



# BUILDING A GLOBAL TV HUB

*Multichannel broadcasters and  
the UK's global competitiveness*









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# FOREWORD

*Global competitiveness is more and more important for the success of the UK's TV sector.*



*Dee Forbes, chair of the Commercial Broadcasters Association and President & Managing Director, Discovery Networks Western Europe*

The UK TV sector is a vibrant leader on the world stage with an international reputation for creativity. We have a broadcasting and production sector that is attracting investment and talent from around the world and this global competitiveness is becoming more and more important. As this report highlights, revenues from international markets represent one of the fast growing sources of investment for domestic TV content, infrastructure and jobs.

Members of the Commercial Broadcasters Association (COBA) are increasingly important to UK success. In our survey of the major players in the multichannel sector for this report, every respondent said their company had increased their investment in the UK over the last five years, and the overwhelming majority viewed London as their European headquarters. In addition to significantly raising their commitment to domestic TV production, this group of commercial broadcasters has increased employment in the multichannel sector over the last decade by more than eight times the London average.

However it is in terms of the UK's global competitiveness that our influence is particularly pronounced. COBA members play an important role in attracting investment from overseas markets to support the funding of UK content, bringing the scale of international broadcast and distribution businesses to bear to support domestic production. This report

shows that more than a third of their rapidly growing number of UK commissions are part financed through international operations. This underlines how investment generated from overseas sales is an increasingly important component in funding domestic programming and is at the heart of the commissioning hubs set up by many COBA members in London, including my company, Discovery Networks International.

The UK has a unique opportunity to build on its phenomenal success in the broadcast sector. Our survey identified the UK's biggest strength as its exceptional creative talent and production base, followed by a healthy market where a genuine range of different channels and services are able to develop and innovate. If we can continue to get this balance right, the UK can cement its status as a leading global TV hub.

# FOREWORD

*The UK is perfectly placed as a global TV hub but we cannot take this for granted.*



*Adrian Wootton, Chief Executive,  
British Film Commission and  
Film London*

This is an exciting and important time for London and the UK's TV industries. Testifying to how the industry is growing, current developments see broadcasters establishing global commissioning hubs in the West London borough of Chiswick, while a state-of-the-art production studio is being built in the Scottish new town of Cumbernauld.

As this report highlights, London and the UK's world-renowned creative talent and production base give us a huge advantage in encouraging domestic commissioning and investment, as well as crucially attracting finance and production from abroad. Combine this creative flair with other key factors such as our infrastructure, competitive market, favourable exchange rates, support services, and the English language, and the UK is perfectly placed as a global TV hub.

We are already seeing the results, with a greater range of domestic and multinational broadcasters and investors backing more UK TV content than ever before. But the new tax reliefs for high-end TV and animation, in place since April 2013, have now solidified the UK's position as a truly globally competitive TV hub.

The entirety of the UK is now on a level playing field and that impact is already having a pronounced effect, with major productions based in all corners of the country, including London, Wales, Northern Ireland, Scotland and Central England. However, I am very aware we cannot take the UK's status as a global TV hub for granted. We must retain our

leading position and continue to innovate and enhance our offer in order to attract the best in the business.

As this report argues, the TV industry is becoming more competitive. Production is more peripatetic than ever before, and financing is increasingly 'patchwork', coming from multiple parties and, more and more, from overseas.

Like the film industry before it, the TV sector is becoming more complex and more global. In many ways, the UK will have to be more adaptable and more outward looking than ever before. At the British Film Commission and Film London, we hope our experience at home and on an international level will continue to serve the UK TV industry well as it seizes this exceptional global opportunity.



# EXECUTIVE SUMMARY

*The UK is now an international centre for broadcasting and television production, with a vibrant mix of domestic and international players and investment.*

*The last 20 years have seen a transformation in British broadcasting and TV production, as we have moved from a market driven by public service broadcasting, to a more mixed, global ecology. The UK is now an international centre for broadcasting and TV production, with a vibrant mix of domestic and international players and investment.*

A key part of this has been the growing importance of the UK multichannel sector, now a £5bn a year industry, larger in scale than either the BBC or the commercial public service broadcasters (PSBs).

Multichannels are helping build the critical mass the UK needs to compete globally and are uniquely placed to help the domestic production sector access growing investment from international markets.

Looking ahead, their role is likely to become even more important, as the domestic TV economy copes with challenges to revenues and growth. The longer term health of the UK TV sector will be determined by how effectively it can combine a stronger international focus alongside the established home market.

The UK can and should secure its position as a world-leading global TV hub as part of this change. Multichannels can play a key role in making this happen.

This report examines the contribution of the multichannel sector so far and the opportunities ahead. It is informed by a comprehensive analysis of existing sources, original research and a survey of CEOs and other senior executives at the main multichannel broadcasters in the UK.

## KEY FINDINGS

*The UK is a leading global TV centre, and arguably the most important broadcasting hub in Europe*

The UK is building scale and competitiveness through an increasingly diverse ecology of domestic and multinational players. The UK multichannel sector grew revenues to £5bn in 2012<sup>1</sup>, with almost half of this income generated by the wide range of TV programming which it now broadcasts alongside the familiar premium sports and film channels.

Testifying to the UK's status as an international centre, in addition to its domestic channels, the multichannel sector broadcasts 127 non-UK channels from the UK (the majority based in London), compared to 54 non-domestic channels from the rest of Europe<sup>2</sup>.

London is at the heart of this growth. London-based employment in the cable and satellite sector doubled over the last decade (9.6% CAGR) – well ahead of average employment growth across Greater London<sup>3</sup>. However, the benefits are felt by the entire UK, as investment increases in production across the country.

*The multichannel sector is one of the fastest growing parts of the UK TV ecology*

In addition to growing revenues to £5 billion and doubling employment, the multichannel sector has increased investment in UK content by nearly 30% in the last three years, and has rapidly grown its commissioning from UK independent producers<sup>4</sup>.

### *Investment in production is more dynamic, complex and global than ever before*

As the broadcasting landscape has developed, so the UK production ecology has become more varied and dynamic.

As part of increasing their investment in UK production, multichannels have established global and European commissioning hubs in the UK, bringing increased overseas investment into domestic production. Our survey reported that 35% of UK commissions by the multichannel sector leveraged overseas investment in 2012, up significantly year on year.

We are seeing more UK multichannel commissions and more of these shows being shown around the world. Further expanding the range of investment in the domestic production sector, the UK is now attracting large scale “inward investment” productions, bringing long term investment in multiple series over a number of years.

#### **A NOTE ON DEFINITIONS**

In this report we refer to the commercial multichannel industry. This encompasses all digital channels outside the public service broadcasters (PSBs).

We also refer to COBA (the Commercial Broadcasters Association). This is the industry body for commercial broadcasters and includes major non-PSB broadcasters and many of the smaller channels.

The survey commissioned by COBA referred to in this report is a survey we carried out of CEOs and other senior executives of COBA members. The 10 respondents represent the majority of major players in the multichannel sector.

### **KEY FINDINGS FROM OUR SURVEY OF CEO & SENIOR MULTICHANNEL EXECUTIVES**

*To inform this report, we surveyed CEOs and other senior executives of COBA members. The 10 respondents represent the majority of major players in the multichannel sector. Key findings from our survey included:*

- 1) The UK's biggest strength in developing its position as a global TV hub is its creative flair and production capability. This acts as a self-reinforcing magnet for investment.
- 2) Coming a close second in the list of UK advantages is felt to be the positive impact of a dynamic and competitive media and technology sector where different channels, services and platforms are able to compete and collaborate on a meaningful basis.
- 3) Eight out of the 10 multichannel broadcasters surveyed said that London was their European and global headquarters<sup>4</sup>, with a further respondent dividing responsibilities between the UK and the US.
- 4) All of the CEOs and senior multichannel executives who completed our survey said they had increased investment in the UK over the last five years. Seven out of 10 stated they would increase investment further over the next five years.
- 5) The new tax reliefs for high end TV and animation production were seen as positive developments. Many of those involved in commissioning and production in the relevant genres of high end TV and animation said they planned to increase their investment in production in the UK as a result.
- 6) To continue encouraging investment, respondents also stressed the need for on-going legislative and regulatory certainty and maintaining a level playing field between all players both in the UK and in Europe, where current legislation enables the UK to act as a continent-wide base. Addressing potential shortages in production capacity and skills was also seen to be vital.

If progress can be made in these areas, the UK's position as a global TV hub, with all that means for jobs, income and growth, will be strengthened, helping to support the UK's competitive position in the face of growing competition from other media cities around the globe.

# 2

## THE GLOBAL CHALLENGE

*Global competitiveness is crucial to the UK's future success - and multichannel broadcasters are key to unlocking international markets.*

*British broadcasting is commonly regarded as a success story. But while the UK market remains fundamentally healthy, there are signs that recent levels of growth may not be sustained from the domestic market alone. More and more the UK will need to exploit its international potential as a global TV hub.*

### THE UK STORY SO FAR

The original public service broadcasters (the BBC, ITV, Channel 4 and Channel 5) have helped guarantee high levels of investment. More recently, multichannel broadcasters have become a key part of the UK broadcasting scene, providing further investment and adding extra dimensions of range, choice, and innovation.

This new “ecology” - which comprises different funding and production models, commissioning approaches and market strategies - serves UK audiences better than a more limited range of choices ever could.

It has resulted in:

- High levels of audience satisfaction
- High original content investment
- Technical and creative innovation
- Export success

Perhaps most significantly, it has laid the foundations for the UK as a global TV hub, with a genuine range of players investing in the domestic industry and increasing inward investment into the local market and production sector.

But the continuing growth of the sector faces some significant market challenges. While the UK market remains fundamentally healthy, there are signs that recent levels of growth may not be sustained from the domestic market alone as increases in subscription, advertising and the licence fee revenues slow.

### A MORE INTERNATIONAL FOCUS

Given these challenges on the domestic front, the future health of the UK broadcasting sector will depend not only on how well it caters for UK audiences, but how effectively it responds to the opportunities (and risks) presented by developing global media markets.

The export of TV content to international markets has already been a huge area of growth for the UK - according to the UKTI / Pact annual survey, the value of sales grew to £1,220m<sup>5</sup> in 2012, up from £632m in 2005<sup>6</sup>.

As this report examines, international markets are having a positive impact on domestic production in other ways. Internationally-sourced commissioning investment - i.e. funding for UK commissions leveraged against revenues from overseas markets - is playing an increasingly important role in the multichannel sector's financing of UK content.

In addition, helped by new tax reliefs, the UK is continuing to attract large-scale inward investment productions. As a recent development, this inward investment is directly encouraging the growth of long term infrastructure such as the converted studio space near Glasgow at which Sony Pictures Television's Outlander series is based.

The opportunities come from growing demand for high quality TV content around the world, the increasingly peripatetic nature of global TV production, and the UK's undoubted expertise and creative talent in TV production and distribution. The UK clearly has the chance to build on its success so far.



## THE UK AS A GLOBAL TV HUB

A critical part of the UK's success will depend on the further development of the UK as a major global TV hub, which builds domestic scale and stimulates competition by encouraging a range of players, and can exploit international as well as domestic market potential.

In this report we define a global TV hub as:

- A cluster (or critical mass) of interconnected domestic and multi-national companies and other institutions in broadcasting and related sectors, which is
- Linked closely to international as well as local markets, and attracts people, ideas and investment from around the world.

It is clear that the UK, with London at its heart, has many of the key market conditions and resources which could allow it to play an even more ambitious and world-leading role in the TV sector. It has:

- A thriving local market, with a well-networked accumulation of talent and skills
- A highly competitive sector, which encourages creative and technical innovation and which has a tradition of high levels of content investment
- Sophisticated and demanding consumers willing to try new ideas
- Strong support from public institutions, including the BBC.

## THE MULTICHANNEL CONTRIBUTION

But the next level of development in the UK's TV hub status will require a further push. In this report, we explain how the multichannel sector can make a unique contribution in making this happen.

Multichannels make three significant contributions:

- Adding to the scale, competitiveness and expertise of the UK TV ecology – securing “critical mass”
- Bringing new sources of investment in UK content, including an increasingly international approach
- Generating inward investment through, for example, locating their regional and international operations in the UK and through production.

In the following sections of this report we address each of these in turn.

## CREATIVE HUBS

*Creative hubs or clusters are vital to the success of the broadcasting sector.*

- As defined by Michael Porter, a cluster is a geographic concentration of interconnected companies, specialist suppliers, firms in related industries and associated institutions (universities, cultural bodies and so on) that compete but also co-operate.
- Clusters help spread ideas and knowledge, and support a critical mass of skills, expertise and resources which benefits the sector as a whole. They help enhance productivity, drive the pace and direction of innovation, and stimulate the formation of new businesses. In the media sector, they bring together a critical combination of technical innovation, artistic creativity, and entrepreneurship.

# 3

## SECURING CRITICAL MASS

*Multichannel broadcasters help provide the critical mass the UK needs to compete globally.*

*Building scale is crucial to ensuring the UK can compete on the global stage. Over the last 20 years, the emergence of the multichannel sector, alongside the established public service broadcasters, has helped provide real critical mass.*

### THE MOVE TOWARDS A MIXED ECOLOGY

For many years, the UK TV market was shaped by public service broadcasting (PSB). This evolving PSB “ecology” played a vital role in the development of British broadcasting.

However, over the past 20 years, this ecology has been transformed again. The advent of satellite and cable platforms, followed by digital switchover, allowed new broadcasters to enter the market, launching new channels alongside the established PSBs. There are now more than 500 channels licensed in the UK.

*“There is meaningful competition between platforms and a willingness to pay market rates for the rights to distribute the best content.”*

*CEO and senior multichannel executive survey<sup>12</sup>*

### BUILDING SCALE

From being at the periphery of mainstream TV, the multichannels now play a key role in the overall ecology in terms of consumer choice, income, investment, and competitive intensity.

As their audiences have grown, so have revenues. According to Ofcom, revenue generated by multichannel broadcasters grew by 8% to £5,032m in 2012<sup>8</sup>. This makes the multichannel industry larger in scale than either the BBC (income allocated to television of £2.81bn<sup>9</sup>) or the commercial PSBs (revenue of £2.31bn<sup>10</sup> for the main commercial PSB channels).

Of the £5bn total, revenues break down as follows: sports £2.1 billion; entertainment £1.5 billion; films £744m; factual £226m; children’s £201m; news £148m; music £118m; and leisure £64m.”

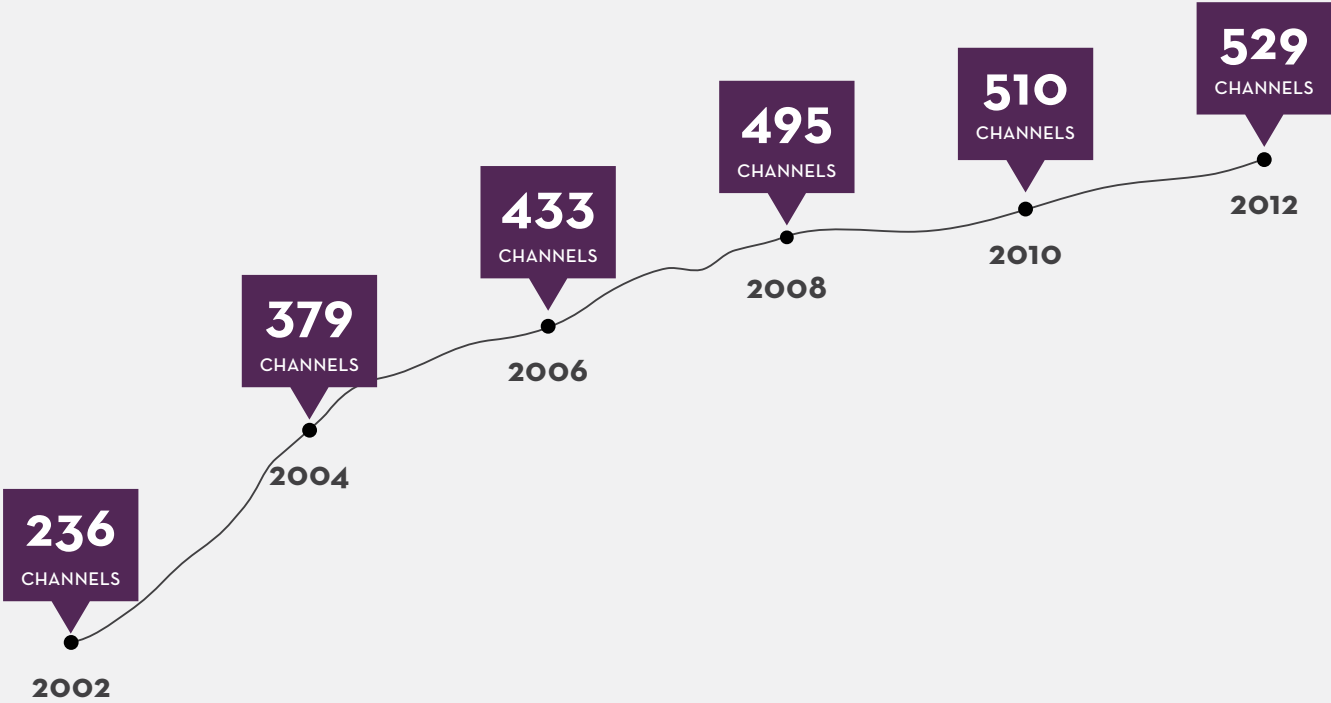
Revenue comes from a range of sources, predominantly subscription, advertising and affiliate revenue (the fees paid by pay-TV providers to the multichannel broadcasters) but also from sponsorship, interactive and digital, TV shopping, and pay-per-view.



**KEY FACT**

*The UK multichannel sector doubled UK employment in the last decade and grew revenues to £5 billion in 2012.*

**FIGURE 1.** Number of TV channels 2002-2012<sup>7</sup>



**A TAXONOMY FOR MULTICHANNEL**

**UK PORTFOLIOS**

The UK portfolios, which primarily target the UK market, provide a range of content from the generalist to the specialist.

**INTERNATIONAL BRANDS**

The multichannel ecology also includes the UK operations of a range of large global entertainment companies, typically headquartered in the US.

**SPECIALISTS**

The specialist broadcasters provide a varied range of content for niche audiences.

THE TUNNEL  
SKY







## DOUBLING EMPLOYMENT

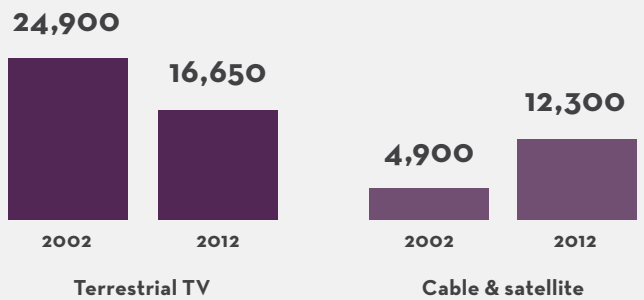
*As the multichannel sector has grown, it has also helped augment the critical mass of skills and expertise in the UK media sector.*

This in turn strengthens the UK's global comparative advantage as the place to access those skills - for TV but also for the film and games sectors.

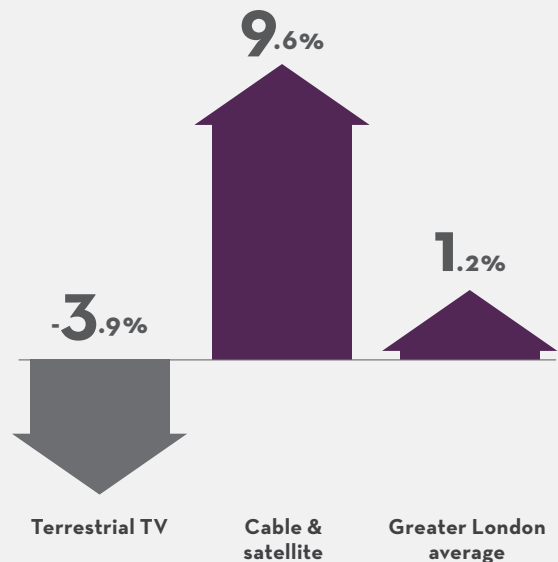
Creative Skillset estimates that the number of people employed in the cable and satellite industry has increased to 12,300 in 2012, well over double that of a decade ago (a CAGR of 9.45%). Almost all of these are based in London.

This has gone some way to offsetting declines elsewhere in the terrestrial TV sector.

**FIGURE 2.** Change in employees directly employed in UK TV industries, 2002 to 2012<sup>13</sup>



**FIGURE 3.** Change in employment of London TV industries versus wider London average, (CAGR 2002 to 2012)<sup>14</sup>



## COMPETITIVE INTENSITY

A key contribution made by the multichannels has been to broaden and increase the competitive intensity of the UK media sector. They have brought a more entrepreneurial approach to serving audiences, added to the competition between commissioners for new programme ideas, and stimulated creative and technical innovation. The result is a stronger sector at home, better equipped to compete abroad.

The UK creative and business environment, which enables a range of channels, players and business models to co-exist, was cited as a key strength by many respondents to the survey of multichannel senior executives. A highly competitive market means that there is a range of complementary and competitive businesses in London, helping to create a more adaptable and innovative TV environment.

*“The network effect and presence of other broadcasters based in the UK fosters growth (more interest from consumers, more opportunities for indies and creative talent), and [a] competitive market drives innovation in content provision and delivery.”*

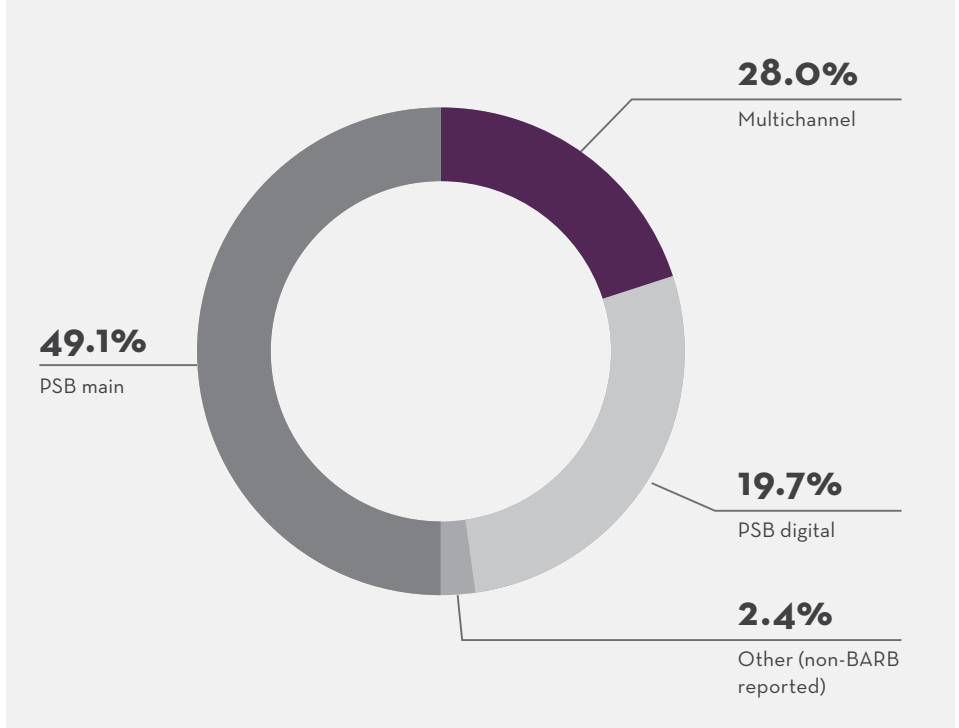
*CEO and senior multichannel executive survey<sup>16</sup>*

## EXTENDING CONSUMER CHOICE

As competition has increased, viewers have benefited.

The combined viewing share of the commercial multichannel broadcasters has grown to almost 28% of all TV viewing, while their average weekly reach has grown to 87%<sup>17</sup>, up from 50% just seven years ago.

FIGURE 4. TV viewing share by broadcaster type (%), June 2013<sup>15</sup>



## NEW APPROACHES TO SERVING AUDIENCES

Unlike the PSBs, multichannel broadcasters operate a range of business models, including subscription, advertising and other approaches. This mixed approach has allowed new types of channels to emerge and succeed. Purely advertising funded channels tend to seek mass audiences. Subscription channels tend towards premium content. But mixed funding can allow the emergence of more specialist subjects and niche content for more targeted audiences.

For example, multichannel audiences often skew towards specific demographic groups such as gender and age.

This approach to demographic profiling of channels has subsequently been replicated to an extent by PSB portfolio channels, such as BBC3/4, ITV2/3/4 and E4/More4.

## DRIVING INNOVATION

Multichannel competition has also increased the drive for innovation, both creatively and in new technologies.

In their search for new ways to engage with consumers, multichannels have brought to the UK market a range of innovations in content and the way it is branded and packaged, such as introducing the first rolling UK news channel and packaging content around specific demographics and genres.

Multichannels have often led the way in technology innovation, introducing new platforms and services for the first time. This has helped to create a virtuous cycle, in which innovation in the multichannel sector has spurred on the established broadcasters, in turn creating a further drive to innovation across the sector.



For example:

- In 2013, NBCUniversal's Syfy became the first UK broadcaster to launch a channel-wide branded second screen app, designed to support a variety of shows with exclusive content in sync with the channel's on-screen action.
- Sky recently delivered the first 4K television broadcast in the UK (Ultra HD). More than half a million Sky TV customers have signed up to watch 3D content.

## MULTICHANNELS TODAY

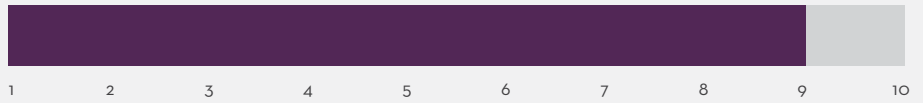
And multichannels continue to develop and evolve. As we move towards a more mixed ecology, multichannel players have continued to grow their core capabilities through organic growth and by investing in other broadcasters and producers.

Our survey of CEOs and senior executives at the multichannels found the majority are engaged in a wide range of activities spanning broadcasting, commissioning, production, international distribution, VOD and advertising sales.

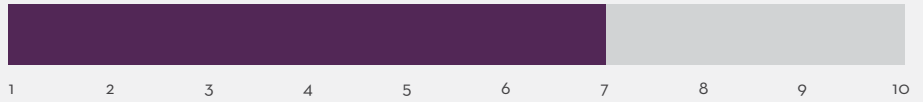
The net result is a broadcasting value chain that is more dynamic, competitive and varied than ever before.

**FIGURE 5. CEO and senior multichannel executive survey: Number of multichannel broadcasters (out of 10) engaged in the following activities<sup>18</sup>**

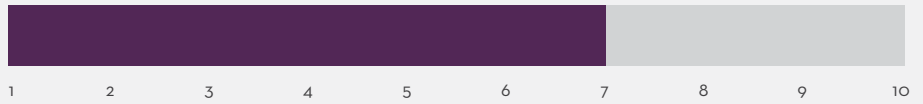
Broadcast TV channels to the UK



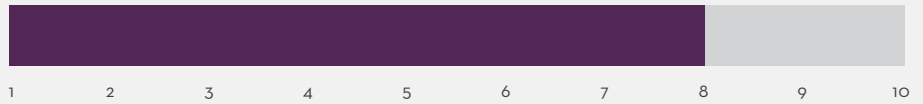
Broadcast TV channels to Europe



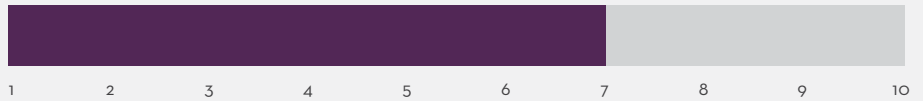
Own production of TV content



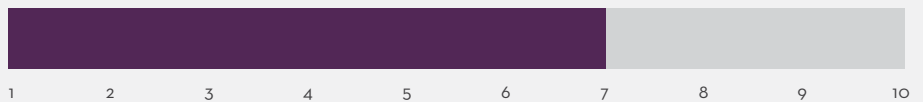
Commissioning of TV content



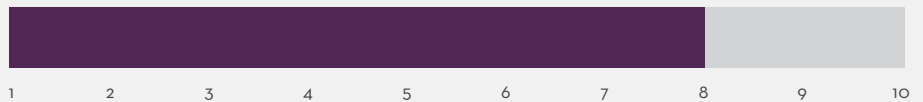
Video on demand and other non-broadcast services aimed at the UK



Video on demand and other non-broadcast services aimed at Europe



Advertising sales



# 4

## DRIVING INVESTMENT IN UK PRODUCTION

*The multichannel sector is helping increase overall investment in UK TV production.*

*The UK's key assets in developing its status as a leading global TV hub are its creative talent and skills, and its production infrastructure. The UK TV sector's continuing success depends on building on this creative base, with a balance of investment from established broadcasters and from new sources.*

Multichannels have been increasing their investment in content at a time when spending by the established PSBs is under pressure. There has been a step change in both UK-focused content and content aimed at wider international markets. In addition, growth in inward investment from large-scale production is building critical mass and resulting in long term, sustained investment in the production sector, related infrastructure, and the UK's skills and creative talent.

### INCREASED UK COMMISSIONS

From an early reliance on acquired content, recent years have brought a significant increase in the level of UK investment by the multichannels, driven by both growing investment in UK content by the portfolios such as Sky, and a move by global broadcasters such as Discovery, Disney, Fox, Turner and Viacom to produce more localised content.

According to Oliver & Ohlbaum's economic impact report for COBA, in 2011 the multichannels spent £623m on content specifically for the UK market, up by 31% from the prior year. The majority of this (nearly £500m, or 79%) went into first-run UK originations (new home-grown commissions) (see Fig 6).

Against a backdrop of static or declining investment by the main PSBs over the past five years, the multichannels have increased spend on UK originations by an average of 7.5% each year (see Fig 7). They now account for around 18% of all first run commissions by broadcasters.

### SUPPORT FOR INDEPENDENT PRODUCTION

A key benefit has been felt by the independent production sector. Multichannels' increasing investment in content has helped to support further growth in the UK independent production sector, enhancing the UK production base and creating a virtuous circle that has encouraged further investment.

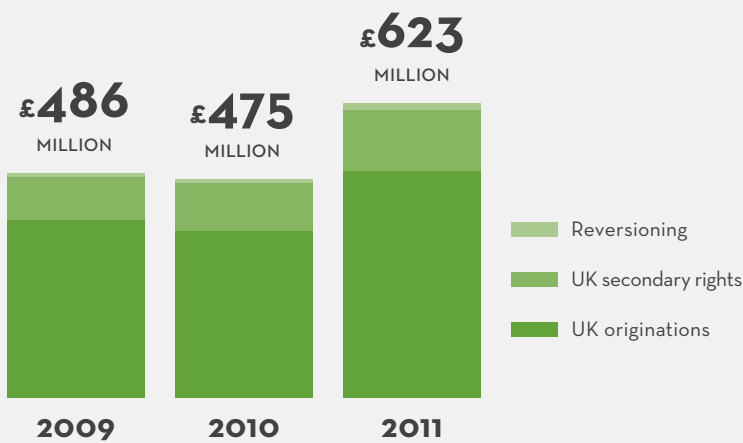
Multichannel spend on independent production grew to £240m in 2012, representing a CAGR of 26% from 2004 (see Fig 8). The emergence of a swathe of new commissioners has made the UK TV production sector less reliant on a small number of PSB commissioners.

Multichannel broadcasters also disproportionately supported smaller 'indies' - 33% of spend was on smaller independent producers (with turnover of less than £25m), more than the BBC (26%), ITV (18%) and Channel 4 (20%).

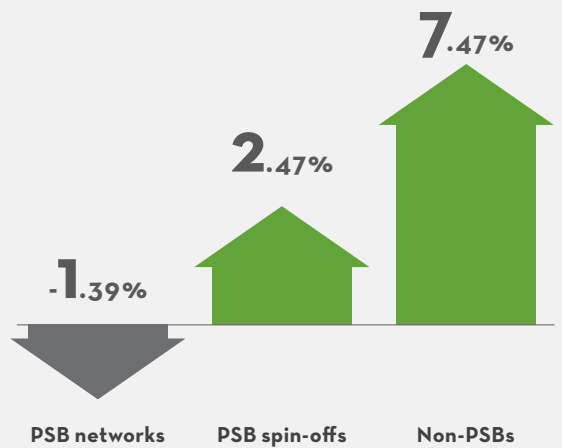
**KEY FACT**

Multichannel spend on UK commissions is up 30% on 2009, and commissioning of independent production is up 26% a year since 2004.

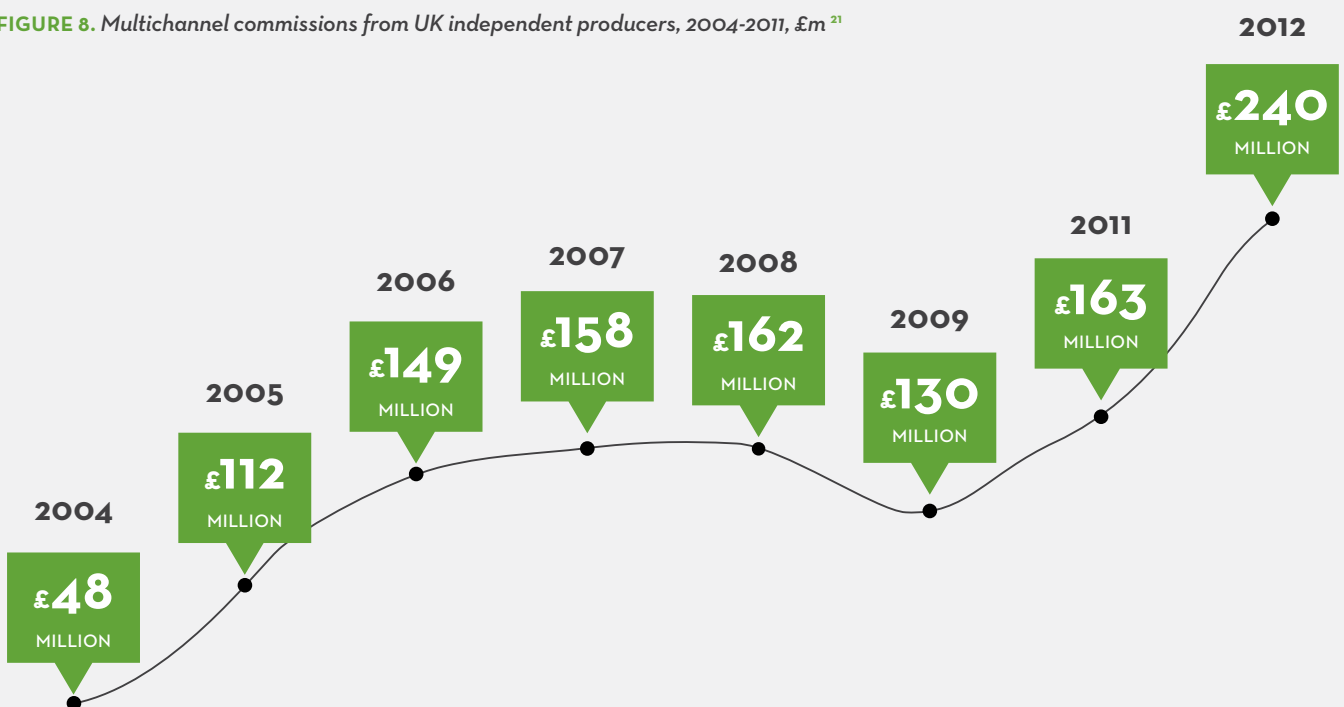
**FIGURE 6.** Investment in UK content by multichannel broadcasters, 2009-2011, £m <sup>19</sup>



**FIGURE 7.** Change in total UK originations spend, 2006-2011, % CAGR <sup>20</sup>



**FIGURE 8.** Multichannel commissions from UK independent producers, 2004-2011, £m <sup>21</sup>





## INVESTMENT IN UK PRODUCTIONS

### FACTUAL

- Fox is commissioning its first 50 hours of original UK content this year as part of its transformation from FX, investing between £5m and £8m in new shows.
- A+E Networks UK's family of channels has continued to move into original production in recent years, increasing budgets and hourly spend. HISTORY® and Crime & Investigation Network® produce 40-50 hours of locally produced content each year.
- National Geographic is commissioning 125 hours of UK programming this year, and plans to increase commissions to 160 hours in 2014.
- Discovery has launched a UK-based global commissioning hub and is commissioning from a range of UK independent producers. Recent UK commissions come from such independent companies as Dragonfly, Endemol, Shine Group, All3Media, and Betty, which Discovery owns, as well as smaller operators such as Nerd and the newly-launched Silverback Films.

### COMEDY

- Comedy Central UK has substantially increased its investment in original content in recent years as it seeks to turn the UK into an export hub for comedy (traditionally one of the riskiest and most challenging genres to produce). Its successes include Threesome, from UK producer Big Talk Productions, and Comedy Central UK will aim to produce four to five brand new British series each year of 22 episodes or more. This, they hope, will lead to international success, challenge the prevailing view that comedy is nationally focused, and help to bring a more commercial viable model of commissioning to the UK's undoubted comedy talent.
- Following its push into original home-grown comedy, Sky has become a major investor in comedy in the UK and the Republic of Ireland in less than two years.

### CHILDREN'S

- Multichannel broadcasters spent nearly £29m on British animation and children's production in 2011, a 60% rise on the previous year, and the highest ever spent by commercial broadcasters in the UK. The introduction of a new tax relief for animation is expected to help sustain this investment.
- Investment extends off-screen, too. Nickelodeon's Olive The Ostrich, a children's series produced by British animation studio Blue-Zoo Productions, was made in partnership with the Prince's Trust and undertook a range of outreach initiatives aimed at encouraging children to get involved in the arts. The team visited 52 schools in the most deprived areas across the country - each episode featured original drawings by the children.
- To fund such an ambitious outreach programme, Nickelodeon was able to leverage its global network of channels, bringing in production investment from various international markets.

### DRAMA AND ENTERTAINMENT

- Sky has committed to invest £600m a year in home-grown programming by 2014, an increase of 50% over three years.
- As part of that, the broadcaster recently announced its biggest commitment to UK drama productions to date, which will see 20 original dramas come to air by the end of 2014, totalling at least 100 hours a year.
- The new commissions follow a range of original drama productions that have already been commissioned, including Drama Matters, a season of five original dramas from critically-acclaimed British female screenwriters such as Sally Wainwright, Gwyneth Hughes and Annie Griffin, and The Tunnel, based on the format of The Bridge.

### ARTS

- Since rebranding as Sky Arts in 2007, Sky has grown its arts-oriented TV channels and now offers 750 hours of original programming each year across two dedicated channels.
- A significant proportion of their programming is devoted to arts events such as opera, ballet, exhibitions, festivals and regional arts events which would not otherwise be able to reach a television audience.
- Their ambition to be bold and different has led to number of innovative initiatives. The National Gallery's exhibition Leonardo Live was broadcast live on Sky Arts and streamed into 40 sold-out cinemas, an approach subsequently replicated by the V&A, amongst others (including Sky Arts' current collaboration with the V&A, Memory Palace).



# 5

## LEVERAGING GLOBAL INVESTMENT FOR UK PRODUCTION

*Multichannel broadcasters are key to helping UK production access global funding*

*Accessing overseas investment for UK production will be important to sustaining and increasing the growth of domestic content. As the UK's success in exporting content has demonstrated, the potential for raising investment from international markets is significant, and possibly even greater than potential growth from domestic sources. This investment can be ploughed back into creating home-grown content.*

### LEVERAGING INTERNATIONAL INVESTMENT FOR UK COMMISSIONS

Multichannels can play a key role in raising investment from international sources to fund UK production. They are also developing UK-based productions for overseas distribution, including on their own channels broadcast to other markets. These productions are funded by overseas sales and co-production funding, spurred on by the new tax reliefs for high end TV and animation production.

The footprint of their international TV brands means that many multichannels have access to resources on a global scale. They are able to tap into these resources to produce high quality content which appeals to an international market, and amortise the costs across a much wider broadcasting network. Even where multichannels are domestically focused they are building their international presence to support their investment in UK content: Sky last year established a new division to market international rights to its UK commissions with the acquisition of Parthenon Media Group.

Our survey of commissioning for this report found that non-UK sources of financing were already important, and becoming more important over time. The proportion of UK commissions with some financing from a multichannel's non-UK operations grew to 35% in 2012, up considerably on 2011.

### A GLOBAL PERSPECTIVE ON COMMISSIONING

In addition, the multichannels are shaping new approaches to commissioning.

Changes have included commissioning of longer runs for programmes, which are more suitable for export and better able to attract production investment from overseas sources. For example, Comedy Central UK is aiming to produce new comedy series of at least 22 episodes or more to satisfy the global demand for longer-run shows.

These approaches are often more in tune with international market needs than those adopted by the main established UK broadcasters. Indeed, the UK Trade & Investment (UKTI) and Pact's UK Television Exports survey found that "60% of survey respondents believed that series with a short number of episodes were the greatest obstacle to further export growth".

*"We're paying well and ordering volume that you rarely see from terrestrials."*

*Julian Bellamy, Creative Director & Head of Production and Development, Discovery Networks International*



## KEY FACT

*Multichannel broadcasters use their international networks to part fund 35% of their UK commissions.*

## INTERNATIONAL FOCUS FOR THE INDEPENDENT PRODUCTION SECTOR

*UK indies benefit from the global reach of many multichannel broadcasters.*

- Wildest Arctic, produced by Bristol's Off the Fence for Discovery, premiered on Discovery across Europe, the Middle East, Africa and Asia Pacific.
- How We Invented The World, produced by Nutopia for Discovery Networks International, premiered on Discovery Channel in 210 countries around the world.
- Betty TV has produced programmes such as Taste Off and Shopaholic Showdown for Discovery - both series will air on TLC in more than 150 markets, including Europe, the Middle East, Africa, Asia Pacific and Latin America.
- Mammoth Screen's production Falcón is a crime television show for Sky Atlantic, Canal+ (Spain) and ZDF (Germany).
- Since Sony Pictures Television took a majority stake in Left Bank, the UK indie has expanded its collaboration with the US, building on its major US co-production of the drama Strike Back for Sky 1 and HBO/Cinemax.
- UK indie Neal Street Productions and Desert Wolf Productions were commissioned by Sky Atlantic and US network Showtime to produce the major US drama Penny Dreadful.

## GLOBAL SUCCESSES

*In 2007, Turner set up a development studio in London. The first project - The Amazing World of Gumball - was launched globally on Turner Kids channels in 2011/12 and is now in its third season.*

- The Amazing World of Gumball has been a global success on multiple fronts, raising the UK's profile as a centre of excellence for animation.
- It has been ground-breaking from a creative, technical and production perspective, being the first series to combine 2D animation, 3D animation and live action to such a cohesive effect.
- The aim of the project was to nurture talent, combining the best of US studio techniques with the best of a new generation of European animators. This has helped to create the show's hugely talented production team in the UK, all capable of creating internationally successful shows (three alumni have gone on to work for Dreamworks in LA).
- The Amazing World of Gumball has had an exceptional track record in winning prestigious awards since launch, with 18 awards from festivals in six countries - including four BAFTAs and an Emmy.
- The show has become a global hit, viewed by around 77m people (26m kids) on 28 Turner channels globally, where it is a ratings driver and, in major markets, a top five show.
- Next year, Turner will make the 100th episode of Gumball, illustrating how multichannel players can commit to high volume production.



**DOWNTON ABBEY**  
NBCUNIVERSAL

## DEVELOPING GLOBAL HITS

*The global networks of the multichannels mean that they are able to exploit successful ideas on a global scale.*

Our survey of senior multichannel executives found that the majority of commissions have an eye on both UK and international audiences. Given their local presence and international experience and footprint, many multichannel broadcasters are able to create content which appeals to a domestic audience and also travels well internationally.

**FIGURE 9.** CEO and senior multichannel executive survey: Ambitions when commissioning content<sup>22</sup>

**67%**

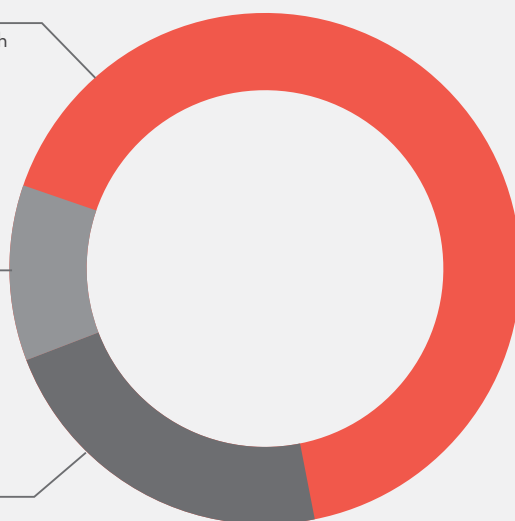
Content which appeals to both international and domestic audiences

**11%**

Content primarily for an international market

**22%**

Content primarily for the local market







## ACCESS TO CO-PRODUCTION FUNDING

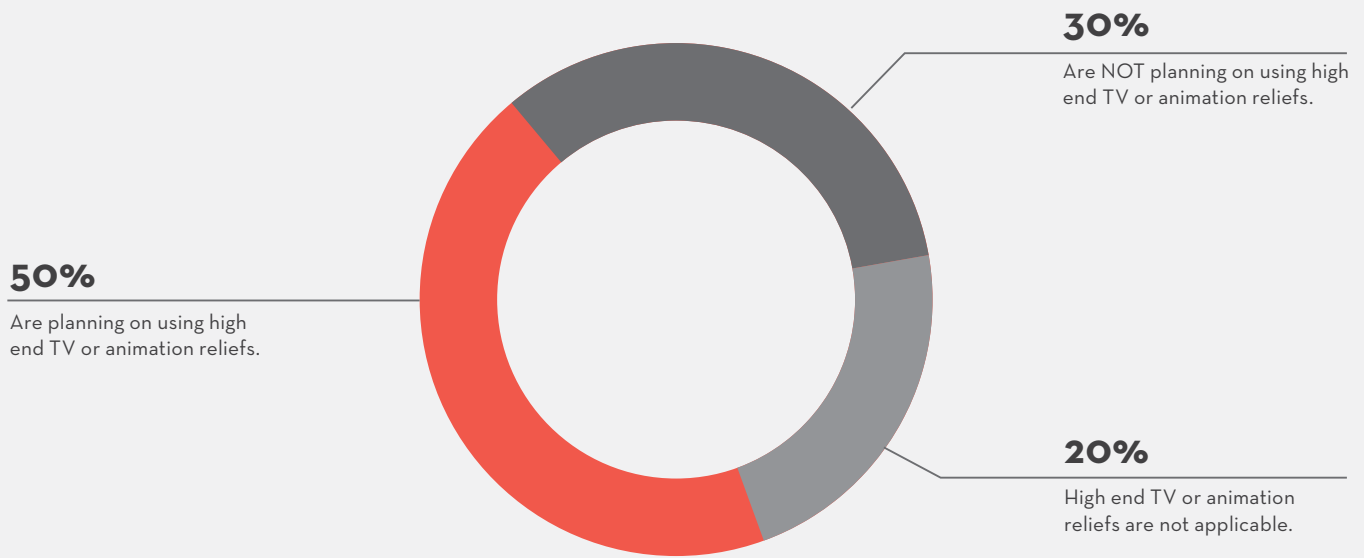
*Another key development has been access to new sources of international co-production funding. This investment helps support significant co-production deals, often with the main UK commercial networks and the BBC.*

Downton Abbey, the period drama broadcast on ITV, is co-produced by Carnival Films & Television, a British production company that has, since 2008, been owned by NBCUniversal, and Masterpiece (on US network PBS).

- With most British television content, broadcasters will provide the bulk or all of funding. However, for Downton Abbey, the high production costs were leveraged through a co-production agreement with Masterpiece and by Carnival agreeing to substantially fund the first series - a £7m, seven part project.
- By investing around a quarter of the budget (through so called “deficit financing”), Carnival’s significant contribution helped the first series be commissioned.
- This model - in which the producing studio takes most of the risk - was made possible by the security of NBCUniversal’s scale, access to finance, global distribution capabilities and relationship with PBS.
- Downton Abbey has since gone on to be a huge global success, broadcast in more than 200 countries or regions, becoming the highest rated PBS drama of all time in the US and spawning its own line of merchandise.
- Other examples of high profile co-productions include Dracula, a co-production between Sky Living and NBCUniversal produced by Carnival, and The Tunnel, a co-production between Sky and the French broadcaster Canal+, which will be the first bilingual drama project made by broadcasters in France and the UK.



**FIGURE 10.** CEO and senior executive survey: Are you planning on using high end TV or animation reliefs?



**THE IMPACT OF THE NEW TAX RELIEFS**

The new tax reliefs for high end TV and animation production were seen by our survey respondents as positive developments in this process. Of those involved in commissioning and production in the relevant genres of high end TV and animation, the majority said they planned to increase their investment in the UK as a result.

*“New tax reliefs aren’t changing our programming strategy in terms of what appears on-screen, but are having an impact on where we choose to make programmes. It’s definitely acting as an incentive to produce more in the UK.”*

CEO and senior multichannel executive survey

*“The new tax reliefs make the economics of producing animation in the UK more attractive and will definitely influence future commissioning decisions.”*

CEO and senior multichannel executive survey

**OUTLANDER**

*Sony Pictures Television (SPT) recently announced a new big-budget show, Outlander, which will be filmed and set in Scotland and has been commissioned by US cable network Starz.*

- The project is being produced by UK company Left Bank Pictures, part of SPT’s production group. It will involve the creation of converted studio space and a production base near Glasgow, leaving a studio legacy in the area when filming of Outlander ends.
- The series will employ around 200 local crew and around 2,400 supporting artist roles cast from within the UK and Scotland.
- The production will make use of the UK’s new tax reliefs for high-end TV.



# A GENUINELY GLOBAL HUB

***Multichannel broadcasters are key to the UK's status as arguably the most important TV hub in Europe***

***Multichannel broadcasters make a crucial contribution to the UK's status as a leading global TV hub by basing their European and international operations in London - with benefits across the country.***

An emerging trend has been for global broadcasters to locate their European or non-US headquarters and creative operations in the UK and, specifically, in London. This includes broadcasters like Disney, Discovery, Turner and Viacom, all of whom have established regional HQs in the UK. Attracted by the UK's creative talent, the language, infrastructure, transport links and size of the domestic market, these London hubs serve as a base for the rest of Europe and, in some cases, much further afield. London, for example, is the regional headquarters for Disney in Europe, the Middle East and Africa.

The majority of multichannel broadcasters we surveyed now use London as the base for their European headquarters. One respondent divided operations between the UK and the US.

## **AN INTERNATIONAL COMMISSIONING HUB**

This is most clearly demonstrated by the range of multichannel broadcasters which have established production and commissioning hubs in the UK. This has already led to a number of high profile UK commissions, often for distribution via global networks.

## **A BROADER BASE**

Alongside commissioning, multichannels are also establishing UK bases for distribution, marketing, ad sales and channel packaging and presentation. The UK is also a significant broadcasting base. A huge number of channels broadcast from the UK to other countries. In addition to its domestic channels, the multichannel sector broadcasts 127 non-UK channels from the UK, compared to 54 non-domestic channels from the rest of Europe.<sup>23</sup>

## **KEY FACT**

***Confirming the UK's status as a European hub, the multichannel sector broadcasts 127 non-UK channels from the UK, compared to 54 non-domestic channels from the rest of Europe.***

**BEAR GRYLLS: ESCAPE FROM HELL**  
DISCOVERY





## CONTENT FOR WORLDWIDE CHANNEL NETWORK

*Multichannel broadcasters' global networks mean they are increasingly developing content in the UK for a global audience, keeping skills and talent within the UK.*

### DISNEY

- In 2008 Disney established a production hub in London to produce European content which complements its shows from the US and, increasingly, the rest of world. The hub, which sits across the EMEA channel businesses, has already undertaken a large number of original commissions - both children's animated shows and live action content.
- By having a London production base, Disney is able to seek out talent from the UK and then leverage its international footprint. For example, Jungle Junction is an animated series broadcast on Disney Junior, produced by Spider Eye Productions in Penzance, Cornwall. Following its success in the UK, Jungle Junction is now broadcast across Europe, Asia and in the US.

### NATIONAL GEOGRAPHIC

- In 2012, National Geographic Channels International established a programme commissions and content hub in the UK.
- The London office is the main hub for the commissioning of series and single shows, which are for broadcast primarily on National Geographic Channel outside of the US in 172 countries and to over 335m homes.

### VIACOM

- Comedy Central is producing hundreds of episodes of English-language comedy for global distribution over the next three to four years. This global production push will be managed out of the UK and represents a multi-million pound investment.
- Comedy Central UK has already ordered its first series to fit under the new strategy: Mummy's Boys from UK indie Big Talk Productions.

### A+E NETWORKS

- From its London hub, A+E Networks UK® runs channels across Europe, Africa and the Middle East.
- Recent successes have included Mud Men, a series presented by Johnny Vaughan which follows members of the Mudlarks Society searching for historically important items on the River Thames foreshore. Now in its third series, Mud Men is sold all over the world.

### DISCOVERY

- Discovery Networks International established an international commissioning hub in the UK two years ago.
- From its West London base, the unit is spearheading a global content push. Whereas traditionally UK broadcasters might have commissioned for the UK market with little attention to global success, Discovery aims to commission original UK programmes that can be central to its international portfolio of channels and exported to 200 markets.
- This has significant benefits for the UK production sector and independent producers, with UK producers able to benefit from Discovery's international scale to tap overseas markets and finance. For example, in Latin America, Wag TV is working on a co-production with Discovery, while Blink Films has a documentary 18 months in the making. Both were ordered by the UK commissioning team.
- Discovery also gives UK producers a global platform for their shows. Breaking Magic, made by the UK's Objective Productions, has been watched by 70m people around the world, for example.

## KEY FACT

*The majority of multichannel broadcasters surveyed base their European, or international, headquarters in Europe.*

## LONDON'S ROLE AT THE CENTRE OF UK'S TV HUB

Co-location of TV companies (or clustering) brings significant benefits, especially in London, which plays a leading role in the UK creative economy and is the centre for much of the activity described in this report.

London already has many of the essential features of a successful media cluster and TV hub. It has major UK-based media companies in TV, print and advertising, it has a multiplicity of smaller support companies working across film, TV and other media, it has the backing of public institutions like the BBC, which help nurture creativity and innovation, it has an unrivaled cultural and artistic heritage, and it is itself a vibrant and exciting environment which celebrates free expression of ideas and debate. It can also easily draw on skills and resources from other centres around the UK.

The vast majority of multichannel's direct employees are based in London, where the rate of growth has far outstripped the average rate of increase in employment in London.

The establishment of strong and competitive commissioning hubs means that satellite firms, facilities providers and other post-production and support activities gravitate to London, too.

Having access to shared facilities and resources encourages a diverse range of related businesses and industries to co-locate. For example, in addition to a number of broadcasters, West London is home to a host of digital specialists such as Perform, Shazam and Showcaster. Sky Studios, Ealing and Teddington Studios add traditional TV and film expertise that stretches to Wembley's Fountain Studios and on to Pinewood.

*"Companies such as ours allow*

*multinationals to grow and breathe. At some point, broadcasters hit capacity and outsource things like special projects or archive services."*

*Loft London co-founder Davide Maglio<sup>27</sup>*

## SUPPORTING INVESTMENT IN THE WIDER UK

Although London is at the centre of the UK's TV business, a strong London hub creates knock-on benefits for the wider UK.

Having a London base encourages international broadcasters to undertake commissions across the UK - multichannel was worth 21% of all 'Out of London' independent commissions in 2012, more than ITV and Five.<sup>24</sup>

Alongside the establishment of London HQs, we are also seeing growing investment in big budget productions across the country. For example, Sony Pictures Television's new big budget show, *Outlander*, is shooting in Scotland, with the production involving the creation of a converted studio space and a production base near Glasgow.

Other examples of large scale productions taking place in the devolved Nations include the hugely successful *Game of Thrones*, which was filmed predominantly in Northern Ireland, by HBO (a subsidiary of Time Warner). The first three series reportedly employed approximately 800 people, resulted in an estimated economic impact of £65m and have led to increased tourism across the region.<sup>25</sup> At time of writing, production on the fourth series was well underway in Northern Ireland.

In addition, from their London base, broadcasters manage offices across the country. QVC employs 2,000 people and is the largest private sector employer in Knowsley. And while London is Disney's regional headquarters for Europe, Middle East and Africa, it has more than 3,500 employees across the UK in 11 offices.<sup>26</sup>

## INVESTING IN FACILITIES AND CLUSTERS IN LONDON

### QVC'S STATE OF THE ART FACILITIES

- Last summer, QVC moved to a new, £33.6m, purpose built Media and Commerce Centre at Chiswick Park in West London.
- The new building, that sits over five levels and covers 13,000 square metres, houses more than 500 people, with state of the art studios, each manned by one manual pedestal and three robotic cameras.

### THE WEST LONDON TRIANGLE

- A number of domestic and global broadcasters have chosen to locate in close proximity to each other in West London.
- The area near Chiswick Park now contains more than 45 companies including Disney, Ericsson, Viasat, QVC and Discovery, with around 8,000 employees.
- This has created a loose triangle between Shepherds Bush, Hammersmith and Osterley in which can be found Chiswick Park's media collective, plus such TV and telecoms firms as TalkTalk, Sky and Virgin, plus the BBC.

### VIACOM'S CAMDEN STUDIOS

- Viacom International Media Networks (VIMN)'s recent redevelopment of its Hawley Crescent site makes the media group the biggest single employer in the Camden area.
- Situated in the heart of Camden Lock, the new complex has more than 700 people on site and has been designed to house all of VIMN's channel businesses (MTV, Nickelodeon and Comedy Central) within a single facility, together with Viacom International divisions and a state of the art transmission facility serving the vast majority of VIMN's operations in Europe, Middle East and Africa.
- The multi-million pound development is due to be completed in early October 2013.

## LONDON'S TV HUB

### WHAT IT IS:

- Strong cluster of TV firms, as well as those from related industries such as film and video distribution, post-production and visual effects.
- Growing number of international media companies choosing London as European and international base as well as mixed ecology of domestic companies.
- Centre for presentation and up-linking of TV channels for other European markets.
- Major public institutions like the BBC as a source of funding and creative innovation.
- Tech city attracting high-tech and new media firms, including Google.
- London hosts most of the sector institutions and professional associations.

### HOW IT WORKS:

- High competitive intensity stimulates innovation and consumer awareness.
- High levels of networking to share skills and ideas.
- Proximity to clients and support companies.
- Strong linkages to other sectors (film, television, high tech).
- Diversified portfolio of investment sources and market opportunities.
- Creative innovation benefits from mixed ecology of public support and private entrepreneurship.
- Openness to international cultural influences.

### EXAMPLE: Links between film and the creative sector

- Writers, actors and directors work across film, TV, theatre and advertising.
- Successful TV series developed as feature films.
- Fixed costs of infrastructure (studios, post production etc.) shared across TV and film.
- Innovative new techniques (e.g. CGI) initially developed for films now used across other media.
- High-end TV, animation and games use many of the techniques and resources developed for large scale feature films.



# 7

## FUTURE PROSPECTS

*Three factors are key to future success: a competitive market; regulatory certainty; and creative excellence.*

*The UK is well placed to grow but three factors are important to ensuring future success. The UK market must remain competitive if it is to incentivise a range of players to invest. Legislative certainty - without unnecessary changes - will help convince companies to commit to invest. And finally the UK must ensure the UK's creativity remains world class.*

There is therefore an important opportunity for the UK to secure and develop its position as a world-leading TV hub, and for further growth in the UK sector, driven by a combination of the domestic market base and dynamic international growth. Much of this is down to industry itself, and the commercial advantage which key players can gain from locating and investing in the UK. But governments and regulators also have an important role to play in creating the right conditions for growth and ensuring a reasonable degree of certainty about the business and regulatory environment in which commercial enterprises can flourish.

### STRENGTHS TO BUILD ON

In our survey of CEOs and senior executives, the UK's creativity - both its creative talent and its production skills base - was regarded as its greatest strength.

This, they felt, helped to create a critical mass of creative talent and expertise, leading to a virtuous circle of innovation across programmes and formats, and encouraging investment in skills and infrastructure.

*"The UK has tremendous depth in creative talent - script writers, directors, producers, on-screen etc - resulting in content of the highest quality."*

CEO and senior multichannel executive survey<sup>28</sup>

*"[The UK's biggest strength is] the critical mass of creative talent and expertise (a thriving indie sector helps foster innovative programme and format ideas, the UK has tremendous depth in creative talent - script writers, directors, producers- resulting in content of the highest quality)."*

CEO and senior multichannel executive survey<sup>29</sup>

Many highlighted the UK's strength and track record in producing content for an increasingly global audience. They emphasised this played a crucial role in their decisions to establish regional production and commissioning hubs, as the global multichannels look to grow their business outside the US.

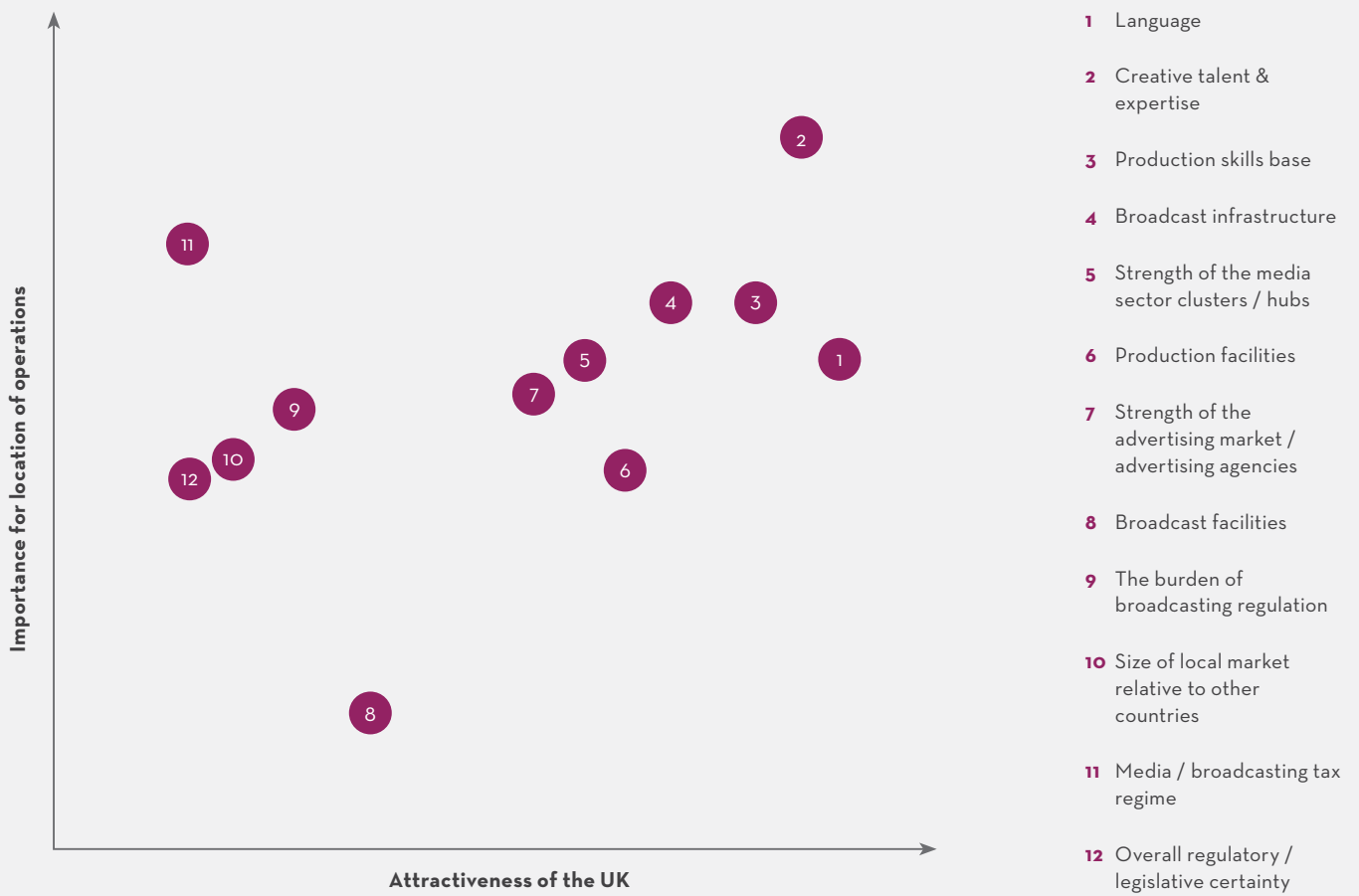
*"The UK is an important global media hub and a significant player in global production, as the second biggest exporter of TV content after the US."*

CEO and senior multichannel executive survey<sup>30</sup>

*"Independent producers in the UK have a strong track record of creating formats/ideas that can be exported successfully to other markets."*

CEO and senior multichannel executive survey<sup>31</sup>

**FIGURE 12.** CEO and senior multichannel executive survey: Key factors for deciding where to locate and how the UK performs<sup>32</sup>



## CHALLENGES AHEAD

Some of the conditions for realising further growth in the sector are already in place – for example the new scheme of tax reliefs for high-end TV production and animation, and a reasonably enlightened regulatory regime. However, our survey of multichannel executives also revealed some key concerns, which may need to inform future policy and regulation.

### REGULATORY AND LEGISLATIVE LEVELS AND CONSISTENCY

As can be seen from our survey, regulatory factors feature highly in location decisions. Overall, multichannel executives saw the UK creative talent, skills and infrastructure as its biggest strength, but identified the prospect of changes to the regulatory regime as potentially undermining certainty and confidence.

*“We will always seek to invest in the UK but the level of our investment would undoubtedly be affected by any measure that will undermine our ability to make a return from our risk-taking and therefore reinvest in new content.”*

CEO and senior multichannel executive survey<sup>32</sup>

## CREATING A LEVEL PLAYING FIELD

Respondents to our survey pointed to the increasingly competitive nature of TV markets, and emphasised the need to maintain ‘level playing fields’ to enable them to continue to compete. This covered two areas – competition within the UK, and competition between the UK and international markets.

Within the UK, some were concerned that the regulatory and policy focus should be mindful of adequately reflecting the new mixed ecology.

Respondents also stressed the need for the landscape in the UK to remain competitive versus other EU states.

*“A lack of level playing field from a regulatory perspective could discourage the use of the UK as a place of licensing/establishment if the rules in other EU Member States are less onerous for broadcast.”*

CEO and senior multichannel executive survey<sup>33</sup>

Specifically, there is significant support for retaining the ‘country of origin’ principle in any future revision of European broadcasting regulation, given its huge importance in underpinning London’s status as a base for wider European operations.

## PRODUCTION CAPACITY AND SKILLS

While the skills base and broadcast infrastructure in London and the UK was widely praised, some senior managers were concerned about future capacity shortages in some areas.

*“We already have concerns over the available studio space in the UK.”*

CEO and senior multichannel executive survey<sup>34</sup>

*“Whilst we are continuing with our own initiatives focused on skills (e.g. our graduate programme) there is a lack of centralised strategy aimed at equipping a sufficient workforce with the necessary skillset to support the broadcasting industry.”*

CEO and senior multichannel executive survey<sup>35</sup>

This shortage – the majority of senior executives surveyed worried – would have the impact of pushing production costs up further.

*“Primary weakness of London is the cost it takes to produce content in London and the squeeze on dedicated studio space.”*

CEO and senior multichannel executive survey<sup>36</sup>



## CONCLUDING OBSERVATIONS

*It is clear from our analysis and from the responses to our survey that the UK and London are strongly positioned to compete as an international TV hub, and multichannels are well placed to help strengthen its competitive advantage further.*

Multichannel investment is driven largely by the UK's creative expertise and infrastructure, coupled with a healthy and competitive market. In turn, they can bring important added value which will help take the UK TV sector to its next level of development.

Although the concerns expressed above by multichannel executives are not yet significantly affecting future prospects for London and the UK's attractiveness as a place for inward investment, the overall message is that it will be important to retain the UK's competitive advantage as others try to catch up. A competitive and investment-friendly policy and regulatory regime must be a key part of that process.

If progress can be made in these areas, the UK and London's position as a global TV hub will be strengthened, helping to support our competitive position in the face of growing competition from other media hubs around the globe. London is at the heart of this investment in jobs, income and growth, but the positive impact is clearly being felt across the UK.

# APPENDIX: CEO & SENIOR EXECUTIVE SURVEY

*In August 2013 we surveyed senior executives and CEOs of many of the multichannel broadcasters operating in the UK. The 10 respondents represent the majority of major players in the multichannel sector.*

We express our thanks to those who contributed through the survey:

- Dermot Boyd, CEO, QVC
- Satpal Branch, Executive Vice-President and Managing Director, Universal Networks International
- Donna Cunningham, Executive Vice President, Operations, SPT International Production
- Dee Forbes, President & Managing Director, Discovery Networks Western Europe
- Dave Lynn, Managing Director, EVP UK, Australia & Eastern Europe and International Content Distribution Viacom International Media Networks
- Kate Marsh, Senior Vice President, Sony Pictures Television Networks
- Giorgio Stock, President EMEA, Turner Broadcasting International
- Jason Thorp, Executive Vice President, Content, Europe & Africa, Fox International Channels UK
- Sophie Turner Laing, Managing Director, Content, BSkyB
- Tricia Wilber, Chief Marketing Officer, The Walt Disney Company, EMEA and General Manager, Disney Channels EMEA

**FIGURE A1.** Do you use London as your European or global HQ?

**80%**

Use London as either their European or global HQ

**10%**

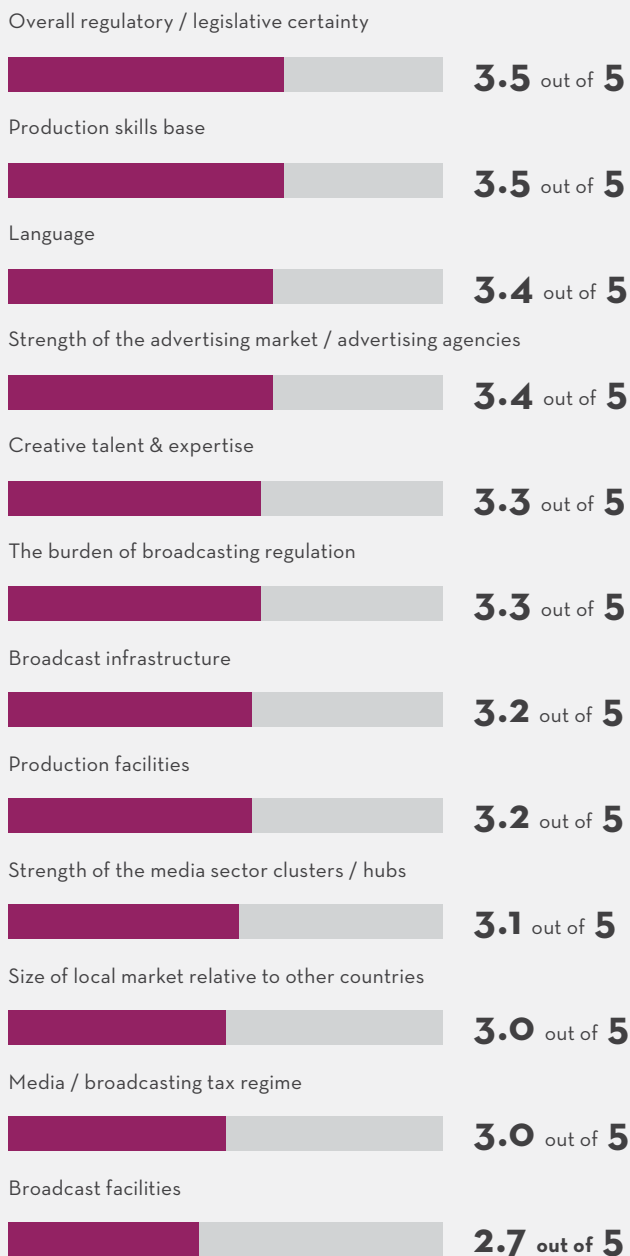
Do not use London as either their European or global HQ

**10%**

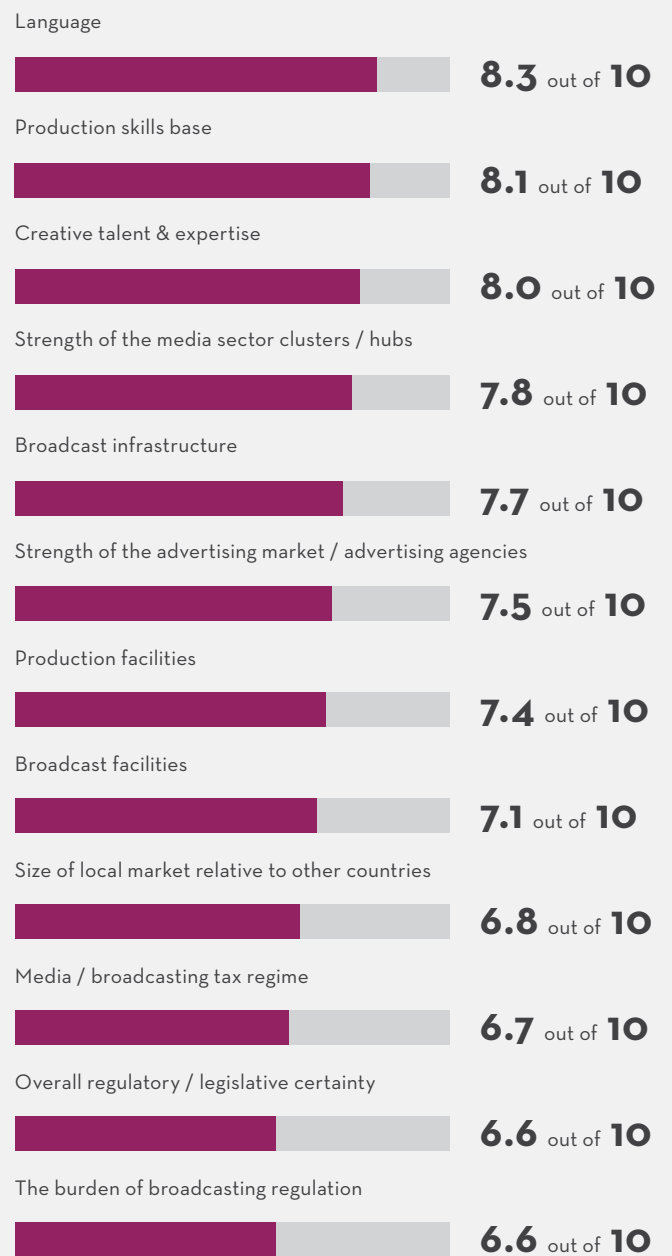
Not applicable



**FIGURE A2.** How important are the following factors in your company's decision on where to locate its operations? (1 not at all important to 5 essential)

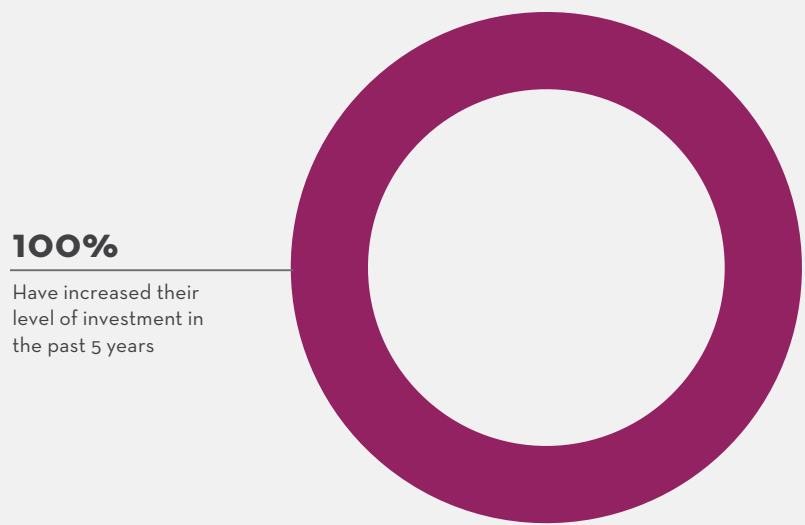


**FIGURE A3.** Mark the UK out of 10 on the factors (from 1 not at all attractive to 10 extremely attractive)

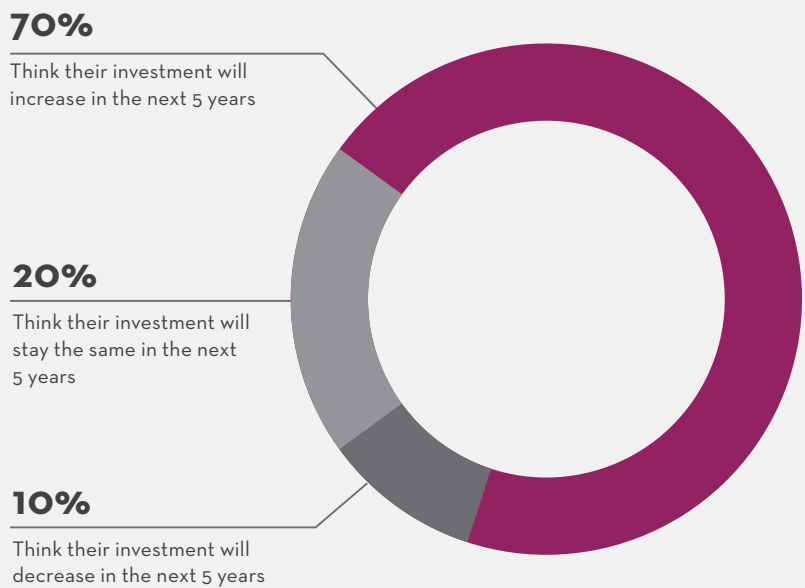




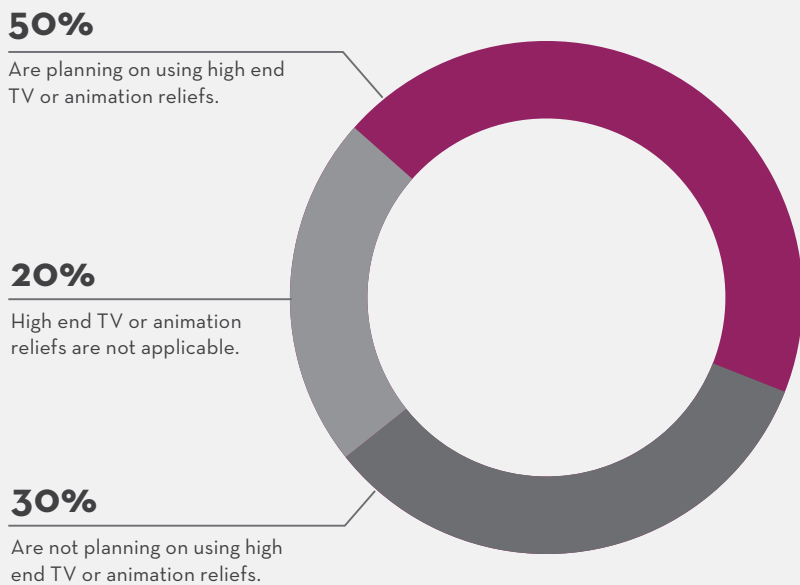
**FIGURE A4.** How has your company's level of investment in the UK changed over the last 5 years?



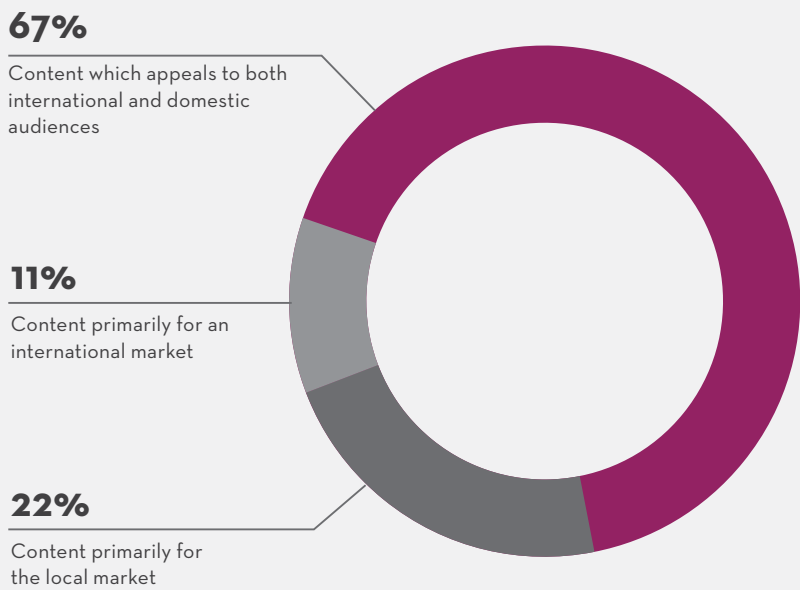
**FIGURE A5.** How do you think your company's level of investment in the UK will change in the next 5 years?



**FIGURE A6.** The UK has recently introduced new tax credits for high end TV and animation. Are you planning on using high end TV or animation reliefs?



**FIGURE A7.** When your company is commissioning original content, which of the following are you most interested in?



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## **COBA** [www.coba.org.uk](http://www.coba.org.uk)

COBA is the trade association for broadcasters and on-demand services in the digital, cable and satellite sector. Its members include Bloomberg Television, BSkyB, Chinese Channel, Discovery Networks, Fox International Channels, NBCUniversal, QVC, Sony Pictures Television, Turner Broadcasting, Viacom International Media Networks, and The Walt Disney Company.

## **FILM LONDON** [www.filmlondon.org.uk](http://www.filmlondon.org.uk)

Film London, as the capital's film and media agency, aims to ensure London has a thriving film sector that enriches the city's businesses and its people. The agency works with all the screen industries to sustain, promote and develop London as a major international production and film cultural capital, and it supports the development of the city's new and emerging film-making talent. Film London is funded by the Mayor of London, the National Lottery through the BFI, and receives significant support from Arts Council England and Creative Skillset.

Film London also manages the British Film Commission through a public/private partnership which is funded by the Department for Culture, Media and Sport through the BFI.

## **THE BRITISH FILM COMMISSION** [www.britishfilmcommission.org.uk](http://www.britishfilmcommission.org.uk)

The British Film Commission (BFC) is the government's national organisation responsible for inward investment feature film and television production. With offices in the UK and the US, the BFC leads on maximising and supporting the production of international feature film and television in the UK, strengthening and promoting the UK production infrastructure and liaising between the Government and industry on legislative issues that impact on production.

The BFC is the national division of Film London funded through a public/private partnership by the Department for Culture, Media and Sport via the BFI, UK Trade and Investment, the BFI's International Fund and commercial sponsors. BFC Founding Sponsors: Disney, Harbottle & Lewis, Pinewood Studios Group, Saffery Champness and Warner Bros. BFC Silver Sponsors: Coutts, Double Negative, Elstree Studios Framestore, Moving Picture Company and Working Title Films.

## **COMMUNICATIONS CHAMBERS**

Communications Chambers is an association of experts specialising in media, telecoms and technology. We advise on issues of strategy, policy and regulation. Our members have worked at senior levels in industry or in regulators, in addition to having many years of consulting experience.

Recent or current assignments have been for clients as diverse as the BBC, Google, Qualcomm, Vodafone, News Corp, ITV, the Australian Government, Telstra and the Broadcasting Authority of Ireland. Our members have substantial international experience, having worked across Europe, the US and Asia.