Predictions for the entertainment industry in 2022: International expansion, local content and sports rights will be key for OTT

More opportunities for the international commercial growth of sports rights

Games content subscription services set to grow 27% in North America and Europe

London, 17th January 2022: OTT services will aim to grow their subscriber bases this year by focusing on markets beyond North America and Western Europe and diversifying their content offering. After the pandemic disrupted filming schedules and with the fierce competition between the SVoD platforms, a large quantity of new high-quality Scripted shows can be expected in the next months, say the experts at Ampere Analysis. Here the firm details what awaits the entertainment industry in 2022:

OTT video market, increasingly saturated

More players are launching internationally and bolstering their international offers to combat saturation in established OTT video markets. At the end of 2021, Netflix was present in over one third of all Western European homes, and Amazon Prime in more than a fifth. Studio-led OTT services are also rushing to enter new markets to carve out their own piece of the pie. Disney+ is set to expand its presence in EMEA this summer, while HBO Max is eyeing Eastern Europe. Similarly, Paramount+ and Peacock are working together to enter the Eastern European market early.

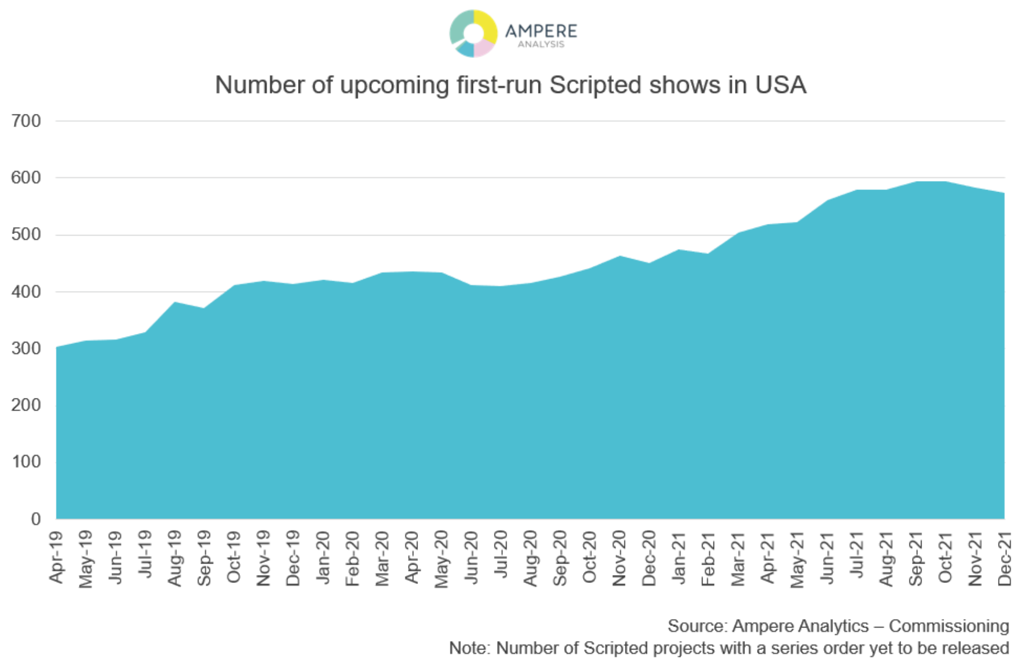
Partnerships with local production companies

Ampere's Consumer data shows that, particularly in large emerging markets, such as India there is a high engagement with local TV shows and films. As a result, companies like Netflix and Amazon Prime are beginning to tap into local content production hubs to create content capable of attracting new customers and also maintaining their current subscriber bases. As SVoD platforms continue to diversify their content offerings, targeting different markets, Ampere expects more partnerships with local independent production companies.

Despite the growth in the number of these partnerships, the competition within the market has intensified, particularly between the platforms, whose need for exclusive original content has led to an increase in the volume of brand new Scripted shows being commissioned.

New Scripted shows return to pre-pandemic levels in the US

After the slowing of releasing over the last 18 months due to the pandemic, consumers can expect a large quantity of high-quality Scripted shows landing in market over the course of the next 12 to 18 months. There is already evidence of this in the US, where the volume of Scripted shows released reached pre-pandemic levels for the first time in October 2021, crowding the weekly release schedules.



Richard Cooper, Research Director says: "Back in 2019, around two thirds of Netflix releases occurred on a Friday, ahead of weekend viewing. In 2021, the proportion of shows releasing on a Friday dropped to around 50%, with Wednesdays and Thursdays gaining in popularity. Now, with an average of three Scripted shows releasing every week, Netflix will be increasingly dominant –across the weekly schedule."

Content spend is expected to rise 6% in 2022

As companies grow their original slates, Ampere expects content spend to continue the upward trajectory it has shown over the past few years, with global spending on acquired, original and sport content set to hit roughly $240 billion by the end of 2022, a 6% uplift compared to 2021. This rise will be driven heavily by an increase in spend from SVoD players. Ampere predicts that SVoD players will be responsible for over a fifth of global content spend in 2022. Content investment from AVoD services, which are growing rapidly in reach across many markets, still remains relatively low - as much of the content available on AVoD is licensed non-exclusively with linear channels or other streaming services. However, some AVoD services like Roku are investing in original content.

Sports has been a strong contributor to content spending growth in the past decade and Ampere expects that this industry will represent an important part of content spend expansion over the next five years. Although sports rights remain a local market, with some downward pressure on top-tier rights, as competitions become more visible overseas, there are more chances for international commercial growth, especially for European football leagues.

Premier League - International revenues will surpass domestic ones

Ampere expects that in 2022 the English Premier League will become the first major national competition that will generate more revenues from international TV deals than its domestic ones.

The Premier League's international revenues have more than tripled in the last decade and now represent around 47% of the total broadcast revenues. Domestic deals are expected to stay the same for another cycle until 2025, at just over $2 billion per season, whereas new international deals – such as the recent deal with NBCUniversal in the United States, for a reported $450m per season – are set to take the international TV revenues up to around $2.4 billion from 2022, according to Ampere Analysis, thus making up 54% of the total revenues generated from broadcasting fees this year.[1]

Nintendo Switch will lead console sales

In the games sector, Ampere expects that Sony will outsell Microsoft two-to-one in 2022 -with 18-million-unit sales of PlayStation 5 consoles and 9-million-unit-sales of Xbox Series consoles, although the bestselling console in the market will be the Nintendo

[1] The numbers in this paragraph differ marginally to those presented in the video as they have been updated to reflect international broadcasting revenue numbers reported by the Premier League in January 2022

Switch family of devices, at 21 million units, driven by demand for the new Nintendo Switch OLED.

In addition, games content subscription services are increasingly important not just to console players, but also the wider gaming sector. These services, which offer a catalogue of games for a monthly fee, will grow by 27% across North America and Europe in 2022 to reach $4.7 billion in consumer spending.

This press release is taken from Ampere Analysis' video of predictions and expectations in the Media, Games and Sport industries for 2022.

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About Ampere Analysis

Founded in January 2015, Ampere Analysis is a new breed of media analyst firm. The company's experienced team of sector-leading industry analysts specialises in pay and multiscreen TV and next generation content distribution. Our founders have more than 60 years' combined experience of providing data, forecasts and consulting to the major film studios, telecoms and pay TV operators, technology companies, TV channel groups and investment banks. www.ampereanalysis.com