WORKSHOP 5

EUROPEAN VOD MEETINGS 3RD BY EUROVOD

Palma de Mallorca - Spain
28 - 30 July 2021

REPORT

The following report offers conclusions from the Summer EUROVOD workshop European VoD Meetings, for this 5th edition hosted by the Atlántida Mallorca Film Festival in Palma de Mallorca, and co-funded by the Creative Europe MEDIA Programme.

The four-day programme was a welcome return to physical workshops, as the last European VoD Meeting training course took place in Venice in September 2020, although some delegates and speakers still took part online.

The varied programme created much debate with lively contributions from participants to all the sessions. It came at an important moment in the evolution of European VOD, at the end of an 18-month pandemic-influenced boom.

It was a chance to test some assumptions about a supposed "new normal" in terms of business practice and changed audience expectation, and it was a chance to work in depth on critical areas of thinking and practice over the coming months and years.

Sessions covered a wide range of subjects, including audience analytics, agile technology strategies, a unified exchange platform for VoD technical solutions, piracy, audience development strategies, diversity and representation, cooperative models for platforms and the evolving market environment.

This report has brought together that wide variety of content into a set of key themes:

- **The Knowledge Economy and Audience Development**
- **Sustainability and Sustainable Growth**
- **Diversity and Representation**
- **Agility and Brand Values**
- **Collaboration and Cooperation**

The report starts by offering some context with a particularly important opening contribution from market analyst Guy Bisson of Ampere Analysis.

1. CONTEXT

Although streaming has been a boom sector for more than a decade, the VOD market remains fluid with the after-effects of the pandemic adding to an already volatile market.

Guy Bisson, of Ampere Analysis, in his keynote session ***VoD Market Trends & Analytics*** identified a number of potentially disruptive trends that are still playing out, including:

- A fight for dominance at the top end of the market between US streaming giants
- Potentially strong growth in advertising-based free platforms (AVOD)
- Rapid growth in subscriber numbers, including among older demographics
- The continued globalisation of the market

While COVID provided a “bounce” for the whole VOD market, the biggest growth was concentrated around new platforms, notably Disney Plus, which was among the biggest beneficiaries of the pandemic.

The COVID crisis accelerated already well-entrenched trends that have seen subscription streaming platforms (SVOD) finding huge growth, firstly at the expense of physical media and later of Pay TV.

In-house distribution and original production have helped a few US streaming giants create powerful domination over international markets. And the biggest of those are likely to get still bigger.

Much of the growth at the top end of the market is coming through both vertical integration - such as Amazon’s acquisition of MGM Studios - and vertical integration, with the potential for high levels of takeovers, mergers and acquisitions.

As with the Hollywood Studios, growth has been driven by expansion into global markets: Ampere research shows that 77% of Netflix originals were released in its domestic US market five years ago but that percentage fell to 52% in 2020. The relative newcomer Disney Plus has already made its international strategy clear with just 42% of new commissions being based in the US in Q2 2021.

International expansion is at the heart of the business model of the major US streamers and is important to the growth of independent services too: “We have fundamentally shifted from a business which is geographically limited to one that is growing truly globally,” said Bisson.

Original content remains critical to that expansion. Netflix has now become the biggest commissioner of scripted content in Europe, ahead of leading broadcasters. And film still represents around 30% of originals, offering an optimistic view for future increases in European production.

The question for all platforms is how far the market can continue to grow and accommodate new players. Bisson suggested there was still plenty of “headroom” for streaming growth in Europe, and particularly Central and Eastern Europe.

Of particular interest to independent services in Europe is the potential for “subscription stacking” – the willingness of consumers to take on multiple services. Ampere research suggests that, while North American consumers take an average of 4.4 services per household, in Europe that is 2.5 in Western Europe and 2.4 in Central and Eastern Europe.

A factor in all these trends is a shift in the demographics of the VOD audience. A once youth-driven market has rapidly matured as older people try services - a trend that was accelerated during the pandemic. The distinction between streaming and TV has become blurred and the unfamiliarity of VOD has gone.

An older demographic may offer advantages to independent VOD, whose core content - particularly arthouse and authors film - mostly appeals to a more mature audience. Those older groups are both richer and potentially more loyal than some younger groups.

But it may also lead to greater competition for titles with the streaming giants. A combination of demand from dominant services and a potential proliferation of small independent platforms could make access to desired content a growing concern for today’s indie services.

The market may adapt though. Guy Bisson suggests that the amount of content licensed to more than one platform in a year was increasing, with multi-platform subscription window licensing deals doubling between 2015 and 2020.

2. THE KNOWLEDGE ECONOMY AND AUDIENCE DEVELOPMENT

Audience development is becoming more sophisticated as platforms develop Big Data and different recommendation systems. Advances in analytics, AI and algorithms would seem to increase the gap between the major streamers and independent players. Certainly, the vast stores of audience interactions that underpin Big Data are not available to small and medium-sized platforms.

But the workshops saw plenty of evidence that the Knowledge Economy is scalable and that there are plenty of attractive options that will help smaller services build informed audience strategies.

Of course, one option has been to partner with a US giant. Services can be made available through the Amazon Prime platform, which has advantages in reaching the Amazon marketplace but at a significant cost in terms of revenue share and independent access to audience data.

Guy Bisson suggested that there were lessons that could be learned from the biggest players and recommended that indie services "look at content like a major" in terms of content strategies, audience development and brand building can be more informed.

For some, Big Data and advanced algorithms at the top end of the market raises ethical concerns, pushing consumers towards certain kinds of content, perhaps at the expense of cultural diversity. But the workshop recognised that there were alternative audience development strategies that could offer a serious alternative to the majors, and sometimes not accurate algorithms (like those of Amazon) especially when we are dealing with cultural content, communication and mediation with the audience.

For some independents, the key is curation and collaboration, rather than trying to predict and manipulate audience demand. In other words, the services try to build trust with a known and participatory audience that encourages risk-taking, experimentation and diversity, as Thibault D'Orso (Spideo) was largely demonstrating in his session ***Hyperchoice And Personalization: How To Build Humanized Digital Mediation Between Users And Content For Online Video Platforms***.

Bisson used UK service Curzon Home Cinema as an example of how to leverage a relatively small number of successful niche titles into a compelling consumer offer and he recognised the importance of "serendipity" - offering content the audience does not know it wants - is a critical part of the indie VOD offer.

Edward Humphrey, Director of Digital and Ventures at the British Film Institute (BFI) suggested in his session **"Meet The Audience: Lessons In Growing An Independent Film Streaming Service"** that building trust with audiences was at the heart of the success of the BFI Player platform in the UK. Launched in 2014, the player has been important in building audiences for British and European arthouse and archive work.

Some of the success has been about understanding how audiences really use and interact with content. He highlighted the difference between new films that can entice customers to try a service and those that will keep them there. The service found that 60% of plays in the service were library titles, rather than new content. He said the "secret sauce" helping build the service was knowing how to build the value of the library through curated seasons, catalogue extensions and promotional tactics, such as previews by well-known critics.

Knowing how audiences behave and building trust helps the BFI Player feel confident in taking risks on content, rather than conservatively offering titles that they believe audiences know they want.

Agustina Lumi, Product Manager of EUROVOD PRO and head of content and marketing at audience development specialist UsherU, leaded the workshop ***How To Reach & Engage In A Burn-Out Post Covid-19 Atmosphere*** said that relationship building was essential: "We have to listen to the audience."

The ability to develop content *with* the audience was becoming an ever more significant need as the sheer scale of content available grows. The pandemic had accelerated what she said was becoming a recognised problem: "decision fatigue."

In an "ocean of content" the value proposition needed to be clear and the value of catalogues clearly stated. But she said the core issue was that "retention costs less than acquisition" – strategies for keeping audiences was critical but the approaches from services could sometimes be rudimentary.

A successful service would dynamically work with the vital asset of data that comes from direct interaction with audiences. There were services and trends that could help build interaction, marketing and promotion, she said, but much of the challenge was about business thinking.

Smart audience engagement was sometimes a matter of straightforward practice that has produced proven results, such as directing all traffic to the core website, maximising marketing value and increasing the chance of turning visitors into subscribers. The key was "to be consistent, coherent and to build a community," she said.

Thibaut d'Orso, of Spideo, also spoke about the challenges of "hyper choice." He said studies had shown that the maximum number of videos assets that could really be offered in an optimised VOD environment was 100 without automated recommendation, and that the maximum amount of time consumers would browse before watching was 7 minutes.

He said effective promotion of content required high levels of editorialisation and curation, able to promote new arrivals, exclusive content and highlighted works. D'Orso suggested that valuable content was too often hidden behind weak marketing that put quantity before quality. There was also a naïve trust in the value of old-school social media tactics.

There were now tools for managing audience interactions and data that allowed a more efficient and effective system of recommendation and promotion that could bring a catalogue to life.

Spideo, for example, aims to create a "humanized" approach to discovery through algorithms, building what it says are the key ingredients of "Trust, Transparency, and Controllability."

One of the main themes of the event was that data could not provide all the answers – and indeed might have both business and ethical drawbacks – but knowledge was always better than ignorance.

3. SUSTAINABILITY AND SUSTAINABLE GROWTH

All businesses have responsibilities in terms of environmental impact and recent research has demonstrated that the rapid growth of streaming has led to new challenges, said **Hemini Mehta, Sustainability Lead and Head of Operations at the EBU (European Broadcasting Union)**, in her keynote ***A Greener OTT***.

Data centres around the world are creating significant CO2 that is contributing to climate change. The scale of that impact is unclear and disputed. There have been major studies, including Malmodin and Lunden (2018)[1], French research from The Shift Project (2019)[2] and the BBC. There is disagreement between studies with some claims that the impact is small and declining.[3][4] Some of the confusion is based on what is being measured - production, streaming, devices, etc - and more research is required, particularly since the growth that came with the Covid lockdown.

Much of the increase is coming from the proliferation of consumer devices. The advance of mobile devices and of 4G and now 5G networks is likely to continue.

Mehta said consumer demand for higher definition formats - HD, UHD, 4K, 8K, etc. - has also driven up CO2 emissions. During the artificial peak of the Covid shutdown, major streamers agreed to shut off HD services in recognition of the pressure on networks.

While the small and medium-sized businesses that make up the independent VOD sector make a tiny fraction of the impact of the giant streamers, there are ways of making a contribution, it was suggested.

Green business may also create opportunity out of responsibility. Consumers are increasingly favouring those businesses that can demonstrate some degree of environmental and social responsibility.

There were steps that could be taken by independent VOD services today to try to play a part in ensuring that the growth of their businesses was sustainable.

Measures such as sustainability strategies, carbon offset schemes and file management best practice (deletion and archiving) are becoming more common and more necessary for business and there is also the potential to reduce file sizes, in particular favouring SD over HD versions.

The use of Artificial Intelligence (AI) is also being used to help target and reduce environmental impact.

[1] https://www.mdpi.com/2071-1050/10/9/3027
[2] https://theshiftproject.org/article/climat-insoutenable-usage-video/
[3] https://www.carbontrust.com/resources/carbon-impact-of-video-streaming
[4] https://www.iea.org/commentaries/the-carbon-footprint-of-streaming-video-fact-checking-the-headlines

4. DIVERSITY AND REPRESENTATION

In some respects, independent VOD is an example of diversity in action. Service offer an alternative to the dominant mainstream of streaming, targeting specific groups, such as LGBT+, genre works (eg. documentary), or national audiences. They are often engines of European cultural diversity.

Nonetheless, all sites are part of an ecosystem, in which lack of diversity is widely recognised as an issue - both in terms of content creation, access to markets and audience development.

An ongoing issue, for example, remains winning the attention of young people to European films, and particularly more challenging arthouse work. Humphrey, of the BFI, acknowledged that the audience for diverse arthouse work on the BFI Player skewed older, just as it did in cinemas.

But diversity is also an area of considerable debate, as evidenced by a public panel, organised in partnership with the Atlántida Mallorca Film Festival, called ***Diversity: Representation Vs Representivity***.

Meritxell Esquirol Salom, a researcher and cultural analyst, led a panel co-organised with the Atlántida Mallorca Film Festival that helped capture some key issues and generated a lively argument among delegates. She recognised some progress but highlighted areas where, in her view, there remained institutional inequalities, notably towards women and minority groups. Stereotyping remained a serious problem on-screen, she suggested, raising questions about who tells stories.

Carla Sospedra Salvado, treasurer of Dones Visuals, which promotes women in the audiovisual sectors, said women were still under-represented in key creative positions in film production. And she said there was a particular disparity for women of colour.

Salina Jirari El Kouaihi, the board secretary at Dones Visuals, suggested the issue was not just one of representativity but also of misrepresentation. Minorities, for example, were often misrepresented in screenplays and stereotyping remained far too common in her view. She suggested that the whole industry had a responsibility to stop misrepresentation and to actively look at how scripts can more accurately reflect minorities, including through greater involvement of under-represented and “misrepresented” groups at the script-writing and development stage.

The debate among EUROVOD delegates and the public audience demonstrated that the issue of representation and representativity is complex and nuanced. Some highlighted the risk of good intentioned actions aimed at prejudice becoming divisive and a threat to free speech.

While it was broadly accepted that VOD, like the rest of the industry, needed to recognise open and unconscious discrimination and to look at diversity in employment, there were questions from some delegates about politicising the debate and taking legitimate discussions about representation too far.

5. AGILITY AND BRAND VALUES

The still emerging European indie VOD sector is developing in one of the most difficult environments for media businesses with major shifts in technology, audience expectation and market development.

Advances in technology create tools and opportunities but they always come with high levels of disruption too, such as expanded competition, audience fragmentation, domination by the biggest market players, tech obsolescence and upgrade needs, skills shortages and weak access to capital for R&D.

The workshop eared how new tech could also add to old problems. **Robin Boldon, of OpSec Security**, suggested, in his keynote session ***Overview Of Content Piracy: Audience Behaviours, Commercial Impacts & Mitigations,*** that a changing environment had presented criminals with new opportunities. And businesses needed to protect their content, audiences and businesses with new tools, such as forensic watermarking.

The answers to these problems were not just about tools and a rigorous understanding of changing trends (though those are vital). It was also about ways of thinking in business. Pirates are part of the audience too and understanding them better is also a way to better answer to the audience demand.

A recurring theme in the workshop was "agility" - the ability to understand, adapt and respond to market changes, threats and opportunities.

Abigail Hughes, of Premiere Digital, suggested in her session ***Building An Agile Technology Strategy - Collaboration And Partnerships*** how the "agile" methodology of project management and business planning retained significant advantages. She demonstrated how the core principles, spelled out in the Agile Manifesto[5] offered a great approach for businesses, such as those in the VOD sector, where frequent innovation and ideas development were so critical.

Among the key concepts were a willingness to embrace change as a positive; active contribution and participation from motivated and engaged teams; sustainable development and team working with a high value put on face-to-face ideas and project development; simplicity of purpose and clearly aligned business and technology strategies to help guide self-organising teams; and regular reflection and adjustment around clear timelines.

The agile methodology was now well advanced with great case studies to demonstrate value. It is easily adapted to market realities and the changing needs of both business and audiences/consumers, she suggested.

In case studies, Hughes showed how best agile practice was developed in tune with brand values and aimed at building audiences around a clear offer.

But constant adaptation, of course, always has the potential to confuse audiences and a number of speakers and participants stressed the importance of consistency, trust and brand values.

"Mission creep" is always a temptation, with technology always offering shiny new opportunities and new hyped business practice always on offer.

Audiences value consistency, it was suggested.

[5] https://agilemanifesto.org/principles.html

As the BFI's Edward Humphrey put it: "audiences respect businesses that have a purpose and a human element." VOD services need to adapt and change but the audience needs to feel that the core offer they have learned to love and trust remains.

"Know who you are and what you are not – don't try to over-reach," he said.

6. COLLABORATION AND COOPERATION

The emerging independent European VOD market is highly competitive and will get more so with new entrants in the coming months and years. There will be battles for content rights with the majors and with other indie platforms.

The value of collaboration, however, will often override short-term competition: independent VOD platforms in Europe are collectively trying to establish themselves in a market dominated by US giants, and with considerable competition for consumer time.

EUROVOD itself, of course, has evolved into a collaborative network, where ideas, knowledge and best practice is shared. And the workshops in Palma were a model of participation and sharing.

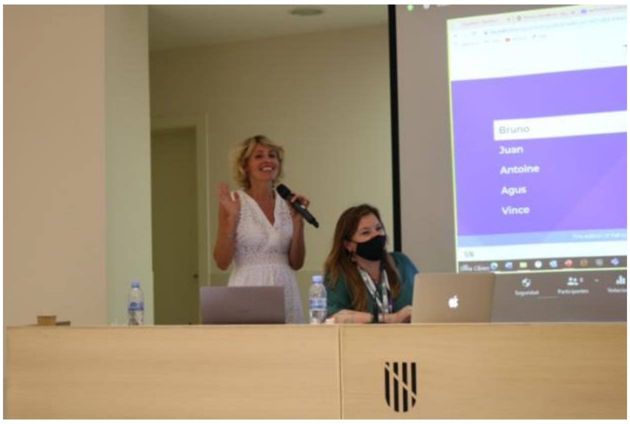
Partnership and cooperation in some core areas were highlighted in the workshop, for example.

Building business sharing and scale: EUROVOD PRO, for example, is intended as the collaboration mission in practice - a digital space that enables and encourages sharing, including information about processes, rights and licensing availability and company profiles.

Hybrid offers: A number of participants and speakers stressed the value of combining online and offline activities. Humphrey, of the BFI, for example, said relationships with cinemas played a valuable role in building demand for the service and trust from the industry.

Anti-piracy action: In a fast-changing environment, many aspects of work required businesses to find partners to develop strategies and practices. Boldon, of OpSec Security, for example said it was essential that platforms and services collaborate "with each other, law enforcement, wider industry and governments to close the gaps within which pirates operate. Operate an Anti-Piracy programme in concert with your rights holders to protect your investment, protect subscriber revenue and reduce churn," he said.

Access to funding and economy of scale:



During the session ***European Public Funding Opportunities For The VoD Sector,*** **Chiara Frencia (Inova+ International) and Silvia Cibien (General Delegate of EUROVOD and independent consultant)** presented an overview of the latest European funding schemes for the VoD sector, focusing on the collaborative approaches for the upcoming calls for proposals for Creative Europe and Horizon.

The session was followed by the workshop ***Cooperative Models For VoD Platforms & Stakeholders***, intended to be a catalyzer of ideas and projects to develop in the EUROVOD network, such as common licensing and a EUROVOD co-production fund for original European content.

Another concrete examples of collaboration in action was the development of a **Unified Exchange Platform (UXP),** presented by **Marvin Kooij, COO/CDO or Media Choice** explained the ambitious plan that seeks to develop interoperable systems and blocks for developers, which will support growth among different platforms and services.

It addresses a core issue for an independent European VOD sector made up overwhelmingly of small and medium-sized businesses, without the scale, capital and skills to develop their own unique and exclusive services.

The UXP work seeks a unified customisable development framework that will support growth across the sector and limit investment costs to individual businesses. A support application has been made to the European Commission that sets out a development plan.