The world of factual distribution is seeing rapid change, with new business models, complex, scripted-style financing deals, fluctuating prices and windowing rows. Clive Whittingham reports.

Factual distribution used to be so simple. Cheap to make and quick to turn around, a show would be commissioned and paid for in full by one broadcaster, produced by the prodco that pitched it, and then sold around the world in multi-hour batches by a distributor at the end.

No longer. Ambition and production values have gone up, partly driven by the arrival of streamers, as broadcasters’ programme budgets have gone down, requiring the sort of complex, multi-partner financing deals usually associated with drama to creep in. Traditional distributors have had to adapt.

Sales houses have moved from the end of the process to the beginning, and not just for pre-sales. Some have even started commissioning programming themselves.

The growth of streamers both large and small offers new places to sell, but new rows over windowing.

We spoke to a range of distributors across Europe about the issues they face.

**The impact of streamers**

In factual, as with all parts of the business, the rise of streamers is having a profound effect. It’s potentially something of a love-hate relationship for distributors, grateful for new buyers to sell to, particularly as they’re often looking for niche content previously difficult to place, but also wary of a commissioner that takes global rights to its originals.

Former Parthenon and Sky Vision MD Carl Hall, who recently returned to the business with his West One indie, points out: “If you get a full commission from Netflix, that’s great for the producer, but it’s the end of the road for the distributor on that project. There is still wiggle room to get deals done. It’s good but no way has it replaced traditional television sales at the moment.”
Julie Meldal-Johnsen, executive VP of global content at ITV Studios Global Entertainment (ITVSGE), adds: “Producers know if they get a global streamer commission then it’s job done, they’ve got a production fee, they’re fully financed, hopefully there’s a premium involved but there are no rights available down the line. They are a good customer of ours so we don’t see them as a threat, though. Producers are keen to balance deals like that with territory-by-territory commissions that allow them ownership.”

For Lilla Hurst, co-MD of London-based production and finance firm Drive, the biggest impact has been in the feature doc space. “We’ve seen that 1×90’ or 1×120’ doc elevated to a position it hasn’t been in for a long time. The more generic, specialist factual series haven’t seen the same impact as we have in scripted,” she says.

“The window of opportunity there seems relatively small. Streamers seem to prefer lighter, fact ent formats, lifestyle – things like Tidying Up With Marie Kondo on Netflix. When you speak to them, that is the focus of attention, rather than a big landmark history series.”

As Ralf Rückauer, VP of ZDFE.unscripted at ZDF Enterprises (ZDFE) in Germany, points out, a new buyer moving into a territory for the first time and requiring a library of local rights to attract subscribers can be a gold mine for distributors. “We have helped these platforms establish themselves in Germany and Europe so it has had a positive impact on our business. My guess is in three to five years, we will have a lot of coproduction with them, a main broadcaster, a streamer, and a third channel in another territory.”

Bethan Corney, founder and MD of distributor, finance and coproduction agency Silverlining, is also keeping an eye out for new territory launches by streamers looking for content, and has been able to shop E4’s Stage School series from KnickerBockerGlory into the online world despite it skewing awkwardly between a teen and kids’ audience. But it hasn’t all been positive.

“In places like the Nordics, where the linear channels were once sure of their audience and would readily pre-buy content from distributors, now we’re finding they’re much more nervous,” she says. “The switchover to digital came much sooner for them. They’ve haemorrhaged so much of their audience that they don’t really know who their viewer is. Titles like good-quality history docs made for Channel 4 that would previously have been snapped up are now passed on because they don’t know if it will work on-demand.”

Windowing

In the UK, a row has bubbled up between the BBC and producers’ association Pact over the pubcaster’s plans to extend iPlayer holdback of its original productions from a month to a year.

But this issue of windowing is not a problem unique to the BBC and the UK. Chloé Persyn-Prelijocaj, head of sales and acquisitions at ZED in France, says: “It’s becoming very complex, because traditional players want to develop their non-linear offer, but then face streamers that are already well positioned in the market. Traditional and new players all want to protect their brand and they now request exclusivity on their rights and
Wildlife shows like Judy Dench’s Wild Borneo Adventure remain popular.

For TCB Media Rights CEO Paul Heaney, the situation is making rights and business affairs staff increasingly important in distribution operations. “Buyers are flexible because their tariffs have stayed the same but they want more rights, so they need other partners to make it work,” says the exec, whose company’s factual slate includes How Did They Build That?. “Distributors need a really canny rights and business affairs team because they can prolong the value of a library. They can really get into the fine print of the deal and say, ‘You don’t need that, you only need this and this.’

“We want broadcasters to succeed and we want the show to be a hit, so if they need it for their catch-up services to achieve that, and they’re not being too greedy, then usually that’s fine because if it hits then they come back for season two.”

Karen Young, MD at UK indie distributor Orange Smarty, which shopped The Real Prime Suspect and The Trouble With Crossrail at Mipcom, sounds a note of caution. “What we need to be careful of is a broadcaster saying a show is only for its online platform, which isn’t as popular, so the price is lower. Then you go down the road of doing a lower licence fee deal only to find, in a few years’ time, actually everything has gone online and what you’ve done is reduced your licence fees. Content has value however it’s watched – we mustn’t undersell it just because it’s going online.”

But for Rückauer at ZDF Enterprises in Germany, it’s time to start selling programmes in units of time and not windows. “Things are really complicated,” he says. “Ten years ago, we just distinguished free and pay TV rights. Then we started quite early with VoD platforms, but now you have pay TV fighting against streamers and asking for more rights, more holdbacks.

“In my dream scenario, we will shift to another model where clients just buy all rights for a length of time. We’d sell a first-window premiere to somebody for all platforms, then a second window and then non-exclusive beyond that. It’s hard to break away from this established model of windowing rights territory by territory, but if there are any clients who can hear me and just want to buy all rights to a programme for a year I’d be so open to trying that. The contract would be one page.”

Distributors as commissioners
Distributors moving from the end of the process to the start of it, putting together coproduction and finance packages to get programmes off the
ground in the first place, has now manifested itself in the form of some sales houses commissioning programmes themselves. This has been pioneered to a large extent by Kew Media-owned TCB, which has hired former Nat Geo and BBC Studios exec Hannah Demidowicz as a commissioning editor, and the model is being watched closely by rivals.

“In the UK, the US, Australia and other markets, production budgets have dropped but tariffs have dropped even more,” Heaney says. “If you’re taking a show on with no idea if it will sell or not, based on gut feeling, you’re taking a risk. At the end of 2017, we realised we had to step up, and our deal with Kew Media was done at the right time for us. There’s a surplus of content. The good stuff, most of the time, needs funding. Along with that, we’re still paying out advances, minimum guarantees and everything else, so it was the next obvious step. We’re talking to these broadcasters and they’re telling us what they want. If they can’t necessarily find it, we just say to an indie they like, ‘We can get these guys to make this show – do you fancy it?’ We’ve become more like an agent, which is what I set out to do seven years ago.”

ZDFE has also started commissioning factual content from producers off its own back, and launched one such title, Great Inventions, at Mipcom. Others are more cautious but are considering following suit.

Harriet Armston-Clarke, division head at London-based TVF International, says: “It’s not quite as black and white as it may seem – in the vast majority of cases where a distributor has commissioned something, there are buyers lined up and it’s no-brainer content about Egypt, engineering or disasters. “It is something we would do. We already coproduce fairly regularly with partners, but I err slightly on the side of caution. We’re not programme makers, and although these topics are universally interesting, it has to be a really good, high-quality show and be compelling because there’s so much content around.”

Armston-Clarke’s view is echoed by Nicky Davies-Williams, CEO of DCD Rights. Her company funded four shows for its Mipcom slate – Disasters Engineered, 10 Steps To Murder, The Day My Job Tried to Kill Me and Wildest Places – but she cautions: “Having a broadcaster attached is an important element that can contribute to packaging the editorial in a very positive way. A broadcast network will really understand the nature of what is required to cut through, a cablenet will understand its more polarised male- or female-skewed audience, and in turn they will deliver editorial input.”

Silverlining’s Corney says she is tempted by the model. “It’s a way of guaranteeing a pipeline of content and we are looking at that ourselves. If we can find investment and the right backing, it’s a route we’re tempted by,” says Corney, who has the added advantage of being a former commissioning editor herself at UK terrestrial Channel 5. “I’d be confident the difference we have is editorial rigour – we come from a strong programme-making background.”

However, there are concerns from other smaller indie distributors such as Orange Smarty, whose MD Young
would be reluctant to take on 100% of the risk. “I’m not sure I’m a big fan. The plates are shifting and the more risk you put on yourself, the more trouble you can end up in,” says Young. “Popular content can quickly become saturated, so what was a great idea when you put your money down may have gone out of fashion nine months later when you’re trying to push it out at Mipcom.”

**Complex financing**

An alternate way for distributors to move earlier in the process is through the increasingly complex funding arrangements required for factual. Barrett and Hurst started Drive as a coproduction funding agency and have only latterly started distributing shows they’ve helped bring into being, such as The Restoration Yard.

“The mindset of commissioners has changed, so now, if a programme has international value, it’s very rare not to see some of that value in the original financing plan,” Barrett says. “The days of a full UK commission and then distribution rights remaining on the table unencumbered, without other money required, are very few and far between in factual.”

Angela Neillis, senior VP of non-scripted content, international, at Fremantle, was involved in a deal that saw UKTV and BBC2 collaborate for the first time on Expedition With Steve Backshall, splitting episodes of the True To Nature-produced series between them.

“The premise of the programme was world firsts in every location, but that’s an expensive programme,” Neillis says. “It’s difficult to make that work as a multi-part series for BBC2, but they work well for UKTV, so it transpired that there was a way of rolling out premieres so it had a real PSB heart but was also made in a really entertaining way for a pay TV audience. When we took it to market, we could pitch it as a combo of BBC PSB factual heart and amazing access and the new world of UKTV, which is in an exciting original programming mode.”

West One’s Hall has seen this happen in different corners of the industry before. “I came through the kids’ business originally, where coproduction was massive and the deals were complicated,” he says. “Drama went that way when I was at Sky with European drama coproductions, splitting up territories and revenues. Now it’s hit factual as well. It’s not like the old days when you would pick up the phone to three people and that was the series funded.”

**Content pipeline**

I came into this feature with a theory that for smaller, independent distributors, there was a risk of the content pipeline running dry. Streamers take all rights to their originals, indies are increasingly being swallowed up into production groups that have a distributor attached, broadcasters have their own commercial arms – so what content is left for small indie operators?

It was a concern shared by Heaney, who of course has started commissioning his own content to feed his machine. “I do fear a little bit for distributors that launched post 2015. How the hell do you get decent content? And if you hit £2m [US$2.46m] in revenue, how do you hit £5m? Unless you get to £5m really quickly, your catalogue from the beginning has worn out. Where will you get 200 hours to grow and get bigger?”
Because once you’ve sold that tiny catalogue it doesn’t come back next year – it’s done.”

But that wasn’t a fear held elsewhere. David Cornwall, MD of Scorpion TV, which operates with a team of four and specialises mainly in feature docs, remains optimistic about his content pipeline.

“The films we get seem to be getting better and better,” he says. “We’re experienced and the buyers know us for a certain type of content, so we do well in our chosen areas of current affairs, science and human interest. It’s an ongoing process, of course. I have an eye on MipTV now, thinking six months ahead. It can be a mad rush at the end getting films for the catalogue, but previous relationships help. People recommend you to other producers and we’re constantly out at festivals, screenings and conferences looking for new films. There’s certainly no shortage – something in the region of 10,000 docs are made every year. But that means the buyers don’t have a shortage either, so you have to get the best to make an impact.

“Big titles and big festival films have a high profile and there are a lot of people chasing those these days so we try not to swim in those waters. We can’t offer a massive advance but we can offer a boutique, dedicated service and we really care about the films we represent.”

TVF’s Armston-Clarke has found joy in scouting off the beaten track. “We’re very focused on local and authentic content and we’ll go out and find that everywhere,” she says. “If the original language isn’t English, we’ll invest and make an international version. We’ve just picked up a new 50-part travel series originally in Bulgarian. We live in a multicultural, multi-ethnic world, so we’re finding that things like a Singaporean cooking series, which we would do well around Asia, is actually selling further afield.

“I don’t think content is drying up. We’re swimming in a sea of it – the key is trying to find the good stuff among that.”

Programme trends

There were several recurring programme trends among the distributors we spoke to, with demand for shows focusing on wildlife, engineering and royalty particularly prevalent.

Fremantle’s Neillis says: “The repercussions of the rise of the streamers has been super-premium programme making in factual, and 10 years ago that wasn’t happening. There’s been a rise and reimagining of natural history programming, not only because of the streamers but also thanks to the amazing technologies now available to filmmakers.

“An offshoot of that has been climate change themes. In science and natural history, there is a huge thirst for understanding of the world, the planet and what’s happening to the climate.”

That demand for climate change programming was echoed by Meldal-Johnsen at ITVSGE, whose natural history slate includes shows like India’s Wild Karnataka and Judi Dench’s Wild Borneo Adventure. “Even if a show is not about the climate, the climate change message is creeping into all sorts of things,” she says. “We also always find a need for royal programming and aspirational shows about beautiful houses, hotels and the lives of the rich and famous.”

Persyn-Preljocaj at ZED in France says: “History programmes are performing particularly well, especially ancient civilisations like Megapolis: the Ancient World Revealed, our 4×52’ series by Fabrice Hourlier. Science and wildlife documentaries are also doing particularly well. Buyers are fond of gripping and insightful storytelling, revisiting the past with a fresh perspective.”

But Corney at Silverlining adds that she has noticed shifting demand in the usually safe history genre. “There is definitely a waning appetite for
good-quality history docs that would at one time have been snapped up around the world,” she says. “As soon as you talk about the ancients – Greece, Rome, Egypt – there is a currency there as long as there’s something revelatory to say. But otherwise it has to be linked to a big anniversary or event.”

For Holly Hodges, TwoFour Rights’ head of sales operations and VP of sales for North America, UK/Eire, Australia and New Zealand, a twist on those classic genres is proving vital. “The universal themes of dating, travel, food and relationships are popular but it’s about finding that new twist. TwoFour series Hairy Bikers Route 66 is appealing because it combines elements of the travel genre and adds other components to grab the attention of viewers – food, history, culture.

“There is also a demand for more entertainment with purpose, as we want to see life through a much wider lens.”

It’s always tempting to conclude pieces like this by writing off something that used to be prevalent and declaring something new as the one true faith. Adapt or die. Things are rarely so black and white, but in factual distribution they might be. To exist as a distributor of finished tape, flogging cheaply produced and acquired content in batches of hundreds of hours, is going to be very difficult.

How you adapt from that is a greyer area. You could become a quasi-commissioner, a financer, a coproduction facilitator, a US-style agent or something else. But the lack of new sales house launches in recent years should tell you something – that need for a traditional distributor as we used to understand them is diminishing to the point of extinction.