

Investments in original European content

A 2011-2021 analysis

September 2022

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Definitions and methodology

Introduction

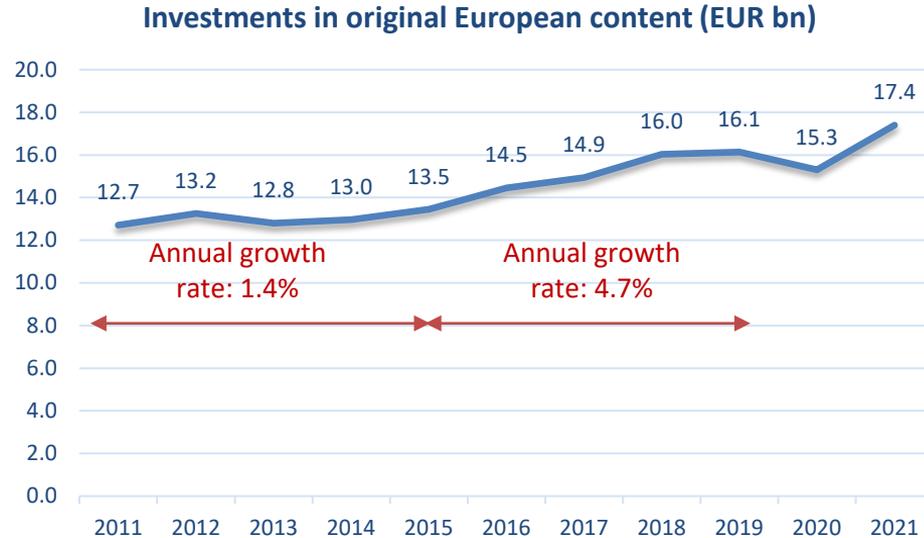
- This report builds on a dataset provided by [Ampere Analysis](#). Ampere Analysis collects the investments in audiovisual works of the main broadcasters and global streamers in Europe.
- The report combines two different categories of data: **P&L expenses** (profit and loss) for broadcasters and **cash investments** for global streamers. Cash investments can be substantially different from P&L expenses, as investments are amortised over a certain period. In particular, when cash investments grow, the growth is not immediately fully reflected in the P&L accounts. As global streamers' cash investments grow quicker than broadcasters', combining the two different categories of data probably leads to **overestimating the share of global streamers in total investments**.
- The report focuses on investments in original European content, excluding acquisitions of films and audiovisual works, news and sport programmes (unless otherwise specified in the text). “Original content” refers to all categories of original works (fiction, documentaries, game shows, talk shows, etc.). “European” refers to EU27 + UK + Norway.
- The report assumes, as a proxy, that all investments in original content from broadcasters active in Europe relate to European works. Some investments may actually benefit non-European content (e.g. European minority co-productions), but the Observatory believes the amount is not relevant. As for the global streamers, Ampere Analysis estimates investments in original local production for each European country they are present in.

5 take-aways

- Total investments in original European content sharply increased with the entry of the global streamers in the European market.
- These investments came at a net addition: facing new competition and new standards for TV shows, private broadcasters also increased their investments while public broadcasters faced budget constraints.
- The streamers' investments in original European production grew faster than their acquisitions.
- In 2021, Netflix accounted for about half of global streamers' investments in Europe, but other streamers have started to catch-up.
- Spain is comparatively the main beneficiary of the streamers' investments, and the role of the United Kingdom as the leading market for the production of original European content has been comforted.

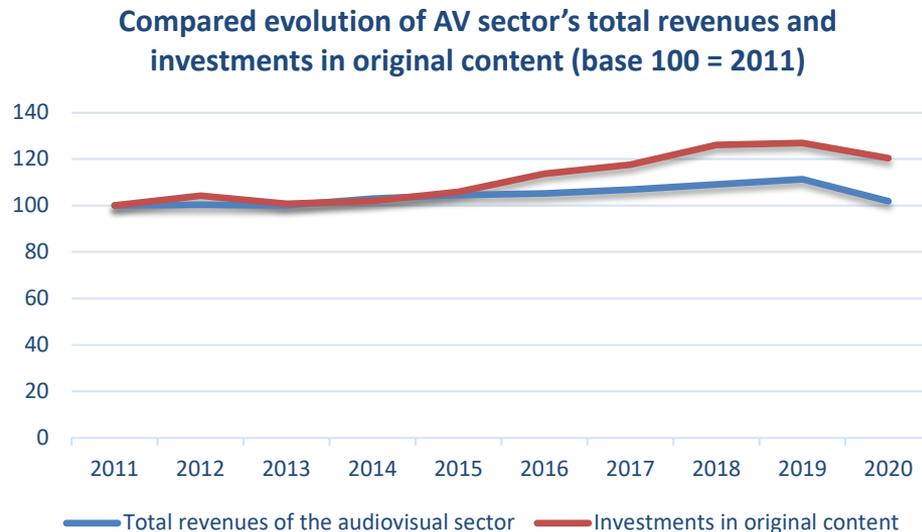
Investments in European original content accelerated in recent years

- Total investments in European original production amounted to EUR 17.4 bn in 2021.
- The growth of investments accelerated from 2015 until the pandemic and strongly rebounded in 2021.



The share of the sector's revenues dedicated to original content has increased

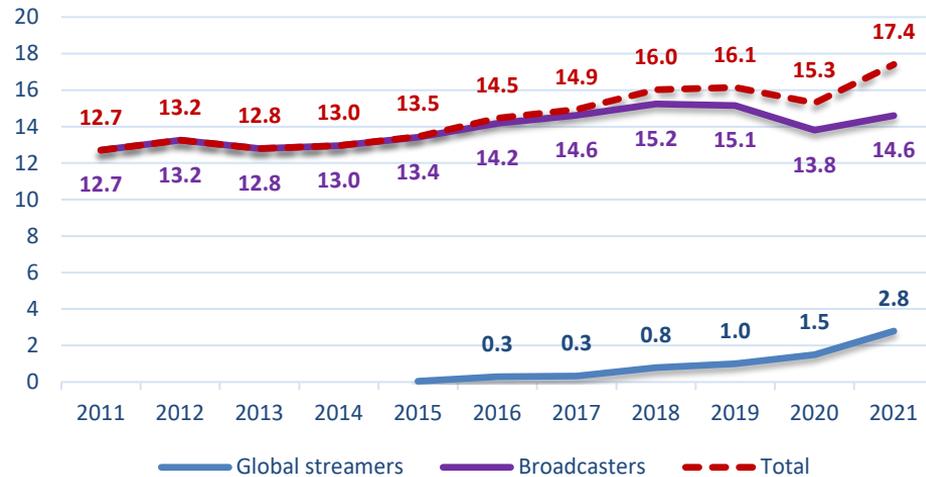
- Whereas the audiovisual sector in Europe was stable between 2011 and 2019, the share of revenues invested in original content grew since 2015.



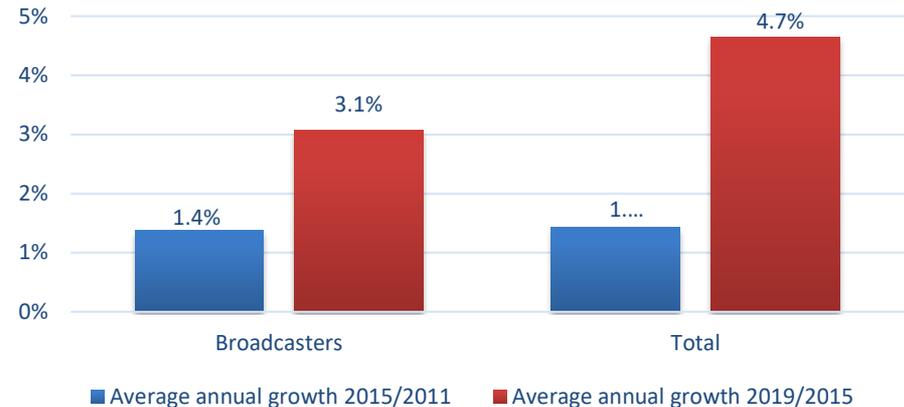
Global streamers account for most of the growth

- But global streamers' investments did not substitute broadcasters' investments.
- On the contrary, broadcasters increased their investments, at least until the pandemic, faster than before the entry of the global streamers on the European market.
- Global streamers kept on increasing their investments during the pandemic, therefore levelling the decrease in investments by the broadcasters.

Investments in European original content (EUR bn)



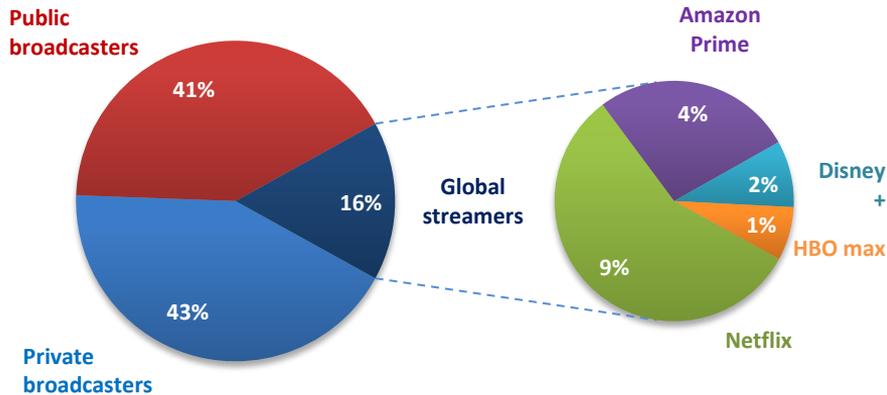
Investments in European original content (broadcasters and total):
Average annual growth 2019/2015 vs. 2015/2011



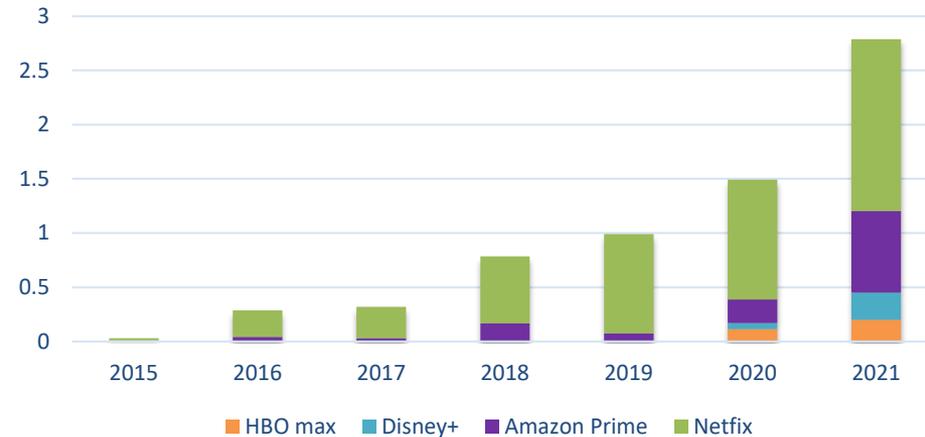
Global streamers account for 16% of investments in European original content

- The global streamers' share of investments in European original content grew rapidly to 16% in 2021.
- Netflix accounts for more than half of the global streamers' investments in European original content, down from 92% in 2019, as other streamers, notably Amazon Prime, increased their investments.

Breakdown of investments in original European content (2021)



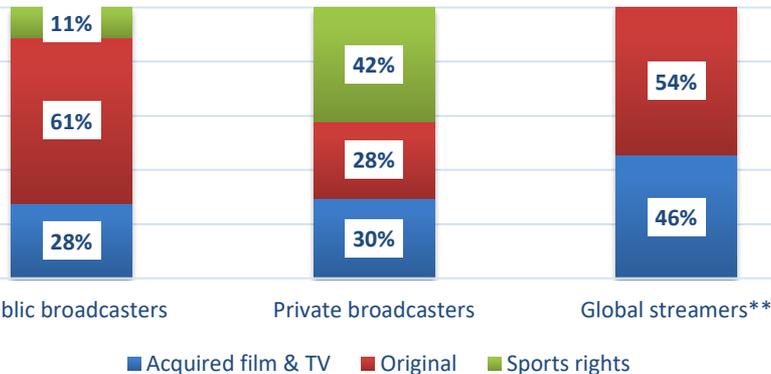
Global streamers' investments in original content (EUR bn)



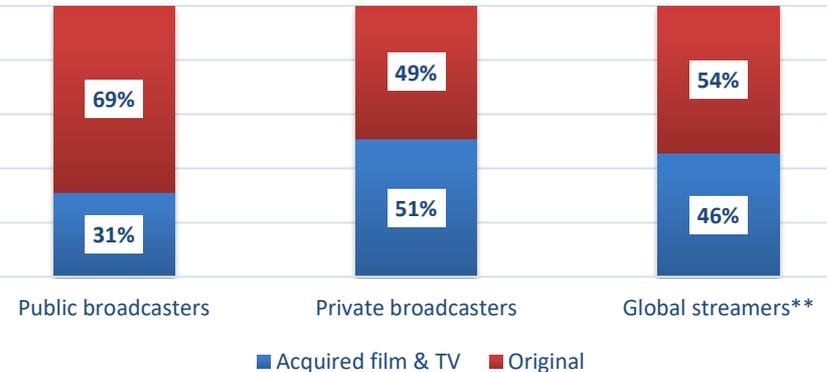
Structural differences in content investments between players

- The comparison of the content investments between categories of players faces limits: the broadcasters' costs associated to news are not available; among the streamers, investments in acquisitions are only available for Netflix and Amazon Prime.
- Still, investments in sports rights explain to a large extent the differences between players: non-existent for global players, limited for public broadcasters, dominant for private broadcasters.

Breakdown of content investments* by category of players (2021)



Breakdown of content investments* by category of players (excl. sports rights)



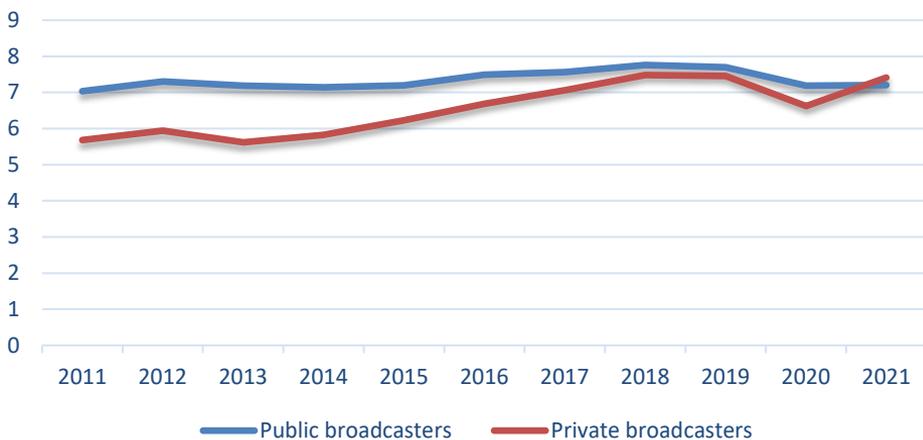
* Excluding news. ** Only Netflix and Amazon Prime.

Source: EAO analysis of Ampere Analysis data.

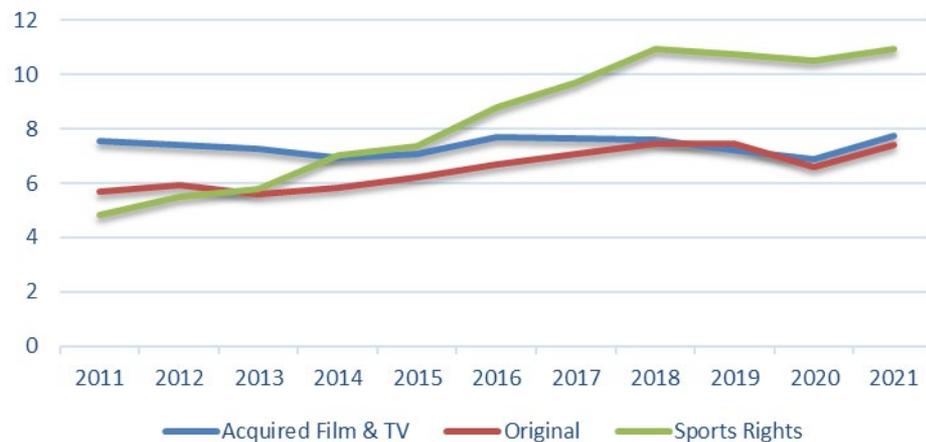
The growth of broadcasters' investments in original European content was driven by private players

- Private broadcasters significantly increased their investments in original content, even though sports rights costs were experimenting a strong growth.
- In turn, public broadcasters' investments have likely been limited by stagnating resources.

Breakdown of broadcasters' investments in original production by statute (EUR bn)



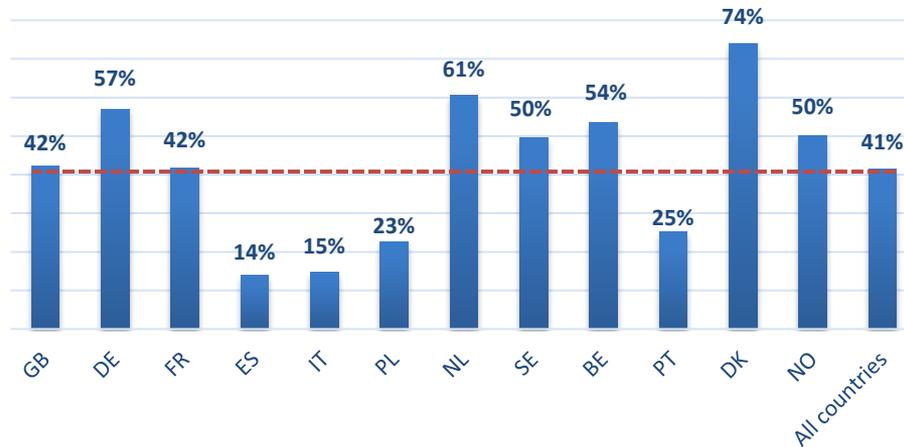
Breakdown of private broadcasters investments in content (bn EUR)



The weight of public broadcasters in investments in original content strongly varies between countries

- Public broadcasters are particularly invested in original content in Denmark, Germany or the Netherlands.
- A comparatively low level of investment by the public broadcasters in Spain is compensated to an extent by above-the-average investments of global streamers in the country.*

Share of public broadcasters in total investments in European original content in top 10 countries (2021)

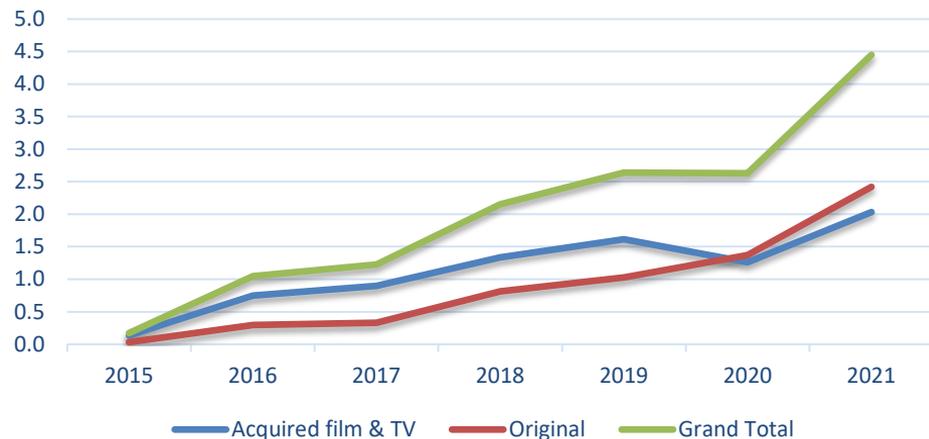


* See slide 14.

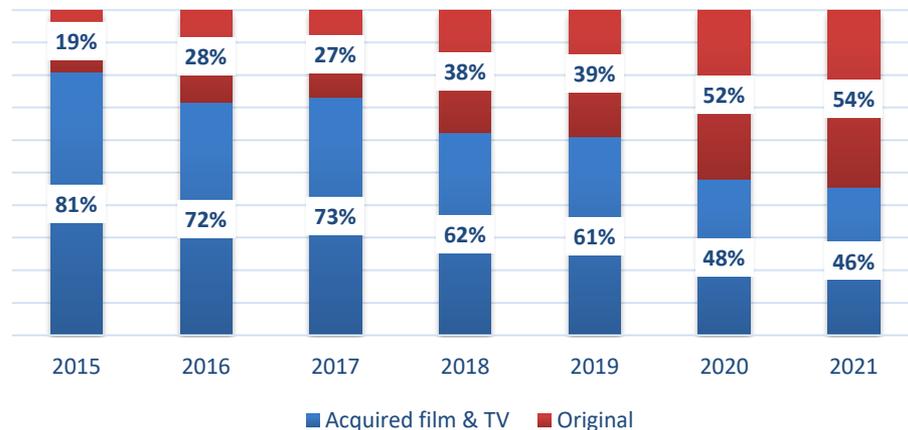
Streamers' investments in original European content have increased faster than acquisitions

- Streamers' investments have increased both for acquisitions and original content.
- But investments in original content grew faster than acquisitions and represent since 2020 the majority of content investments in Europe.

Breakdown of Netflix+Amazon Prime investments in content (EUR bn)



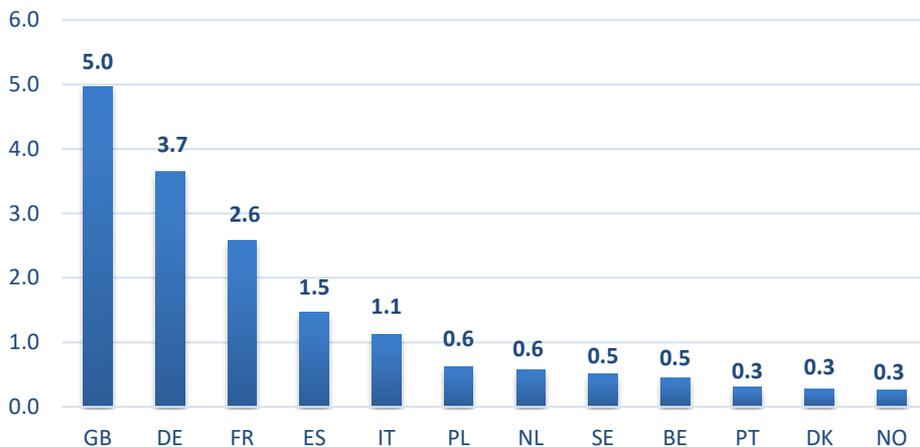
Breakdown of Netflix+Amazon Prime investments in content (%)



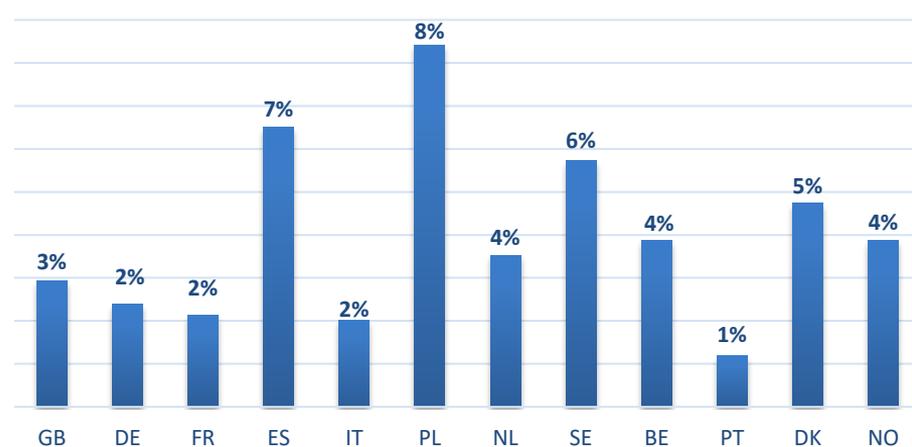
About 30% of investments in original European content go to UK works

- Dynamics differ between countries, with, over the last 10 years, above-the-average growth in Poland, Spain and the Scandinavian countries.

Top 10 countries by investments in original European content (2021)



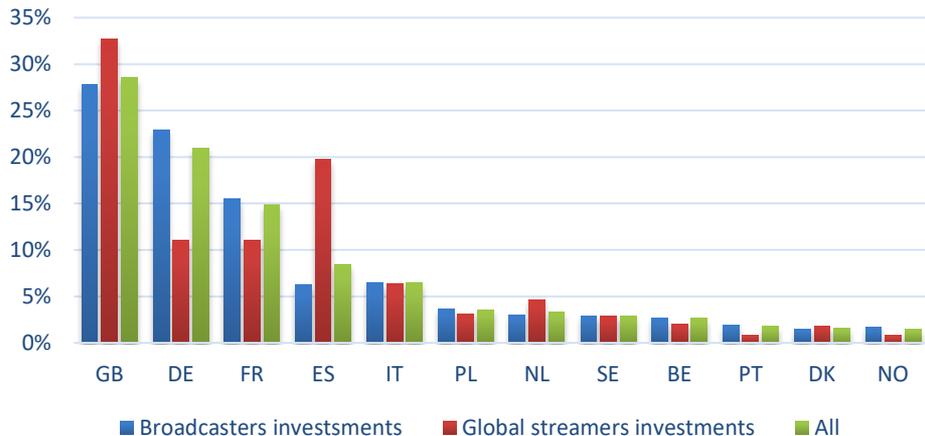
Average annual growth rate 2011-2021 for the top 10 countries



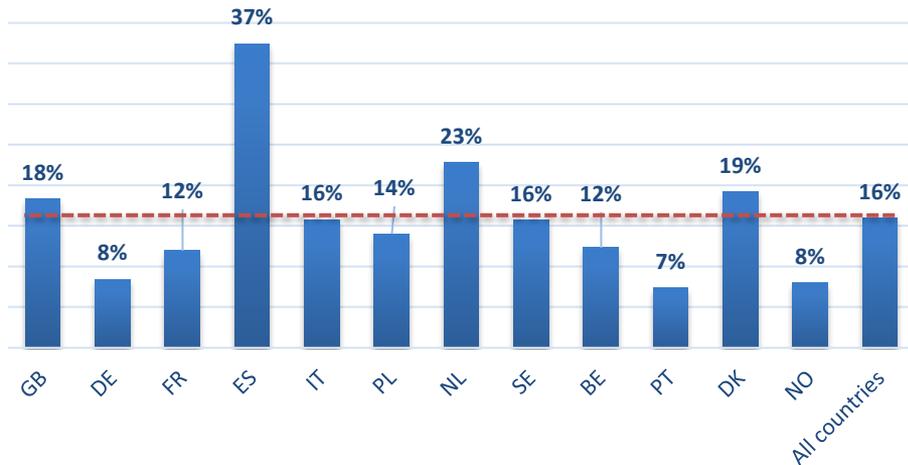
SVOD impacts the geography of European original content production

- The increase of investments in original European content by global streamers has chiefly benefited Spain, and to a lesser extent the United Kingdom. Spain therefore relies strongly on global streamers, whose investments account for 38% of all investments.
- Germany and France appear to be lagging behind for their ability to capture global streamers' investments.

Market share of the top 10 countries for broadcasters and global streamers investments (2021)



Share of global streamers in total investments in original European content in the top 10 countries (2021)



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