MOVING IMAGES
MOVING LANDSCAPE 2018

RESEARCH-DRIVEN INSIGHTS INTO THE BUSINESS
OF MOVING IMAGES IN AUSTRALIA

Contents
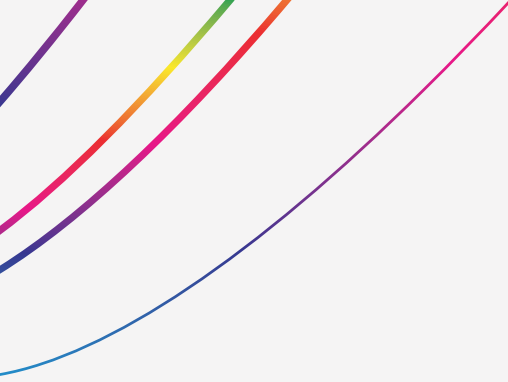
Executive Summary

Content producers – filmmakers and production houses – are facing severe challenges.

- Funding is down.
- Client budgets seem to be decreasing – although that may be share of client budget rather than client budget overall.
- There's a trend towards in-house content production.
- The growth of 'cheap online videos' is changing perceptions and putting downward price pressure on all kinds of content production.
- Meanwhile, new technologies and distribution channels proliferate. There's a need to do more with less.

Light on the horizon comes from the growing opportunity to create content for streaming services.

Marketers and advertisers are under less pressure. Budgets are generally increasing, but they still face massive change and complexity:

- On average, brands and advertisers are using 2.83 different agencies to produce video and moving image content.
- Over 95% use online video on social media, video platforms and their own sites.
- Almost 1 in 3 respondents use video in their out-of-home advertising – compared to 40% using TV. But TV ranks higher for effectiveness.
- The top three measures of content performance are views, revenue and leads generated.

Meanwhile, everyone is still coming to terms with **how to handle the explosion of rich digital media content:**

- 70% store on in-house servers, vs 24% using cloud storage and only 11% using a DAM.
- 15% run out of storage space at least 3 times a year.
- 12.3% of respondents have lost data completely at least once.
- Managing content (filing, searching etc) takes on average over 25 days a year. For filmmakers and broadcasters, it's far more than that.
- A third of respondents have no formal processes or policies about how to look after their content.
- Two thirds reuse content – and half of those experience issues with rights management, formatting, or simply finding the content they want.
- There's no clarity or consensus about who should take responsibility for managing this growing body of content.

Online may already be mainstream, but the industry is still adapting to it.

There are new business models, especially in distribution – and the next wave of technological innovation is on the way with VR and AR seen as opportunities.

Budgets are sometimes tight, especially in content production, but the opportunity – and the passion – to create unique, great content is still there. It's an exciting time to be working with moving images.

Focus on Content Producers

What Kinds of Content Are They Making?

Production and post-production respondents worked with all kinds of content:

44% — nearly half — worked with more than one kind of content. This may be related to the pressure on budgets and the need to get more income in.

75.9%	44.8%	27.6%
MARKETING AND ADVERTISING	ENTERTAINMENT, INFOTAINMENT AND MUSIC	TRAINING, SUPPORT AND IN-HOUSE COMMUNNICATIONS
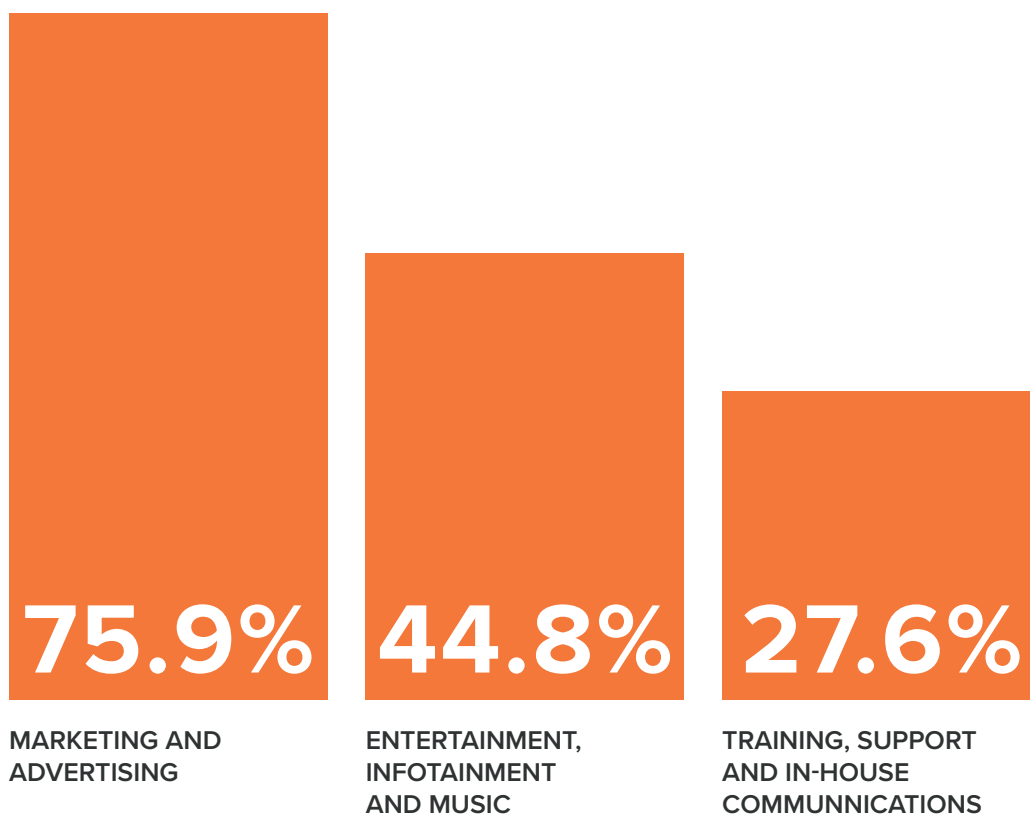
What kinds of marketing content do they produce?

(Multiple responses allowed)

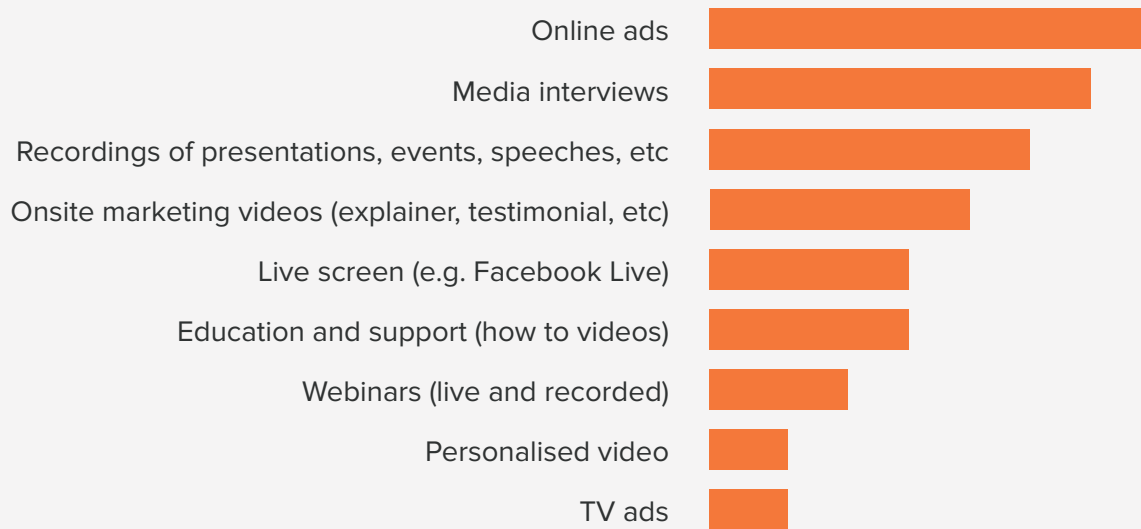|	
Online ads	
Media interviews	
Recordings of presentations, events, speeches, etc	
Onsite marketing videos (explainer, testimonial, etc)	
Live screen (e.g. Facebook Live)	
Education and support (how to videos)	
Webinars (live and recorded)	
Personalised video	
TV ads	

What kinds of entertainment content do they produce?

(Multiple responses allowed)

64%
SHORT FILMS

57%
DOCUMENTARIES

50%
TV SERIES

50%
FEATURE FILMS

36%
CONTENT FOR STREAMING SERVICES
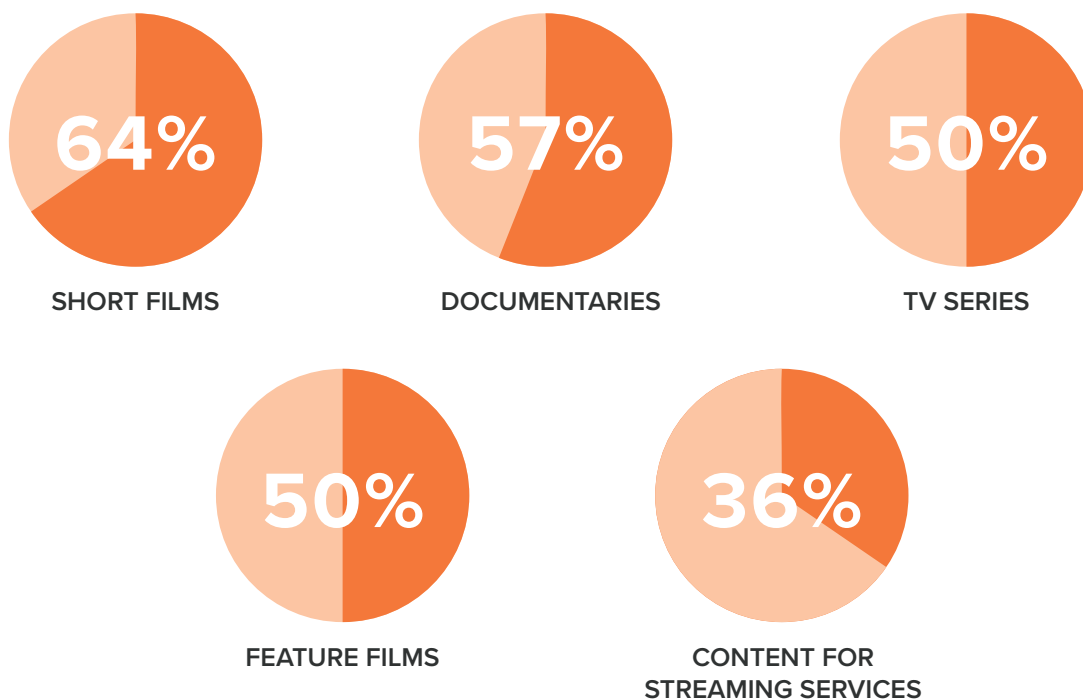
What's Happening with Budgets and Funding?

46% of respondents who fund their own projects say funding is getting harder, with a whopping 33% saying it is significantly harder to fund projects.

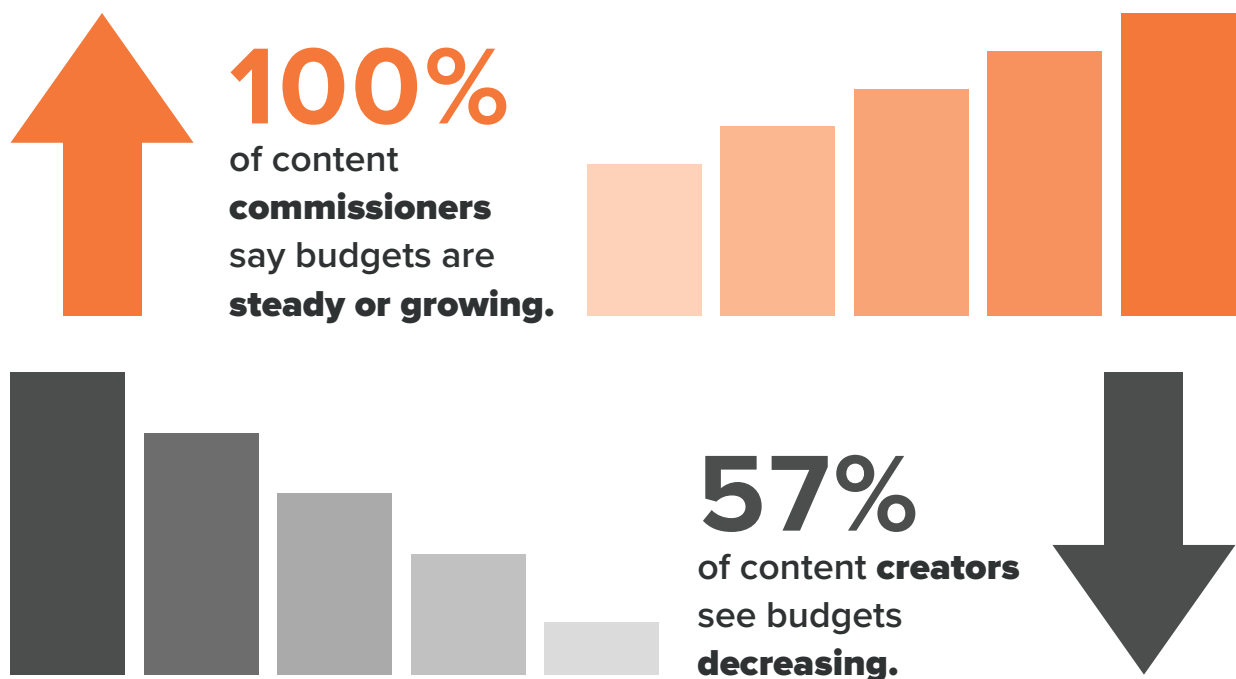To make things worse, this group don't have much money for promoting their content either.

75% have either no promotional budget or less than $50,000 to promote their content. Compare that to other respondents (primarily advertisers and broadcasters) where only 20% say they operate on these smaller budgets.

It's a similar story with those producing content for clients.

100% of content **commissioners** say budgets are **steady or growing.**

57% of content **creators** see budgets **decreasing.**

57% see client budgets decreasing either somewhat or significantly.

In fact, budgetary pressure was one of the most mentioned challenges for agencies and producers:

*'Clients are reducing budgets but not changing their expectations.'*

'Clients expect TV quality for an online video budget.'

'...Proving value when the production of cheap online videos is on the rise'

Is Content Production Moving In-House?

Specialist content producers may also be feeling the squeeze as their traditional client base moves to produce more content in-house:

Plans for creating content in-house:

14%

29%

57%
CREATE MORE IN-HOUSE
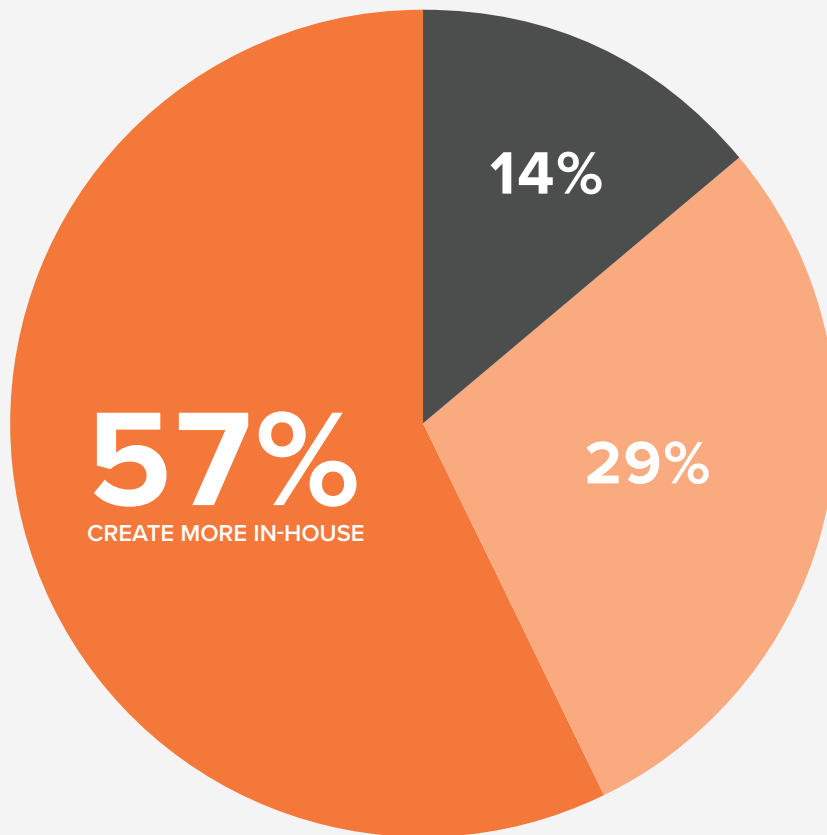
● Create less in-house
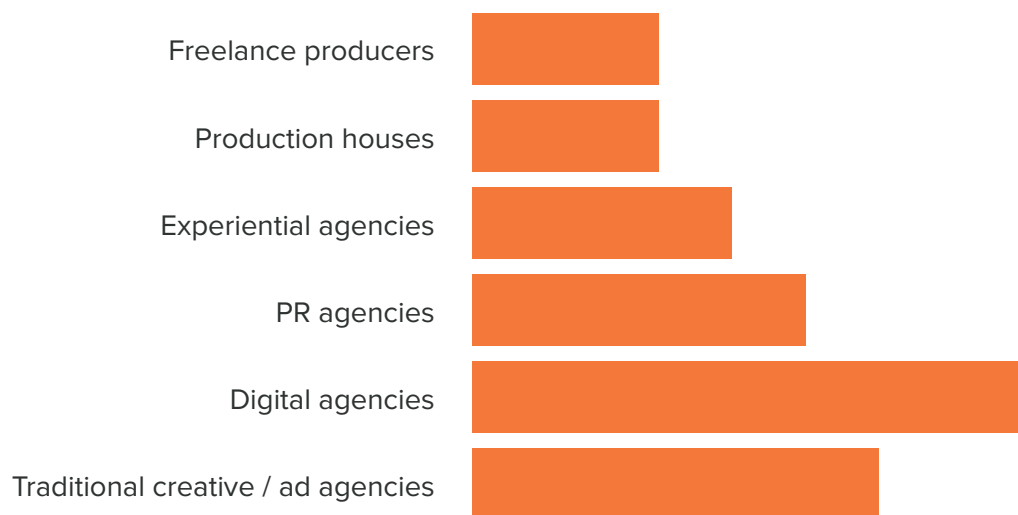● Create the same amount in-house
● Create more in-house

Content for Marketers: TVCs, Online Ads & More

Who's Creating Marketing Content?

In addition to the move to in-house content mentioned just above, **brands and advertisers are using an average of 2.83 different agencies to produce video and moving image content.**

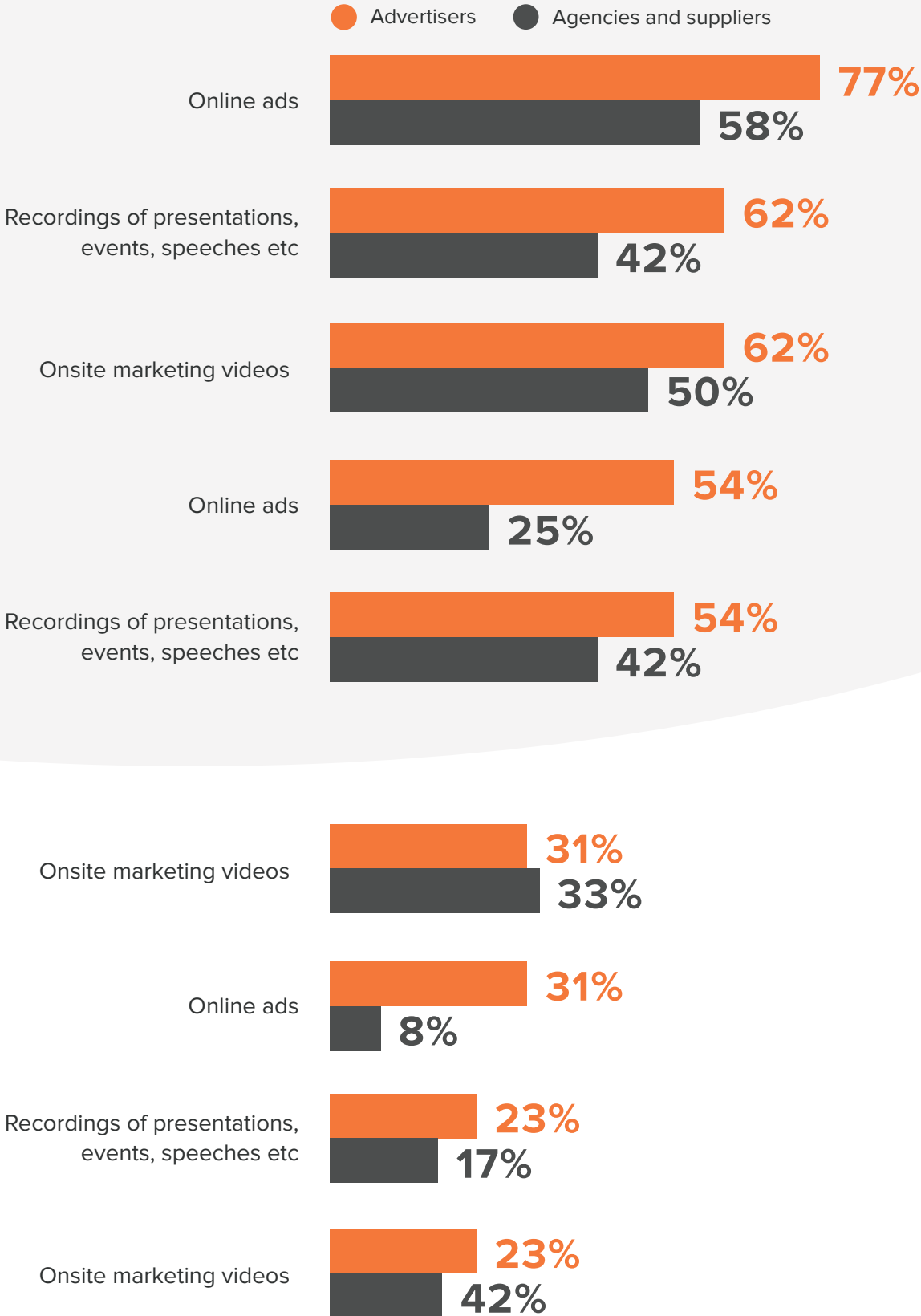### Who do brands and advertisers commission content from?

More companies are dealing with digital agencies than traditional agencies.

Should traditional agencies panic? Possibly not. Our survey includes advertisers with smaller budgets who are not using TV at all.

Most Popular Kinds of Marketing Content

(Multiple responses allowed)

● Advertisers   ● Agencies and suppliers

Online ads
- 77%
- 58%

Recordings of presentations, events, speeches etc
- 62%
- 42%

Onsite marketing videos
- 62%
- 50%

Online ads
- 54%
- 25%

Recordings of presentations, events, speeches etc
- 54%
- 42%

Onsite marketing videos
- 31%
- 33%

Online ads
- 31%
- 8%

Recordings of presentations, events, speeches etc
- 23%
- 17%

Onsite marketing videos
- 23%
- 42%

PREFERRED MEDIA

What Are the Most Popular Marketing Channels?

(Multiple responses allowed)

Legend:
- Use now
- Plan to use
- Might use
- Have no interest in using
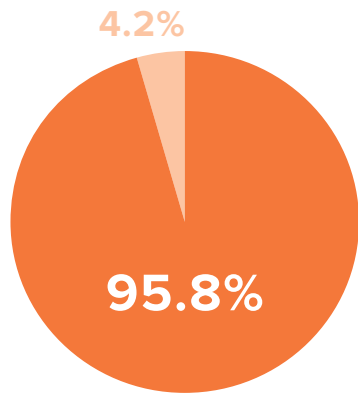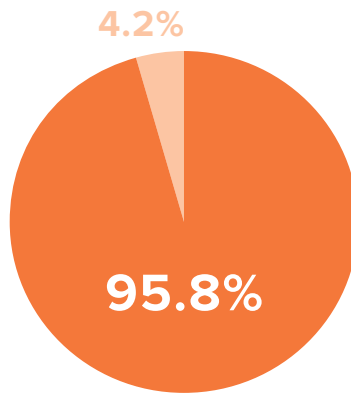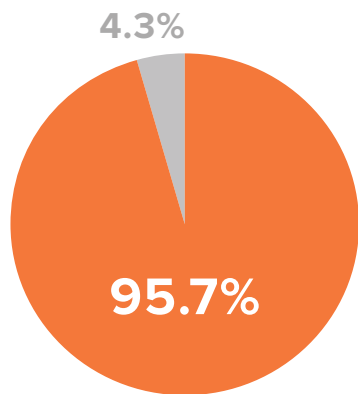
SOCIAL MEDIA
- 4.2%
- 95.8%

VIDEO PLATFORMS LIKE YOUTUBE OR VIMEO
- 4.2%
- 95.8%

COMPANY WEBSITE
- 4.3%
- 95.7%

ONLINE AD NETWORKS / SITES
- 8.7%
- 21.7%
- 8.7%
- 60.9%
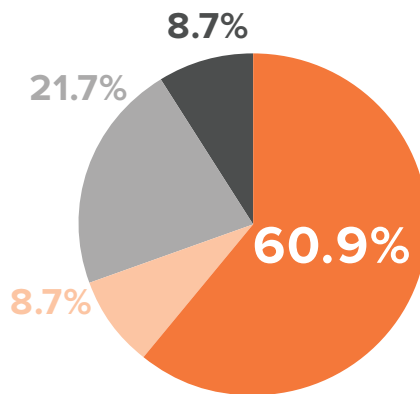
TV ADVERTISING
- 40%
- 40%
- 20%
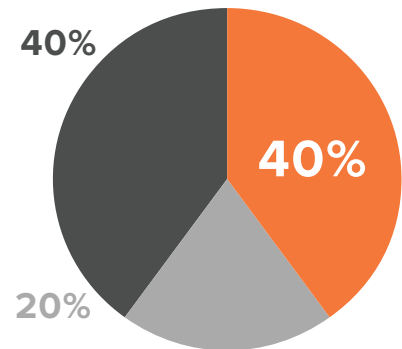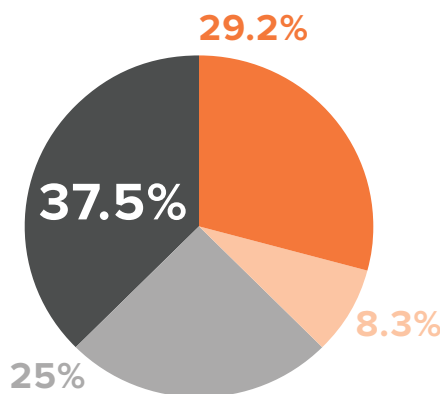
OUT-OF-HOME
- 29.2%
- 37.5%
- 25%
- 8.3%
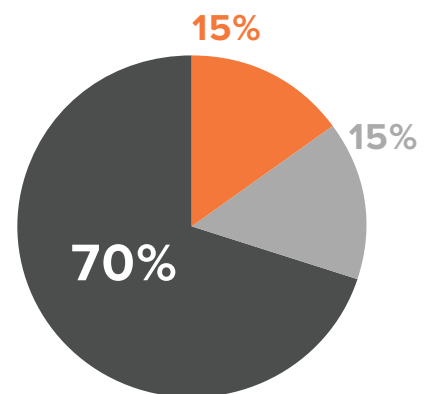
CINEMA ADVERTISING
- 15%
- 15%
- 70%

Online video is mainstream.

Over 95% use video on social media, video platforms and their own site. 60% use it in other online advertising campaigns.

Out-of-Home is challenging TV.

Almost 1 in 3 respondents is using video in out-of-home advertising – it's fast catching up with TV, used by 40% of respondents.

Possibly the advantage is more flexibility to promote on a hyperlocal basis?

In fact, out-of-home ranks in top three channels for spend more often than TV does (possibly because some of our smaller respondents just don't do TV), but TV ranks higher for effectiveness.

Certainly it will be interesting to see what the new TV audience targeting tools and options mean for spend and effectiveness in the advertising market.

What are your top 3 marketing channels for video content?

● By spend   ● By effectiveness

Channel	By spend	By effectiveness
Social media	100%	100%
Out-of-home advertising	71%	57%
TV advertising	67%	71%
Online ad networks / sites	67%	56%
Cinema advertising	33%	33%
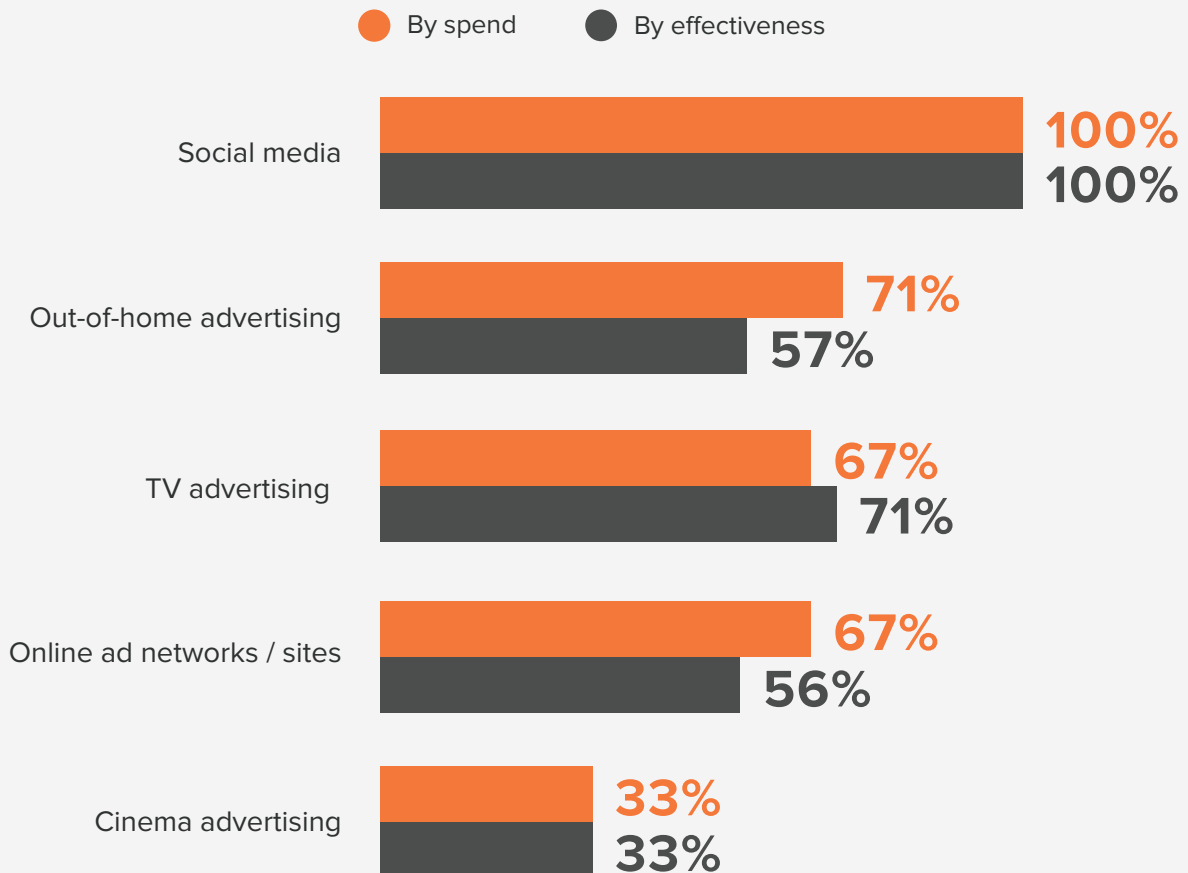
Tracking Marketing Content Performance

Measures of content performance:

● Advertisers
● Suppliers

VIEWS LEADS GENERATED REVENUE REACH SHARES

LIKES VIEWING DURATION DROP-OFF RATE RATINGS
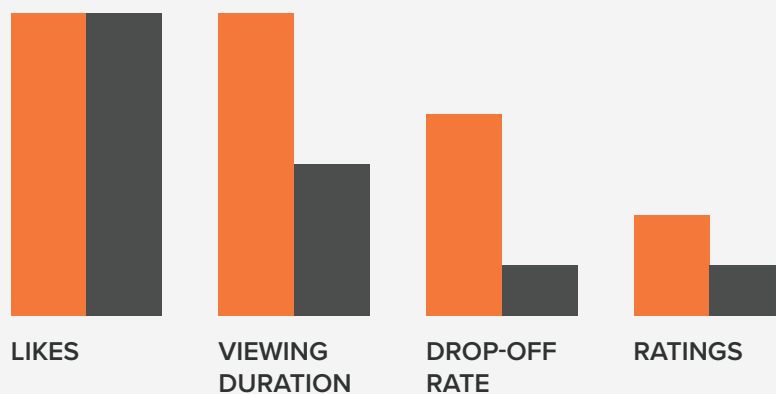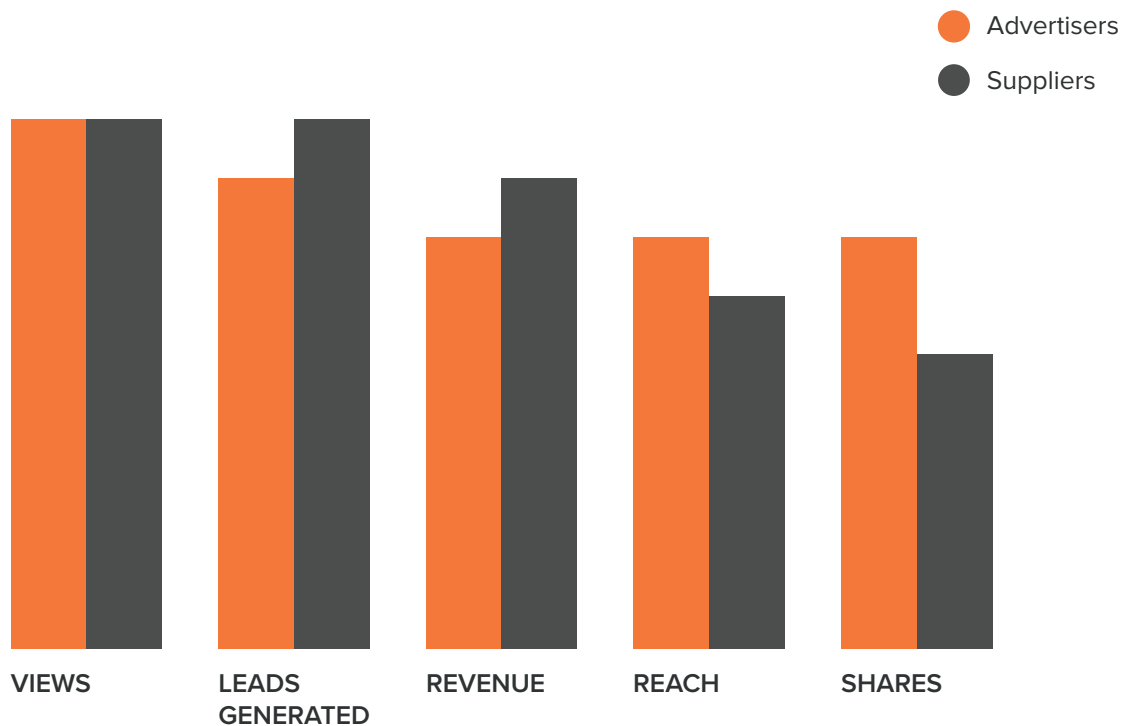
The growth of digital is reflected in the measures of performance used.

It's also reassuring that marketers are paying attention to measures with real business impact like leads and revenue.

Other measures mentioned by respondents were CTR, Conversions and Anecdotal Feedback.

Entertainment Content Formats

Popular formats of entertainment content:

64%
SHORT FILMS

57%
DOCUMENTARIES

50%
TV SERIES

50%
FEATURE FILMS
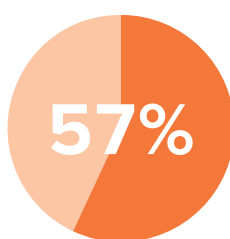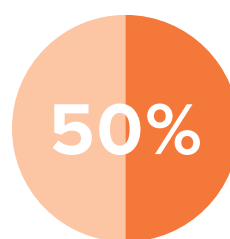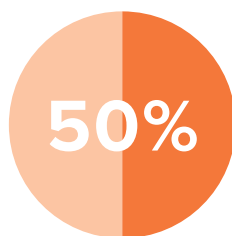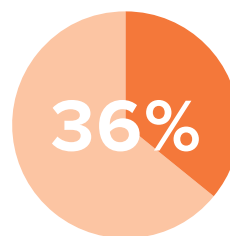
36%
CONTENT FOR
STREAMING SERVICES

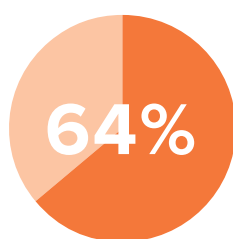The most widely used entertainment content format is the short film – two thirds of respondents work with this format. Not a huge surprise there. For content producers in a time of tight funding, they're affordable and also a good 'calling card' to promote you or your organisation. For publishers and broadcasters, it's part of a wider mix.

More interesting is that **36% of respondents are working with or for streaming services.** Maybe this relatively new distribution model is a ray of light cutting through the gloom most content producers seem to be facing.

Internal Communications & Training Content Formats

What internal communications and training formats do you produce?

(Multiple responses allowed)

Types of content for internal communications and training:

80% Recordings of presentations, events, etc.

70% In-house training

60% Organisational induction materials

60% Media interviews

50% Demonstrations

50% Customer training support

30% Online courses

30% Webinars

20% Other
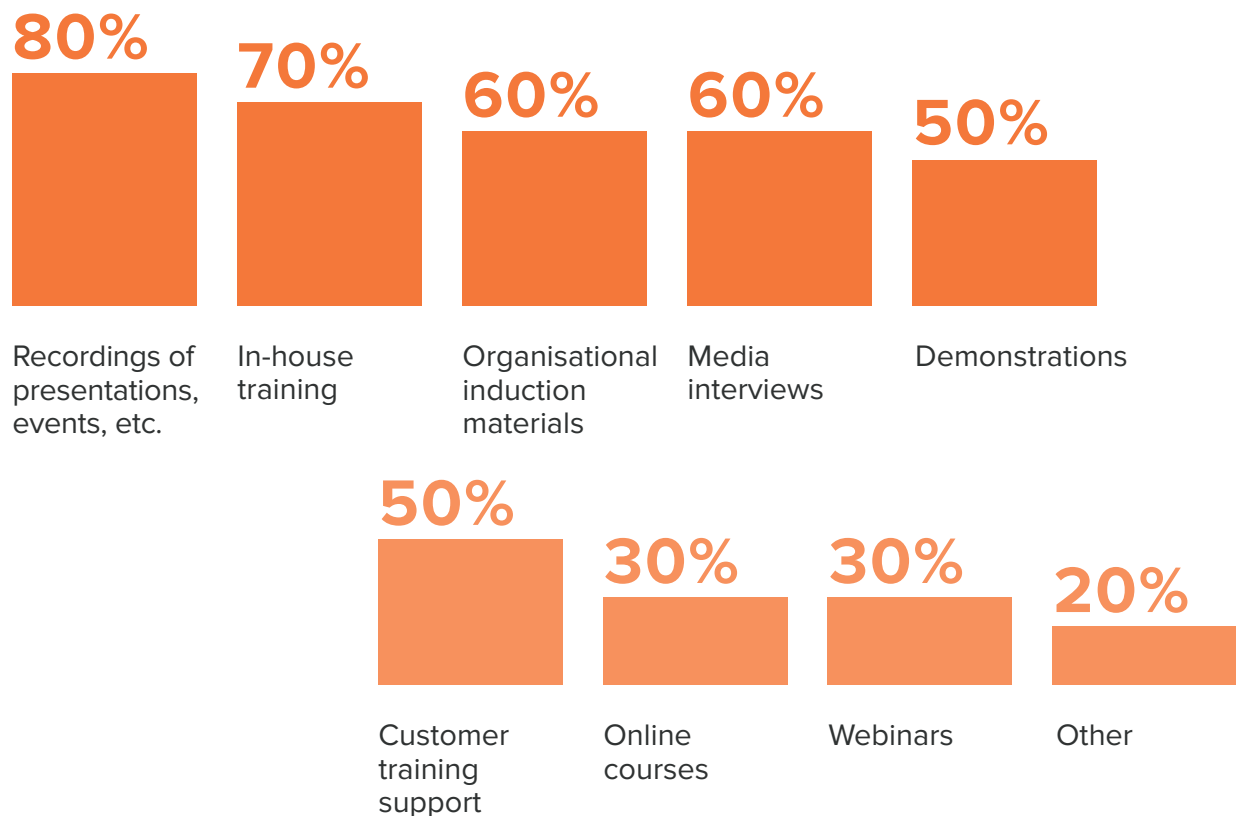
Keeping and Managing Content

There's no doubt everyone values their content highly — or at least they are attached enough to hold onto it.

"61% store their masters for more than 5 years and almost as many store rushes for 5 years too.

But how well do they store and manage it?

Where is Content Stored?

Given the high commitment to keeping content, storage solutions are surprisingly low-tech. The 'default' solution is the in-house server, although many store media files in more than one place.

- 70% store content on the in-house server.
- 46% store content on the in-house server **only.**

This approach to storage most likely contributes to the media management challenges we identified: risk of loss, lack of space and high time cost.

Where media content is stored:

70%	24%	16%	11%	8%	8%
In-house servers	Cloud storage provider	LTO archive	DAM system	With third parties who created the content for us	Don't know / not sure
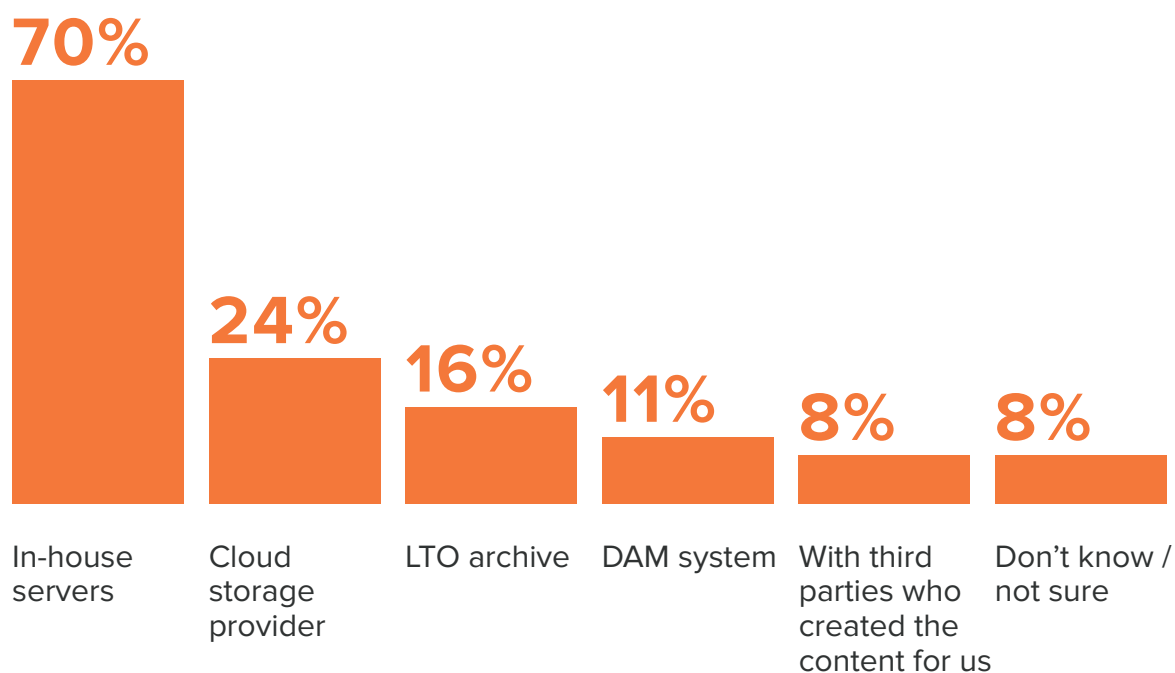
24% use cloud providers. Upload and download capabilities and speeds may be one reason this number is so much lower, especially for those with any volume of high definition footage.

Only 11% are using a specialist DAM system.

8% don't even have control over their own content – instead it's stored by the suppliers who created it for them.

And it's disturbing that 8% of our respondents don't even know where their media content is stored.

Is Content Safe?

92% of respondents have some kind of backup.

12.3% of respondents have lost content completely at least once.

How did it happen?

- Saved in the wrong area
- Backup disk failed and files were corrupted
- Sound files were lost after production and before post commenced because they were not filed properly
- Faulty external drives
- Hard disk failure and virus infected

Luckily, not everyone experienced serious consequences – although one unlucky soul 'had to do a re-shoot'.

Interestingly, all those who have lost data in the past now have backup. Apparently they have learned the hard way.

Media Management Challenges: Space

Given how little people know about their own creative needs, it's amazing that only **15% of respondents run out of storage space at least once every 3-4 months.**

But we feel for the 4% who have nowhere to put their files every month!

How often do you run out of storage space?

4%

11%

54%

46% RUN OUT OF SPACE

31%

- Never
- Once a year
- Every 3–4 months
- At least once a month
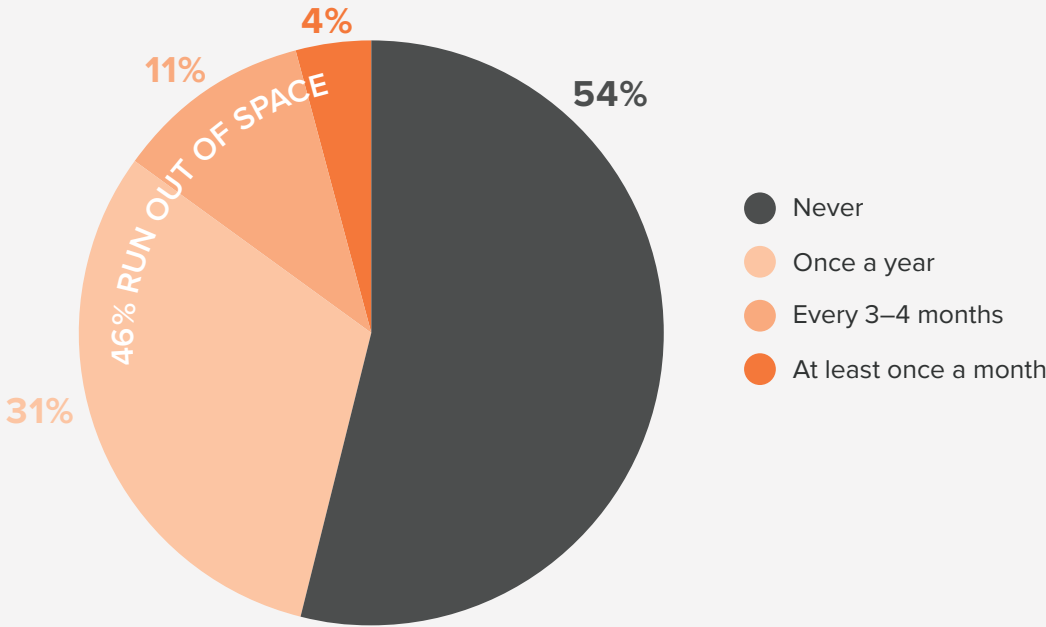
Perhaps one problem here is that there's no easy way to quantify how much content there is.

Creatives and marketers don't think in gigabytes, terabytes or petabytes. Data — and the challenges it poses in terms of storage and transfer — is just not that important. They're far more concerned about projects.

How people measure the volume of content they work with:

Measure	Percentage
Number of projects	57.4%
Number of files	13%
Number of online videos	11.1%
Number of minutes	11.1%
Number of ads	9.3%
Number of programmes	7.4%
Number of hours	5.6%
Data volume (GB, TB, PB)	3.7%
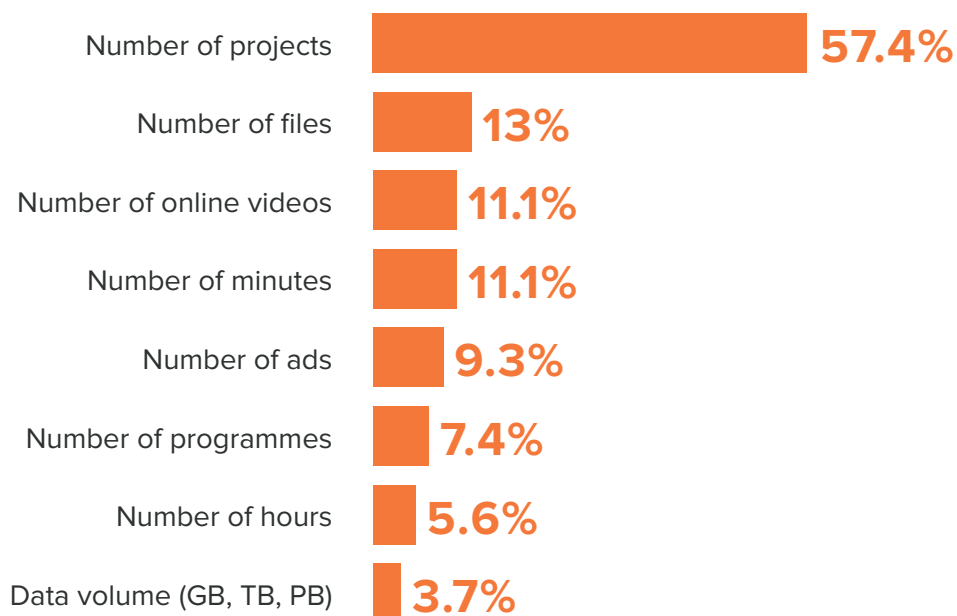
But what is a 'project'? The answer varies from a 10 second online video to a 2 hour blockbuster shot in high definition with a shooting ratio of 10:1 or more.

For less creative types tasked with storing and managing content, the 'project' is hardly a useful measure. (This infographic on 'what makes a terabyte' may help.)

Media Management Challenges: Time

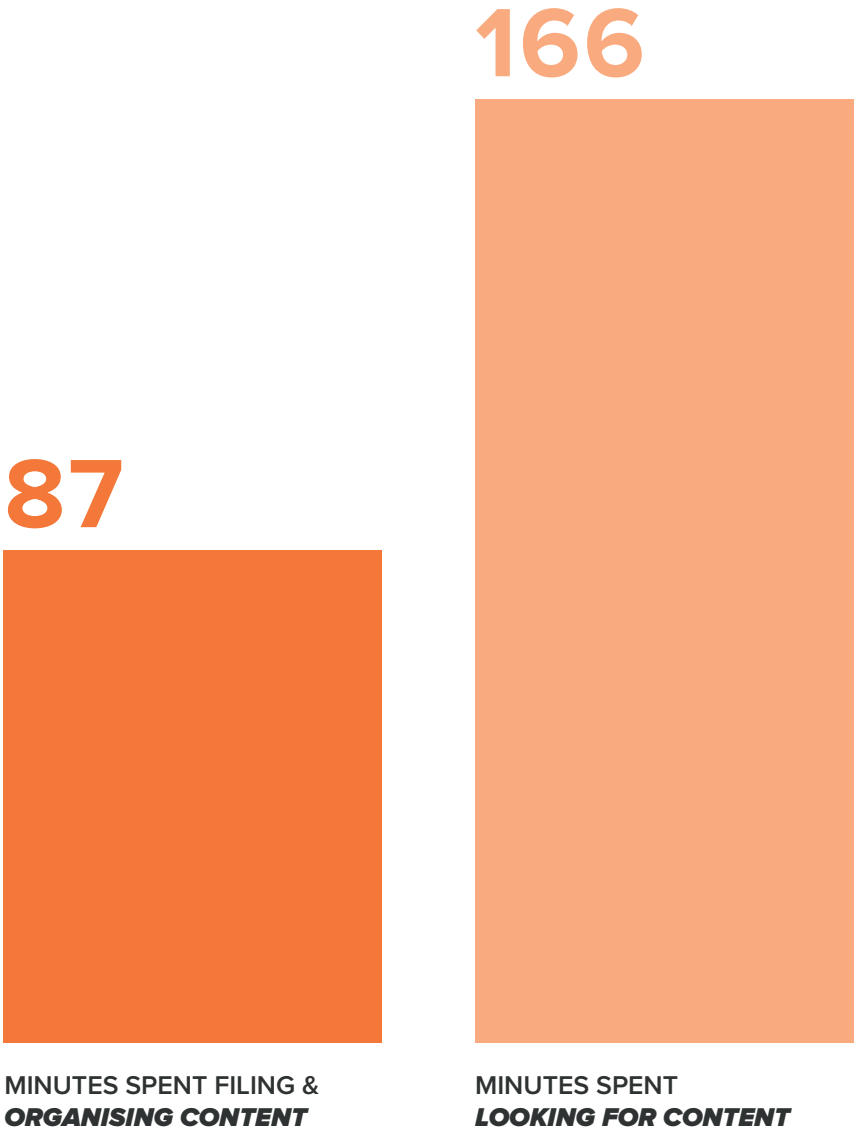The picture's not quite so rosy when it comes to the time associated with managing content:

Minutes per week spent managing content:

166

87

MINUTES SPENT FILING &
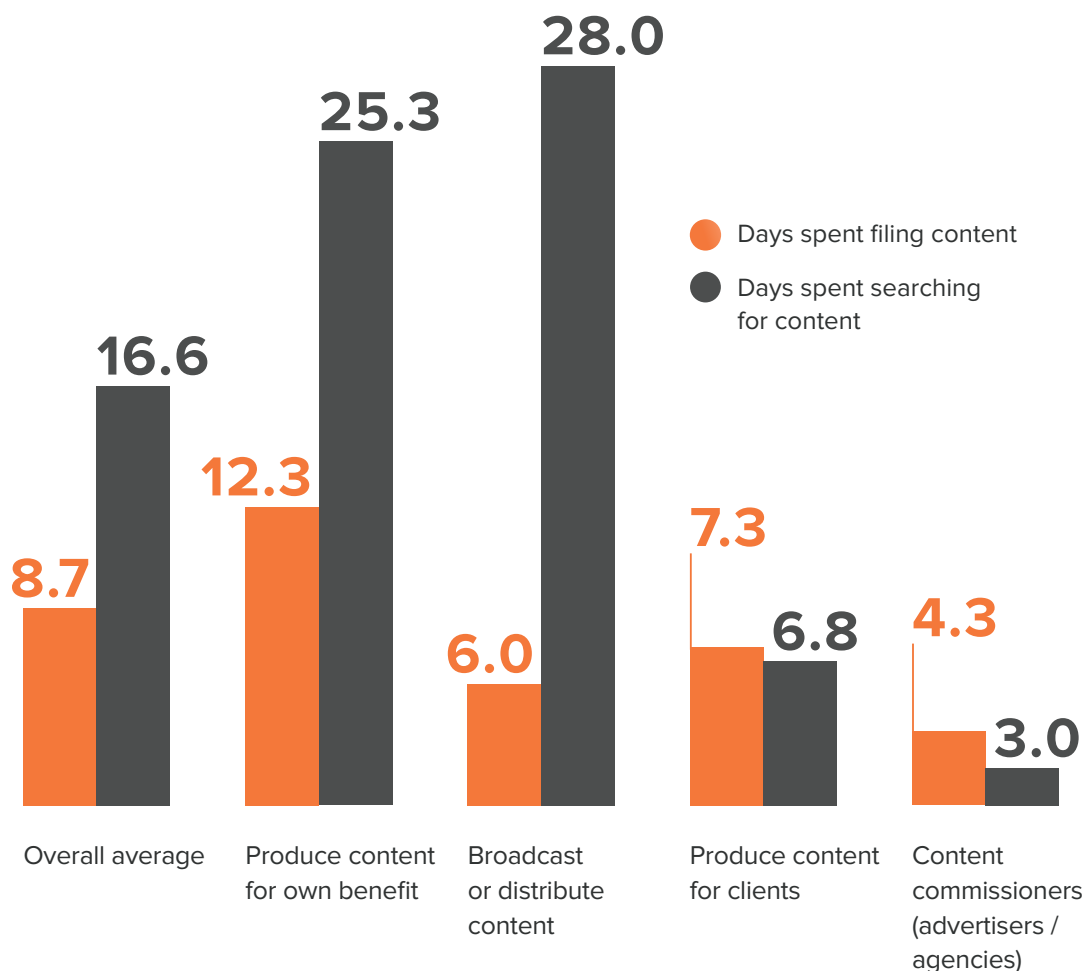*ORGANISING CONTENT*

MINUTES SPENT
LOOKING FOR CONTENT

On average, **content storage and management takes over 4 hours a week.**

And two thirds of that time is spent looking for content.

If you work a 10 hour day, that's over 20 days a year, or a 4 working weeks, spent managing content. If you only work an 8 hour day, it's even worse.

Time Spent on Content Management by Kind of Business

Days per year spent on content management:

Legend:
- 🟠 Days spent filing content
- ⚫ Days spent searching for content

|	Overall average	Produce content for own benefit	Broadcast or distribute content	Produce content for clients	Content commissioners (advertisers / agencies)
Days spent filing content	8.7	12.3	6.0	7.3	4.3
Days spent searching for content	16.6	25.3	28.0	6.8	3.0

The amount of time spent simply dealing with content varies significantly depending on what your business does with content.

Broadcasters, who probably handle the most content, spend the most time looking after it. Those producing content for their own purposes – including film and documentary makers, with more long-form content, also have a high time overhead. They are handling large projects which span months or years, whereas advertisers, agencies and production houses dealing with marketing content usually have shorter term projects with less content per project and less organisation needed.

Yet even the group with the least content – the commissioners and advertisers – spend over 7 days a year on filing and search activity.

Media Management Challenges – Process & Responsibility

Do you have formal processes for filing and managing content?

- Yes
- No
- Don't know / not sure

5%

37%

58%
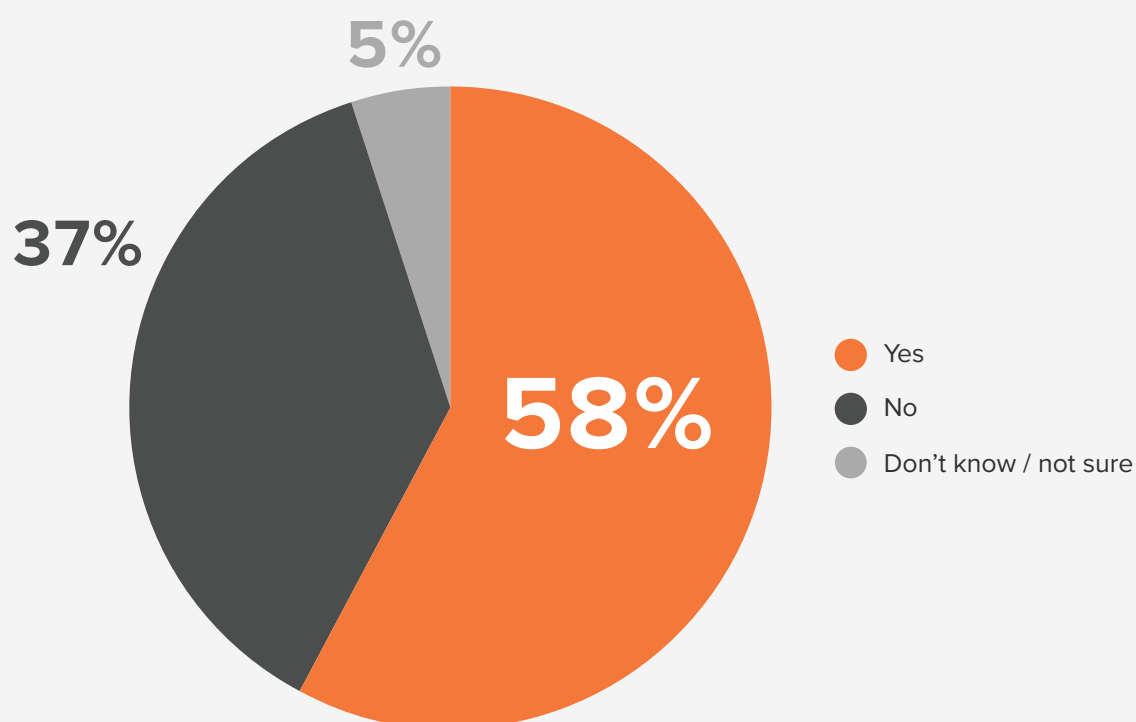
37% don't have formal processes for storing and managing their content.

That statistic ties in with the high level of content loss and the amount of time spent looking for existing content.

Who's responsible for managing your audio-visual content?

39% — Everyone in the team

21% — Production senior management

10% — Individual producers

11% — IT management

8% — Don't know / not sure

8% — Project coordinators

3% — Other

- ● Everyone in the team
- ● Production senior management
- ● Individual producers
- ● IT management
- ● Don't know / not sure
- ● Project coordinators
- ● Other
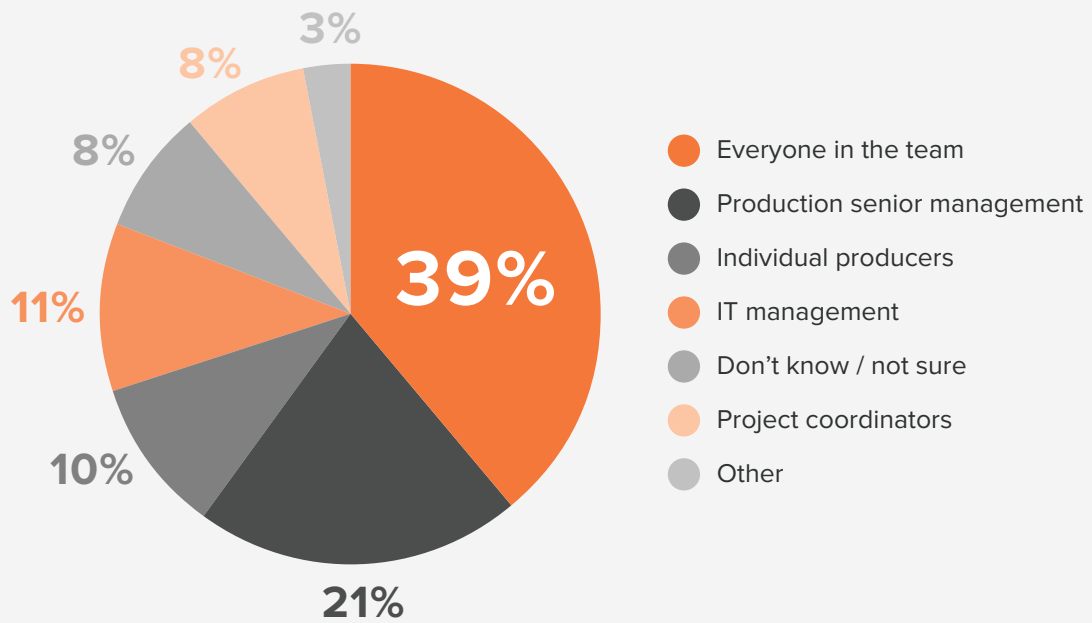
The question of who's responsible for content management is equally interesting. 39% say everyone is responsible – but as we all know, if everyone's responsible, no one's responsible!

Where responsibility is assigned, it belongs with production, marketing or IT. There's no consensus.

Reversioning and Reusing Content

Around 1 in 5 are involved in reversioning overseas content.
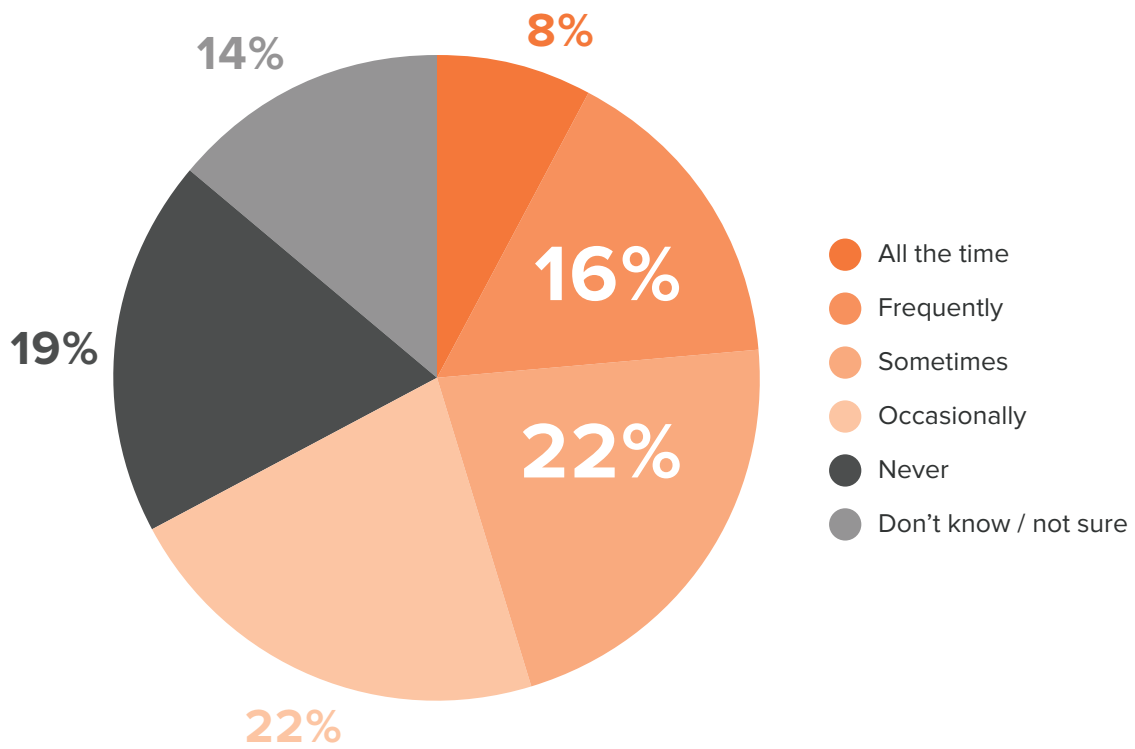
Are you involved with reversioning overseas content?

22% Yes
78% No
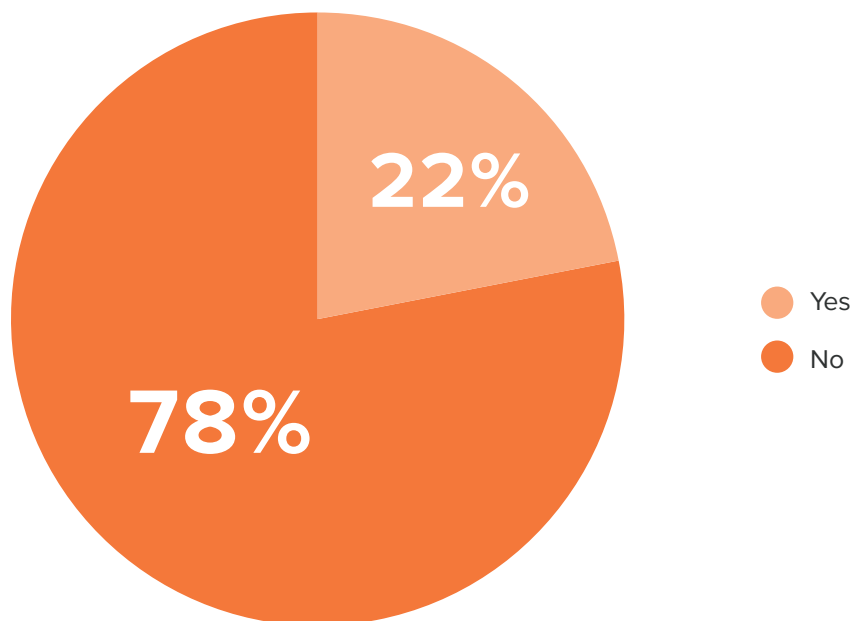
The reversioned content averages 21% of total content, although that proportion varies from 2% to 66% depending on the company.

75% indicated that the proportion of reversioned content is steady or growing.

How often do you reuse content?

Legend:
- All the time
- Frequently
- Sometimes
- Occasionally
- Never
- Don't know / not sure

8%
16%
22%
22%
19%
14%

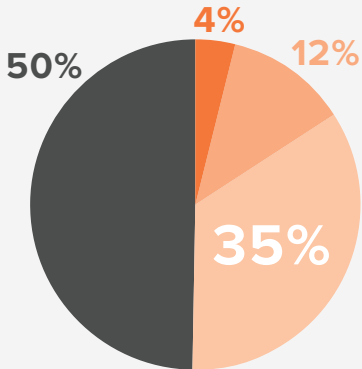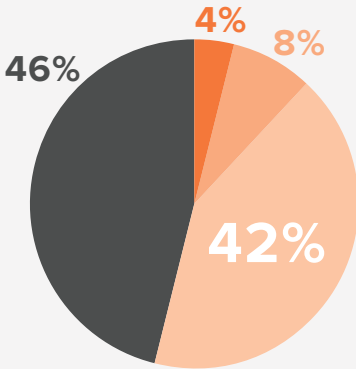**Reuse is three times more common than reversioning.**

68% reuse content, with 24% doing so frequently or all the time.

Issues when reusing content:

4% **12%** **50%** **35%**

CHECKING RIGHTS MANAGEMENT

4% **8%** **46%** **42%**

REFORMATTING FOR DIFFERENT MEDIA OR DISTRIBUTION CHANNELS

8% **42%** **50%**
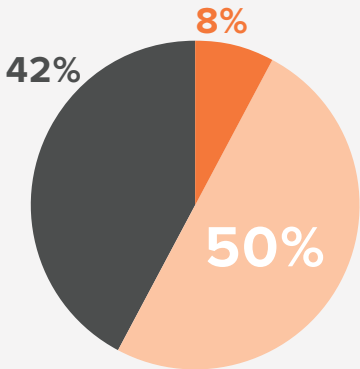
FINDING THE CONTENT YOU WANT

- Almost always an issue
- Often an issue
- Sometimes an issue
- Not an issue at all

Reusing content can cause issues.

Just over half had experienced issues with one or more of rights management or formatting content. Finding the desired content for reuse was less often an issue – but one which affected more people.

What's Happening to Budgets?
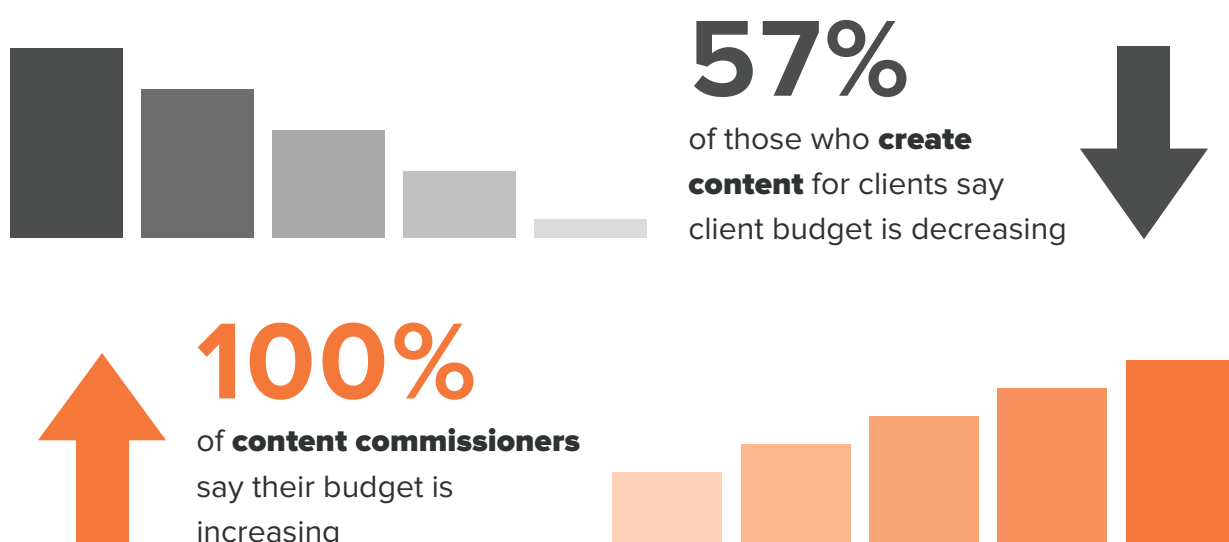
When it comes to budgets, there's a **major disconnect between content creators and content commissioners.**

57%
of those who **create content** for clients say client budget is decreasing

100%
of **content commissioners** say their budget is increasing

Why? It's possible that the creators who responded don't overlap with the commissioners who responded. Or it could be that content producers notice the pressure of declining budgets more than the freedom of growing ones. More likely it's a combination of two other factors:

- The commissioning budget is being split between an increasing number of agencies.
- There's a trend to produce more content in-house.

The commissioning budget may be increasing overall, but the share of that budget which each content creator gets can still decrease.

Opportunities and Challenges

Respondents identified opportunities and challenges *in their own words*. Some themes came out loud and clear.

Opportunities

Technology is a key enabler – around half our respondents referenced it in some way.

- *Streaming video ads*
- *Personalised and interactive content*
- *Hybrid online TV*
- *VR, AR and other emergent technologies*

It's also opening up distribution:

- *New advertising media including online and out-of-home*
- *Cross-platform content and more online distribution*

Other opportunities revolve around **content:**

- *Being able to engage with the community in a fun and up-to-date-manner* (public sector)
- *Creating and owning the IP to unique content*
- *Turning around engaging and effective content in a cost-effective manner* (brand advertiser)

And about the market in **general:**

- *The trend to use smaller guys over major agencies*

Challenges

The biggest theme here (once again, half our respondents) was financial. This was across all sectors, from filmmakers and producers to agencies and advertisers

- *Budget reductions and client expectations not changing based on this cost* (agency)
- *Cost competition* (agency)
- *Costs to play increasing with Facebook's strategies and need for growth* (brand advertiser)
- *More exclusivity demanded from the marketplace without budget to cover these rights. Inability to monetise different territory rights.* (filmmaker)
- *Costs of developing and producing content* (production house)

Distribution was seen as a challenge as well as an opportunity – especially when it required **new formats**
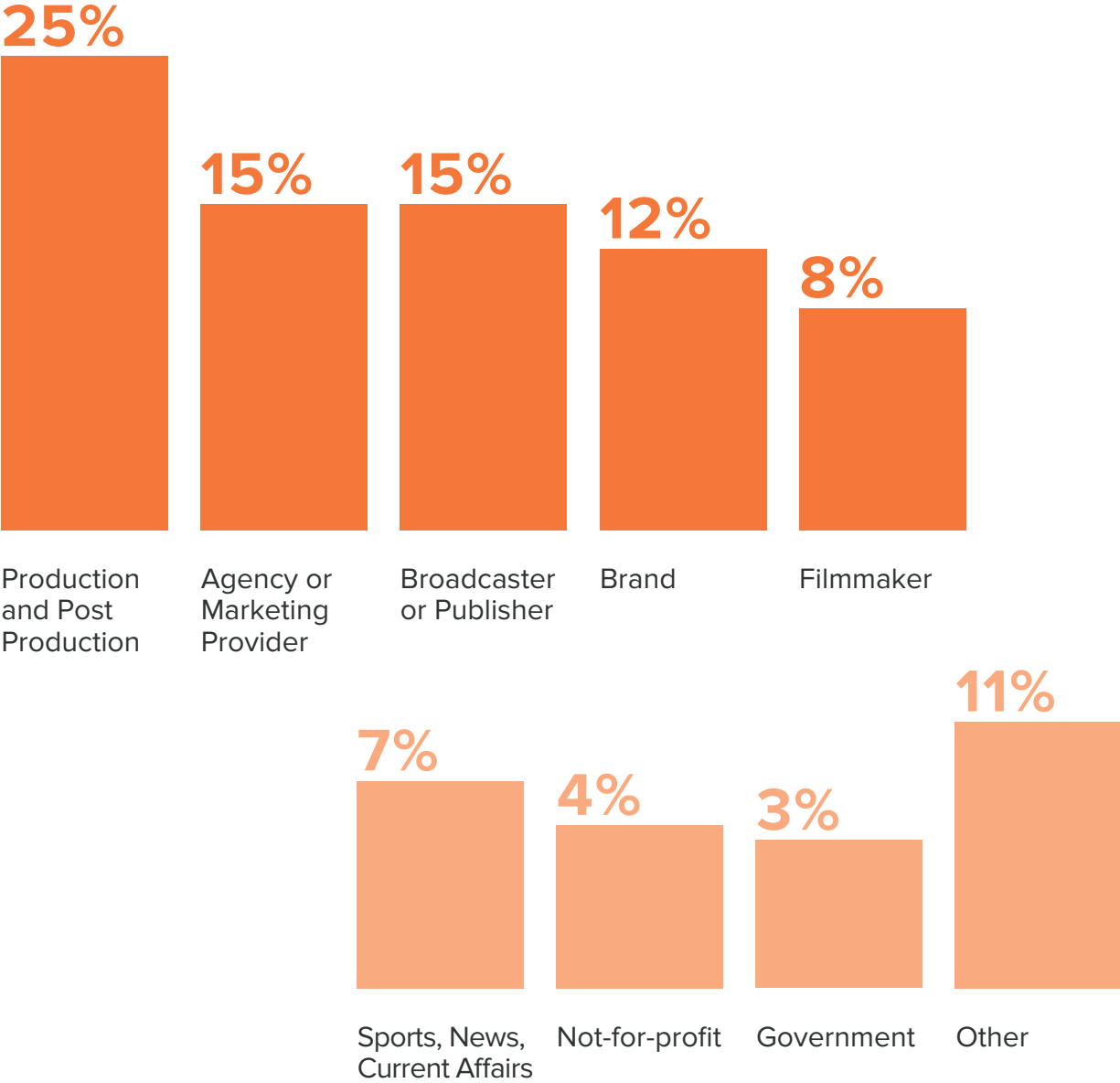
- *How to distribute content*
- *Being open to experiment with new platforms*
- *Competing formats*
- *Cost of storage, preservation of complex content forms*

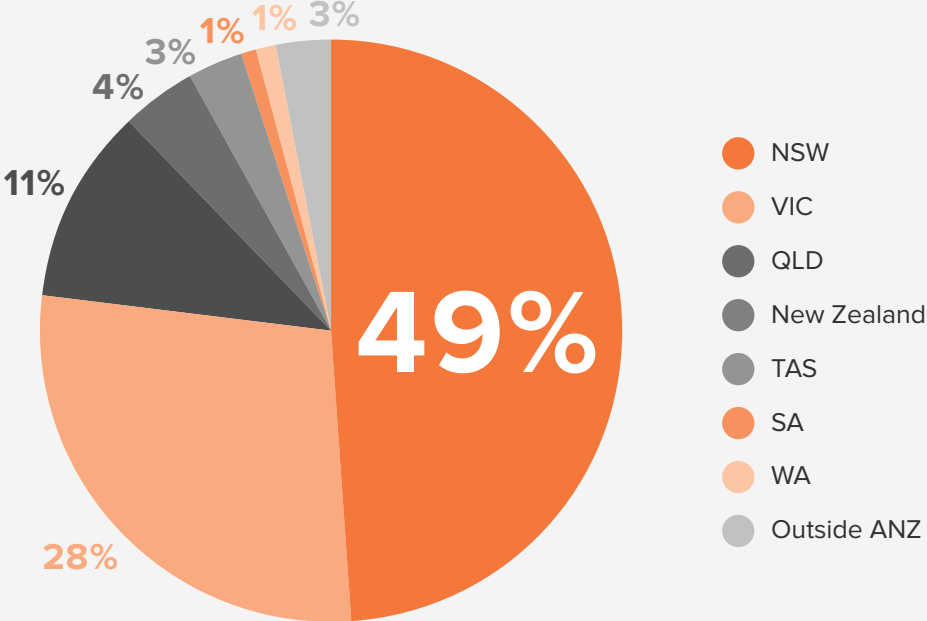And one final comment from a filmmaker who once lost files:

- *The idea of data corruption terrifies me*

Research Demographics

Respondents by type of business:
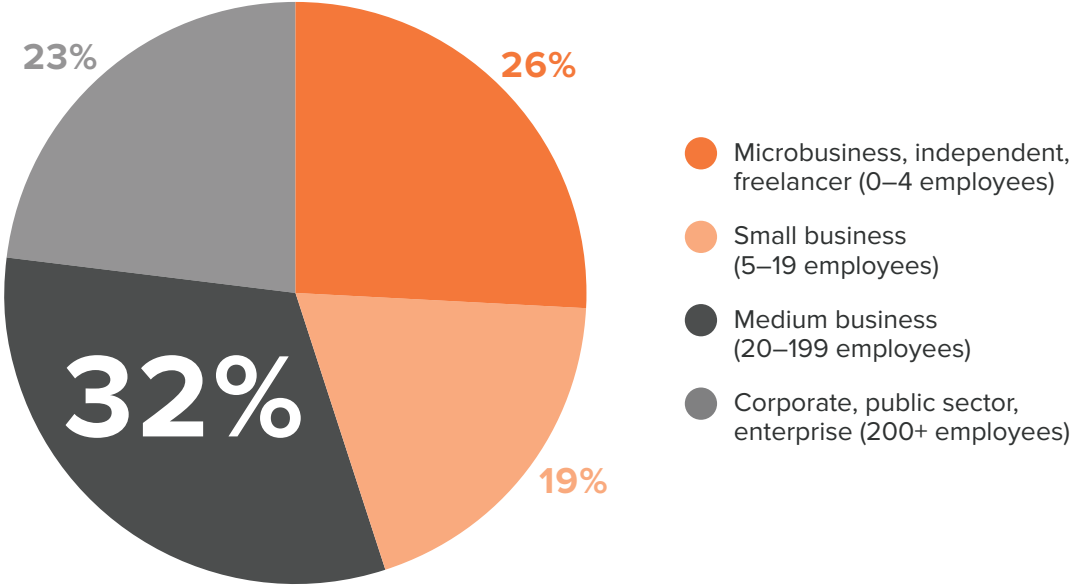
25%
Production and Post Production

15%
Agency or Marketing Provider

15%
Broadcaster or Publisher

12%
Brand

8%
Filmmaker

7%
Sports, News, Current Affairs

4%
Not-for-profit

3%
Government

11%
Other

Respondents by location:

49%

28%

11%

4%

3%

1% 1% 3%

- NSW
- VIC
- QLD
- New Zealand
- TAS
- SA
- WA
- Outside ANZ

Respondents by company size:

23%

26%

32%

19%

- Microbusiness, independent, freelancer (0–4 employees)
- Small business (5–19 employees)
- Medium business (20–199 employees)
- Corporate, public sector, enterprise (200+ employees)

Respondents by role:

32%

15%

5%

24%

24%

- Production / Project Management
- CEO / General Manager
- Marketing and Communications
- Sales and Account Management
- Other
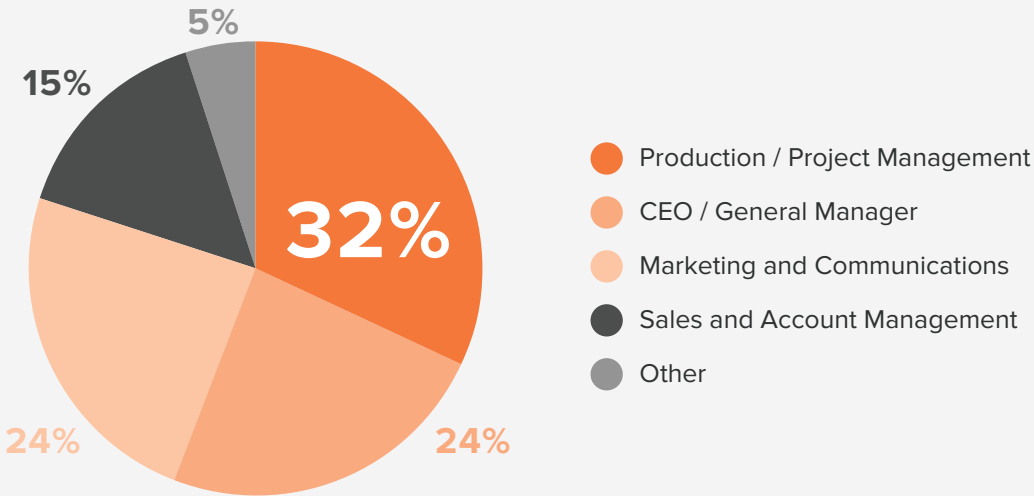
Organisation's primary activity in relation to moving image content:

40%

14%

12%

34%

- Create content for own purpose
- Create content for clients
- Commission content from others
- Broadcast or distribute content
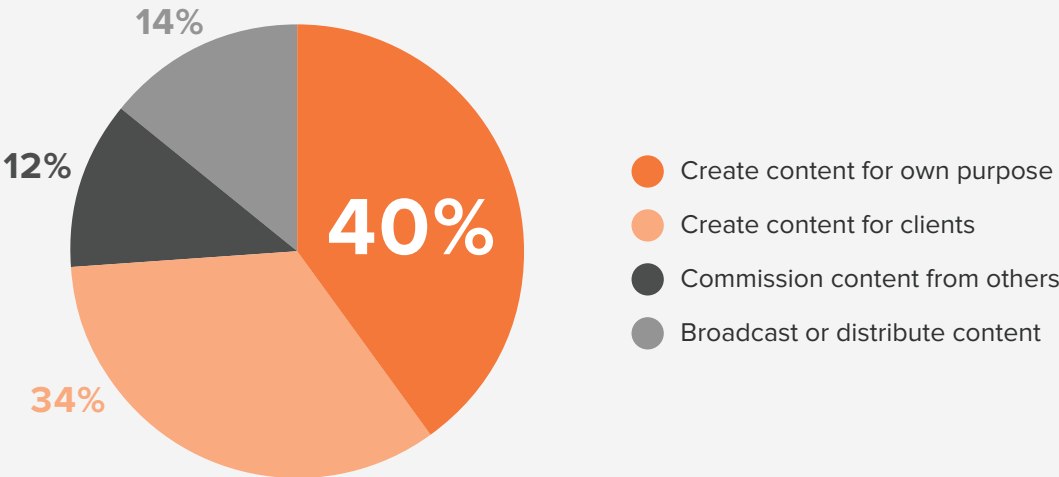
What is the purpose of the content you work with?

Marketing and advertising **50%**

Entertainment, infotainment and music **27%**

Internal communications & training **18%**
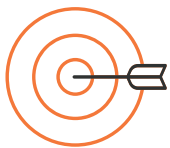
Other **5%**
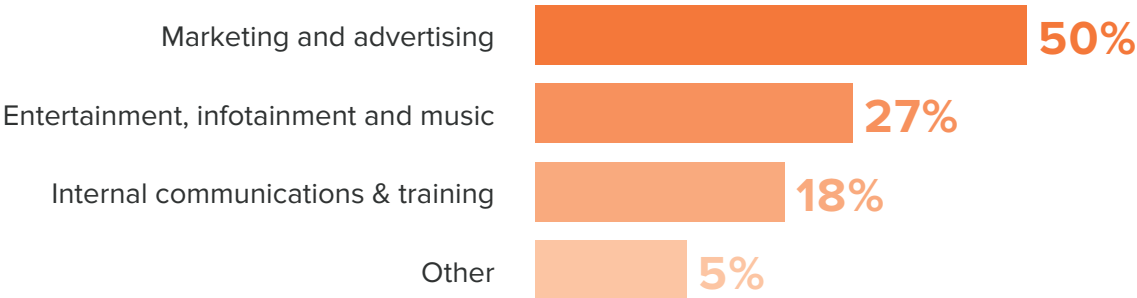
PREFERRED MEDIA

About Preferred Media

Trusted by **Australia's top brands**, agencies, production companies and broadcast networks, for over 35 years.

Our Clients

5 Broadcast Networks / **85** Brands / **57** Agencies / **109** Production Companies trust Preferred Media with their content.

Brands

8 out of 10 of Australia's Most Valuable Brands

(Brand Finance 2017)

Agencies

7 out of 10 of Australia's Top Agencies

(AdNews 2017)

Production

6 out of 10 SPA Award Winners

(SPA Series & Feature Categories 2017)

"
It is imperative that we work with a reputable partner in the industry, and Preferred Media is the partner we trust.

Annette Foulstone

Corporate & Brand Activations Manager

PETERS ICE CREAM

Contact

+61 2 9490 7300

solutions@preferredmedia.com.au

SYDNEY

1 Chaplin Drive,
Lane Cove West NSW 2066

MELBOURNE

1/668 Lorimer Street,
Port Melbourne VIC 3207

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