

Lat Am SVoDs need originals to take on US studios



Mark Moeder
15-06-2022
©C21Media

Mark Moeder, CEO of Denver-based data firm Symphony MediaAI, argues that Latin American streamers need to commission more originals to combat their deep-pocketed US-backed rivals in the region.

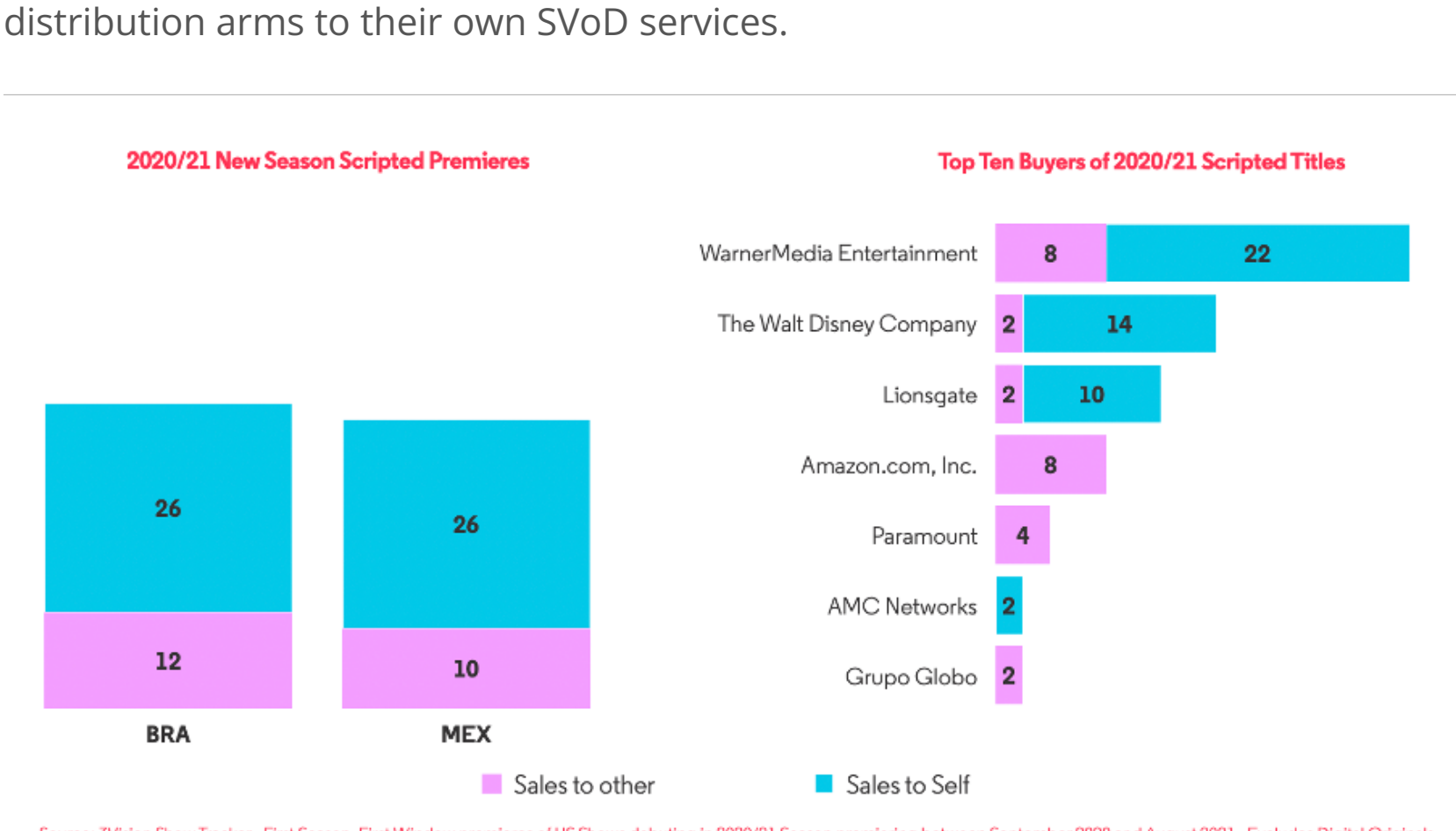
The streaming wars continue in full swing around the world with global players, traditionally led by Silicon Valley, beginning to be challenged by US studios and AVoD services, all while local players find a corner of their market to make their own.

Latin America is fast becoming a hotbed for SVoD services, particularly in the acquisition of English-language scripted TV series. The whole region has become dominated by US studio-owned SVoD services, with studios shuttering their pay TV channels in favour of launching direct-to-consumer SVoDs instead.

Pay TV and streaming services alike are diversifying both content offerings and monetisation strategies in an effort to hedge against competitive threats to any single revenue stream. Those that embrace content valuation, the ability to precisely measure and predict ROI per title, will gain a distinct advantage as the streaming wars intensify.



Competition is heating up
The prevalence of studio SVoDs in the English-language space Latin American market had an inevitable effect on the levels of vertical integration in the region, with most English-language scripted TV series being distributed directly from US studios' distribution arms to their own SVoD services.



WarnerMedia has long held a huge pay TV presence in the region and, as a result, Latin America became one of the first markets to launch HBO Max outside the US. Like Disney and Lionsgate, the studio is choosing to divert almost all of its English-language content to its own SVoD service, with a small number of shows provided by third-party suppliers.

Success for local streaming services
Despite the perceived homogeneity of studio-owned services in Latin America concerning English-language content, the market has proven to have enough opportunity for local streamers to thrive with the support of locally produced content.

In Brazil, Globoplay has been operated by Grupo Globo since 2015, reaching 30 million subscribers in 2021. The SVoD has produced more than 50 original Portuguese-language series since its launch while also remaining active as a buyer of English-language content, taking several high-profile titles from a wide variety of distributors.

Most Recent New Globoplay TV Series

Show	No. ST Markets	Origin	Distributor
NCIS: Hawaii	18-Feb-22	US	Paramount
Professor T	14-Feb-22	UK	BetaFilm Group
The Freak Brothers	10-Feb-22	US	Lionsgate
Angela Black	03-Feb-22	UK/US	All3Media
Four Weddings and a Funeral	21-Jan-22	US	MGM
Girls5eva	06-Jan-22	US	NBCU
The North Water	03-Dec-22	UK/US	BBC
Anne Boleyn	20-Nov-21	UK	Sony

Source: 3Vision Show Tracker - First Season, First and Second Window

But international expansion isn't reserved for just US studios and Silicon Valley, as Globo has expanded the reach of Globoplay, bringing its originals with it, into the US, Canada and more than 20 European countries.

Niche SVoD services with a specific focus can find a way to build and flourish a modest subscriber base and in Latin America one example of this is Europa+. This launched in 2020 and brought with it content from the UK, Germany, France, Italy and other European countries to Latin America for the first time, with both BBC Studios and ITV Studios selling series to the service in the first window.

More recently, Latin America has seen the launch of a brand new player from TelevisaUnivision called ViX. The AVoD launched in April with over 40,000 hours of Spanish-language shows available on-demand. An SVoD tier is planned for later in the year with an additional 20,000 hours of content and the removal of ads.

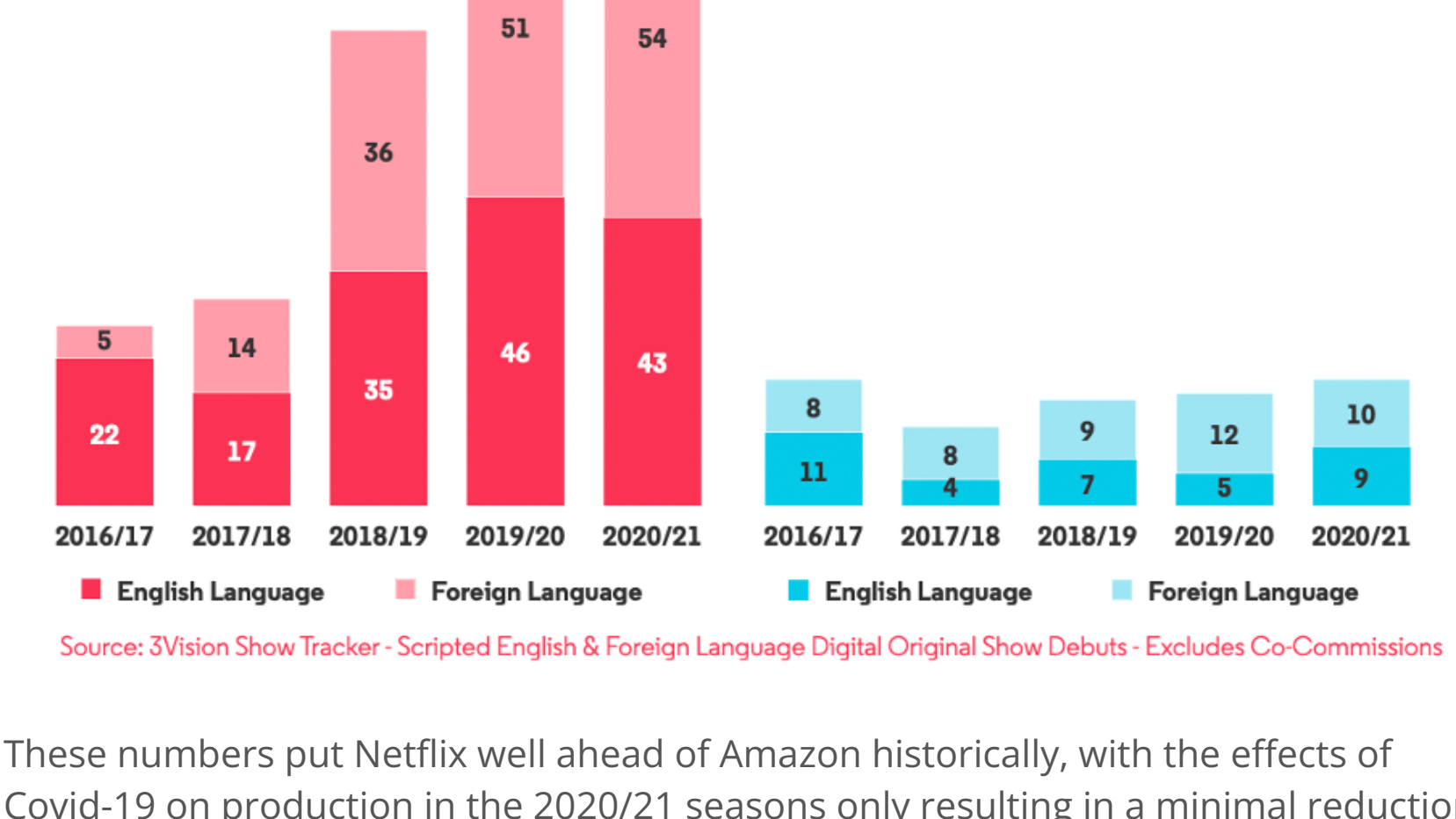
Advertising players hot on the heels of SVoD
As rising global inflation rates continue to fuel a global cost of living crisis it becomes harder for consumers to justify the cost of their sometimes multiple SVoD subscriptions, meaning some are starting to churn. Deloitte reported average churn rates of 7-23% regionally as of 2021, which the vast majority of analysts expect to increase in the coming year.

While the Covid-19 pandemic initially boosted global SVoD subscriptions, the global economic fallout is now having the opposite effect, providing a huge opportunity for AVoD services such as ViX.

Distributors are now dealing with broadcasters who may be less inclined to think about traditional linear scheduling and who are keener than ever to acquire the rights to content for a year or more, so it can have a second life on their digital services

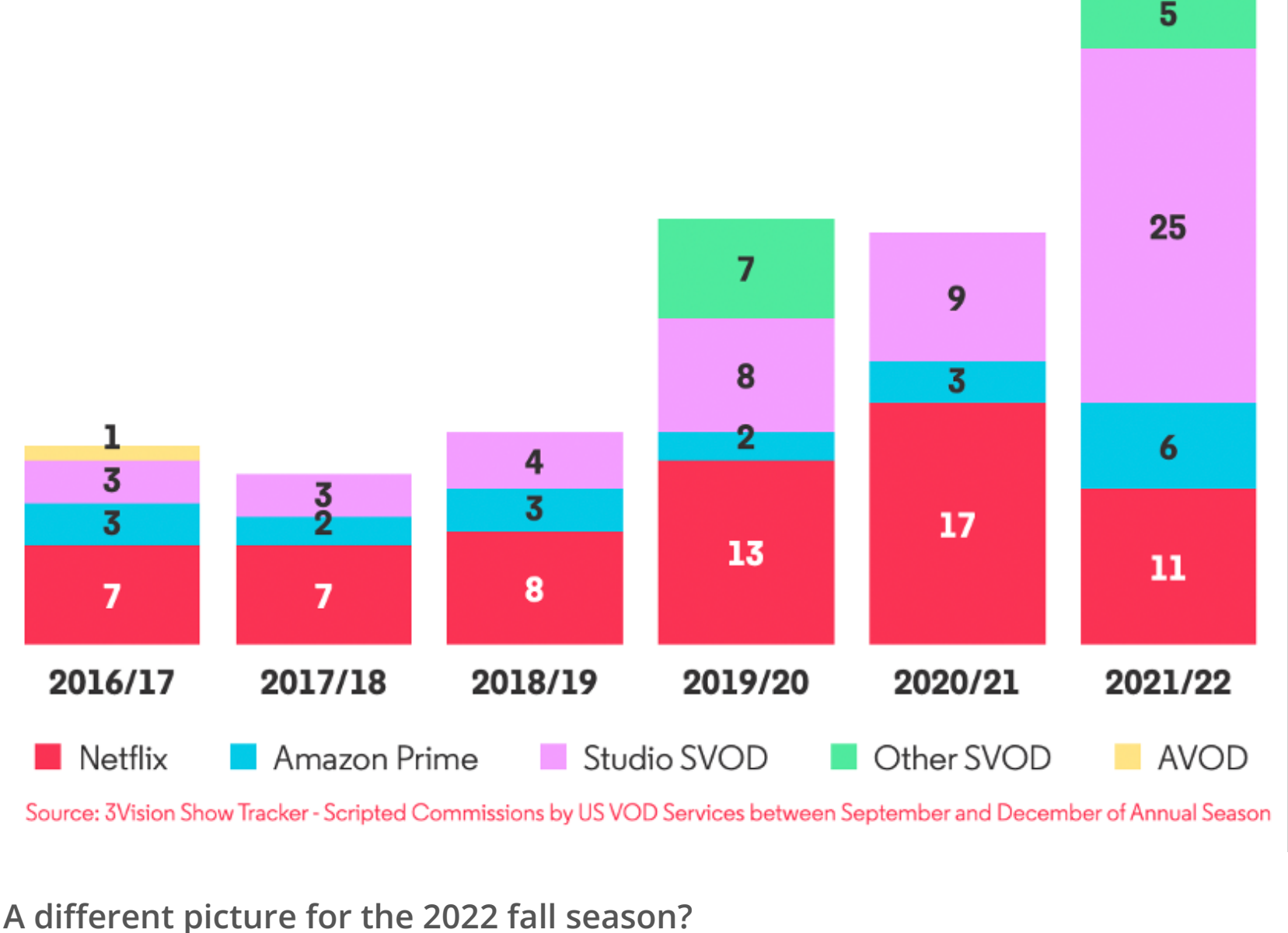
Netflix in particular is facing trouble globally as the company revealed that it lost 200,000 net subscribers in the first quarter of 2022 and is projected to lose two million more in Q2. The SVoD's stock dropped 35 points as a result.

In past seasons, Netflix has massively increased its output of digital original scripted series, over half of which have been foreign-language – making stand-out successes like Squid Game an inevitability in the long run.



These numbers put Netflix well ahead of Amazon historically, with the effects of Covid-19 on production in the 2020/21 seasons only resulting in a minimal reduction in output, suggesting huge growth was planned.

A steady stream of high-quality originals that not only convert more subscribers but keep existing ones in its ecosystem is essential, but already Netflix's main rivals are beginning to encroach on the service's once huge lead in scripted series.



A different picture for the 2022 fall season?
The fall season is typically a time for some of the biggest scripted series in the US to hit global markets, with many bound for the same services internationally thanks to the prevalence of global SVoD services like Netflix, Amazon and Apple TV+, as well as studio SVoDs that continue their own international rollouts.

Previous fall seasons saw Netflix commissioning more English-language scripted series than all other VoD services combined in the US, but the 2021 fall season saw a massive growth in studio SVoD commissions, challenging Netflix's lead.

In Latin America, all Paramount+, HBO Max and Disney+ commissions from the US are bound for those very same services that all launched in the region in the 2020/21 season.

Disney's Star+ service, which can be bundled by subscribers in Latin America with Disney+, in turn takes any and all Disney commissions from its other US services, such as Hulu, ABC, FX and Freeform. This means bundle subscribers in Latin America saw more scripted originals come to their screens from Disney than Netflix during the fall season in 2021.

The struggles of titans like Netflix reflect the changing nature of the streaming wars and the sheer number of SVoD options available to consumers in Latin America. AVoD clearly has an opportunity to engage with newly price-conscious consumers. Competitive SVoD services can now target consumers clearing Netflix from their monthly bill, making potential room for an alternate service.

This opens up more opportunities for distributors without direct-to-consumer services looking to sell content to buyers that are seeing their traditional content pipelines dry up.

No doubt that predictive forecasting – particularly with respect to content valuation and audience affinity – will remain top of the agenda for executives seeking to optimise their monetisation strategies in an ever-more complex revenue landscape.