

Exporting Canadian Television Globally

TRENDS, OPPORTUNITIES
AND FUTURE DIRECTIONS

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Executive Summary

Goals of the Study

The goals of the study were three-fold:

- To identify key trends in international sales of television programs generally and Canadian television programs specifically;
- To provide intelligence on challenges and opportunities to increase foreign sales;
- To identify policies, programs and initiatives to support foreign sales in other jurisdictions and make recommendations to ensure that Canadian initiatives are competitive.

For the purposes of the study, sales were defined as sales of rights. These included pre-sales, sold in advance of the completion of television programs and often used to finance production, and sales of rights to completed television programs.

Findings

1. An Evolving Value Chain

Sales of rights to television programs are made on the basis of exclusive access to the program during particular periods of time, or “windows”, within specified geographic territories. Windowing allows rights owners to manage the sequence of platforms and territorial releases to maximize returns. Digital platforms like Netflix and Amazon are bringing pressure to access rights on a global basis, permanently disrupting the orderly windowing and geographic parceling of rights. Competition for program rights between broadcasters and OTT platforms has intensified, with greater investment in original content and an increasing demand for first window “stacking rights” that ensure on-demand access to whole seasons. Some distributors are also taking on more risk, investing in the development of projects to ensure access to rights.

2. Key Trends in the Top Exporting Countries

The key trends examined for this report were focused on the following top five exporting countries: the United States (US,) the United Kingdom (UK), the Netherlands, France and Australia.

The largest exporter of television programs is by far the US. In a league of its own, the American television industry is competitively advantaged by its scale, wealth and language. Large and diversified media conglomerates, such as Walt Disney, Twenty-first Century Fox and Time Warner, are among the top producers and exporters of television content worldwide, and the owners of major US broadcast networks. Major US channels, such as Disney Channel, Sony TV, Fox, or HBO, have a global reach through their multiple autonomous local affiliates around the world.¹

¹ “The Economics of a Hit TV Show, *Priceonomics*, blog post, October 17, 2013, retrieved from <http://priceonomics.com/the-economics-of-a-hit-tv-show/>.

Strategic alliances with foreign production and distribution companies have propelled the success of other top exporters: the UK, the Netherlands, France and Australia. International alliances allow them to leverage resources and expertise to reach global markets.

High-end drama continues to be sought after for its ability to attract and build loyal audiences. To finance the ever-growing production budgets of high-end drama, independent producers, broadcasters and large production studios are undertaking more coproductions. Digital services are fueling demand for serialized drama; action, crime thrillers and science fiction are most in demand sub-genres.

Buyers also continue to acquire original procedural dramas, comedies, animation, documentaries, factual and reality programs. Sales of scripted formats have recently revitalized the television format business.

English-language programs with higher budgets, made within the framework of official treaty coproductions, with marquee elements are more exportable. While English-language programs have a broader international appeal, markets exist for programs in other languages such as French and Spanish. Animation, which lends itself most easily to dubbing in other languages, is France's most exported genre.

3. The Canadian Context

This study finds that of the television programs supported by the Canada Media Fund, those realizing the greatest volume of sales are dramas, characterized by high budgets and shot in English. These characteristics reflect global trends in the export of television programs. English-language high-budget drama productions travelled well outside Canada and achieved the most sales. Dramas with production budgets greater than \$20 million captured three-quarters of all sales. Canada is also exporting formats both scripted and unscripted. While French-language programs were exported, the global market for these is smaller.

Recommendations

To increase the exportability of Canadian television programs, Canada needs a television export strategy, a national authority for promotion and sales in concert with other levels of government, and greater investment in development and flexibility in the policies that govern access to public funding and tax credits. These measures will encourage a more robust production sector better able to export its television productions.

1. Canada Needs a Television Export Strategy

Export strategies are critical to succeeding in today's highly competitive global television landscape, as evidenced by the success of the UK and France. Among the lessons to be drawn from countries having success with exporting their television programs are the importance of export development strategies founded on reliable market intelligence on sales trends in foreign markets and the identification of priority markets. Successful exporting countries gather intelligence and measure their progress on international sales, which support development of strategic orientations and identification of priority markets. Both countries target resources to export development, and encourage both coproductions and coventures.

There is a need for a similar concerted export strategy in Canada. The report makes some suggestions, based on available evidence, on priority markets for the sale of Canadian television programs. The US, UK, France and Germany were identified as top tier markets by producers and distributors interviewed for the study. The most important markets for sales of CMF-funded productions were the US, followed by the UK. France is a coproduction partner

of choice for Canadian programs supported by the CMF. Germany is the second largest television market in the world. Australia, New Zealand, Brazil and Mexico present opportunities for Canadian exports as second tier markets. We have also identified Asia and Africa as markets to watch.

The development of a national Canadian export strategy should involve the industry and different levels of government working together to propel the Canadian television sector forward into the next decade. The federal government has announced its intention to develop a policy and export strategy for Canadian culture and could take the lead in developing a strategy for the television sector, and coordinating activities within it.

Any strategy for enhancing exports must consider the distinct challenges facing the French-language market. Annual sales targets could be set for English- and French-language programs, and for each genre. The growth of the Canadian industry depends on its ability to compete in the new global economy of television.

2. A National Authority for Promotion and Sales of Television Programs

Dedicated resources for promotion and sales mobilized through a national authority would help Canadian companies generate additional television exports. There is a need for more funding to support promotion of Canadian television programs at major international markets and to encourage more Canadian companies to attend and build essential international relationships. Of particular importance are Natpe, MipTV, Mipcom, Mipdoc, the Asia Television Forum, and Sunny Side of the Doc.

Canadian companies are interested in more targeted initiatives bringing together US buyers with Canadian sellers, and in support for coventures with the US to grow their businesses and their international reach. Stimulating coventures with the US, and coproductions internationally would enhance Canadian companies' ability to produce high-budget, highly exportable dramatic series that are currently in great demand in the US, on digital platforms, and around the world.

The success of TVFI in France provides an interesting reference. TVFI is the most visible national agency in support of export development for television, which supports the growth in exports of French programs around the world. Its strategic initiatives have helped France to penetrate new markets, particularly in Asia, and to raise the profile of successful French programs in the US.

A similar approach could be taken in Canada with a goal to develop, implement and report on an export strategy. A national authority could promote both television and film sales, providing strategic support to the industry and complementing efforts at the provincial level. Such an approach would require an examination of current provincial and federal activities and programs to ensure that there is no duplication of efforts. A study is recommended that would consider the question of potential duplication, propose a governance framework, and consider the most efficient and cost-effective manner to deliver dedicated resources and create synergies in the promotion and sales of Canadian television programs and feature films, under the leadership of a national authority.

A key strength in Canada is the collaboration between federal and provincial agencies in promoting Canadian television programs, encouraging greater coproduction and attracting inward investment. This strength forms the basis for creating a robust approach to export development, one that could propel the Canadian industry forward with confidence on the global stage.

3. Facilitating Exports of Canadian Programs

3.1 Greater Incentives for International Coproduction and Coventures

Incentives are needed to encourage more high-budget coproductions for series in the categories of drama, documentary and animation. These could take a number of forms. For example, since the CMF has begun to track the level of international sales of the productions that it funds, it could factor international sales into the calculation of broadcaster performance envelopes. Alternately, broadcasters could be incentivized to invest in more exportable programs by allowing them to take a larger equity stake or distribution rights in exchange for significantly higher license fees comparable to those being paid in some jurisdictions. Funding programs and tax credits should be adapted to support more coventures with the US.

3.2 Increased Investment in Development and Flexibility for Increasing Exports of Drama Series

Drama has long been considered one of the most powerful storytelling vehicles and Canadian policy has long recognized the value of supporting Canadian storytelling in this genre. French-language producers have excelled in producing drama series that regularly attract millions of viewers in their domestic market but have yet to break through on the global market.

In the last decades, the CRTC has considered drama as a priority genre requiring broadcasters to invest in dramatic programs. To take advantage of the opportunities afforded for internationally successful drama, Canadian productions require greater investment in development and greater flexibility in how funding is triggered and in the attachment of marquee elements.

3.2.1 Increased Investment in Development

Better-developed scripts and concepts will lead to productions that can compete in the global market.² Globalization of the industry has created strong international players able to bring considerable resources to the development process. Canadian productions need to reflect more risk-taking, innovation and creativity. In conducting a review of television policy in 2015, the CRTC recognized the importance of this when it recommended that, “broadcasters and independent producers need to spend more money to create better content. Put the focus on quality rather than quantity.”

3.2.2 Flexibility in the Trigger for Funding and in Attachment of Marquee Elements

As budgets for drama increase due to demand from OTT platforms, Canadian companies need flexibility in how they put together their financing packages. Foreign SVOD platforms like Netflix, Amazon and Hulu have all recently announced their intention to make very substantial investments in drama series in the coming year. Greater flexibility in triggering requirements for accessing public funding and incentives would enable Canadian

² Jean-Pierre Blais, Chairman, Canadian Radio-television and Telecommunications Commission, *Jean-Pierre Blais to the Canadian Club of Ottawa on Let's Talk TV and the future of content made by Canadians*, Speech, Ottawa, Ontario, March 12, 2015.

productions to access more of these new sources of investment. The Canadian government may see a need to ensure that all players benefitting from public funding are also contributing equitably to the system.

Public funding must also recognize the need for greater flexibility in attaching marquee talent to productions that are intended for international audiences. As noted by a number of interviewees the current funding system restricts the ability of producers to attach recognizable writers, show-runners, directors and actors, necessary for creating a package attractive to financiers and buyers, such as broadcasters and distributors.

It is worth noting that the CRTC has recently made changes to its policy framework on Certified Independent Production Funds (CIPF). The decision grants greater flexibility to the CIPF. The CIPF will no longer require a licensed-broadcaster trigger, will have the latitude to support projects with a reduced number of Canadian certification points and to support coventures and projects in development.

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Introduction

1. Preamble

Around the globe, television continues to be a powerful source of entertainment. Digital distribution has given rise to a new golden age of television characterized by prolific and ground-breaking production. International demand for television programs has never been greater.

Within a larger context of the growing importance of exports for Canadian television programs, both within federal government policy and for the long-term economic health of the industry, the Canadian Media Producers Association (CMPA) engaged Communications MDR to undertake a study on the international sales of Canadian television programs. The goals of the study were three-fold:

- To identify key trends in international sales of television programs generally and Canadian television programs specifically;
- To provide intelligence on challenges and opportunities to increase foreign sales;
- To identify policies, programs and initiatives to support foreign sales in other jurisdictions and make recommendations to ensure that Canadian initiatives are competitive.

2. Approach and Methodology

This study used multiple lines of inquiry.

A review of literature identified general trends in international sales of television programs. Our analysis was focused on the top five exporting countries for which information on sales is readily available. They include the United States (US), the United Kingdom (UK), the Netherlands, France, and Australia.

The primary sources of information included annual statistical profiles published by the Centre national du cinéma et de l'image animée (CNC), Pact, Screen Australia and the European Audiovisual Observatory. Secondary sources were consulted based on publications available from MipTV, Mipcom and Mipdoc, *Television Business International* and Eurodata.

Our examination of effective strategies that support export development was focused on the top exporting countries of the UK and France.

In order to provide an analysis of the trends in the foreign sales of Canadian television programs, the consultants undertook a statistical analysis of trends based on data obtained from the Canada Media Fund (CMF). The analysis of pre-sales covered the ten-year period from 2005-2006 to 2015-2016.

It is only in recent years that the CMF has been collecting post completion sales data. This report provides a comprehensive analysis of such data for the years 2012-2013 to 2014-2015.

For the purposes of the study, sales were defined as sales of rights. These included pre-sales, sold in advance of the completion of television programs and often used to finance production, and sales of rights to completed television programs.

The consultants conducted 36 in-depth interviews with both national and international stakeholders. These included producers, distributors, sales agents, funders and major international markets. The goal of the interviews was to understand current general trends in international television as well as the challenges and opportunities associated with selling Canadian television programs internationally. Annex 2 contains a list of the interviewees.

3. Structure of this Report

This report is divided into six sections:

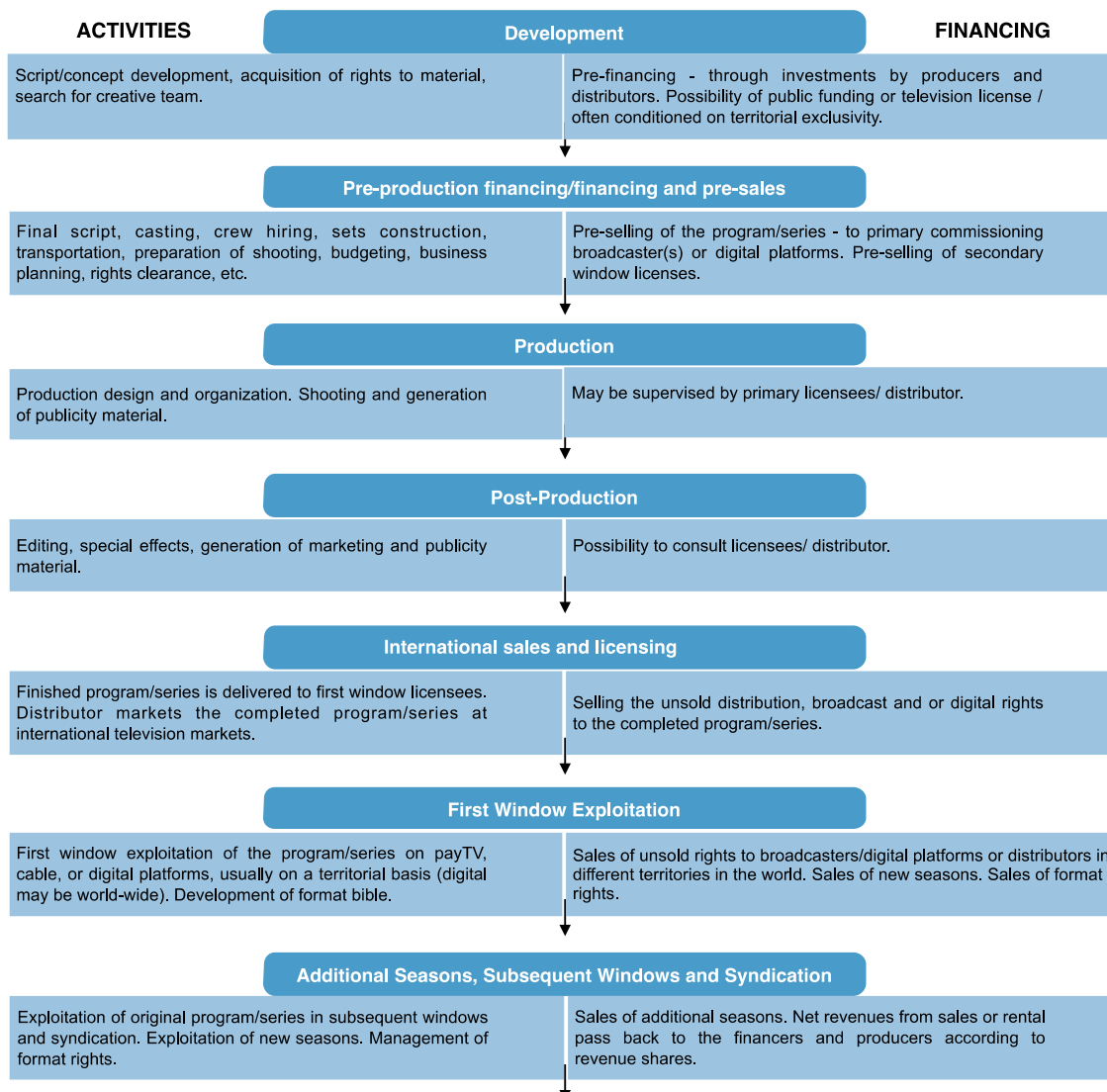
- Section I describes the value chain of television and the place of international sales within it;
- Section II provides an overview of the key trends with respect to sales by the top five exporting countries, the genres that are selling and characteristics of television programs that sell;
- Section III presents a portrait of trends in sales of Canadian television programs funded by the CMF;
- Section IV identifies the challenges and opportunities facing the export of Canadian television programs;
- Section V identifies effective strategies and initiatives for exporting Canadian television programs; and
- Section VI concludes with recommendations to enhance exports of Canadian television programs.

I. Understanding International Sales in the Value Chain of Television Programs

1. The Value Chain for Television Programs: Financing and Sales

The production of a television program is a lengthy process involving producers, broadcasters, and distributors. Broadcasters drive production for the domestic market by commissioning programs, or issuing licenses, through which they acquire the first right of broadcast. These license fees are used to finance the production. In Canada, as the license fee covers only a portion of the budget, producers seek the balance of their financing from public funding sources and advances from pre-sales to a distributor or other broadcaster (pay television, specialty and OTT service) in Canada and/or in other jurisdictions. Sales may also be made at the stage when the production is completed. (See Figure 1.)

Figure 1: Value Chain for Television Program



The value of license fees varies depending on the potential audience and revenue that broadcasters can generate from advertising. Broadcasters are generally willing to pay more at the pre-sale stage of financing than after a program is produced.³ Broadcasters determine whether or not to renew their rights to series for a second or subsequent season based on the popularity of programs with audiences.

In response to global demand fueled by an expansion of services,⁴ the selling of television programs increasingly involves a number of related activities, from coproduction financing, managing format production in different markets, licensing and marketing intellectual property (IP) in multiple territories and to a wide range of buyers.⁵

1.1 Disruption in the Windowing Model

Sales of rights to television programs are made on the basis of exclusive access to the program during particular periods of time, or “windows”, within specified geographic territories. Windowing allows rights owners to manage the sequence of platforms and territorial releases to maximize returns. While approaches may vary, first windows tend to be sold on an exclusive basis, usually within a territory and across all media, while subsequent windows may provide only limited exclusivity (for example, exclusive rights for free-to-air broadcast) within specified territories. Territorial sales of DVD and Blu-ray distribution rights tend to be exclusive, while sales to transactional video on demand (TVOD) tend to be non-exclusive within a territory. Price differentiation occurs across the different exploitation windows, as well as between national markets or regions.

The windowing model is evolving to keep pace with changes in the distribution and consumption of television. Digital platforms like Netflix and Amazon are bringing pressure to standardize and conflate the windows in order to access rights on a global basis. They have permanently disrupted the orderly windowing and geographic parceling of rights.

To meet consumer demand for binge viewing, broadcasters and OTT services are competing for first window “stacking rights” to be able to offer all episodes at once to viewers who have come to expect this ease of access. There is a risk for distributors that in selling stacking rights in the first window, the value of the property will be diminished in the second window.

Competition between broadcasters and OTT platforms has intensified, and being able to provide audiences with exclusive access to original programming has become critical to drive viewership and differentiate between services.⁶ Broadcasters and digital platforms have moved aggressively into acquiring rights to content libraries and commissioning original content. To ensure access to rights, some distributors are responding with greater involvement in financing development, taking on more of the financial burden and risk.

³ Screen Australia Intel, “TV Drama Abroad: What’s Selling and Why,” blog, Screen Australia, retrieved from <http://thescreenblog.com/screenintel/international-tv-sales-whats-selling-and-why/>.

⁴ Gillian Doyle, *Audio-visual Services: International Trade and Cultural Policy*, ADB Institute Working Paper 355, April 2012.

⁵ Jeannette Steemers, University of Westminster, “Selling Television: Addressing Transformations in the International Distribution of Television Content,” in *Media Industries*, Vol. 1, No. 1, 2014.

II. Key Trends of the Top Five Exporting Countries and Characteristics of Television Programs that Sell

1. The US is the Leading Exporter of Television Programs

The US is by far the top exporter of television programs globally,⁶ consistently generating a surplus from year to year, which amounted to USD \$16.3 billion in 2014.⁷

Large and diversified media conglomerates, such as Walt Disney, Twenty-first Century Fox and Time Warner, are among the top producers and exporters of television content worldwide. They are also the owners of major US broadcast networks. Vertical integration between the production layer (the Hollywood studios) and the distribution layer (television networks) in the industry supply chain is the dominant media ownership model in the US.⁸

Typically, a studio's television production arm, like Warner Bros. Television, will finance their own productions and sell them to affiliate US networks like The CW or HBO. However, as the cost of production for dramatic programming has increased, licensing to foreign TV channels has become more important to fill financing gaps and make programs profitable. A big portion of US studios' revenue for their television programs comes from international markets. One study conducted in 2013 estimated that sales of US dramas to Europe were worth USD \$5.4 billion.⁹ Warner Bros. alone is said to have generated USD \$1.5 billion in 2013 from overseas licensing of its television series.¹⁰ It is estimated that in 2014, international licensing accounted for 41% of revenues for a typical drama series.¹¹

In this context, where scale is critical, the vertical and horizontal integration of US media conglomerates provides them with a clear advantage.¹² Their major channels have a global reach. Disney Channel, Sony TV, Fox, or HBO each have multiple autonomous local affiliates in Europe and elsewhere.¹³

From a global perspective US companies figure dominantly amongst the largest corporations in the television sector. For example, eight of the top ten earning audiovisual groups in the world in 2014 were US-based. Twenty-seven figured in the top fifty leading audiovisual companies in the world, and accounted for 69% of global audiovisual revenues.¹⁴

⁶ Gillian Doyle, *Audio-visual Services: International Trade and Cultural Policy*, ADB Institute Working Paper 355, April 2012.

⁷ *The Economic Contribution of the Motion Picture & Television Industry to the United States*, Fact Sheet, Motion Picture Association of America Inc.

⁸ European Audiovisual Observatory, *Yearbook 2015 Key Trends*, 2016.

⁹ Scott Roxborough, "America's TV Exports Too Diverse for Overseas?," *Hollywood Reporter*, March 30, 2016.

¹⁰ Amol Sharma, "TV Studios Court Licensing Deals in Bustling Foreign Markets," *Wall Street Journal*, November 19, 2014.

¹¹ Amol Sharma, "TV Studios Court Licensing Deals in Bustling Foreign Markets," *Wall Street Journal*, November 19, 2014.

¹² "The Economics of a Hit TV Show, *Priceonomics*, blog post, October 17, 2013, retrieved from <http://priceonomics.com/the-economics-of-a-hit-tv-show/>.

¹³ "The Economics of a Hit TV Show, *Priceonomics*, blog post, October 17, 2013, retrieved from <http://priceonomics.com/the-economics-of-a-hit-tv-show/>.

¹⁴ European Audiovisual Observatory, *Yearbook 2015 Key Trends*, 2016.

In Western Europe, US television programs accounted for the majority of hours programmed. In all but three countries, US programs accounted for more than 50% of hours programmed. In France, Ireland and Finland, between 30% and 40% of the total number of hours were dedicated to US programs.¹⁵

2. Other Leading Exporting Countries

According to the research firm Eurodata, after the US, the UK, the Netherlands, France, and Australia were the leading exporters of television programs in 2015.¹⁶

2.1 The UK

The UK is the world's second largest exporter of television after the US.

The television landscape is populated by both very large, vertically integrated producers and by smaller companies. The larger independent companies are referred to as “super indies”. A number of these companies have been acquired in recent years by large US conglomerates, seeking to enhance their overseas footprint. Of the ten largest producers in the UK, five are said to be foreign-owned.¹⁷ This consolidation provides broadcasters with greater access to premium content, while also facilitating UK sales to foreign markets.

Acquisition of UK companies by US conglomerates include Viacom purchasing the UK's Channel 5, and Discovery Communications, owned by Liberty Global, acquiring the large London-based independent production company All3Media, which itself owns production and distribution companies across Europe.¹⁸ Discovery Communications is reportedly the world's top pay television channel, with a subscriber base of 2.7 billion viewers spread across 220 countries and territories.¹⁹ They can more easily finance new television productions, leverage their extensive television libraries, and reach greater audiences through their global distribution networks.²⁰

This follows on the heels of earlier acquisitions for example by Sony, which acquired Victory Television and Left Bank Pictures; Time Warner's acquisition of Shed; and NBC Universal's acquisition of Carnival Films, Monkey Kingdom, Working Title, Lucky Giant and Chocolate Media.²¹

¹⁵ *The impact of cross-border Access to audio-visual content on EU consumers*, prepared by Oxera and Oliver and Ohlbaum Associates Ltd. for a group of members of the international audiovisual industry, May 2016, page 26.

¹⁶ Sahar Bagheri, Head of Global Research and Contents Strategy, Eurodata TV Worldwide, *International TV and Content Trends*, presentation to MipTV, 2016, retrieved from <https://www.youtube.com/watch?v=p0Mc8cxHQCQ>; Steve Clarke, “U.S., U.K. Are World's Top TV Exporters, Australia Shows Improvement,” *Variety*, February 24, 2016.

¹⁷ Ofcom, *Review of the operation of the television production sector A report for the Secretary of State for Culture, Media & Sport*, December 2015.

¹⁸ “Mark Sweney, “Viacom confirms purchase of Channel 5 from Richard Desmond for £450, *The Guardian*, May 1, 2014; Leo Barraclough, “Discover/Liberty Global's All3media buys *The Missing* Producer New Pictures, *Variety*, January 7, 2016.

¹⁹ Pact, *ABACUS Strategy*.

²⁰ United States International Trade Commission, *Recent Trends in US Services Trade – 2014 Annual Report*, May 2014.

²¹ Oliver and Ohlbaum Associates Ltd., *The Evolution of the TV Content Production Sector*, prepared for Ofcom, September 2014.

Conversely, UK super indie ITV has ventured into the US, acquiring production companies there to become the largest independent TV producer of unscripted programs in that country.²²

In 2014-2015, foreign sales of UK television programs amounted to £1.2 billion.²³ These have grown at an estimated compound annual growth rate (CAGR) of 17% between 2008 and 2014, when they were valued at £599 million.²⁴ Video-on-demand (VOD) is said to have boosted international sales of UK drama.²⁵

English-language markets are key to UK exports.²⁶ The US is by far the UK's largest and single most important export market. Total sales to the US were valued at £407 million in 2014, and £533 million in 2013. Other important markets for the UK are Australasia (including Australia, New Zealand, Papua New Guinea, and other south Pacific islands), which ranked as the UK's second most important market, and accounted for £145 million of total exports in 2014.²⁷ In 2014, France overtook Canada as the third largest export market for UK television. Germany and Italy also figure among the UK's most important export markets. UK television series are popular across Europe, accounting for a larger share of viewing than all other non-national programming combined.²⁸

Currently accounting for 12% of foreign sales, digital rights sales are showing the fastest growth, increasing by 72% in 2013, and again by 47% in 2014, to £140 million.²⁹ Well over half of sales revenues for digital rights came from SVOD services, and digital platforms are considered of key importance to future exports.³⁰

2.2 The Netherlands

The Netherlands is said to be the third largest television producing country and the third most important exporter of television programs worldwide. The country's success is being propelled by the international sales of television formats. Worldwide reality franchises *The Voice* (sold to 42 countries), *Big Brother*, *Deal or No Deal*, *So You Wannabe a Popstar*, *The Money Drop* and *Your Face Sounds Familiar*, all originated in the Netherlands, produced by

²² "ITV acquires Leftfield Entertainment Group," Press release, ITV, May 7, 2014; "ITV Becomes Dominant Force in America," *Royal Television Society*, retrieved from <https://rts.org.uk/article/itv-becomes-dominant-force-america>.

²³ The estimated total revenue on international sales of UK television programmes and associated activities (including coproduction and international operating revenues) was £1.2bn, including international commissions, exploitation of secondary and other rights, as well as coproduction. Source: Pact, BBC Worldwide and ITV Studios, *UK Television Exports FY 2014/2015*, prepared by TRP Research.

²⁴ Pact, *Independent Production and Financial Census and Survey 2015*, prepared by Oliver & Ohlbaum Associates Ltd, July 2015.

²⁵ Pact, BBC Worldwide and ITV Studios, *UK Television Exports FY 2014/2015*, prepared by TRP Research.

²⁶ Pact, BBC Worldwide and ITV Studios, *UK Television Exports FY 2014/2015*, prepared by TRP Research.

²⁷ Pact, BBC Worldwide and ITV Studios, *UK Television Exports FY 2014/2015*, prepared by TRP Research. Australasia includes Australia, New Zealand, Papua New Guinea, and other south Pacific islands.

²⁸ *The impact of cross-border Access to audio-visual content on EU consumers*, prepared by Oxera and Oliver and Ohlbaum Associates Ltd. for a group of members of the international audiovisual industry, May 2016.

²⁹ Ofcom, *International Communications Report 2015*, December 10 2015; "USA and China Sales Boost TV Exports," press release, CIC, retrieved from <http://www.thecreativeindustries.co.uk/uk-creative-overview/news-and-views/news-uk-television-exports-reach-%C2%A3128bn>.

³⁰ Pact, BBC Worldwide and ITV Studios, *UK Television Exports FY 2014/2015*, prepared by TRP Research.

John de Mol, Endemol and Eyeworks.³¹ These programs have placed the Netherlands as the third most important exporter of formats.³²

Much like the UK, the large production companies in the Netherlands are part of multinational conglomerates and are central to the Netherlands' success in foreign markets. For example, Endemol is part of the Endemol Shine Group, a joint venture with Twenty-first Century Fox. Headquartered in the Netherlands the company currently has operations in more than 30 countries, producing over 15,000 hours of programming each year in all genres, and managing its talent and game show franchises around the world. Eyeworks is today a wholly owned subsidiary of Warner Bros. Television Group (owned by Time Warner).³³

2.3 France

France became the fourth most important exporter of television programs in the world in 2015.³⁴ International sales have increased by 50% since 2009, rising steadily from €100.4 million in that year, to €153.8 million in 2014.³⁵

Western Europe accounted for over 60% of all foreign sales of French programs.³⁶ Germany is the most important foreign market. In 2014 two programs, police procedural *Profilage* and the fantasy drama *Les Revenants*, were responsible for a doubling of sales to Germany. Belgium, Italy and the UK follow in importance as foreign markets. Italy is a major buyer of French animation. Sales of animation and formats to the UK are said to be driving increased sales to that country.³⁷

Concerning pre-sales, Western Europe is considered to be France's top market, followed by North America. 2014 saw a significant increase in US pre-sales, which grew by 169%. In that year, US pre-sales accounted for over one third (36%) of all French pre-sales.

The large increase in sales in 2014 can be attributed to a higher volume of coproduction with North America. North American coproduction investments with France tripled in value to €23.9 million in 2014. Almost half of these investments were in the animated series *Super 4*, coproduced with Canada. The growth in exports of French programs in recent years is attributed to internationally successful dramas such as *Trepalium* and *Versailles*, a UK-France-Canada coproduction.³⁸ US presales of *Taxi Brooklyn*, a French/US coproduction has also contributed to French success internationally. The action-comedy police procedural

³¹ Netherlands Enterprise Agency on behalf of the Ministry of Foreign Affairs, *Holland Compared – Facts and Figures 2016*; “5 Most Popular Dutch Exports,” *Dutch Community*, retrieved from <https://dutchcommunity.com/2015/03/13/top-5-most-popular-dutch-exports/>.

³² “Coming Soon to a Television Near You...Dutch TV?,” RNW Media, retrieved from <https://www.rnw.org/archive/coming-soon-television-near-you-dutch-tv>.

³³ *Eyeworks*, Wikipedia entry, retrieved from <https://en.wikipedia.org/wiki/Eyeworks>.

³⁴ Sahar Bagheri, Head of Global Research and Contents Strategy, Eurodata TV Worldwide, *International TV and Content Trends*, presentation to MipTV, 2016, retrieved from <https://www.youtube.com/watch?v=p0Mc8cxHQCQ>.

³⁵ Centre national du cinéma et de l'image animée, *Bilan 2015*, 2016.

³⁶ Centre national du cinéma et de l'image animée, *Bilan 2015*, 2016; Daniel Psenny, “Record historique pour l'exportation des programmes audiovisuels français,” *Le Monde*, September 8, 2015.

³⁷ Centre national du cinéma et de l'image animée, *Bilan 2015*, 2016.

³⁸ “France, Turkey, enter exports big league,” *TBI Vision*, April 15, 2016.

has aired on television in Belgium, France, and the US, as well as on Netflix in Australia and the UK.³⁹

Large production companies account for a greater concentration of sales. In 2014, the five largest production companies were responsible for 27% of international sales. These are large vertically integrated companies with international reach. For example, the private channel M6 is owned by RTL, while Canal+ is controlled by Vivendi.

While animation continues to be the most exported genre of French programs, attracting €45 million in sales, in 2014, sales of drama programs increased significantly, growing by 49% in 2014. Foreign sales to VOD platforms are increasing in importance and accounted for 8% of foreign sales revenues in 2014.⁴⁰

2.4 Australia

Between 2005-2006 and 2012-2013, Australian television sales in foreign territories ranged from a total of AUD \$62 million to AUD \$82 million, averaging AUD \$74 million in sales over the time period. Sales increased significantly in 2013-2014, growing by 54% to attain AUD \$116 million.⁴¹ The growth in foreign sales of Australian programs is largely attributed to the success of Australian drama, in particular the hit series, *Secrets and Lies*, for which the format was sold to ABC in the US. The series has been renewed by ABC, while the original version has aired in Europe and Canada.⁴²

The UK and the US are the two most important markets for Australian television, accounting for 23% and 15% of all sales, respectively, in 2013-2014.⁴³

UK companies established in Australia are involved in some of Australia's international success stories, such as ITV's involvement in *Secrets and Lies*. UK producer See-Saw Films' involvement in the drama series *Top of the Lake* helped secure a commission for the program from the BBC.

3. Genres that Sell

3.1 Drama is in Demand

Serialized drama is in great demand. As free-to-air broadcasters, pay TV services and OTT platforms compete for audiences, compelling original drama series are seen as the best way to attract and grow loyal audiences, and build platform brands.

³⁹ Centre national du cinéma et de l'image animée, *L'exportation des programmes audiovisuelles en français à l'étranger en 2014*, Septembre 2015.

⁴⁰ Centre national du cinéma et de l'image animée, *Bilan 2015*, 2016.

⁴¹ Screen Australia, "Total value of trade in royalties arising from imports and exports of cinema, television, video (Blu-ray, DVD and VHS) and multimedia releases, 1991/92–2013/14," retrieved from <http://www.screenaustralia.gov.au/fact-finders/international-context/trade/trade-in-royalties>.

⁴² *Screen Australia Intel*, blog, Screen Australia, retrieved from <http://thescreenblog.com/screenintel/>; Dominic White, *Secrets and Lies* producer Tracey Robertson on how to break into Hollywood, *The Sydney Morning Herald*, January 16, 2016. Retrieved from <http://www.smh.com.au/business/from-brisvegas-to-la-how-aussie-tv-producer-hoodlum-broke-into-hollywood-20151222-gltjrj.html>.

⁴³ Screen Australia, "Total value of trade in royalties arising from imports and exports of cinema, television, video (Blu-ray, DVD and VHS) and multimedia releases, 1991/92–2013/14," retrieved from <http://www.screenaustralia.gov.au/fact-finders/international-context/trade/trade-in-royalties>.

There is a huge demand for drama from all players. This is in turn driven by international audiences' hunger for great stories.⁴⁴ This craving for quality, scripted series has led more countries to import foreign language content. Even in the UK, it is now quite common to see foreign language dramas from Sweden and France. A great example is the German series *Deutschland 83*, which was broadcast in 11 countries, accumulating over 11 million viewers.⁴⁵ A coproduction with the AMC Networks in the US, the program was the first German-language program to air on the Sundance channel when it debuted in 2015.⁴⁶

As the popularity of Turkish television has grown in the past decade, Turkey has emerged as a leading exporter of television drama.⁴⁷ In 2014, Turkish sales of drama series were second only to the US, worth US \$200 million.⁴⁸ By mid-2014, more than 70 Turkish TV dramas had reached audiences in 75 countries, including the Middle East and southern Europe.⁴⁹ With the success of the Turkish scripted show *The End*, the popularity of Turkish programs has risen in the rest of Europe as well as in the US – where *The End* was remade as *The Runner* for ABC.

Mexico too is a major producer of drama – primarily the telenovela – and is one of the fastest growing exporters of the genre to the world. The existence of transnational media corporations, together with the linguistic advantage of producing in the Spanish language has positioned Mexico for international success. Mexico's two main broadcasters, Televisa and Azteca, are said to develop more Spanish-speaking programming than any other country in the world. Both rely on their telenovelas for exports, which are said to be developed with the international market in mind.⁵⁰ Both broadcasters are moving into other forms of programs, including importing scripted formats.⁵¹

For its part, South Korea has successfully exported its drama series, also known as “K-drama”, to other parts of Asia and beyond. The “Korean wave” of popular culture sales that has been sweeping Asia since the early 2000's includes rising sales of television programs, primarily drama.⁵² While other Asian markets account for 95% of South Korean television exports, K-dramas are also popular outside Asia. The Korean historical costume drama *The Jewel in the Palace* is said to be popular with Iranian audiences, while *Winter Sonata* has done well in Japan.⁵³

⁴⁴ *Television Business International*, June/July 2016, retrieved from http://media2.telecoms.com/e-books/TBI/magazines/TBIJunJul16_lo.pdf.

⁴⁵ “How is TV Consumption Changing Around the World, *Euro News*, April 6, 2016, retrieved from <http://www.euronews.com/2016/04/06/how-is-tv-consumption-changing-around-the-world>.

⁴⁶ “Fremantle Media International and Sundance TV Partner to take *Deutschland 83* to the US,” Fremantle Media, Press Release, February 9, 2015.; Stephen Dalton, “*Deutschland 83*: Berlin Review,” *The Hollywood Reporter*, February 11, 2015.

⁴⁷ “France, Turkey, enter exports big league,” *TBI Vision*, April 15, 2016.

⁴⁸ “Turkey world's second highest TV series exporter after US,” *Hurriyet Daily News*, October/26/2014

⁴⁹ Sevdal Alankus, Eylem Yanardagoglu, *Vacillation in Turkey's Popular Global TV Exports: Toward a More Complex Understanding of Distribution*, Kadir Has University, Istanbul January 10, 2015.

⁵⁰ Catarina Duff Burney, et al, “Television Fiction in Ibero-American Markets: New Knowledge Opens Business Opportunities” Obitel, MipTV whitepaper, 2015.

⁵¹ Lucia Masci, “What's Hot in Latin America?,” *Broadcast Now*, January 14, 2016.

⁵² Oxford Economics, *The Economic Contribution of the Film and Television Industries in South Korea*, 2012; Angela Doland, “Why South Korean TV Dramas are the Best Export since ‘Gangnam Style,’” *Advertising Age*, April 21, 2016.

⁵³ Melissa Leong “How Korea Became the World's Coolest Brand,” *Financial Post*, August 2, 2014.

Over 1400 series were aired on primetime television in 2015.⁵⁴ The trend is towards story lines that are highly serialized, with complex characters and longer story arcs as the pace of drama adapts. Long running series are still popular, but there is increased room for shorter runs and event series of fewer episodes. Shorter runs are appealing to viewers who can binge watch.⁵⁵

Most SVOD productions are serialized and the number of channels and SVOD services seeking new drama content is growing. Over 70 pay television stations in the US are commissioning content. In addition to Netflix and Amazon, the number of SVOD services affiliated to television channels is growing worldwide.⁵⁶ Digital platforms carry not only programs found on broadcast television and cable, but they are also creating their own online exclusive television content. Between 2014 and 2015, OTT services saw their number of scripted series increase from 27 to 44.⁵⁷ The number of scripted series on OTT platforms is expected to grow again by 65% in 2016.⁵⁸ Even social platforms like Snapchat and Instagram have moved into the OTT space with their own original scripted series, *SnapperHero* and *Sheild 5*, respectively.⁵⁹ Youtube's paid channel, Youtube Red, provides scripted content, such as its horror series *Scare PewDiePie*.⁶⁰

There is significant demand for high-budget drama, as the recent boom in high-end series with limited runs of six, eight or ten episodes continues. Well-produced, well-written high-end drama that is character-driven and features A-list talent is said to occupy the place once held by feature films. Original ideas are more important than ever and there is a trend towards more author-driven work. As a result, more creators are said to be working in other languages and territories.⁶¹

Drama is the key to British exporting success, selling to the greatest number of territories.⁶² Successful dramas are the single largest source of international sales. In 2013, these accounted for approximately half of all foreign sales revenues.⁶³ Shows that have sold to over

⁵⁴ Kayla Hegedus, Data scientist, *Who's winning in the of world of The New Television?*, Parrot Analytics, MipTV/MipCom, 2016.

⁵⁵ *Television Business International*, June/July 2016, retrieved from http://media2.telecoms.com/e-books/TBI/magazines/TBIJunJul16_lo.pdf.

⁵⁶ Kayla Hegedus, Data scientist, *Who's winning in the of world of The New Television?*, Parrot Analytics, MipTV/MipCom, 2016.

⁵⁷ Kayla Hegedus, Data scientist, *Who's winning in the of world of The New Television?*, Parrot Analytics, MipTV/MipCom, 2016.

⁵⁸ Kayla Hegedus, Data scientist, *Who's winning in the of world of The New Television?*, Parrot Analytics, MipTV/MipCom, 2016.

⁵⁹ David Bloom, "Snapchat Scripted Series 'SnapperHero' Launches From AT&T, Astronauts Wanted," *Deadline Hollywood*, January 28, 2015; Matthew Ingram, "TV Gets Small: Instagram and Snapchat Launch New Shows," *Fortune*, February 2, 2016.

⁶⁰ Sarah Mitroff, "Everything you need to know about YouTube Red," *Cnet*, August 3, 2016.

⁶¹ *Television Business International*, June/July 2016, retrieved from http://media2.telecoms.com/e-books/TBI/magazines/TBIJunJul16_lo.pdf.

⁶² Pact, BBC Worldwide and ITV Studios, *UK Television Exports FY 2014/2015*, prepared by TRP Research.

⁶³ "USA and China Sales Boost TV Exports," press release, CIC, retrieved from <http://www.thecreativeindustries.co.uk/uk-creative-overview/news-and-views/news-uk-television-exports-reach-%C2%A3128bn>.

150 territories include the *Doctor Who*, *Sherlock*, *Mr Selfridge*, *Downton Abbey*, *Midsomer Murders* and *Episodes*.⁶⁴

French drama sales have been rising substantially for four years, recording a 50% increase in 2014 to achieve sales of €38.9 million. Drama is now France's second biggest export genre, after animation and responsible for a quarter of all foreign sales. Increased sales to the US are attributed to a more than 200% increase in sales of drama, led by *Les Revenants (The Returned)*, *Witnesses (Les Temoins)* and *Taxi Brooklyn*. Drama is now the leading genre sold to the US, accounting for 34.5% of all US sales.⁶⁵

Action-oriented drama is in highest demand in Europe, and particularly in Central and Eastern Europe. Action is said to be more immediate, making this type of content more language agnostic.⁶⁶ Part of what is driving demand for action and adventure is the recent success of series featuring superheroes, such as *Arrow*.⁶⁷

Crime thrillers and period crime thrillers are also being sought out by buyers in many territories. Crime dramas are said to be the third most popular type of drama programming in Europe.⁶⁸

Science fiction is said to be the second most popular type of drama in Europe after action/adventure. The genre is buoyed by the popularity of titles such as *The X-Files*.⁶⁹

3.1.1 Procedurals are Popular

Procedurals⁷⁰ are very popular in Europe, Middle East and African (EMEA) territories. France and Germany are said to be big markets for procedurals, such as with free-to-air broadcasters, who are looking for weekly content in addition to event-based serialized dramas.⁷¹ Procedurals are the second-most popular drama sub-genre in the US, after situation comedies.⁷²

Procedural drama is said to be highly popular around the world for its episodic nature. In particular, European broadcasters require procedurals that can be easily stacked for

⁶⁴ Pact, BBC Worldwide and ITV Studios, *UK Television Exports FY 2014/2015*, prepared by TRP Research; Tony Connelly, "The BBC rakes in millions after Sherlock special tops international box office," *The Drum*, January 5, 2016; Hayley C. Cuccinello, 'Downton Abbey' By The Numbers: Farewell To A Multimillion-Dollar Dynasty, *Forbes*, March 6, 2016.

⁶⁵ Centre national du cinéma et de l'image animée, *Bilan 2015*, 2016; Centre national du cinéma et de l'image animée, *L'exportation des programmes audiovisuels français à l'étranger en 2014*, September 2015.

⁶⁶ *Television Business International*, June/July 2016, retrieved from http://media2.telecoms.com/e-books/TBI/magazines/TBIJunJul16_lo.pdf.

⁶⁷ Kayla Hegadus, "What are the hottest TV genres in Europe right now?" MipBlog, March 23, 2016, retrieved from <http://mipblog.com/2016/03/hottest-tv-genres-europe/>.

⁶⁸ Kayla Hegadus, "What are the hottest TV genres in Europe right now?" MipBlog, March 23, 2016, retrieved from <http://mipblog.com/2016/03/hottest-tv-genres-europe/>.

⁶⁹ Kayla Hegadus, "What are the hottest TV genres in Europe right now?" MipBlog, March 23, 2016, retrieved from <http://mipblog.com/2016/03/hottest-tv-genres-europe/>.

⁷⁰ Procedurals are a subgenre in which programs are often comprised of self-contained episodes commonly focussed on law-, police- or crime-related scripted drama.

⁷¹ *Television Business International*, June/July 2016, retrieved from http://media2.telecoms.com/e-books/TBI/magazines/TBIJunJul16_lo.pdf.

⁷² Kayla Hegadus, Data scientist, *Who's winning in the world of The New Television?*, Parrot Analytics, MipTV/MipCom, 2016, page 12.

primetime European audiences. Recently, NBC Universal, RTL and TF1 announced their intention to co-produce three new English-language US-style procedural dramas for the US and European markets.⁷³

3.2 High-Budget Comedy Is Popular in Many Markets

Comedy has been called the sister genre to drama, “dealing with the same kind of problems and human relationships, but from a more distanced and humorous perspective.”⁷⁴

One trend is towards higher budget comedies, such as the French program *Dix Pour Cent* (selling worldwide as *Call My Agent*), featuring a cast of cinema celebrities including Cécile de France and Nathalie Baye, and well-known big-screen director Cédric Klapisch.⁷⁵ Amazon is said to now be soliciting higher budget serialized comedies to compete with Netflix.⁷⁶ The most recent trend in the US market is reportedly for anthology comedy series in which each episode or season features a different story and cast of characters.⁷⁷

Some buyers, for example, in Finland, Germany and the United Arab Emirates are interested in original comedy series and comedic reality formats to fill their schedules.⁷⁸ Comedic reality formats such as hidden camera “pranks” shows exemplified by *Candid Camera* are popular with buyers because they lend themselves to multiple repeats.⁷⁹

Comedy is the second most important Scandinavian export after drama.⁸⁰ Single-camera comedies are considered niche content whose export potential is more limited, though the genre is still considered to have commercial potential.⁸¹

Comedies tend to be culturally specific, and are referred to as a very local genre.⁸² Comedies can, however, be sold as formats. The format for the scripted comedy *A Man of Your Dreams*, created in Argentina, has been sold to other Latin American countries, including Ecuador, Columbia and Mexico. Israeli production *Little Mom* had its format sold to France and the Ukraine.⁸³

There are opportunities for digital sales of comedy programs. Of the 45 original Netflix releases between 2012 and 2014, the highest proportion was comedies – primarily original stand-up comedies and mockumentaries. For its part Amazon is said to be soliciting new

⁷³ Nancy Tartaglione, NBCU International TV Production, RTL, TF1 Partner To Make U.S. Procedurals, *Deadline Hollywood*, April 13, 2015.

⁷⁴ Ib Bondebjerg & Eva Novrup Redvall, *A Small Region in a Global World: Patterns in Scandinavian Film and TV Culture*, for the European Think Tank on Film and Film Policy, 2011, page 59.

⁷⁵ John Lichfield, “Julie Gayet in ‘Dix pour cent’: Francois Hollande’s girlfriend sends herself up in French *Extras*-style sitcom,” *Independent*, October 16, 2015.

⁷⁶ John Weisman, “Juggling the absurd and the adorable in ‘Suburgatory,’” *Variety*, October 27, 2011.

⁷⁷ Nellie Andreeva, “Hot TV Trend: Anthology Comedy Series,” *Deadline Hollywood*, August 5, 2016.

⁷⁸ MipTV and MipCom, *What Do Digital Buyers Want?*, April, 2015.

⁷⁹ MipTV and MipCom, *What Do Buyers Want?*, 2016.

⁸⁰ MipTV and MipCom, *What Do Buyers Want?*, 2016.

⁸¹ “eOne’s feature, event and must-see TV,” *Television Business International*, February 2016.

⁸² Eurodata TV, “Scripted Series Report: Scripted Series, a powerful genre experiencing great change,” Press release, November 17 2015.

⁸³ The Wit, *Five Drama Trends for 2015*, MipTV and MipCom, whitepaper, 2015.

comedies for its online network. The platform has had success in the past with half-hour comedy series, including the comedy drama by Jill Soloway, *Transparent*, Steven Soderbergh's *Red Oaks*, and *Mozart in the Jungle*, which earned a 2015 Golden Globe award for Best Comedy Series.⁸⁴ Situation comedies are amongst the most popular genre of television in the US.⁸⁵

Comedy is also very successful on multi-channel online networks, where it is drawing significant audiences. Some examples include Germany's ApeCrime (over 3 million subscribers), and US-produced Fine Brothers Entertainment (over 13 million subscribers), the SMOSH channel (22 million subscribers) and the Tyler Oakley channel (over 8 million subscribers).⁸⁶

3.3 Animation is an Exportable Genre

Animation programs are popular in Europe. Due to their high budgets and declining sources of funding within national markets, foreign sales are increasingly important to financing European animation.⁸⁷

Animation is the most exportable genre of French television, accounting for €46.9 million and 34.2% of television exports in 2013, the fifth year in a row that sales increased.⁶⁵ Sales fell slightly in 2014, due to a drop in production volume. Television animation in France involves a high level of coproduction. In 2014 73% of programs were coproduction with foreign partners, almost double the rate for drama.⁸⁸ Almost two thirds of French animated television programs are sold to European countries. About 10% of sales are made to the US, Asia and Oceania, and Central and Eastern Europe, respectively.⁶⁶

Similarly, 100% of the output of the Irish animation sector is exported internationally and bought by overseas broadcasters and distributors.⁶⁸ While countries like France and Ireland are having success, there is also said to be a limited amount of shelf space for children's animation, due to the repeatable nature of evergreen titles.⁸⁹ Twenty-two and 26 minute formats are less and less in demand, as buyers favour shorter formats of 7, 11 and 13 minutes, more in line with how children are consuming animation today.⁹⁰

Animation is recognized as a "universal language" for children's programming because of the relative ease in making localized versions. Animation programs targeting children can more easily reach global audiences. In recent years, television buyers are said to have limited budgets for children's animation programs, making it more difficult for sellers to negotiate prices. For their part, digital SVOD services are said to be interested in increasing their

⁸⁴ Olivia Armstrong, "Has Amazon Studios finally found its groove?," *Decider*, January 25, 2016; Todd Spangler, "Amazon Studios Wants Big Comedies, Ready to Pay \$4 Million for Pilots: Sources," *Variety*, October 8, 2014.

⁸⁵ Kayla Hegedus, Data scientist, *Who's winning in the world of The New Television?*, Parrot Analytics, MipTV/MipCom, 2016.

⁸⁶ Anne Kalisch et al, "Digital Studios and MCNs: From YouTube Aggregators to Media Giants, VastMedia, White paper, MipTV and MipCom, 2016.

⁸⁷ Marta Jiménez Pumares, et al, Mapping the Animation Industry in Europe, European Audiovisual Observatory, 2015.

⁸⁸ Martin Dale, "French TV Animation: Kids Shows' VOD Sales Buoy Overseas Biz," *Variety*, June 15, 2016.

⁸⁹ Tim Wescott, IHS Technology, *The Business of Children's Television*, Whitepaper, MipTV and MipCom, 2014.

⁹⁰ Daniel Psenny, "Record historique pour l'exportation des programmes audiovisuels français, *Le Monde*, September 8, 2015.

volume of children's programs, including animation, given the sizable number of young families in their subscriber base. Young children are more likely to watch television on a tablet, making apps very appealing to broadcasters. Eighty five per cent of European and American children are said to have access to a tablet at home.⁹¹

Much like Mexico a few years before, Brazil is having significant success selling its children's animation programs. Even before its Oscar nomination, *Boy and the World* had sold to 80 countries and 10 more countries were added soon after. The Brazil-Canada coproduction *Fishtronaut* too sold to more than 90 countries, while *Earth to Luna* has been acquired in 74 countries, including Sprout in the US, Discovery Kids Latin America and Tiny Pop in the UK. One industry representative noted that Brazilian children's animation tends to be more complex and poetic than the work of animators in other countries.⁹²

3.4 Documentary and Factual Continue to Travel

Unscripted documentaries and factual programs continue to be in demand, with firmly established channel brands for factual programs such as Discovery and National Geographic. Factual programming is said to make up the core of broadcasters' schedules, though documentaries remain important. Thirty seven per cent of new shows launched in Europe in 2015 were factual programs.⁹³ Factual content about distant and spectacular places is popular, as are programs hosted by local celebrities or international stars.⁹⁴

The US is the largest producer of factual content. A total of 11,765 hours of core factual TV programming was produced in the US from 2013 to 2015. In the US, UK and China, free-to-air broadcasters air the greatest volume of factual entertainment programming.⁹⁵

There is demand for feature documentaries, in particular those with recognizable and compelling characters and festival winners. For example, Sundance Festival winner *Wiener* was recently sold to Israel, Belgium and Spain, while *Dior and I* was acquired by AMC Global for the Middle East and North Africa. *The Fear of 13*, about convicted murderer Nick Yarris, was acquired in Sweden, Denmark, Norway, Israel, the Netherlands and German-speaking Europe.⁹⁶

France is a significant exporter of documentaries; international sales of French documentaries increased by 13.2 % to €34.9 million in 2014. This genre captured 22.7 % of total sales revenue, compared with 22.5 % in 2013.⁹⁷

Broadcasters are increasingly interested in documentaries and factual programs that can be delivered to audiences on multiple platforms. Buyers are looking for multiples that can be packaged and marketed along thematic lines.⁹⁸

⁹¹ Guy Bisson, Research Director, Ampere Analysis, *Kids 'TV and the Future of Entertainment' Gen Z & Gen 'Alpha': Driving the New TV Dynamic*, MipTV, Mipcom.

⁹² *Television Business International Kids*, April/May 2016, retrieved from <http://media2.telecoms.com/e-books/TBI/magazines/kidsaprmay16/>.

⁹³ "Formats Set for Dramatic Revival," *Television Business International Vision*, July 6, 2016, retrieved from <http://tbivision.com/highlight/2016/07/formats-set-dramatic-revival/619072/>.

⁹⁴ Julia Esperance, Eurodata TV, *International TV Trends*, MipTV, Mipcom, 2014.

⁹⁵ Time Wescott, IHS Technology, *A tale of three markets: Unscripted programming in the US, UK and China*, MipTV, MipCom, 2014.

⁹⁶ Manori Ravindran, "MIPDoc Exclusive: Dogwoof inks sales for *Weiner*, *Linklater*," *Reel Screen*, April 2, 2016.

⁹⁷ Centre national du cinéma et de l'image animée, *L'exportation des programmes audiovisuels français à l'étranger en 2014*, September 2015.

Original, relevant programs take precedence when buyers are making their decisions.⁹⁹ Amazon's first original documentary series, *The New Yorker Presents*, was a partnership with the magazine of the same name. With the success of this "boundary breaking" program, Amazon executives are said to be interested in original documentaries about subjects that stand out, from gender identity to classical music.¹⁰⁰

4. The Ongoing Popularity of Formats both Unscripted and Scripted Across Genres

The exports of television programs have increased dramatically with the advent of formats.

Format sales of reality programs, which became popular in the past decade, continue to have appeal in many territories.¹⁰¹ Iconic brands such as *Idol*, *Survivor* and *Who Wants to Be a Millionaire* are shown in markets around the world.¹⁰² The expansion of formats worldwide is connected to the globalization of the television industry. The larger US, UK and Dutch production companies now own and operate global networks of businesses that can take their program ideas and owned formats to markets around the world.¹⁰³

British formats are said to be in particularly high demand in foreign markets.¹⁰⁴ International sales of UK TV formats rose by 17% in 2013 and again by 5% in 2014.¹⁰⁵ The highest volume of sales is from emerging markets, beyond North America and Europe.¹⁰⁶ The high volume of production occurring in the UK supports the generation of new formats that can travel overseas, sometimes in partnership with UK broadcasters.¹⁰⁷

The Netherlands too is a leader in the development of new reality formats. International sales of Dutch formats put that country among the top five television exporting countries in the world. Western countries continue to buy formats. As much as one third of US television networks' prime time hours are said to be for formatted programs.¹⁰⁸ European pay-TV services are said to spend more resources on US formats than on original content.¹⁰⁹ China

⁹⁸ Interviews.

⁹⁹ Stuart Dredge, *RMC Découverte, ZDF, Discovery and Smithsonian Networks talk factual programming trends for 2016*, April 2, 2016, Mip Blog, retrieved from <http://mipblog.com/2016/04/mipdoc-report-documentary-buyers-want/>.

¹⁰⁰ *What do Factual and Documentary Commissioning Editors Want?* Miptv, MipDoc, 2013; Stuart Dredge, *MIPDoc report: The New Yorker Presents and The Story of God*, Mipblog, April 3, 2016, retrieved from <http://mipblog.com/2016/04/mipdoc-report-amazon-new-yorker-presents-story-of-god/>.

¹⁰¹ Oliver & Ohlbaum Associates Ltd, *A Decade of Success*, Pact, July 2013.

¹⁰² Oliver & Ohlbaum Associates Ltd, *A Decade of Success*, Pact, July 2013.

¹⁰³ Oliver & Ohlbaum Associates Ltd, *A Decade of Success*, Pact, July 2013.

¹⁰⁴ Jeannette Steemers, University of Westminster, Harrow, UK, "International Sales of UK Television Content, *Television and New Media*, June 21, 2016

¹⁰⁵ Tim Dams, UK television exports grow 5%, *Televiual*, October 13, 2014; "USA and China Sales Boost TV Exports," press release, CIC, retrieved from <http://www.thecreativeindustries.co.uk/uk-creative-overview/news-and-views/news-uk-television-exports-reach-%C2%A3128bn>; Pact, BBC Worldwide and ITV Studios, *UK Television Exports FY 2014/2015*, prepared by TRP Research.

¹⁰⁶ Pact, BBC Worldwide and ITV Studios, *UK Television Exports FY 2014/2015*, prepared by TRP Research.

¹⁰⁷ Oliver & Ohlbaum Associates Ltd, *A Decade of Success*, Pact, July 2013.

¹⁰⁸ Jean K. Chalaby, *The Format Age: Television's Entertainment Revolution*, Cambridge, UK: Polity Press, 2016. Reviewed by Dom Caristi Ball State University, USA, Book Review, *International Journal of Communication* October, 2016.

¹⁰⁹ European Audiovisual Observatory, *Yearbook 2015 Key Trends*, 2016.

has been such a big buyer of formats that the government recently imposed a cap of two foreign formats that can be purchased.

Argentina is the fourth most important exporter of formats, selling 28 program formats since 2004 that have been adapted in hundreds of countries. The country exports a variety of programs to the US where they are broadcast in Spanish, as well as adaptations sold around the world, including to Asian and European countries. Its most well-known formats include *Chiquititas (Little Ones)*, *Rebelde Way* and *Teen Angels*. Mexico is the largest consumer of Argentine formats.¹¹⁰ In 2009, *Lalola* was one of the three best-selling formats in the world, along with *Deal or No Deal* and *Hole in the Wall*.¹¹¹ The telenovela is the main format exported from Latin America.

Reality programs are an important and sizeable genre with content reaching niche audiences across multiple territories that lend themselves to formats.¹¹² Twenty-three per cent of new programs launched in Europe in 2015 were reality programs.¹¹³

Universality in the theme and concept for a reality program make it more easily transferable to other cultural contexts. For example, personal quests are said to have universal appeal that helps sell reality formats. Overcoming obstacles, heroism and personal triumph are key themes running through most reality entertainment formats.

New ideas are needed to continue to generate format sales. For example, the format for *King of Mask Singer* – an unconventional game format – was sold to China. The format for *Kiss Bang Love*, a “dating show” with an original focus on kissing has sold to several territories and was a hit in Germany. The most long-lasting reality formats have simple concepts that have changed little over time. For example, *Big Brother*, which has aired for 17 seasons, and *Survivor*, which has been on the air for 30 seasons.¹¹⁴

Formats are said to be growing again in popularity, in part due to growing sales of scripted formats. There were 87 new scripted series based on formats launched in Europe in 2014. Another seventeen new scripted series were launched for which formats had been sold to other territories. In 2014, Spanish scripted formats were said to be most popular, with two series making a total of ten format sales.¹¹⁵ In 2015 format sales of thrillers were in demand, including the Australian production *Secrets and Lies*, *Les Revenants* originating in France (*The Returned*), *The Gordin Cell*, from Israel, all of which sold to the US in addition to other territories, including Mexico, Brazil, Russia, Italy, Turkey and South Korea.¹¹⁶

Israel has emerged as a significant seller of formats. The format for *BeTipul*, a “psychotherapy drama”, was sold to HBO, where it was adapted as *In Treatment*. The format was later sold to 20 other countries. Showtime’s *Homeland* is an adaptation of the Israeli thriller *Hatufim*. Israel has also had success selling reality formats such as *HaKokhav HaBa*, better known in the West as *Rising Star*, which was sold to 25 territories, including China,

¹¹⁰ Jonathan Maria, Argentina is the Latin American Leader in TV Format Exports, DataXis, June 21, 2013.

¹¹¹ Charles Sanchez, et al, *Export Pioneers in Latin America*, Inter-American Development Bank, April, 2012.

¹¹² Pact, BBC Worldwide and ITV Studios, *UK Television Exports FY 2014/2015*, prepared by TRP Research.

¹¹³ “Formats Set for Dramatic Revival,” *Television Business International Vision*, July 6, 2016, retrieved from <http://tbivision.com/highlight/2016/07/formats-set-dramatic-revival/619072/>.

¹¹⁴ The Wit, *The Definitive Guide: How to Create a Hit Format in 10 Lessons*, Whitepaper, MipTV, Micdoc, Mipformats.

¹¹⁵ The Wit, *Five Drama Trends for 2015*, MipTV and MipCom, whitepaper, 2015.

¹¹⁶ The Wit, *Five Drama Trends for 2015*, MipTV and MipCom, whitepaper, 2015.

the US and Turkey. Three companies, Keshet, Dori Media and Armoza Formats are responsible for the sale of over 100 formats to markets around the world.¹¹⁷ Part of the success of Israeli formats in foreign markets is the international focus of sellers, who target English-speaking markets.¹¹⁸

Children's formats are also selling, including unscripted *Little Big Shots* by Warner Brothers International Television Production, *MasterChef Junior* by Endemol Shine, and the Australian production *Spelling Star*.¹¹⁹

5. Production and Distribution Characteristics that Impact Sales

5.1 International Coproductions, High-Budget and English-Language Programs Export Better

The most successful exports tend to have very high budgets and are international coproductions. It is no longer unusual for US companies to spend USD \$3 million or more per hour of high-budget drama. *Game of Thrones*, one of the most popular programs worldwide, is said to have cost up to 2 and 3 times as much per hour.¹²⁰

The scale and high cost of drama series is driving more producers to partner with others in international coproductions, allowing some productions to compete at budget levels similar to those in the US and achieve sales. While coproductions are not new, they are coming together sooner in the development process due to the high level of competition. Even broadcasters in the US are doing more coproductions.

The recent France/UK/Canada coproduction *Versailles*, is one such example. The reputed budget of nearly €30 million for ten one-hour episodes makes it the most expensive French series ever made.¹²¹ UK distributor Zodiak Rights has sold the property to 135 territories.¹²² France has reported an increase in majority coproductions for drama series in 2015.¹²³ Other examples include the UK's ITV hit drama *Downton Abbey*, which was coproduced with NBC Universal's UK division, Carnival Films. The UK/Australia coproduction *Top of the Lake*, is another example.¹²⁴

¹¹⁷ Stephen Hayman, "Israeli Television's Surprising Global Reach," *New York Times*, November 5, 2014; Ran Boker, "How Successful are Israeli TV Shows Abroad?," *Ynetnews.com*, September 29, 2014.

¹¹⁸ *How to Create an International TV Model: The Israeli Case: Professor Menzi Analyses the Success of Israeli Formats*, Press Release, Libera Università Internazionale degli Studi Sociali Guido Carli (LUISS), April 6, 2016.

¹¹⁹ Nancy Tartaglione, "Kids, Returnables & Local Productions Are Croisette Buzzwords – MIPTV," *Deadline Hollywood*, Apr 4, 2016.

¹²⁰ Ruth Bender, "French TV Series 'Versailles' Courts Global Appeal," *Wall Street Journal*, April 13, 2015.

¹²¹ Ruth Bender, "French TV Series 'Versailles' Courts Global Appeal," *Wall Street Journal*, April 13, 2015.

¹²² "Zodiak Rights annonce de nouvelles ventes pour la série Versailles," Press release, Zodiak Media France, , April 4, 2015, retrieved from http://zodiak.fr/news_388_zodiak-rights-annonce-de-nouvelles-ventes-pour-la-serie-versailles.

¹²³ Centre national du cinéma et de l'image animée, *Bilan 2015*, 2016.

¹²⁴ Emile Sherman, On Top of the Lake, Screen Australia Screen Blog Screen Intel, retrieved from <http://thescreenblog.com/screenintel/emile-sherman-on-top-of-the-lake/>.

As can be seen in the popularity of US and UK television programs, English-language productions are more exportable. Likewise, Australia exports their highest number of dramas to other English-speaking countries – the US, UK and Canada.¹²⁵

The recent increase in France's international sales of TV drama is being attributed to a number of recent programs produced in English.¹²⁶ In particular, the France-Canada-Britain coproduction *Versailles*, and the US/France series *Taxi Brooklyn*, which was produced in English and sold to NBC.¹²⁷ Pre-sales for English-language French drama programs *Versailles*, *Panthers* and *Transporter: The Series*, increased six-fold in 2014 and accounted for half of all foreign pre-sales in 2014 (€56.5 million).¹²⁸ Mexican broadcast group Televisa announced late last year that it was moving forward on a number of English-language scripted series to meet both domestic and international demand. The debut series, *Duality*, is a co-venture with Vancouver-based Odyssey Media.¹²⁹

Live action children's properties are also said to travel better if originally produced in English.¹³⁰

5.2 Marquee Elements Drive International Sales of High Budget Drama

As drama moves into the space once occupied by feature film, producers note that they increasingly face the similar challenge of "a hit-driven business."¹³¹ In this environment, marquee cast, directors and writers are being attached to high-budget dramas to drive sales in international markets. In Australia, the significant pre-sales to international broadcasters obtained for the high-budget drama *Top of the Lake*, were attributed to the attachment of director Jane Campion (*An Angel at my Table*, *The Piano*).¹³²

In the US, star-driven series are becoming more common as a means of attracting viewers, in both drama and comedy.¹³³ Producers are also using well-known actors to secure new commissions from broadcasters.¹³⁴

Performances by Jessica Lange and Kathy Bates and appearances by stars such as Lady Gaga have helped propel the international success of FX's *American Horror Story*. So too for programs featuring Oscar® nominees and winners, such as Clive Owen (*The Knick*, directed

¹²⁵ Screen Australia Intel, "Germany Paid What? A Look at Prices Paid for Aussie Drama Abroad," blog, Screen Australia, retrieved from <http://thescreenblog.com/screenintel/germany-paid-look-prices-paid-aussie-drama-abroad/>.

¹²⁶ Daniel Psenny, "Record historique pour l'exportation des programmes audiovisuels français," *Le Monde*, September 8, 2015.

¹²⁷ "Gros plan sur Séries Series – L'exportation : une nouvelle opportunité pour la fiction française?" *Séries chéries*, July 4, 2016, retrieved from <https://seriescheries.com/2016/07/04/gros-plan-sur-serie-series-lexportation-une-nouvelle-opportunite-pour-la-fiction-francaise/>.

¹²⁸ Rhonda Richford, "French TV Show Export Revenue, North America Sales Hit Records," *The Hollywood Reporter*, September 9, 2015.

¹²⁹ *The Telco Report*, Volume XLVI, No. 39, October 5-9, 2015

¹³⁰ Guy Bisson, Research Director, Ampere Analysis, "Kids' TV and the Future of Entertainment: Gen Z & Gen 'Alpha': Driving the New TV Dynamic", MipTV, 2015.

¹³¹ <http://pressroom.mipcom.com/press-release-en/lively-mipcom-reflects-diversity-of-industry-ecosystem-1008-4533>

¹³² Screen Australia Intel, "TV Drama Abroad: What's Selling and Why," blog, Screen Australia, retrieved from <http://thescreenblog.com/screenintel/international-tv-sales-whats-selling-and-why/>.

¹³³ TBI international; Kayla Hegedus, Data scientist, *Who's winning in the world of The New Television?*, Parrot Analytics, MipTV/MipCom, 2016.; mipcom-eurodata-wp-international-tv-trends-october-2014.pdf

¹³⁴ John Hopewell, "Mip TV: Drama Dynamizes 2015 Market," *Variety*, April 12, 2015.

by Steven Soderbergh), Maggie Gyllenhaal (*The Honorable Woman*, directed by Hugo Blick), and Viola Davis (*How to Get Away With Murder*). The 8-episode science fiction series, *11/22/63*, starring James Franco, was produced by J.J. Abrams as a Hulu exclusive. Compelling scripts by seasoned writers are attracting marquee cast and ensure strong sales of these programs.¹³⁵

In 2016, more well-known actors will star on TV shows. American network pilots shot in 2016 reportedly feature stars such as Dennis Quaid, Kevin Bacon, Cuba Gooding Jr., Sigourney Weaver, Ellen Barkin, John Leguizamo, David Arquette, Malin Akerman, Mandy Moore and Mira Sorvino. The UK drama *Billions* from Sky Atlantic will feature Emmy and Golden Globe Award winners Paul Giamatti and Damian Lewis.¹³⁶ Another big budget UK program, BBC1's *The Night Manager*, will star Hugh Laurie and Tom Hiddleston in this adaptation of the John le Carré novel.¹³⁷

Online platforms continue to launch marquee-led programs. Apple is said to be preparing to launch an “exclusives” app for its Apple TV and iTunes, for which it will be commissioning a new roster of exclusive programs from “triple A-list” talent.¹³⁸ For its part, Netflix has just released its latest big-budget program, *The Get Down*, starring Justice Smith, Shameik Moore, Herizen F Guardiola and Jimmy Smits.¹³⁹

5.3 Cultural Connections are Important for Sales

Outside of format rights, television programs in local languages that reflect local cultures drive most international sales. The majority of European sales are being made to territories that share a common language and/or culture. This is true, for example, for the German-speaking areas of Germany, Austria and part of Switzerland. Spanish productions do well in Latin America. The exception is for English-language content, which tends to have a broader appeal.¹⁴⁰

Turkish drama series have been popular in the Middle East and North Africa for some years. Their success is attributed to Turkey's historical ties with the region's other countries. They were seen by Middle Eastern audiences to be a more polished replacement to earlier Syrian dramas.¹⁴¹

¹³⁵ Jenelle Riley, Debra Birnbaum, Actors on Actors: Hollywood's A-List Finds Meaty Roles on Television, *Variety*, June 9, 2015.

¹³⁶ Sara Wallis, “With Emmy and Golden Globe winners, *Billions* is Sky Atlantic's latest big-budget drama,” *Mirror*, May 2016.

¹³⁷ Tara Conlan, *Dramatic licence: broadcasters buy into big-budget TV boom: Demand for television drama is surging, and the BBC, ITV and their online rivals are rushing to meet it*, *The Guardian*, Saturday 6, February 2016.

¹³⁸ Dan Thorp-Lancaster, “Triple A-list talent' said to be part of Apple's secret push into original TV,” *imore*, April 18, 2016, retrieved from <http://www.imore.com/triple-list-talent-said-be-part-apples-push-original-tv-shows>.

¹³⁹ “Is Netflix's big-budget new musical drama series *The Get Down* worth watching?,” *Irish Examiner*, August 12, 2016.

¹⁴⁰ *The impact of cross-border Access to audio-visual content on EU consumers*, prepared by Oxera and Oliver and Ohlbaum Associates Ltd. for a group of members of the international audiovisual industry, May 2016, page 30.

¹⁴¹ Sevda Alankus, Eylem Yanardagoglu, Kadir Has University, Istanbul, “Vacillation in Turkey's Popular Global TV Exports: Toward a More Complex Understanding of Distribution,” *International Journal of Communication*, October, 2016.

Audiences tend to prefer local content in factual programs, lending these programs to format sales.¹⁴²

6. Summary Observations

The largest exporter of television programs is far and away the US. In a league of its own, the American television industry is competitively advantaged by its scale, wealth and language. Growing demand for television programs worldwide has particularly benefited the US due to the vertical and horizontal integration and international reach of their media conglomerates.

Success by the top exporters, the UK, the Netherlands, France and Australia, has similarly been propelled by their strategic alliances with foreign production and distribution companies. These alliances have leveraged resources and expertise as well as ensured international reach of their most successful productions.

Digital services have indelibly shaped the television landscape fueling demand for serialized drama. High-end drama continues to be sought after for its ability to attract and build loyal audiences. To finance the ever-growing production budgets of high-end drama, independent producers, broadcasters and large production studios are undertaking more coproductions.

Action drama, crime thrillers and science fictions are most in demand. Procedural drama is said to be highly popular around the world for its episodic nature.

At the same time, buyers continue to acquire original procedural dramas comedies, animation, documentaries, factual and reality programs.

The format business, which has driven much of the growth in sales in the past decade, has recently been revitalized by sales of scripted formats. In the reality format space, the so-called “super formats” continue to dominate sales and schedules. For example, formats like *Big Brother* and *Master Chef* are still going strong after more than a decade of being on the air.¹⁴³

While there is great demand for television programs in general, English-language programs with higher budgets, made within the framework of official treaty coproductions, with marquee elements are more exportable. Audiences are said to prefer culturally familiar programs driving the success of format sales.

While English-language programs have a broader international appeal, markets exist for programs in other languages such as French and Spanish. In this regard, animation, which lends itself most easily to dubbing in other languages, is France’s most exported genre.

¹⁴² “Formats Set for Dramatic Revival,” *Television Business International Vision*, July 6, 2016, retrieved from <http://tbivision.com/highlight/2016/07/formats-set-dramatic-revival/619072/>.

¹⁴³ John Hopewell, “Mip TV: Drama Dynamizes 2015 Market,” *Variety*, April 12, 2015.

III. A Portrait of the International Sales of Canadian Television Programs: 2006-2007 to 2015-2016

1. Characteristics of Television Programs Supported by the CMF That Generated the Most Pre-Sales

CMF-funded television programs generated \$314 million in international pre-sales between 2006-2007 and 2015-2016. Of all the programs funded by the CMF in this time period, only 7% had international pre-sales in their financial structures. These pre-sales represented 16% of the total production budgets (\$1.95 billion) of the programs that were pre-sold. Generally, these pre-sales were for rights to all platforms including for television, VOD and streaming. (See Figure 2.)

Figure 2: Total International Pre-sales of CMF-Funded Programs, 2006-2007 to 2015-2016

	Total Number of projects	Total international pre-sales	Total production budgets
Projects pre-sold internationally from 2006-2007 to 2015-2016	331	\$313,532,790	\$1,950,000,558

1.1 The Majority of International Pre-sales were for Drama

Pre-sales of drama program accounted for two-thirds of all pre-sales (66%), as compared to 13% for documentary, 12% for animation and 9% for live action children's and youth programs. Presales of dramatic programs amounted to \$207 million. At \$2.4 million on average, presales for drama productions were higher than those for any other genre. (See Figure 3.)

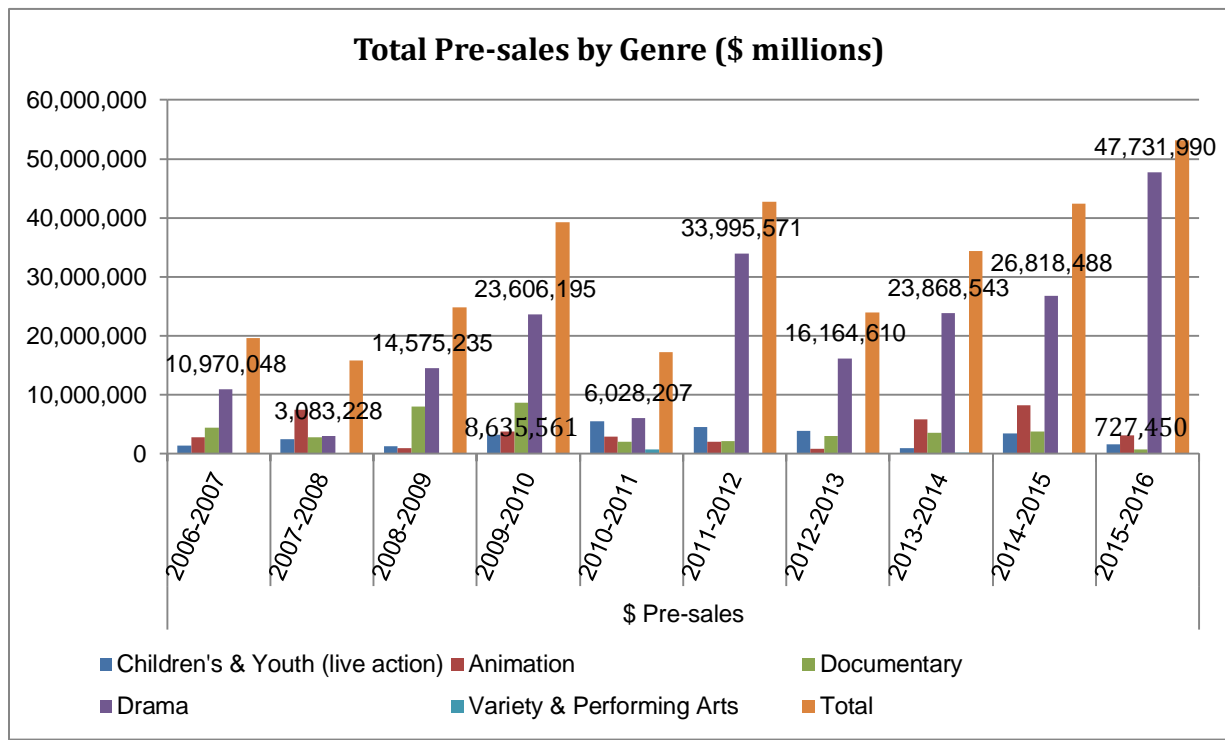
Figure 3: Total International Pre-sales by Genre, 2006-2007 to 2015-2016

	Number of projects	Total international pre-sales	Total production budgets	Average pre-sale
Drama	86	\$206,842,115	\$1,301,904,401	\$2,405,140
Documentary	172	\$39,213,890	\$222,792,599	\$227,987
Animation	38	\$37,997,740	\$211,883,629	\$999,940
Children's and Youth*	30	\$28,323,327	\$202,117,912	\$944,110
Variety and Performing Arts	5	\$1,155,718	\$11,302,017	\$231,143
Total	331	\$313,532,790	\$1,950,000,558	

*This refers to only live action programs.

Pre-sales of drama have greatly increased since 2006-2007. As can be seen in Figure 4, pre-sales of dramatic productions have seen the greatest increase over the past decade, rising from just under \$11 million in 2006-2007 to almost \$48 million in 2015-2016. This represents an increase of 335%, far outpacing the growth of production budgets, which increased by 121% over the same period.

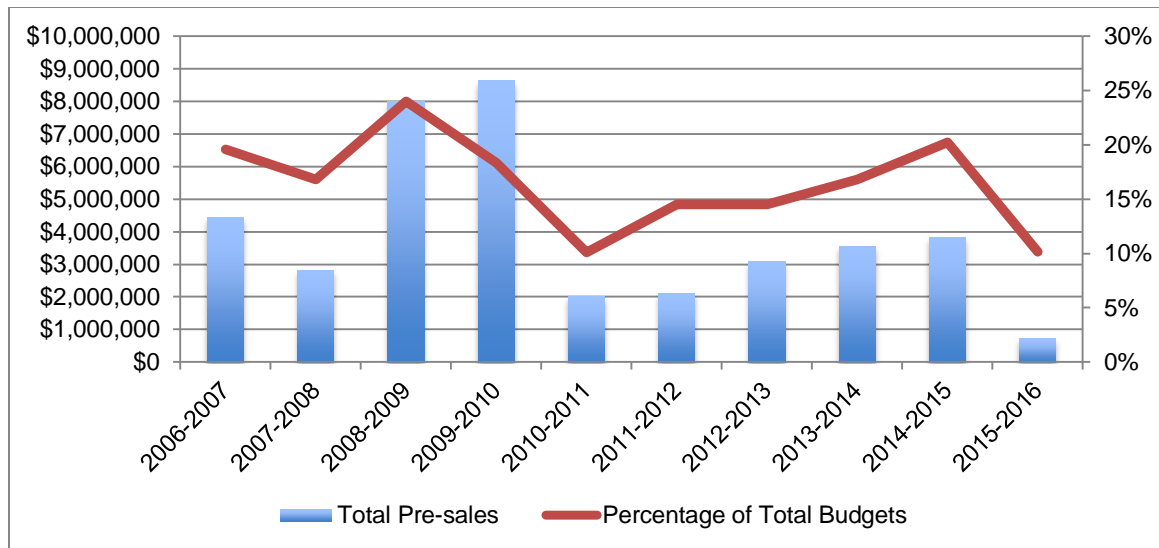
Figure 4: International Pre-sales, by Genre and by Year, 2006-2007 to 2015-2016



English-language dramas with budgets greater than \$20 million achieved a higher proportion of international pre-sales. Representing 30% of all pre-sold dramas, these productions attracted 56% of all pre-sales between 2006-2007 to 2015-2016.

1.2 Modest Pre-sales for Documentaries

Compared to drama, international pre-sales of documentary productions supported by the CMF were modest between 2006-2007 and 2015-2016. (See Figure 5.) Although documentaries accounted for 52% of all projects with international pre-sales between 2006-2007 and 2015-2016, the trend has been to fewer pre-sales in recent years. After peaking at \$8.6 million in 2009-2010, documentary pre-sales fell to only \$2 million in 2010-2012, and then achieved modest growth until 2014-2015. Sales fell again in 2015-2016 to only \$727,450. Only nine documentaries were pre-sold internationally in 2015-2016 as compared to 21 projects in 2006-2007. It is not known if this simply represents an unusual year or if it is the beginning of a new trend.

Figure 5: International Pre-sales of Documentaries, by year, 2006-2007 to 2015-2016

1.3 Greater Global Market Opportunities Exist for English-language Programs

Total international presales of English-language programs amounted to \$308.8 million. Pre-sales of French-language programs were worth almost \$5 million. (See Figure 6.)

Figure 6: Total Pre-sales, 2006-2007 to 2015-2016

Language	Number of projects	Total international pre-sales
English	298	\$308,789,214
French	33	\$4,743,576
Total	331	\$313,532,790

1.4 Domestic Productions and International Coproductions Attracted Pre-Sales

The majority of programs financed by the CMF are domestic productions and represent a higher overall level of pre-sales. On the other hand, coproductions financed a higher proportion of their production budgets through pre-sales. Minority coproductions achieved the highest level of financing through international pre-sales at 27% of the Canadian portion of their total production budgets. International pre-sales of majority coproductions represented 21% of the Canadian portion of production budgets. (See Figure 7.)

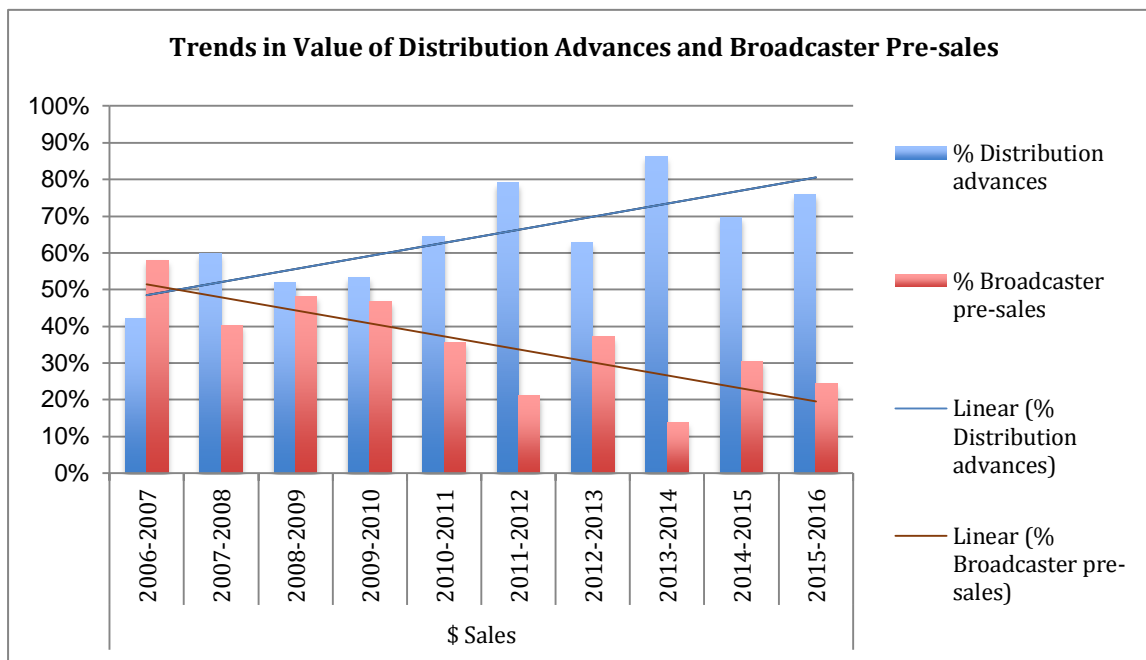
Figure 7: Sales of Coproductions 2006-2007 to 2015-2016, by domestic or international coproduction

	Number of projects	Total international pre-sales	Total production budgets (Canadian portion)	Percentage of total budgets
Domestic production	258	\$243,798,443	\$1,652,290,587	15%
Majority coproduction	35	\$37,852,089	\$179,636,208	21%
Minority coproduction	38	\$31,882,258	\$118,073,763	27%
Total	331	\$313,532,790	\$1,950,000,558	

1.5 Increasing Importance of Distribution Advances

Distribution advances now account for 76% of all international pre-sales, as compared to 24% for broadcaster pre-sales. Over the past decade, pre-sales to distributors have increased while pre-sales to foreign broadcasters have decreased. As can be seen in Figure 8, the value of broadcaster pre-sales has declined and represented \$12.9 million in sales in 2015-2016. By comparison, distribution advances have increased by 387%, from \$8.2 million in 2006-2007 to \$40.3 million in 2015-2016.

Figure 8: Value of International Distribution Advances and Broadcaster Pre-sales, 2006-2007 to 2015-2016



1.6 The US and UK are Canada's Most Important Markets for International Pre-sales

As can be seen in Figure 9, pre-sales were made to a total of 28 countries. The greatest number of pre-sales were made to the US and the UK. US pre-sales represented 50% of all pre-sales while the UK was the second most-important market for pre-sales of Canadian productions, representing 29% of all pre-sales. France and Ireland represented 8% and 7% of all pre-sales, respectively. Together, the top eight countries captured 99% of all pre-sales.

Figure 9: International Pre-sales by Country, 2006-2007 to 2015-2016

By country of broadcaster or distributor	Number of International pre-sales	Total amount of international pre-sales	% of Total Sales
United States	128	\$155,339,645	50%
United Kingdom	109	\$90,446,872	29%
France	36	\$25,139,315	8%
Ireland	18	\$21,959,923	7%

Switzerland	5	\$6,296,293	2%
Netherlands	7	\$4,739,436	2%
Germany	24	\$4,381,898	1%
Australia	12	\$2,090,111	1%
Brazil	2	\$788,677	0%
New Zealand	3	\$705,305	0%
Japan	5	\$486,335	0%
Malaysia	1	\$455,345	0%
England	4	\$228,031	0%
India	1	\$226,794	0%
Sweden	5	\$48,165	0%
Italy	1	\$40,500	0%
Finland	5	\$35,013	0%
Belgium	2	\$30,661	0%
South Africa	1	\$28,220	0%
Denmark	4	\$22,250	0%
Austria	1	\$16,203	0%
Norway	2	\$13,911	0%
Greece	2	\$5,000	0%
United Arab Emirates	1	\$5,000	0%
Mexico	1	\$1,398	0%
Spain	4	\$1,098	0%
Slovenia	3	\$732	0%
Czech Republic	4	\$659	0%
Total	391	\$313,532,790	100%

Note: Projects with sales in more than one country are counted more than once.

2. Characteristics of CMF-Funded Programs that have Generated Sales

2.1 There is a Larger Global Market for English-language Programs

From 2012-2013 to 2014-2015, 159 CMF-funded projects generated sales of \$161.5 million. English-language programs have access to greater markets globally, capturing 98.6% of the value of all sales. A sizeable number of the programs that were exported were French-language, representing one-quarter of all programs sold. Total sales of French-language programs amounted to \$2.2 million. The average sale for French-language programs was \$55,000.

Thirty percent of productions sold after completion (48 in all) also had pre-sales in their financial structures. Dramas and documentaries most often had both pre-sales and sales of completed productions.

2.2 The Majority of Sales were for Drama Programs

Sales of completed drama programs totaled \$133.5 million, representing 83% of all sales. Dramas with production budgets greater than \$20 million captured 74% of all sales, for a

total of \$118.7 million. These projects were all produced in the English-language. (See Figure 10.)

Figure 10: International Sales of Completed Productions, 2012-2013 to 2014-2015

Genre	Number of Productions Sold	Total Amount of Sales	Percentage of total sales
Drama	43	\$133,489,921	82.7%
Documentary	88	\$18,362,342	11.4%
Children's & Youth (live action)	18	\$5,644,229	3.5%
Animation	7	\$3,656,641	2.3%
Variety & Performing Arts	5	\$384,316	0.2%
Total	159	\$161,467,004	100%

All of the top 10 selling English-language programs were dramas. Six were serialized dramas. One was a period police procedural. Three programs had repeat sales for a second season. Total sales ranged from a high of \$27 million for the top-selling program, to a low of \$3.8 million. The median level of sales was \$6.6 million.

Top-selling French-language programs were more varied. They included three drama series, a reality game show that has sold its format around the world, a live action youth program, and two documentary series. Total sales ranged from a high of \$300K for the top-selling program, to a low of \$100K. The median level of sales was \$100K.

2.3 Rights for Linear Television and for the World Accounted for the Majority of Sales

Fifty nine per cent of all sales were for programs sold to all territories. Twenty per cent of all sales were exclusively for the US. (See Figure 11.)

Figure 11: Top 5 Territories for Sales of Completed Programs 2012-2013 to 2014-2015

	Total Sales	Percentage of Total Sales
World	\$95,754,336	59%
US	\$32,642,611	20%
Germany	\$5,687,426	4%
France	\$2,626,113	2%
UK	\$2,093,088	1%
All Others	\$22,663,429	14%
Total	\$138,803,575	100%

Between 2012-2013 and 2014-2015, 41% of sales were for linear television rights while 35% of sales were for rights to all media. (See Figure 12.) Digital rights accounted for 5% of all sales. This proportion may in fact be higher, as “undefined” rights may reflect some sales of digital rights. Sales of DVD rights represented only 1% of all sales.

Figure 12: Sales by Type of Rights, 2012-2013 to 2014-2015

Type of Rights	Total Sales	Percentage of Total Sales
Linear television rights	\$65,435,960	41%
All media	\$56,239,511	35%
Digital rights	\$7,670,410	5%
DVD rights	\$1,973,979	1%
Undefined	\$30,147,059	19%
Total	\$161,467,004	100%

3. Summary Observations

3.1 Trends in Sales of Canadian Television Programs are Consistent with International Trends

Between 2006-2007 and 2015-2016, CMF-funded programs had pre-sales of \$314 million. The majority of the pre-sales were for drama. Eighty nine per cent of the programs pre-sold were produced in English.

Both domestic and international coproductions attracted pre-sales. International coproductions financed a higher proportion of their productions through pre-sales. A notable trend in international pre-sales of CMF-funded productions is the increasing importance of advances from distributors. This trend reflects growing interest from distributors to invest earlier in projects in order to ensure access to rights. Even though pre-sales were made to a total of 28 countries, the US and UK were the most important markets for pre-sales. Eight countries accounted for 99% of all pre-sales.

Between the years 2012-2013 to 2014-2015, 159 CMF-funded projects generated sales of \$161.5 million. Thirty per cent of all productions sold after completion also had pre-sales in their financial structures. The majority of programs that had both pre-sales and sales after completion were dramas and documentaries. Dramas with production budgets greater than \$20 million captured three-quarters of all sales. Sales were made primarily for linear television and for the world. We note that sales of DVD rights represented only 1% of all sales since 2012-2013, as compared to 5% for digital rights

Ninety-nine per cent of all sales of completed programs were produced in English. All ten of the top ten-selling English-language programs were dramas. As in the international market, English-language high-budget drama productions travelled well outside Canada and achieved the most sales. The most important markets for these CMF-funded productions were the US, followed by the UK.

The top ten-selling French-language programs represented a variety of genres including drama, documentary, a youth program and variety. Total sales of completed programs represented 1.4% of all sales but 25% of programs sold. The average value captured by sales of French-language programs was significantly lower than that captured by English-language programs.

IV. Interview Findings on the Challenges and Opportunities for the Export of Canadian Television Programs

1. Canadian Drama Series Face Great Competition for Sales

Producers and distributors interviewed for this study pointed out that Canadian drama series face great competition for sales. Drama series are in ever increasing demand and Canadian exports have to compete with the best in the world. It is exceedingly difficult for dramas produced in countries other than the US or the UK, the two top exporters in the world, to compete for sales.

With the digital expansion of television broadcasting, coupled with globalization of the industry, a fiercely competitive television landscape now exists in which channels and web-based platforms around the world are using drama as the Holy Grail for building and retaining audiences. For example, by one estimate, US TV networks typically launch 346 new scripted series a year.¹⁴⁴

It is relatively easier for English-language programs to sell to the US market and other English-language territories, as compared to French-language drama programs, which are clearly at a disadvantage. Interviewees noted the difficulty of selling French-language drama programs dubbed into English to these lucrative markets. Even in France, high-budget dramas are being shot in English to attract international financing and later dubbed into French for broadcast in the domestic market.¹⁴⁵

Our interviews with distributors reveal that quality, which has always been an important differentiator for dramas, is more important than ever. To attract stronger international revenues, Canadian dramas must stand out as truly original and have star talent - writers, directors or actors. The Canadian talent pool is small and competition for experienced writers able to deliver internationally competitive scripts is described as being fierce. Theatrical production values are becoming the norm, driving up productions costs, including the higher fees that must be paid to marquee cast, directors and writers. As one interviewee observed, drama is filling a space previously occupied by feature films.¹⁴⁶

Productions costs for high-budget dramas are increasingly requiring multiple broadcast licenses in order to close financing. For these productions, foreign pre-sales from broadcasters or OTT services that can pay significant fees are of the utmost importance. For example, Netflix is making massive investments in new productions forcing others to follow suit, with an inflationary effect on production costs.

According to interviews conducted with distributors, the perception of international buyers is that Canadian drama productions suffer from a lack of pace and an absence of dramatic tension, jeopardy and drama. The small size of the Canadian market, which supports only a few major broadcast groups, combined with a generous funding system, project an image of a market that is not as dynamic as its competitors.

¹⁴⁴ HIS Technologies, *International Distribution of US TV Series*, Whitepaper, Miptv.

¹⁴⁵ Sam Schechner, "C'est What? French TV in English - Rising Cost of Flashy Programs Means Shows Have to Cater First to International Audiences," *Wall Street Journal*, Nov. 20, 2012.

¹⁴⁶ *Television Business International Vision*, June/July 2016, retrieved from http://media2.telecoms.com/e-books/TBI/magazines/TBIJunJul16_lo.pdf.

2. *Unscripted Content Presents Opportunities*

Producers and distributors interviewed for this study point to opportunities for Canadian exports in unscripted factual and reality programs.

Unscripted programs are less costly to produce entailing less risk to financial participants. For example, the average unscripted series costs approximately one-fourth of a high-end drama.¹⁴⁷ Unscripted series can have a long shelf life with a loyal fan base.

There is great global demand for unscripted programs and formats. Interviewees noted the greater facility of selling formats in foreign language markets. Some French-language producers pointed to the success they have had in this regard.¹⁴⁸

A notable trend has been an increase in the volume of unscripted content.¹⁴⁹

3. *Branded Content Sells Better*

New platforms and traditional broadcasters are seeking brand-defining original material that sets them apart in a competitive marketplace.¹⁵⁰ Brands are key routes to market. There has been a shift towards more authored content such as books, graphic novels and other pre-established IP, away from producer-driven content generation.¹⁵¹

Interviews conducted for this study reveal that there are opportunities for selling branded children's programs, particularly on international VOD platforms. One producer pointed out that: "Kids content on ad supported sites such as Youtube...are doing gangbusters."¹⁵²

Another producer noted that, "Brands whose viewership is global are especially important for success on ad-supported sites. It is easier to attract viewers to streaming sites for brands that already have recognition."¹⁵³ Similarly, content that is being streamed on branded platforms, like the Disney Channel or BBC, present opportunities as audiences can be directed to social platforms to watch related content, where they can be monetized.

Even in documentaries, there is a trend towards celebrity-packaged, signature documentaries, as well as towards famous or infamous real life people as subjects.

4. *Expanding Television and Digital Services Present Both Challenges and Opportunities for Exports*

The proliferation of new television channels and digital platforms around the world has led to increasing demand for television programs.¹⁵⁴ For example, the total number of channels

¹⁴⁷ Josef Adalian, "The Boom Days of Reality TV Are Over," *Vulture*, September 23, 2015.

¹⁴⁸ Interviews.

¹⁴⁹ "Formats Set for Dramatic Revival," *Television Business International Vision*, July 6, 2016, retrieved from <http://tbivision.com/highlight/2016/07/formats-set-dramatic-revival/619072/>

¹⁵⁰ *Television Business International*, June/July 2016, retrieved from http://media2.telecoms.com/e-books/TBI/magazines/TBIJunJul16_lo.pdf.

¹⁵¹ *Television Business International*, June/July 2016, retrieved from http://media2.telecoms.com/e-books/TBI/magazines/TBIJunJul16_lo.pdf.

¹⁵² Interviews.

¹⁵³ Interviews.

¹⁵⁴ European Audiovisual Observatory, *Yearbook 2015 Key Trends*, 2016.

in the European Union (EU) has been growing since 2009 from a total of 3615 channels to 5370 in 2015. This represents an increase of 1755 new channels and an almost 50% increase.

New streaming and other services are coming into play and co-commissioning is growing (in which two or more services pre-buy a program).¹⁵⁵ In the UK, a large number of children's digital platforms have emerged. Netflix, Hulu and Amazon have all established themselves as major global players. One distributor pointed out that: "There is lots of opportunity if you understand how distribution is evolving."¹⁵⁶

Canadian producers note the difficulty of retaining their digital rights for selling to these services. Sales of multi-platform rights to English- and French-language Canadian programs have tended to be the norm as is evidenced in our analysis of sales of CMF-supported television programs, which show that TV, VOD and streaming rights are being bundled together.

Streaming services such as Netflix and Amazon are spending significant amounts to acquire first window rights to new programs, which interviewees describe as "a huge opportunity, bigger than any broadcaster in Canada." Our interviews reveal that these types of arrangements can generate revenues and visibility. At the same time, concern is being raised about the practice of acquiring worldwide rights, limiting Canadian producers' opportunity to exploit their IP in other windows and territories and build asset value over time. Netflix is at the center of this disruption in the traditional windowing model, buying world rights in the first window.¹⁵⁷

On the other hand, distributors and US interviewees point out that Netflix is a healthy addition to the system, useful for financing productions, providing opportunities for catch-up viewing when new seasons are being launched on television, and for the global promotion it can provide for sales of second windows following the holdback for Netflix' first window. The challenge and opportunity for distributors is cutting an advantageous worldwide deal.¹⁵⁸

One distributor noted: "Where you put up a significant distribution advance, does it make sense to do business with Netflix? Is it a one and done deal? Do we have enough analytics on the market to know if other buyers will take a window after Netflix? Linear broadcasters are more open to second windows after Netflix as many do not have a choice."¹⁵⁹

5. The US Market Presents Both Challenges and Opportunities

The US market presents significant opportunities for sales of Canadian programs and is a strategic route to the international market. Interviewees describe the US market as critical to their success and growth. As one producer noted, in a mere decade, the Canadian industry has pivoted to considering the US as its primary foreign market. The received wisdom today is that you must have a US buy.

¹⁵⁵ Screen Australia Intel, "TV Drama Abroad: What's Selling and Why," blog, Screen Australia, retrieved from <http://thescreenblog.com/screenintel/international-tv-sales-whats-selling-and-why/>.

¹⁵⁶ Interviews.

¹⁵⁷ *Television Business International*, June/July 2016, retrieved from http://media2.telecoms.com/e-books/TBI/magazines/TBIJunJul16_lo.pdf.

¹⁵⁸ *Television Business International*, June/July 2016, retrieved from http://media2.telecoms.com/e-books/TBI/magazines/TBIJunJul16_lo.pdf.

¹⁵⁹ Interviews.

One producer described co-ventures with the US as great opportunities even though they may be more challenging to complete.

The US is a dynamic, English language territory, an obvious partner for co-ventures and sales. As one producer stated: “There are a lot of non-traditional players looking for content from cable channels such as HBO, AMC, Showtime and Starz, to over-the-top services such as Netflix, Hulu and Amazon. They are all looking for bold and distinctive programs and increasingly, there is an appetite to coproduce.”¹⁶⁰

Producers noted that the best way to generate sales to the US market is to work with a distributor or sales agent as this gives you direct access to the buyers. Interviewees pointed to the importance of face-to-face meetings.

Foreign buyers look to the US market in making their decisions. The importance of a sale to the US is about validation of market potential and helps to make other sales to other markets. US channels have very specific brands and selling to them positions the program for buyers in other territories. Buyers also appreciate the promotion and marketing assured by US channels. One distributor pointed out that sales to channels with strong brands provide proof of concept and help potential buyers to understand a program’s genre, type and audience, which are very helpful in driving sales.

The global distribution networks of US media conglomerates can greatly support access to multiple markets. It is not unusual for US distributors to take world rights or multi-territory rights, and to make sales through their integrated networks. For buyers, US broadcasters and distributors serve as a reference point to understand the potential value of programs that are for sale in international markets. One interviewee stated: “In many cases, US buyers are doing multi-territory buys. When we sell to Discovery, National Geographic, or any of those networks, we are actually doing a pan- European deal with a US buyer.”¹⁶¹

6. Considerations for Enhancing Sales of Canadian Television Programs

6.1 Greater Investment in Development

Successful exporting countries are investing significantly in the development of television. UK broadcasters for example have acquired a reputation for quality and innovation in the development of television programs. One producer explained: “Development at the outset is missing in Canada. If you have a great project and you give it to a good distributor, they will do their work and it will sell.”¹⁶²

Investment by public broadcasters and funders in the development of drama series produced in small markets similar to Quebec has been shown to enhance their exportability.¹⁶³

Interviewees pointed out that more investment in development is required by Canadian broadcasters if foreign sales are to increase, particularly for high-budget drama series. One producer said: “Everything stands on the writing. There is a lack of funding to empower our writers. Producers pay very little for options.”¹⁶⁴ One distributor noted that: “We have a

¹⁶⁰ Interviews.

¹⁶¹ Interviews.

¹⁶² Interviews.

¹⁶³ Francis Gosselin and Frédéric Guarino, FG8, *Fictions nationales au petit écran - Étude sur la performance locale et internationale des séries dramatiques dans neuf petits marchés télévisuels*, prepared for the Canada Media Fund, 2016.

¹⁶⁴ Interviews.

shortage of writers, and show runners. Canadian dramatic writing could be strengthened by providing talented writers with more opportunities to develop their skills working alongside more experienced writers from foreign jurisdictions.¹⁶⁵

Another distributor stated: “When selling to a US broadcaster, for example, there is so much competition. They have no need for “one-season” shows, as there are so many others to choose from with a greater chance of being renewed for multiple seasons.”¹⁶⁶

Some interviewees noted that Canadian broadcasters need to take more risks in the development of content for the international market. Too often, projects begin from strong scripts but lack the larger more seasoned writing and producing teams for international success.

6.2 Greater Flexibility in Attachment of Marquee Elements

Producers and distributors interviewed for this study noted that greater flexibility is needed in the requirements for Canadian content if exports of television dramas are to increase.

One distributor pointed out that when he sells Canadian drama, the lack of recognizable talent is a challenge.

The “creative renaissance” in drama, where series are delivering cinematic experiences, are being marketed in much the same fashion as cinema. As such, there is a need to attach recognizable talent, or “marquee” elements, to draw viewers. One producer referred to “a *movement* to attach stars - writer, director or actors in television drama series. It's all about marquee.”¹⁶⁷ Some interviewees suggested that the current funding system limits a program’s international sales potential. There is a lack of flexibility in attaching marquee elements, particularly as regards those projects seeking funding from the CMF.

6.3 Flexibility in Funding “Triggers”

A number of producers and distributors interviewed expressed the view that a key barrier to increasing the exportability of Canadian television programs is the lack of flexibility with respect to trigger requirements.

One interviewee explained that, “there is a complete disconnect between the way sales are made on the international market and the way the Canadian funding system works. The present policies are not helping Canadian companies to grow their business. We can’t partner with international broadcasters like Nickelodeon, Discovery, and National Geographic. There is a bottleneck here, but it is solvable. We need to address the funding rules, which are ten years behind. We need flexibility.”¹⁶⁸

A recommendation put forward by some producers interviewed was that the broadcaster trigger be removed and be replaced with a sales requirement: “Government should be there to finance the gap. If a program is sold to the US or UK, Canadian broadcasters will buy it too. But right now they are hamstringing the producers. They are the gatekeepers. Broadcaster interest was always only a proxy for market interest, and rightly so. But with the complexity in the media landscape today, it is much harder to piece financing together.”¹⁶⁹

¹⁶⁵ Interviews.

¹⁶⁶ Interviews.

¹⁶⁷ Interviews.

¹⁶⁸ Interviews.

¹⁶⁹ Interviews.

There is a need for tax credits for content produced for all screens. One producer recommended that “Our policies need to be platform agnostic. Content is content. Why not let a Netflix sale trigger a Canadian tax credit?”¹⁷⁰

6.4 More Coproductions and Coventures

Encouraging more coproductions and coventures would enable more Canadian dramas to be produced at competitive budgets that would make them more exportable. Successful exporting countries are producing with multiple partners around the world allowing them to leverage international relationships and talent to produce stories with strong global appeal. As it has been observed, “a great show can have many origins.”¹⁷¹ Coproduction provides Canadian production companies with opportunities to make multiple pre-sales to buyers in the coproducing territories, enhancing their capacity to produce higher-budget dramatic series that can succeed with global audiences, and should be encouraged.

Coventures (coproductions occurring outside the framework of official coproduction treaties), and in particular coventures with the US, would also greatly enhance the exportability of Canadian drama series. Both France and the UK have boosted their exports through coproduction with the US, which it is said is increasingly open to this type of partnership. Examples exist of Canadian companies benefiting from US involvement in their productions. For example, the Canadian drama series *Flashpoint* received significant investment from a pre-sale to CBS. The show’s US distributor Alchemy Television noted that, “the CBS order made all the difference to global sales.”¹⁷² These included sales to key broadcasters in lucrative territories such as the UK, France, Germany, Spain, Italy, New Zealand and Australia.¹⁷³

Many Canadian programs are being sold to the US, such as this year’s Canada-UK coproduction *Houdini and Doyle*, which was licensed to FOX.¹⁷⁴ These sales are evidence of growing relationships with US players that could be leveraged for greater success in exporting to the US and abroad.

¹⁷⁰ Interviews.

¹⁷¹ Cynthia Littleton, “LA Screenings Preview: International Sales Market Has Foreign Flair,” *Variety*, May 25, 2016.

¹⁷² “Classic crime formula seals international deals,” *Playback*, November 24, 2008.

¹⁷³ “Classic crime formula seals international deals,” *Playback*, November 24, 2008.

¹⁷⁴ Shaftesbury website, retrieved from <https://shaftesbury.ca/shaftesburys-houdini-doyle-premieres-may-2-on-fox-and-global/>.

V. Effective Strategies and Initiatives for the Export of Television Programs: Lessons for Canada

1. Lessons Learned from the United Kingdom and France

The top exporting countries (after the US), the UK and France, have made foreign sales of their television programs a strategic priority. Their success provides lessons for Canada that could inform efforts to increase exports of Canadian television programs.

1.1 United Kingdom

The UK has built a resilient domestic industry with strong international ties. The UK's success as a top exporter of television programs is attributed to the vertical integration of independent producers and broadcasters, and their relationship with large US conglomerates. The strength of UK exports is also being driven by a UK broadcast ecology that is described as being a “catalyst for growth and entrepreneurialism,”¹⁷⁵ in which independent UK producers also have their own international reach. Export growth for these companies is attributed to the strong international relationships, and for larger independents, networks of subsidiaries developed in foreign markets.¹⁷⁶

Pact, the association which represents the UK's independent production sector, has been a leader in undertaking market intelligence for use by the industry to help increase exports and in turn, support companies' long-term sustainability. Pact undertakes an annual producer survey, which gathers intelligence on the volume and trends in foreign sales.

Pact has developed an export strategy focused on doubling television exports to Africa, Brazil, Australasia, China and the United States by 2020. Pact's *Export Bible* provides industry members with market intelligence on the global television business, the first official guide of its kind for independent UK producers. The guide contains information about the media landscape and fiscal incentives in 56 territories around the world.¹⁷⁷

There is said to be a direct correlation between the growth in television exports and the assistance provided to companies by UK Trade and Investment (UKTI) to gain access international markets.¹⁷⁸

Also helping the independent production sector to grow has been the UK's Terms of Trade established between UK broadcasters and independent producers in 2003. These trade rules allow UK producers to keep and exploit secondary rights¹⁷⁹ to productions commissioned by UK broadcasters, for example in foreign markets.¹⁸⁰ Capitalizing on these opportunities, UK independents have benefitted from a decade of growth. Pact is playing a role in maintaining this momentum.

¹⁷⁵ Pact, *Global TV Export Bible*.

¹⁷⁶ Oliver & Ohlbaum Associates Ltd, *A Decade of Success*, Pact, July 2013.

¹⁷⁷ Pact, *Global TV Export Bible*.

¹⁷⁸ Interviews.

¹⁷⁹ I.e., rights to the finished production in windows other than that owned by the primary commissioner.; Oliver & Ohlbaum Associates Ltd, *A Decade of Success*, Pact, July 2013.

¹⁸⁰ Oliver & Ohlbaum Associates Ltd, *A Decade of Success*, Pact, July 2013.

Launched in 2013 with support from the BBC, the Pact Export Accelerator (PEA) encourages companies to grow their exports through training, goal setting, and tracking outcomes. Participating companies are encouraged to pledge to double their exports by 2020 and receive support through workshops, webinars and access to international broadcaster and buyer briefs.¹⁸¹ Over 250 companies have already signed up to take advantage of the Pact Export Accelerator Program. The program has been praised by the Government, which intends to use the program to encourage greater exports in other industries.¹⁸²

1.2 France

The success of French television exports can be attributed to the production support provided by the Centre national du cinéma et de l'image animée (CNC) and the activities of TV France International (TVFI). The organization has a mandate to promote the sales of French TV programs worldwide and to facilitate international coproduction. The goal in creating the organization was to unify the efforts of producers, distributors and broadcasters in exporting their productions. The organization is funded through a 50/50 split from public and private sources.

One of the most important initiatives of TVFI is an annual survey of members' exports, conducted in association with the CNC. A detailed analysis of annual sales figures is published by the CNC. The largest website for French programs, *Screenopsis* features a database of 22,000 programs, of which 9,000 can be screened online. The platform will provide TVFI with analytics on the type of programs that buyers are interested in.¹⁸³

Among the most important strategies of TVFI is the support provided to French producers to attend major tradeshow around the world, including Natpe, MipTV, Mipcom, Discop Istanbul, Asia Television Forum and Sunny Side of the Doc. TVFI also organizes its own events – markets showcasing French productions to buyers from around the world, including its flagship event, Le Rendez-vous, the French TV Screenings, in Biarritz. Rendez-vous events have been staged in other countries as well, such as events in Korea and Japan, which have been taking place since 1998. These events are particularly useful in assisting smaller companies by promoting them alongside better-known, larger companies.

2. Considerations for Enhancing Foreign Sales of Canadian Television Programs

We observe that the UK and France share a commitment to strategic export development. They gather market intelligence and measure international sales, prioritize territories, and promote their television sectors through targeted initiatives to enhance sales. They also encourage coproduction as a cornerstone of international relationship building and sales. The following elements could provide inspiration to enhance Canada's foreign sales of television programs.

¹⁸¹ "Pact wins TMT TV Export Award for its Export Accelerator Programme," August 15, 2016, Pact website, retrieved from <http://www.pact.co.uk/news-detail.html?id=pact-wins-tmt-tv-export-award-for-its-export-accelerator-programme>.

¹⁸² "Pact wins TMT TV Export Award for its Export Accelerator Programme," August 15, 2016, Pact website, retrieved from <http://www.pact.co.uk/news-detail.html?id=pact-wins-tmt-tv-export-award-for-its-export-accelerator-programme>.

¹⁸³ John Hopewell, "TV France Intl. Launches 9,000 Video VOD Site Screenopsis," *Variety*, March 17, 2016.

2.1 Market Intelligence and Measurement of Sales

Foreign sales data collected by policy makers in Canada is limited.

There is no single source of information that could provide a comprehensive view of the success of Canadian television productions in foreign markets. In particular, information on territories in which programs are being sold is not being systematically gathered. There is also a lack of analysis of potential markets. We note that both the UK and France gather and share market intelligence with their domestic industries, providing strategic support to foreign sales. As noted by the head of Pact, “No strategy can succeed without effective market research. Market research allows you to explore the opportunities, regulatory landscape and highlight any barriers to entry.”¹⁸⁴

In our interviews, industry stakeholders called on the government to assist in providing market intelligence that could support export activities. For example, a priority area is to conduct analyses on the potential for sales of Canadian television programs to VOD and SVOD platforms, and in which territories. We applaud the efforts of the CMF, which has begun to track foreign sales of funded productions. More such efforts are needed, bringing together the different actors involved in collecting sales-related information.

2.2 Priority Markets for Canadian Television

2.2.1 First Tier Markets

The US, UK, France and Germany

The US, UK, France and Germany are priority markets for the producers and distributors interviewed for this study. Canadian television programs supported by the CMF are earning the greatest sales revenues from the US, the UK, France, Ireland, Germany, Switzerland and the Netherlands.

These territories pay higher amounts for sales of rights. They also have natural affinities with Canada and Canadian cultural products, including shared languages. Canadian companies have established relationships with coproducing partners and buyers in these countries. The CMPA has identified Germany, Ireland, the US, and the UK as priority markets to support international coproduction.¹⁸⁵ In terms of revenue, Germany is the second largest television market in the world,¹⁸⁶ of particular interest for sales of finished programs.

The US is the single most important market for Canadian television productions. Accessing the market depends on strong relationships with buyers and distributors. In the case of the UK and France, accessing the market has been enabled by coproduction with US partners, providing access to American broadcasters.

2.2.2 Second Tier Markets

Australia and New Zealand

Australia and New Zealand present opportunities for Canadian exports due to a shared language and long-standing relationships with coproduction partners¹⁸⁷ and television

¹⁸⁴ Pact website retrieved from <http://www.pact.co.uk/>.

¹⁸⁵ Canadian Media Production Association, *International Strategy 2014-2015 – 2016-2017*, May 2015.

¹⁸⁶ “Miptv 2016 to host focus on Germany,” Miptv Press Release, January 29, 2016.

¹⁸⁷ <http://www.cmf-fmc.ca/industry-advisory/article/2016/03/canada-australia-coproductions-receive-over-700-000-in-funding/>

buyers. Canada is Australia's most important coproduction partner. Canada also has a coproduction agreement with New Zealand.

Australia and New Zealand are the UK's second most important market after the US. The UK attributes part of its success to a shared language.

Australia is a net importer of television programs. In the decade leading up to 2013, 50% of television program imports were from the US,¹⁸⁸ largely the result of studio output deals between broadcasters and US studios. However, Australian programs are today said to be more popular and broadcasters have allowed their output deals to lapse,¹⁸⁹ in favour of Australian and other programs.¹⁹⁰ Australian audiences today have a preference for local content, and reality programs are popular, which provides an opportunity for format sales. Recent coproduction deals with China for factual programs demonstrate Australia's growing involvement in the Chinese television production scene and of China's growing role as a global investor in media and entertainment.¹⁹¹

New Zealand is also turned towards the Chinese market. Recent coproduction deals have been signed for children's and documentary programs.¹⁹²

Latin America (Brazil and Mexico)

Some interviewees indicated that they had had success in Latin America, for example, in Brazil and Mexico. The recent proliferation of pay TV and OTT services in Brazil is fueling demand for more scripted and children's programs. Brazil's audiovisual policy is said to be encouraging new coproduction activity with financing from US studios like NBC Universal, Turner, HBO, Fox and Discovery. New private investment and venture capital is responding to the growing level of demand for quality television programs.¹⁹³

The UK registered a 30% increase in sales to Brazil in 2014-2015.¹⁹⁴

The Mexican television landscape is populated by two multinational broadcast groups: Televisa and Azteca. Televisa's influence extends internationally through its multi-national ownership structure. For example, Sky Mexico is a joint venture between national broadcaster Grupo Televisa and British pay TV service Sky (DirectTV), owned by AT&T. Azteca is an American network based in California.

One of the challenges for Canadian companies is the competition from Turkish dramas, which in recent years have broken into Latin American markets, with lower cost productions that are nevertheless of higher production value than local product. Sales of Turkish series

¹⁸⁸ Screen Australia, *Value of royalty trade in television releases, 2005/06–2013/14*, April 2016. Screen Australia Website: <http://www.screenaustralia.gov.au/fact-finders/international-context/trade/trade-in-royalties/television-releases>.

¹⁸⁹ Michael Body, "Millions to be saved as Seven ditch output deals in bid to 'cherry-pick' hits," *Australian Business Review*, July 1, 2013.

¹⁹⁰ Michael Idato, "Australia's 2014 television landscape has big changes in store," *Sydney Morning Herald*, December 1, 2013.

¹⁹¹ Patrick Frater, "TV Coproductions Booming Between China and Asia Region," *Variety*, May 26, 2016; James Rainey, Brent Lang, "How Wanda Plans to Acquire Paramount," *Variety*, July 15, 2016..

¹⁹² Patrick Frater, "TV Coproductions Booming Between China and Asia Region," *Variety*, May 26, 2016.

¹⁹³ *Television Business International Scripted*, April 2016, page 20.

¹⁹⁴ Pact, BBC Worldwide and ITV Studios, *UK Television Exports FY 2014/2015*, prepared by TRP Research.

have been exported to Mexico, Chile and Argentina, where telenovelas are popular.¹⁹⁵ In 2015 three Turkish titles led prime time ratings in Chile and Argentina (*1001 Nights*, *Fatmagul* and *Ezel*).¹⁹⁶

2.2.3 Markets to Watch

Asia (China and Japan)

The size of the Chinese and Japanese markets, as well as their significant level of development, makes them markets to watch for Canadian producers.

China is an increasingly important market for some Canadian companies, though gaining access can be difficult. Public broadcasters are heavily regulated with significant barriers to entry. For example, China recently imposed a strict quota on the import of foreign formats. Privately owned digital platforms are said to be easier to access. France has had success with coproductions of children's programs, animation, and with documentaries, many of which are coproductions with China.¹⁹⁷ BBC Worldwide has been selling factual programming into China for many years, and coproducing documentaries, such as *Generation Earth*, *Wonders of Life* and *Africa*, with state broadcaster CCTV.¹⁹⁸

UK television sales to China were worth £16 million in 2014-2015. French sales to Chinese speaking countries of China, Hong Kong and Taiwan increased by 36% in 2014 to €3.5 million, in spite of difficulties in making sales to China due to administrative and cultural constraints.¹⁹⁹

Similarly, Canadian companies recognize opportunities to export animation and in particular, children's programs, to the country. This is said to be a highly competitive market, dominated by local content. The types of programs more likely to break through are those based on friendship, ordinary and extraordinary heroes.²⁰⁰ Two notable examples of Canadian programs successfully exported to China include *Peppa Pig* (eOne) and *Wild Kratts* (9 Story Media Group), in which both broadcast and digital rights were sold.²⁰¹

Some note that success in this market is challenging and having access to local expertise is critical to gain a foothold in the market.²⁰²

Digital platforms, in particular SVOD and streaming sites represent significant new opportunities in this market. Digital platforms such as Youku Tudou, TenCent and iQiyi are

¹⁹⁵ Sahar Baghery, Head of Global Research and Contents Strategy, Eurodata TV Worldwide, *International TV and Content Trends*, presentation to MipTV, 2016, retrieved from <https://www.youtube.com/watch?v=p0Mc8cxHQCQ>;

¹⁹⁶ The Wit, *Five Drama Trends for 2015*, MipTV and MipCom, whitepaper, 2015.

¹⁹⁷ Interviews.

¹⁹⁸ *Television Business International Asia*, 2015 page 4.

¹⁹⁹ Centre national du cinéma et de l'image animée, *L'exportation des programmes audiovisuelles en français à l'étranger en 2014*, Septembre 2015.

²⁰⁰ Interviews.

²⁰¹ Regan Reid, "Peppa Pig's Presence in China Growing," *Playback Online* August 26, 2016; Jeremy Dickson, "Nine Story Grows Wild Kratts in China," *Playback Online*, September 22, 2016.

²⁰² Interviews.

said to be less encumbered by regulation, and have significant resources to spend on innovative programs serving a younger audience.²⁰³

Drama and reality programs are popular in China.²⁰⁴ Approaching drama through codevelopment is said to be a more successful route, to take into account cultural differences. For example, the Chinese are said to prefer lighter, less edgy programming.²⁰⁵

Japan and South Korea present additional opportunities. Drama and reality programs are top genres in both of these markets. In Japan, interest is growing for coproducing on dramatic series. National broadcaster NHK is increasingly interested in big budget internationally coproduced drama series that can take advantage of global opportunities.²⁰⁶ Japan was featured as the country of honour at Mipcom earlier this year.²⁰⁷

South Korea is an important market for the UK. The value of exports to South Korea was worth £5.9 million in the 2014-2015.

Africa

For TVFI in France, the African continent is an important region to watch. In the past two to three years, France has begun making sales to Africa, and many are optimistic about the market in the future.²⁰⁸

The UK has also identified Africa as a priority market, in particular, South Africa and Sub-Saharan countries. Kenya, Nigeria, and South Africa are undergoing massive growth in infrastructure, extending stable service of electricity, which is driving the sale of television sets. Viewing is therefore moving to larger screens, away from the former predominance of cell-phone viewing and demand for television content is growing, which is expected to increase advertising revenues and fuel greater production.²⁰⁹

Demand for English-language content is evident in the success of UK sales to South Africa and the rest of Sub-Saharan Africa, which increased by 37% and 31%, respectively, in 2014-2015.²¹⁰

2.3 Promotion and Sales

Both the UK and France have a strong presence at key international markets, the largest being MipTV and Mipcom. Our interviews confirm the importance of maintaining Canada's presence at these two international markets. Numerous interviewees noted the critical importance of markets in helping to develop and sustain international relationships that are necessary to making foreign sales.

²⁰³ *Television Business International Asia*, 2015 page 5.

²⁰⁴ Interviews with Ms Yeow Hui Leng, Senior Project Director, Reed Exhibitions.

²⁰⁵ *Television Business International Asia*, 2015 page 5.

²⁰⁶ Interview with Mr Yoichiro Takahashi, Senior Programs Director of Special Content Development Center, and the Executive Producer for The Asia-Pacific Broadcasting Union (ABU) Children's Dramas Co-Production Series, NHK (Japan).

²⁰⁷ "Japan named Mipcom 2016 country of honour – Focus on 4K and Japanese animation as part of national showcase," press release, mipTV, April 5, 2016.

²⁰⁸ Interview.

²⁰⁹ Interviews.

²¹⁰ Pact, BBC Worldwide and ITV Studios, *UK Television Exports FY 2014/2015*, prepared by TRP Research.

Competition for sales is fierce and countries that are having success are promoting their national product through targeted initiatives at international trade shows. France and the UK promote their programs to buyers at many markets around the world, including Natpe, MipTV, Mipcom, Discoop Istanbul, the Asia Television Forum, Sunny Side of the Doc and others. Branding is important to these efforts, to compete with countries with a signature style, such as Scandinavian “Nordic noir” crime series or Mexican telenovelas.

Stakeholders were of the view that greater assistance is needed to allow them to attend more markets, more often, to meet with buyers, build relationships and understand their markets. Buyers do not all attend every market so the more often Canadian companies are present, the greater their opportunities to make sales. Natpe, MipTV, Mipcom, Mipdoc, Asia Television Forum, Sunny Side of the Doc are all important markets for Canadian producers.

In addition to support to French companies at international trade shows, TVFI hosts its own events in foreign countries. The benefit of attending these events is that it facilitates one-on-one relationships between buyers and sellers.

Economic missions also serve to support foreign sales, by providing support to Canadian sellers to do business abroad. Canadian companies appreciate missions and would like to see more.

Of particular importance are greater opportunities to participate in specially organized events targeting US buyers, such as showcases and missions. The US is considered critical to the ongoing and future success of Canadian companies. These need profile and visibility in the US market and face-to-face meetings are essential for building relationships with buyers, distributors or agents.

The systematic gathering and sharing of market intelligence is fundamental to the export success of other countries. Regular surveys of producers to measure trends in international sales provide needed intelligence to companies and industry associations. Surveys help to identify opportunities and support better decision. Canadian companies expressed the need for greater market intelligence. Stakeholders commented on their lack of market intelligence on emerging territories making it difficult to plan their entry into these markets.

More intelligence on US broadcasters is needed, of the type that is being shared by US sales agencies with their clients. These provide fresh and detailed analyses of the characteristics of the programs that sell and the channels that are buying them. Subsidized access to this type of regularly updated intelligence would be helpful.

Producers noted that US broadcasters regularly share intelligence on program ratings with producers. Producers find these meetings helpful and would like to see more such meetings in Canada.

2.4 Coproduction and Coventures

Coproduction is key to the export success of the UK and France, allowing these countries to produce high-budget dramas that have been successful around the world. Similarly, coproduction is key to enabling Canadian companies to produce more exportable high-budget dramas. Coproduction enhances opportunities for financing through pre-sales, and for gaining access to markets with a finished product. Pooling resources allows producers to create higher budget programs in great demand around the world. The key coproducing countries for Canadian companies are France, Germany and the UK. The most important coproduction partner for French-language productions is France. Coproducing with these countries allows

Canadian producers to gain access to talent across Europe and build attractive packages for investors.²¹¹

Coventures with the US are allowing successful exporting countries to gain access to the lucrative American market, the largest in the world. With a common language, many shared customs, and US networks' increasing openness to international programs, coproduction with the US makes good business sense. The "Big Four" networks – ABC, CBS, NBC and FOX – have significant resources and a global reach, as do the major pay TV channels, like Discovery, National Geographic and Nickelodeon and OTT services such as Hulu. The largest television network in the US is the Public Broadcasting Service (PBS), whose member stations have a significant amount of freedom to determine their own broadcast schedules. To these are added a growing number of television and SVOD services. They present opportunities to gain access to the US market, produce high-budget programs that will appeal to both Canadian and international audiences, and make additional sales to other territories.

3. Summary Observations

Among the lessons to be drawn from countries having success with exporting their television programs are the importance of export development strategies founded on reliable market intelligence on current sales trends of Canadian programs in foreign markets and the identification of priority markets. Based on the findings of this study, we have made some suggestions on the markets that should be prioritized for enhancing the export of Canadian television programs. These include the US, UK, France and Germany as the highest priorities, since these are where the majority of sales are being made. We have proposed Australia, New Zealand, Brazil and Mexico as second tier markets, while China, Japan and the African continent are markets to watch.

There is a need for more funding to support promotion of Canadian television programs at major international markets and to encourage more Canadian companies to attend and build essential international relationships. Of particular importance are Natpe, Miptv, Mipcom, Mipdoc, the Asia Television Forum, and Sunny Side of the Doc.

Canadian companies are interested in more targeted initiatives bringing together US buyers with Canadian sellers, and in support for coventures with the US to grow their businesses and their international reach. Stimulating coventures with the US, and coproductions internationally would enhance Canadian companies' ability to produce high-budget, highly exportable dramatic series that are currently in great demand in the US, on digital platforms, and around the world.

²¹¹ The rules surrounding coproductions with the UK may change as it moves forward to exit the EU.

VI. Conclusions and Recommendations

1. Findings and Recommendations

To increase the exportability of Canadian television programs, Canada needs a television export strategy, a national authority for promotion and sales, greater investment in development and flexibility in the policies that govern access to public funding and tax credits. These measures will encourage a more robust production sector better able to export its television productions.

1.1 Canada Needs a Television Export Strategy

Export strategies are critical to succeeding in today's highly competitive global television landscape, as evidenced by the success of the UK and France. These countries gather intelligence and measure their progress on international sales, which support development of strategic orientations and identification of priority markets. Both countries target resources to export development, and encourage both coproductions and coventures.

There is a need for a similar concerted export strategy in Canada. The development of such a strategy should involve the industry and different levels of government working together to propel the Canadian television sector forward into the next decade. The federal government has announced its intention to develop a policy and export strategy for Canadian culture and could take the lead in developing a strategy for the television sector, and coordinating activities within it. Any strategy for enhancing exports must consider the distinct challenges facing the French-language market. Annual sales targets could be set for English- and French-language programs, and for each genre. The growth of the Canadian industry depends on its ability to compete in the new global economy of television.

1.2 A National Authority for Promotion and Sales of Television Programs

Dedicated resources for promotion and sales mobilized through a national authority would help Canadian companies generate additional television exports. The success of TVFI in France is a case in point. TVFI is the most visible national agency in support of export development for television, which supports the growth in exports of French programs around the world. Its strategic initiatives have helped France to penetrate new markets, particularly in Asia, and to raise the profile of successful French programs in the US.

A similar approach could be taken in Canada with a goal to develop, implement and report on an export strategy. A national authority could promote both television and film sales, providing strategic support to the industry and complementing efforts at the provincial level. Such an approach would require an examination of current provincial and federal activities and programs to ensure that there is no duplication of efforts. A study is recommended that would consider the question of potential duplication, propose a governance framework, and consider the most efficient and cost-effective manner to deliver dedicated resources and create synergies in the promotion and sales of Canadian television programs and feature films, under the leadership of a national authority.

A key strength in Canada is the collaboration between federal and provincial agencies in promoting Canadian television programs, encouraging greater coproduction and attracting inward investment. This strength forms the basis for creating a robust approach to export development, one that could propel the Canadian industry forward with confidence on the global stage.

1.3 Facilitating Exports of Canadian Programs

1.3.1 Greater Incentives for International Coproduction and Coventures

Incentives are needed to encourage more high-budget coproductions for series in the categories of drama, documentary and animation. These could take a number of forms. For example, since the CMF has begun to track the level of international sales of the productions that it funds, it could factor international sales into the calculation of broadcaster performance envelopes. Alternately, broadcasters could be incentivized to invest in more exportable programs by allowing them to take a larger equity stake or distribution rights in exchange for significantly higher license fees comparable to those being paid in some jurisdictions. Funding programs and tax credits should be adapted to support more coventures with the US.

1.3.2 Increased Investment in Development and Flexibility for Increasing Exports of Drama Series

This study finds that those Canadian television programs realizing the greatest volume of sales are dramas, characterized by high budgets and shot in English, even those produced in French-speaking markets. These characteristics reflect global trends in the export of television programs.

While drama has taken a centre stage in buying trends internationally, other genres continue to travel well if not at the same volume of sales. These include higher budget documentaries, factual and reality programs, and animation. Canada is also exporting formats both scripted and unscripted. These trends are consistent with the exports by the top five exporting countries of the US, the UK, France, the Netherlands and Australia. In the new television landscape, original and compelling drama series with authentic, strong narratives and high production values will cut through and attract the attention of buyers. Continuing series are the measure of success.

Drama has long been considered one of the most powerful storytelling vehicles and Canadian policy has long recognized the value of supporting Canadian storytelling in this genre. French-language producers have excelled in producing drama series that regularly attract millions of viewers in their domestic market but have yet to break through on the global market.

In the last decades, the CRTC has considered drama as a priority genre requiring broadcasters to invest in dramatic programs. To take advantage of the opportunities afforded for internationally successful drama, Canadian productions require greater investment in development and greater flexibility in how funding is triggered and in the attachment of marquee elements.

1.3.2.1 Increased Investment in Development

Better-developed scripts and concepts will lead to productions that can compete in the global market.²¹² In conducting a review of television policy in 2015, the CRTC recognized the importance of this when it recommended that, “broadcasters and independent producers need to spend more money to create better content. Put the focus on quality rather than quantity.” Globalization of the industry has created strong international players able to bring considerable resources to the development process. The last decade of consolidation in

²¹² Jean-Pierre Blais, Chairman, Canadian Radio-television and Telecommunications Commission, *Jean-Pierre Blais to the Canadian Club of Ottawa on Let's Talk TV and the future of content made by Canadians*, Speech, Ottawa, Ontario, March 12, 2015.

Canadian broadcasting, distribution and production has positioned Canada to participate in these new global opportunities. However, what the production sector needs is more risk-taking, innovation and creativity.

1.3.2.2 Flexibility in the Trigger for Funding and in Attachment of Marquee Elements

The television financing landscape has been permanently altered by the ascendance of OTT platforms, which are investing significant amounts in the development of new drama series. As budgets for drama increase, Canadian companies need flexibility in how they put together their financing packages. Foreign SVOD platforms like Netflix, Amazon and Hulu have all recently announced their intention to make very substantial investments in drama series in the coming year. Greater flexibility in triggering requirements for accessing public funding and incentives would enable Canadian productions to access more of these new sources of investment. The Canadian government may see a need to ensure that all players benefitting from public funding are also contributing equitably to the system.

Public funding must also recognize the need for greater flexibility in attaching marquee talent to productions that are intended for international audiences. As noted by a number of interviewees the current funding system restricts the ability of producers to attach recognizable writers, show-runners, directors and actors, necessary for creating a package attractive to financiers and buyers, such as broadcasters and distributors. We find the CRTC's introduction of two pilot projects, which focus on the production of live action drama and comedy series based on Canadian literary properties, or on programs with production budgets of at least \$2 million per hour, as movement in the right direction if exports are to increase. It is worth noting that the CRTC has recently made changes to its policy framework on Certified Independent Production Funds (CIPF). The decision grants greater flexibility to the CIPF. The CIPF will no longer require a licensed-broadcaster trigger and will have the latitude to support projects with a reduced number of Canadian certification points and to support coventures and projects in development.

Annex 1: Glossary

Ad-supported VOD: Online services where consumers can watch content free of charge with advertising.

Backend Participation: This refers to participation in distribution revenues or profits earned on the exploitation of a completed television program.

Coproduction: This is an audiovisual work produced jointly by a Canadian producer and a producer from a foreign country with which Canada has a coproduction treaty. The production must be produced in accordance with the terms and conditions of the treaty.

Coventure: This is an international coproduction that is not included under an international coproduction treaty. It includes ventures with coproducers of foreign countries that either do not have a film or television production treaty with Canada or, if there is a treaty, the coproduction is not specifically covered by the treaty.

Distributor: A distributor is responsible for the marketing and circulation of films and television programs to the end users (the audience) including cinemas, television, DVD and digital distribution technologies including Video on Demand (VOD).

Distribution Advances: These are where the Canadian or international distributor provides an advance against a minimum guarantee of revenues in foreign territories. These foreign revenues are typically included in the production's financial structure.

Licence Fees: These refer to the amount paid for the right to broadcast the program. The licence fee contains the provisions that determine the number and length of screenings allowed under the licence; fees are based on the perceived value to the broadcaster.

Pre-sales: A distributor in a particular territory agrees to pay an advance against a negotiated royalty (or a flat price) upon completion and delivery of a television program or film. Pre-sales are often associated with licensing on a territory-by-territory basis, as financial advances are secured against exclusive local distribution rights before the film or television programs enters into production.

Reality Television: This is a category of television programming that is not scripted and typically presents people in special situations. It includes talent competitions and programs featuring makeovers, coaching, life swaps, etc.

Sales Agent: An agent is responsible for the licensing of distribution rights to a territorial distributor in a particular country.

Serial: is a television program that has a continuous plot unfolding in sequential episode-by-episode fashion. Serials typically possess narrative complexity.

Stacking Rights, or In-Season Stacking Rights: are rights to present all of the episodes in the current season of a television program on a digital platform. Broadcasters and television channels generally have rights only to the last five episodes of a show that aired on TV.

Subscription Video on Demand (SVOD): These are online services where consumers pay a subscription fee for continuous access to video content that is viewed on demand.

Syndication: refers to the subsequent use of long running series that are ‘stripped’ or broadcast five days a week in a set time slot by networks or services other than the holder of the first run licence. Syndication rights are also licensed for a specified period and number of broadcasts, but with normally a longer duration and frequency.

Television Format: is the structure of a show that can generate a distinctive narrative or entertainment program and is licensed outside its country of origin in order to be adapted to local audiences.

Transactional Electronic Sell-Through (EST): These are online services where consumers pay for permanent ownership of a digital copy of a program and/or with unlimited access via a digital locker.

Transactional Online Rental: These are online services where consumers pay to watch a streamed digital copy of a program online within a specified time period.

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Annex 2: Interviews Conducted

Producers

Mark Bishop, CEO and Executive Producer, Marblemedia
 Mary Bredin, Executive Vice President Content, Guru Animation
 Jamie Brown, CEO and Executive Producer, Frantic Films
 Sonny Choi, Business Development, Guru Animation
 Michael Donovan, Executive Chairman, DHX Media Ltd.
 Peter Emerson, President, Sierra Entertainment Ltd.
 Frank Falcone, President, Guru Animation
 Christina Jennings, Chairman and CEO, Shaftesbury
 Monic Lamoureux, Executive Director, Avanti Cine Video
 Ira Levy, Partner, Executive Producer, Breakthrough Entertainment
 Josette Normandeau, President, Ideacom International
 Michael Prupras, CEO, Muse Entertainment
 Jane Rimer, Chief of International Business and Creative Development, Insight Productions
 Jon Rutherford, President, Boat Rocker Rights

Distributors and Sales Agents

Stuart Baxter, President, eOne Television International
 Chris Bonney, CEO Rights, Cineflix Media
 Andre Cauchi, Director of Distribution and Sales, Thunderbird
 Matt King, President and Producer, LaRue Entertainment
 Craig MacGillivray, Vice President, Distribution, Breakthrough Entertainment
 Andrew Noble, Vice-President Theatrical and Home Video Releasing, Film Option International
 Shawn Rosengarten, Head of Distribution, Muse Distribution
 Josh Scherba, SVP Distribution, DHX Media Ltd.

Funders

Agnes Augustin, Executive Director, Shaw Rocket Fund
 Stéphane Cardin, Vice President, Industry and Public Affairs, Canada Media Fund
 Nancy Chapelle, Executive Director, Bell Fund
 Éline Dumont, Director of International Affairs, Société de développement des entreprises culturelles du Québec (SODEC)
 Robin Mirsky-Daniels, Executive Director, Rogers Group of Funds
 Kristine Murphy, Director, Industry Development, Ontario Media Development Corporation
 Andra Sheffer, CEO, Cogeco Program Development Fund & Independent Production Fund
 Serge Thibault, President and Executive Director, Quebecor

International Export Development Organizations and Programs

Dawn McCarthy-Simpson, Director of International Development, Producers Alliance for Cinema and Television (PACT)

Hervé Michel, President, TV France Internationale

Susanne Vaas, Vice-President, Corporate and International Affairs, Canadian Media Producers Association

International Markets

Jerome Delhay, Director of Reed MIDEM (Miptv)

Yeow Hui Leng, Senior Project Director, Reed Exhibitions, ATF Asia TV Forum & Market

Yoichiro Takahashi, Senior Programs Director of Special Content Development Center, and the Executive Producer for the Asia-Pacific Broadcasting Union (ABU) Children's Dramas Co-Production Series, NHK (Japan), ATF Asia TV Forum & Market

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