to be cancelled. This will impact the whole portfolio with a number of new shows on E4 also postponed or cancelled."

Katz adds that new shows for the remainder of the year are still being sought, in addition to content for 2021, but he admits that the rate of commissioning will slow. "The Coronavirus crisis has hit all commercial broadcasters with a double whammy of lost production and dramatically reduced revenues but it also poses a profound creative challenge which our indie partners have risen to with remarkable ingenuity, speed and resourcefulness," adds Katz.

While a handful of broadcasters have been relatively unaffected by ad slumps – such as the licence fee-funded BBC in the UK – almost all have been the recipients of soaring viewer numbers. ITV has seen record numbers for some of its shows over recent weeks, such as *Ant And Dec's Saturday Night Takeaway*, but without advertisers to spend, there will be little impact felt on the bottom line.

Over in the US, it is a similar story. Telco giant AT&T revealed stinging losses for its WarnerMedia division, with revenue down from $8.4bn to $7.4bn year-over-year. It pointed to the lack of ad spending due to the cancellation of the NCAA Men's Division Basketball Tournament - better known as March Madness to most punters. The company has also lost a little under 900,000 TV subscribers in the past three months, in a continued downward spiral for the operator. This is not all down to Covid-19, of course, but it is magnifying the situation.

SVOD success stymied?

Such news makes the emergence of HBO Max, its new streaming service set to debut 27 May, even more important. AT&T chief John Stankey made no bones about it, describing the new service as "a high priority". It will offer 10,000 hours of content ranging from perennials such as *Friends* to new original *Love Life* and feature documentary *On The Record*, as well as underground ballroom dance competition series *Legendary*, unscripted series *Craftopia* and Sesame Workshop's *The Not Too Late Show With Elmo*.

The upside for producers is that this necessity to succeed probably means consistent spending on premium programming. Just last week, a month into the Covid-19 crisis, HBO Max unveiled three new dramas from JJ Abrams and Katie McGrath's Bad Robot Productions and Warner Bros. Television Group.

But the crisis is also pushing more content online, with upcoming movie *Scoob!* pulled from cinemas and now heading to TVOD services followed by "an exclusive streaming premiere on HBO Max." Stankey says that this is a part of the operator's "rethinking of our theatrical model" and that it is "looking for ways to accelerate efforts that are consistent with the rapid changes in consumer behaviour from the pandemic." If it works, there must be a likelihood that we could see more US studio movies making their way quick-smart to affiliated streamers.

However, Covid-19's clearest impact to date on streamers has been to push up subs numbers, with regional players reporting upticks too. Viaplay, for example, has added more than 100,000 customers over the last three months to take its total to almost 1.7 million. But look closer and its parent Nordic Entertainment Group has seen ad sales plunge 25% in April, and its profit forecasts were quickly withdrawn.

Netflix subscriber numbers have also surged during the lockdown, with almost 16 million new customers added over the past quarter. Originals were again a key driver, with crime thriller *Ozark* providing fuel to the Netflix burn. But even Netflix, with its 183 million subs around the world, noted extreme caution. Jam today likely means less jam tomorrow, and the world's biggest streamer was clear that it expected subscriber growth to decline during the remaining quarters of the year as lockdowns around the world are eased.

Further, its much-vaunted global reach is now pulling its profits back to Earth, with the strength of the US dollar – which has soared against other international currencies – impacting global revenues.

Netflix's chief content officer Ted Sarandos adds that the company is still in production on shows in Iceland and South Korea, but programming is being

"The coronavirus crisis has hit all commercial broadcasters with a double whammy of lost production and dramatically reduced revenues"
Ian Katz, Channel 4

Ozark was cited as a factor in Netflix's bumper first quarter subs numbers

"Operators such as Tubi and Pluto will have some ad revenue pressures as forecasts predict a decline in overall advertising spend"
Aled Evans, Omdia

delayed by the production hiatus in most parts of the world. That will likely play into opportunities for new commissions come 2021 – unless subscribers burn through available programming at an increased rate as some execs have suggested to TBI could be the case. In turn, of course, that would mean Netflix and others would need to open the purse strings further to essentially sustain demand.

Questions over AVOD

If AVOD was seen to be the great hope for driving revenue in 2019, it is now viewed with substantially more suspicion. The Covid-19-induced slump in advertising spending that has walloped broadcasters is set to have deep repercussions on the until-recently booming ad-supported streaming market too.

That hasn't derailed Tubi's $440m takeover by Fox Corp and Walmart offloaded its OTT service Vudu to NBCUniversal's Fandango too, but analysts suggest AVOD growth may be slowing.

"Operators such as Tubi and Pluto will have some ad revenue pressures as forecasts predict a decline in overall advertising spend," Aled Evans, senior analyst for media & advertising at Omdia, says. Paolo Pescatore of PP Foresight, offers a blunter assessment. "They need eyeballs and there are too many services chasing too few dollars. There will be casualties."

Reports have already emerged that services such as YouTube are seeing a decline in revenue per viewer – an 8% drop in the case of the Google-owned operator, according to Bloomberg – and Danyaal Rashid, thematic analyst at GlobalData, says this is unsurprising. "Brands are reluctant to burn their limited cash reserves on ads, especially since this won't stimulate demand in an economy shut down by non-market forces."

Despite the less than rosy outlook for growth over the near-term, however, Omdia's Evans says the AVOD sector is likely to recover. "Pre-Covid-19, there was an expectation of rapid growth for AVOD. It is fair to assume that the decline in overall advertising spend is likely to result in lower growth for AVOD this year. However, we expect healthy AVOD growth to return in 2021 and 2022," he says.

Rashid adds that while SVOD's such as Disney+ "will scale up" subscribers, Covid-19 may represent "a watershed moment where free-to-access, ad-based VoD services come to the fore," because they make revenue based on the number of ads consumed. Simply, more viewers equal rising revenue.

Nevertheless, Pescatore tells TBI that the AVOD model remains "tough", especially for newer services. "It might seem great at the outset in terms of gaining new viewers, however, making it sustainable is no easy feat. Others have tried and failed. A diversified business model will always prevail."

While AVOD might be feeling the squeeze, the implications of Covid-19 on broadcast remains grim. Rashid says it's having a "devastating impact" and Evans adds that pressure on AVOD ad revenues are not comparable to "ad-supported linear TV."

For Rashid, the pandemic "could be a turning point in the TV industry, with a significant pivot towards streaming." At this stage of proceedings, it's an outcome that looks hard to argue against. **TBI**

200+

Shows Netflix has in post-production

Scoob! is to miss its cinematic launch and be made available via TVOD - and then SVOD - in the US

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Eyes wide open

Covid-19's impact on the TV business has been immense, but not all the ramifications are negative. Richard Middleton and Mark Layton find out how content creation and delivery might look after lockdown

Just when the world's content industry will return to some sort of business as usual is, at this stage, anybody's guess.

Speak to some producers, and the hope is that shows in hiatus will be able to get wrapped quickly and make it onto screen at top speed. Commissioners tell TBI they are trying to prep for the future by keeping orders and development conversations moving; trade bodies are doing their utmost to support at-risk freelancers; and corporate giants are bolstering their cash reserves by promising investors that the good times will return.

But there seems little doubt that the over-arching impact of Covid-19 will be some sort of global recession, with its myriad impacts on the content business and all who are supported by it. And while series stitched together from archives and innovative 'at home' programming might suffice for the time being, it is clear that for entertainment and particulary drama, Covid-19 and social distancing means production will be disrupted well into 2021 if not longer. But as we've discussed in the previous chapters of this report, the effects are disparate and despite the fairly grim outlook, there are slivers of hope remaining.

Rhys Darby In Japan is on new outfit Abacus Media Right's inaugural slate

$12m

Channel 4's spending on programming for the remainder of 2020

Entering a new world?

Some of this hope comes in the form of inward investment. Endemol Shine Group's former COO Marina Williams, for example, recently unveiled Asacha Media Group, a private equity-backed firm launched with Zodiak Media alums Gaspard de

Chavagnac and Marc-Antoine d'Halluin, which maintained its course despite the crisis. Ex-Kew Media Distribution chief Jonathan Ford was also able to steer his fledgling firm Abacus Media Rights onto the market, with *Superbug*, from *Leaving Neverland*'s Dan Reed, joining others such as CBC drama *Trickster*, *High Maintenance* and *Rhys Darby In Japan* on its inaugural sales slate. As Ford points out, recession or no recession, networks and streamers will still require content for viewers and acquisitions will likely provide a cost-efficient mechanism to stock services, at least in the short term.

Further, the impact of lockdown on key annual events – ranging from the Olympics and football's European Championships to the hit on the US pilot season – means acquisition executives will have to buy product to fill gaps. Opportunities will emerge.

But there is agreement that the sector emerging from lockdown will likely look quite different to the one that was in operation just a few months ago. Not least will be the impact on production staff working on a project-by-project basis, who are having to weather out the lockdown with little support.

"It is really devastating for freelancers because there's just no end in sight," says Jacqueline Hewer, co-CEO of UK-based outfit Brown Bob Productions. "You just don't know when things are going to get back to normal. If people knew it was going to be three months or six months – it just means at least you can plan or budget or do something completely different. This is like an earthquake, really – the solid ground that you had absolutely taken for granted turns out to not be so solid."

Hewer, like others in the industry, suggests that the types of contract might be streamlined or there may be fewer people "who are comfortable being freelancers and want to be staff."

"Each new production will face a new 'known unknown' risk – the chance of another lockdown, meaning potential absences of onscreen talent, cost overruns and delayed delivery"
Jeremy Roberts, Sheridans

Production on *Peaky Blinders* has been affected by Covid-19

Jeremy Roberts, partner and head of broadcasting and content distribution at UK legal firm Sheridans, points out that producers and broadcasters will also have to tackle the potential of more Covid-19 lockdowns – and the lack of insurance to guard against them. "Each new production will face a new 'known unknown' risk," he says, "the chance of another lockdown, meaning potential absences of onscreen talent, cost overruns and delayed delivery."

There are work-arounds, Roberts adds, such as getting contracts agreed upon and in place – as far as is feasible – so shows can get underway immediately once lockdown is over. Looking beyond that, buyers and producers will have to work together, he says, to agree on timings and flexibility.

"Producers and buyers want to line up productions ready to go as soon as the current restrictions are lifted, but the route to greenlight looks harder than ever," he concedes. And while freelancers are uppermost of many people's thoughts right now, there are knock-on effects of strengthened contracts.

"Rightly, UK unions such as Equity and Bectu are fighting hard for their members, but they should bear in mind that the more robust the protections for cast and crew, the higher the costs of a shutdown.

"In turn that will mean that fewer shows get made, hurting their members. They should accept more flexibility than they would otherwise like for the greater good," he suggests.

Commissions & acquisitions

The full extent of the impact from Covid-19 on companies that are acquiring and commissioning product remains shrouded in unknowns, but there is consensus that budgets will be squeezed and commissions likely reduced.

Broadcasters around the world have been hardest hit to date and there is little doubt that will continue. Advertising does not appear to be returning to normal levels soon – although traditional heavy spenders such as food and drinks companies are largely weathering the storm – and that has already resulted in networks slashing programming budgets.

SVOD's have benefitted in subscriber terms but the global nature of some means currency fluctuations have affected revenues. Other regional players, such as Nordic Entertainment Group's Viaplay, have been hit by their affiliation to losses at their parent companies. And the booming AVOD sector looks likely to cool its growth trajectory, although the increased uptake from locked down viewers could mean higher audience numbers and bigger returns – and potentially more acquisitions down the line.

Atlantyca delivered the latest episodes of *Berry Bees* despite Covid-19 restrictions in Italy

For some on the factual side, meanwhile, lockdown has meant turning to archive for new shows. Hewer says that the hope is that "when it pings back, it will ping back big time. There are gaps in schedules and there'll be, hopefully, money to be spent, so it might just be a blip and then it all picks up. And we'll all feel incredibly grateful for what we've got because we've realised how good it was."

Formats face a trickier future, as Siobhan Crawford, head of sales and acquisitions at Belgian format distributor Primitives, points out. New ideas will face a tough time against almost risk-free, established format juggernauts from the world's biggest production and distribution houses. Her part of the business faces "immense challenges," she adds, as creatives attempt to keep the sector going. "Come MIPCOM, pipelines are expected to be dry in the non-scripted format genre as production simply will not have moved forward since February – and even MIPCOM will be uncertain," she says.

"This is our pipeline – our arena for sales and our ability to forecast – all in disarray. And what is the silver lining in all this? Netflix and its competitors announce acquisitions as normal. So, who is everybody trying to target, and in-so-doing giving the platforms plenty of choice and power to drive down commercial terms? The same platforms. This is just realism at work. It will of course provide a lifeline for some."

Lucas Green, content chief at Banijay Group – the *Survivor* and *Temptation Island* firm that is in the midst of subsuming *MasterChef* and *Peaky Blinders* outfit Endemol Shine Group – says the world "will be very different" once the industry resumes its business in earnest.

"Every nation is affected, which is utterly unique. Audiences will look for escapism through uplifting content that offers comfort after the storm. As a business, we will have learnt more efficient ways of working and inevitably this will have a positive impact on levels of travel. And, with broadcasters impacted across the globe, we will have to think of smarter ways of making shows to meet their financial needs."

"Audiences will look for escapism through uplifting content that offers comfort after the storm – as a business, we will have learnt more efficient ways of working"
Lucas Green, Banijay Group

Richard Tulk-Hart, co-CEO at Buccaneer Media, says longer-term effects "will ultimately be driven by the likes of the broadcasters and how they want to work with us and what's going to happen to scripted once we come out of this."

He adds that he doesn't expect huge changes in quantity but "we'll be looking for different genres and more uplifting content perhaps – I can imagine that that would be the case. This will all, perhaps, change tastes more than it will change anything else."

For scripted producers mid-production, the hope is to wrap existing commitments quickly and embrace streamers in need of content to sustain viewers who gobbled up programming during lockdown. Streamers will, it seems, be better placed to pay for it than broadcasters but there are huge questions around talent availability. And most industry insiders suggest even more reliance on co-productions as cash-strapped channels look for cost-effective ways to pool resources. Private equity, distributors and third-party financiers will also become increasingly vital players.

Tapping tech & efficiency drives

There also seems to be an acceptance that more efficient ways of developing, producing and selling shows will emerge. More post-production is being done at home using state-of-the art software that cuts down costs while the TV event calendar looks set to thin out – not just because of short-term restrictions but because there are now myriad companies offering sales solutions for buyers. And those execs are now likely to have had some experience using these services.

Chiara Cardoso, head of development at London's BlackBox Multimedia, which is behind projects including *Brandenburg*, says lockdown has underlined the fact that tech has already brought people closer.

"In a way, given that we at BlackBox work with so many different countries, [lockdown] has not drastically changed the way in which we operate. Zoom calls were already part of our daily reality."

Caterina Vacchi, EP and head of production and distribution at Italy's Atlantyca Entertainment, echoes the point. "We've all learned what it means working from home: no commuting, no pauses; less distraction; more work. We are able to communicate in so many different ways that I can receive 10 different requests on multiple platforms. We've learned to multi-task even more than we were already." **TBI**

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