



MOVING IMAGES MOVING LANDSCAPE 2019

COMMISSION | PRODUCE | EDIT | DISTRIBUTE

How moving images are used for marketing and
entertainment in Australia

Contents

Executive Summary	3
The Impact of Online Streaming Services	3
Video Marketing is Everywhere	4
Managing Content Remains a Challenge	4
Kinds of Moving Image Content	5
Moving Images in the Business of Marketing	8
Kinds of Marketing Content.....	8
Video Formats.....	9
Most Popular Marketing Channels	10
Moving Images in the Business of Entertainment	12
Funding	12
Distribution & Promotion	13
Quotas, Incentives and Regulatory Environment	16
Managing Moving Image Content	19
Is Content Safe?.....	19
Media Management Challenges: Space	21
Media Management Challenges: Time	22
Media Management Challenges: Process & Responsibility.....	22
Re-Using and Re-Versioning Content	24
Opportunities and Challenges	26
Opportunities	26
Challenges	27
Additional Respondent Concerns.....	28
Respondent Demographic Profile	29
About Preferred Media	32

Executive Summary

Moving images have escaped from the movies to TV, online and even outdoor advertising. It's survival of the fittest in the content jungle – and it's hard to keep your eyes on all the balls.

That's why we created the first Moving Images Survey in 2018. It gave us the first clear view of moving image content across marketing and entertainment in Australia. This year with nearly 3 times as many respondents the picture is even clearer. Creators and producers were especially vocal about the challenges they face.

Our report looks at entertainment and marketing separately, but for creatives, the lines blur. **Around 1 in 5 work on both entertainment and marketing content.** So anything which affects content creatives affects everyone. That's where we start.

The Impact of Online Streaming Services

At least 60% of Australian households have signed up to one or more subscription video on demand (SVOD) services, with 30% growth predicted.¹ That should mean more buyers of content. But survey answers are contradictory.

- 38% saw streaming services and online platforms as opportunities.
- 81% say funding is getting harder. 52% say it's significantly harder.

A key issue is the regulatory environment, which predates the 2015 arrival of Netflix into Australia. Unlike traditional broadcasters, the streaming services have no obligation to support local content. They also have limited access to tax incentives for local production.

A number of official enquiries have recommended changes. In April 2019, rules around the PDV and Location Offsets were tweaked.² But there's been no complete overhaul, and no local content obligations for SVOD services.

Without sweeping change, the SVOD opportunity for Australian content creators may prove to be a mirage.

¹ See <https://preferredmedia.com.au/video-on-demand-global-and-local-insights/>

² See <https://www.minister.communications.gov.au/minister/mitch-fifield/news/more-opportunities-australias-world-class-screen-industry-0>

Video Marketing is Everywhere

Websites, social media and online platforms are no brainers. Perhaps more surprising is the extensive use of video in email marketing – 87.5% have tried it.

As one respondent said, *‘clients are starting to see the benefit’*.

More than 30% of marketers in our survey are using live streaming, personalised video and vertical video.

Managing Content Remains a Challenge

One respondent commented *‘there is usually a lot more excess material shot in digital formats’*. Yet running out of space is less of an issue than last year.

31% say they *‘have to move things around a bit’* to ensure they have space. 57% store content on external hard drives. The overall impression is that people are tackling the ‘space’ issue rather than the ‘media management’ issue.

There is plenty of room for improvement in setting content policies, assigning responsibility and improving productivity.

- 43% have no formal processes for filing and managing content
- 23% think content management is *‘everyone’s job’* – no one person or role takes responsibility
- The average time spent filing and searching for content has grown to a massive 460 minutes per week. **That’s a hidden cost of 9 working weeks every year!**

Paul Walton of Princess Pictures hit the nail on the head when [we interviewed him recently](#):

Sure, the cost of digital footage is nothing like the cost of film was, but what about the cost of time and management of the masses of additional footage?

A more disciplined approach to media management is needed to realise the full potential of digital technology.

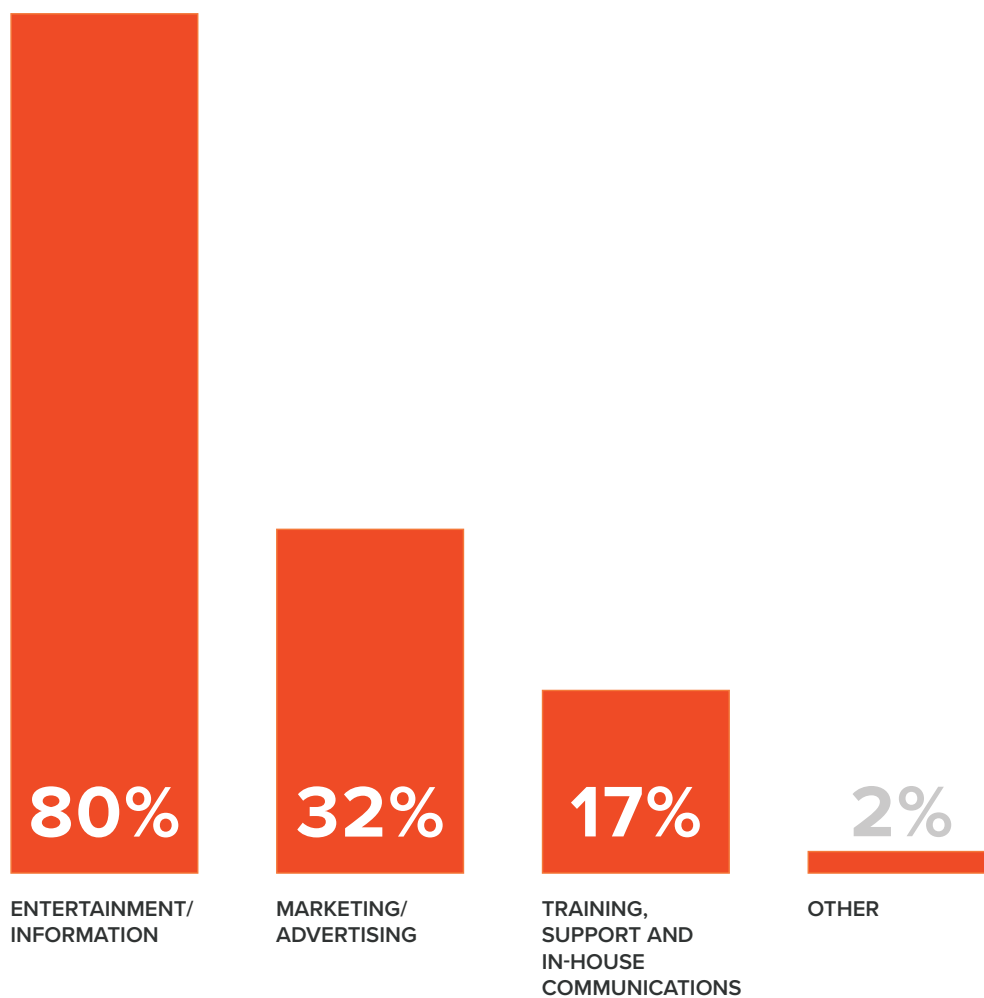
“Everyone is a content expert.”

Kinds of Moving Image Content

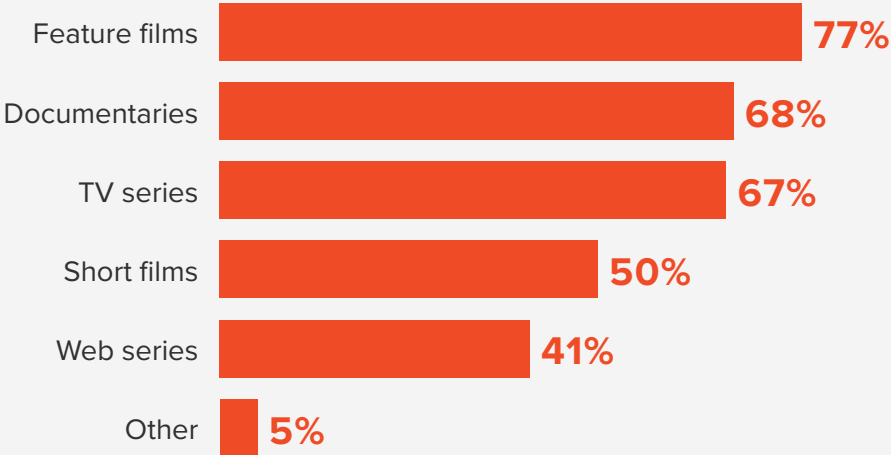
We asked about the kinds of content people worked with.

In all cases, multiple answers were permitted.

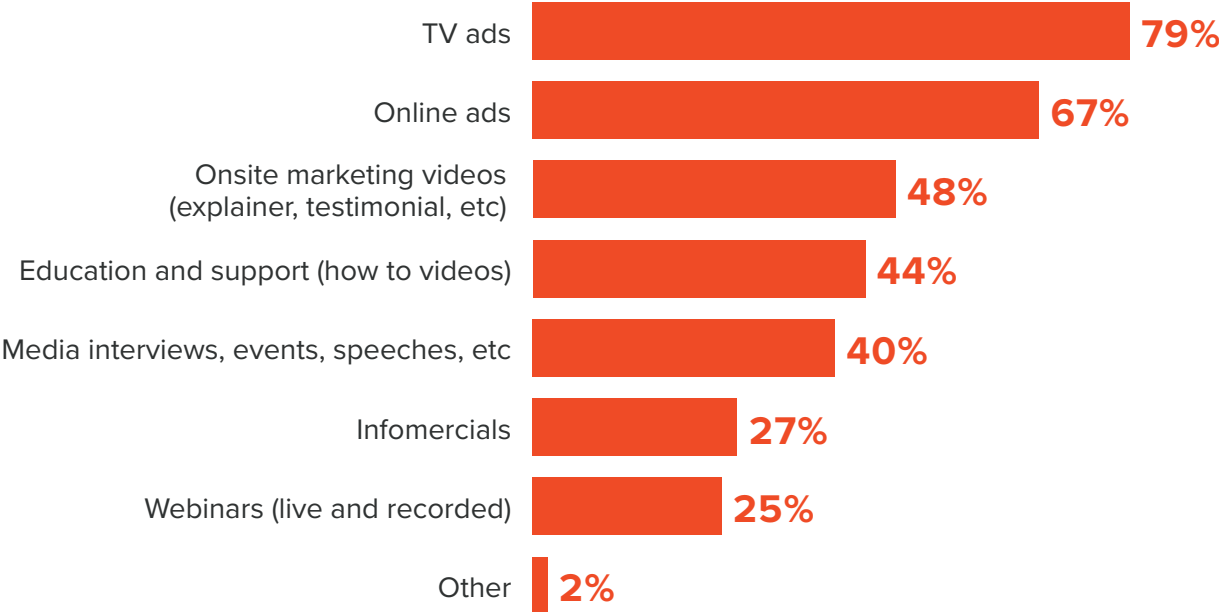
Entertainment content by type



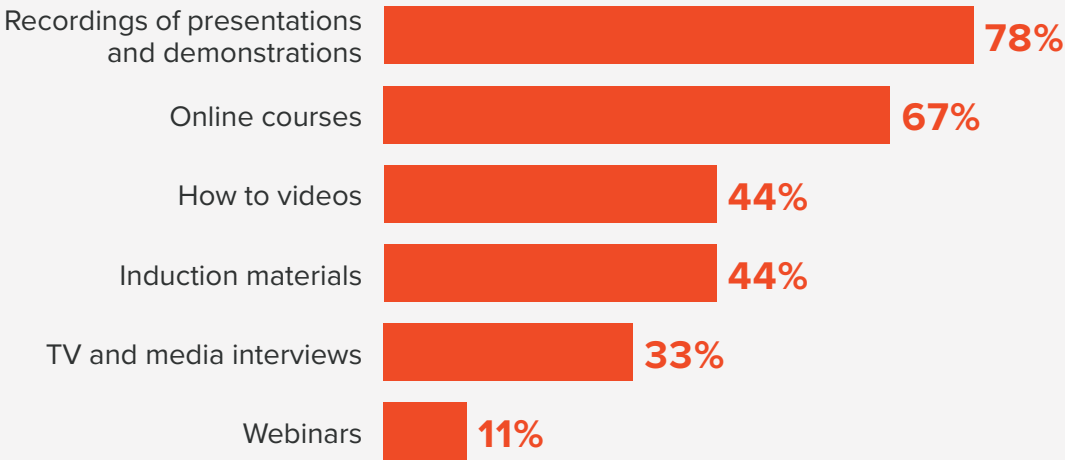
Entertainment content by type



Marketing content by type



Training & support content by type

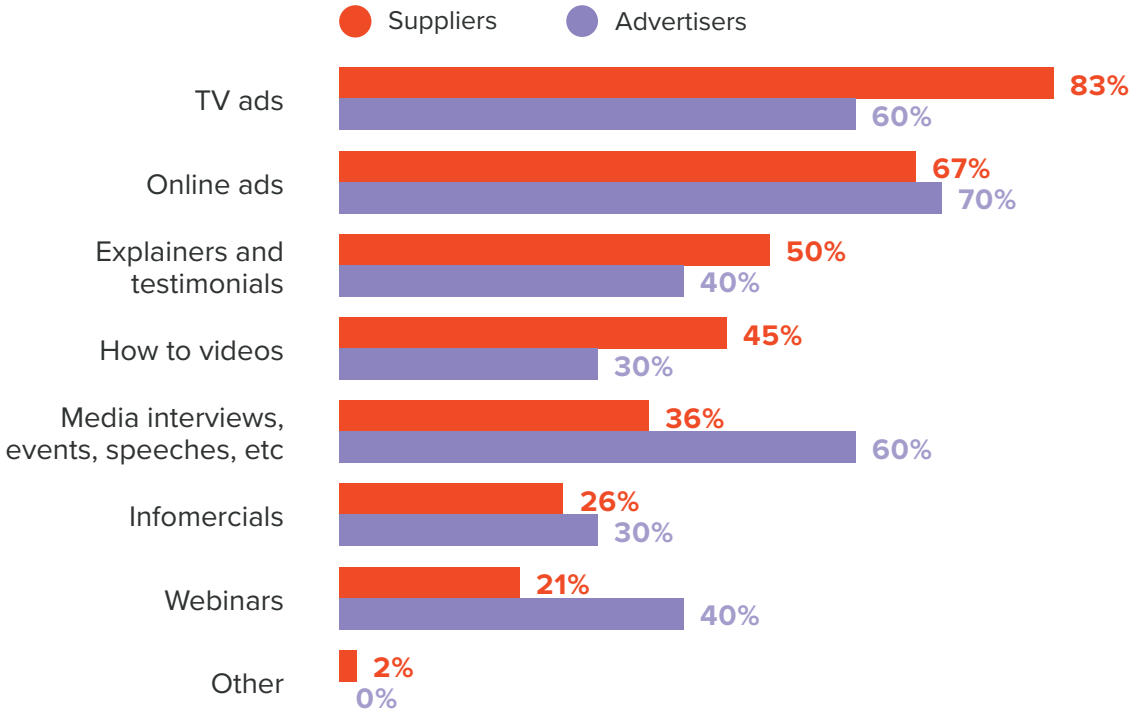


Training and support content is the smallest content category, but still important. Of those creating training and support content in-house, 1 in 3 has a separate budget.

Moving Images in the Business of Marketing

Kinds of Marketing Content

Advertisers and suppliers of content have differing priorities when it comes to kinds of content.



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More of our suppliers worked with TV ads, while advertisers leaned toward online. Maybe it's harder to in-source TV quality high resolution content – or perhaps the higher media spend justifies more investment in content too.

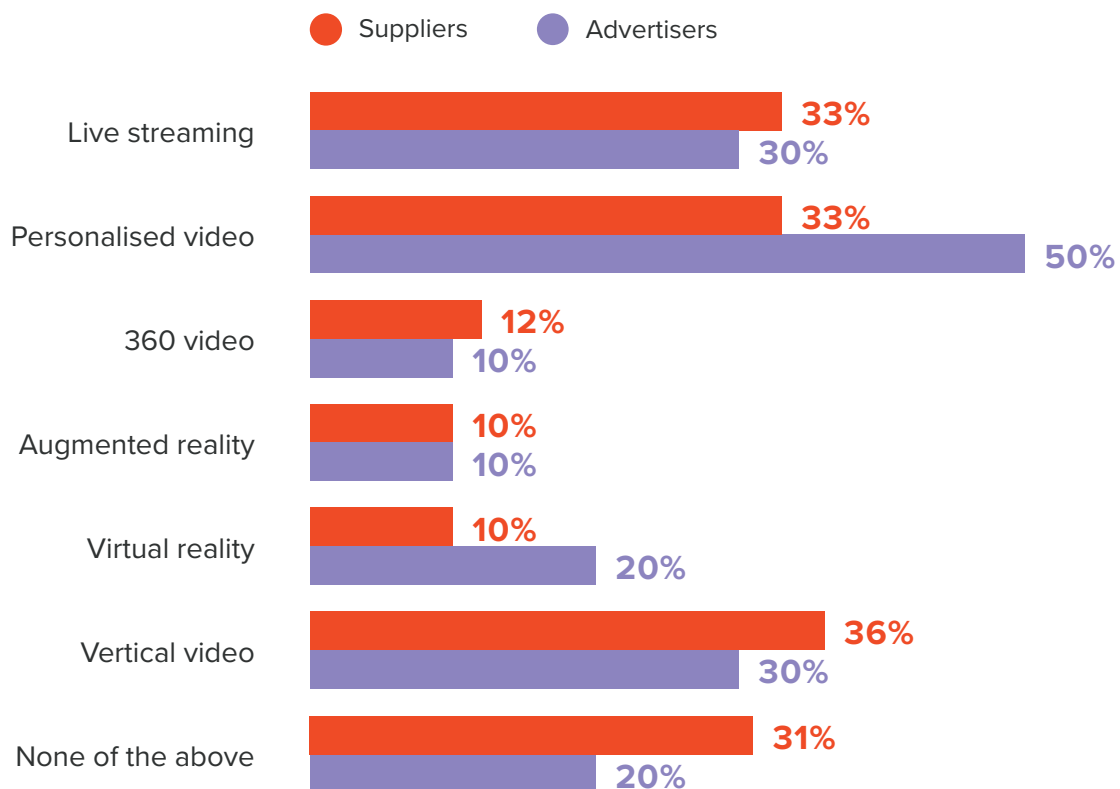
Advertisers also appear to handle media events and webinars in-house, but seek outside help more with explainer videos and how to videos.

“Video marketing has increased dramatically and brands are beginning to see the benefit of using content based marketing.”

Video Formats

Looking at video formats, advertisers seem to be leading the way with personalised video and virtual reality. (Of course it’s possible our survey simply didn’t reach virtual reality service providers!) On the other hand, suppliers are ready to offer vertical video – recommended for smartphone viewers.

Use of different video formats



‘Advertisers’ refers to respondents who work with marketing content which promotes their own business.

‘Suppliers’ are respondents who work with marketing content which promotes their clients’ businesses.

Most Popular Marketing Channels

Use of moving images in marketing is broadly similar to 2018.

- Videos on websites and social media are universal in our sample and certainly extremely common in the community overall.
- Cinema advertising remains a poor relation.

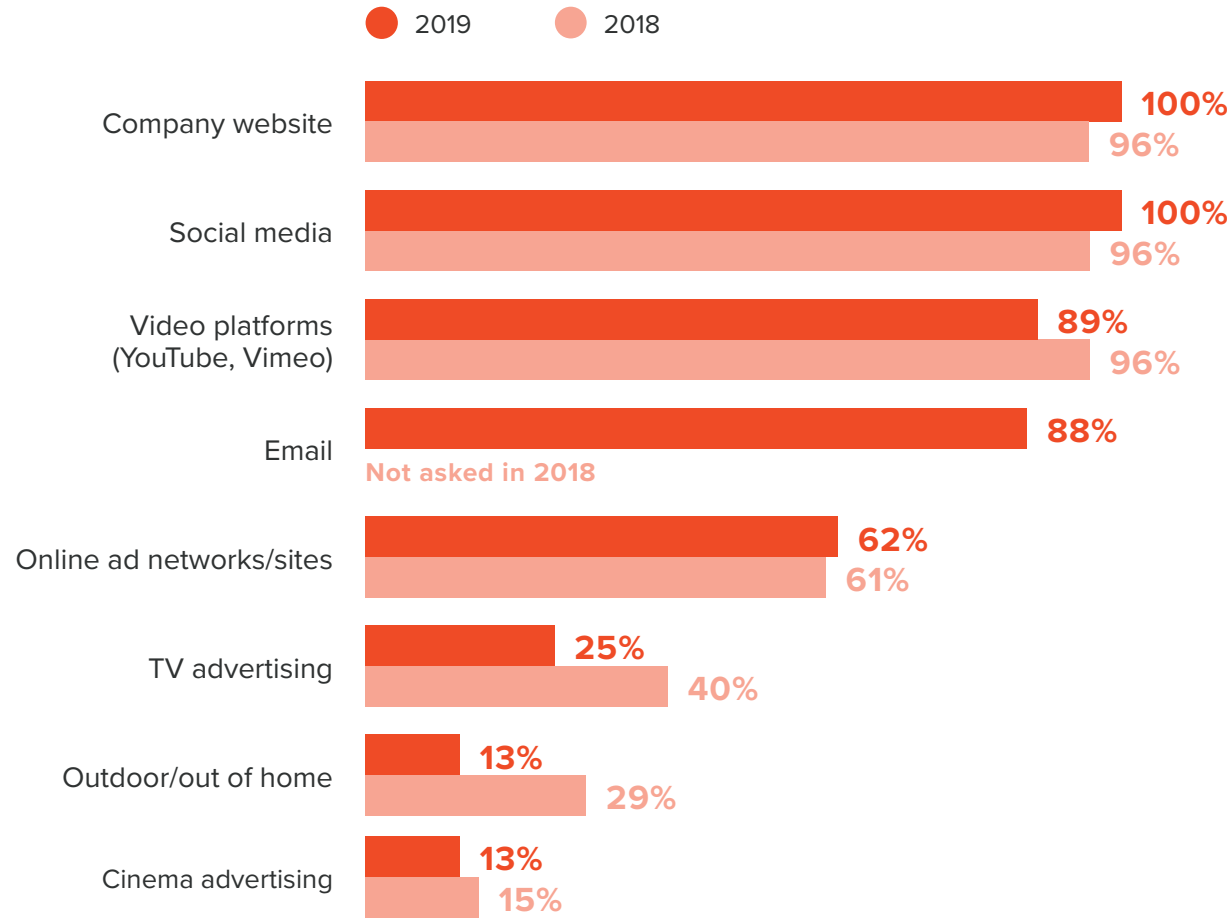
There are some changes:

- Commitment to TV and outdoor has dropped. This may be because more smaller companies responded this year, and they don't have the same big budgets.

This year for the first time we asked about use of video in email marketing. Given the well-known technical challenges of creating content which works across all email platforms and inboxes, the uptake rate of 87.5% was surprisingly high.

Where marketers use moving images

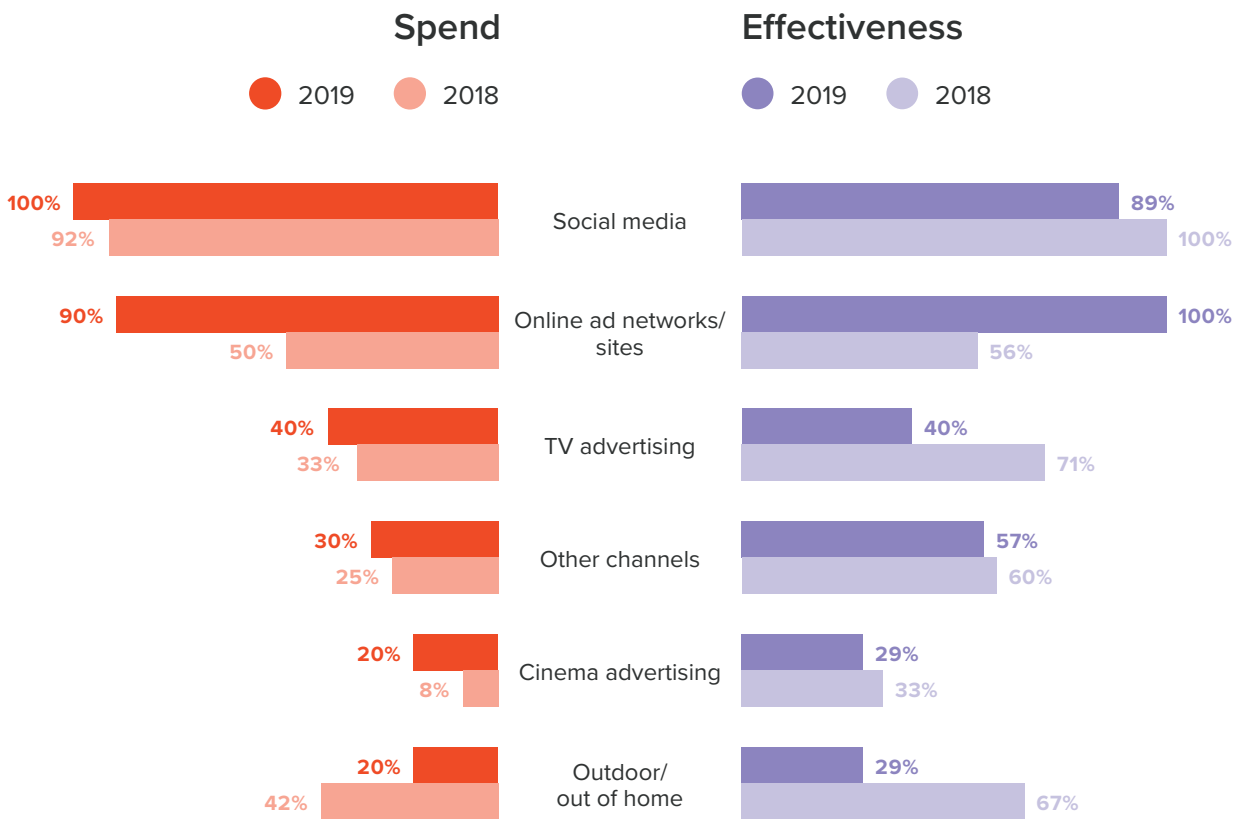
(Multiple responses allowed)



Percentages have been rounded and may not total 100%.

We also asked marketers to rank channels in terms of budgetary spend and in terms of effectiveness. We analysed which channels ranked in their top three.

What are your top 3 marketing channels for video content?



The big winner compared to 2018 is online advertising. It has become a key budget channel for 90% of marketers – and all of them consider it effective!

At the other end of the scale, only 1 in 5 marketers counts out-of-home as a top channel for moving image content, and less than a third consider it one of their most effective channels.

Satisfaction with the performance of TV has fallen too.

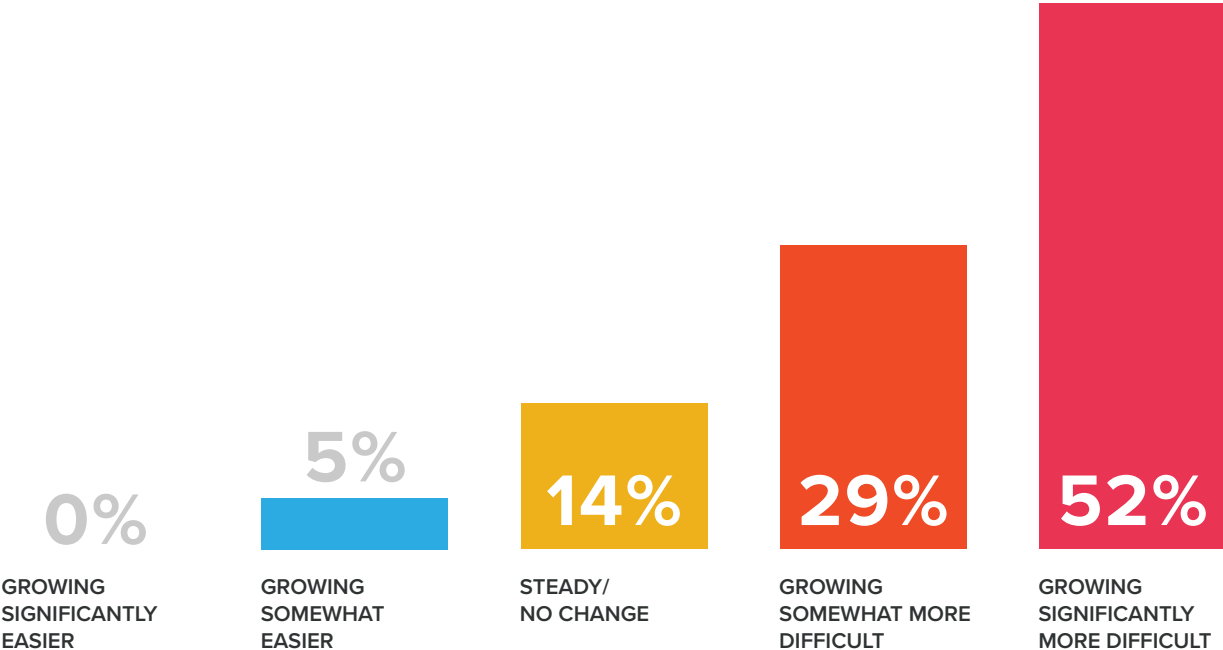
Percentages have been rounded and may not total 100%.

Moving Images in the Business of Entertainment

If you thought marketing content was a challenge, don't even consider entertainment. Creators of feature films, short films, TV and web series are beset on all sides.

Funding

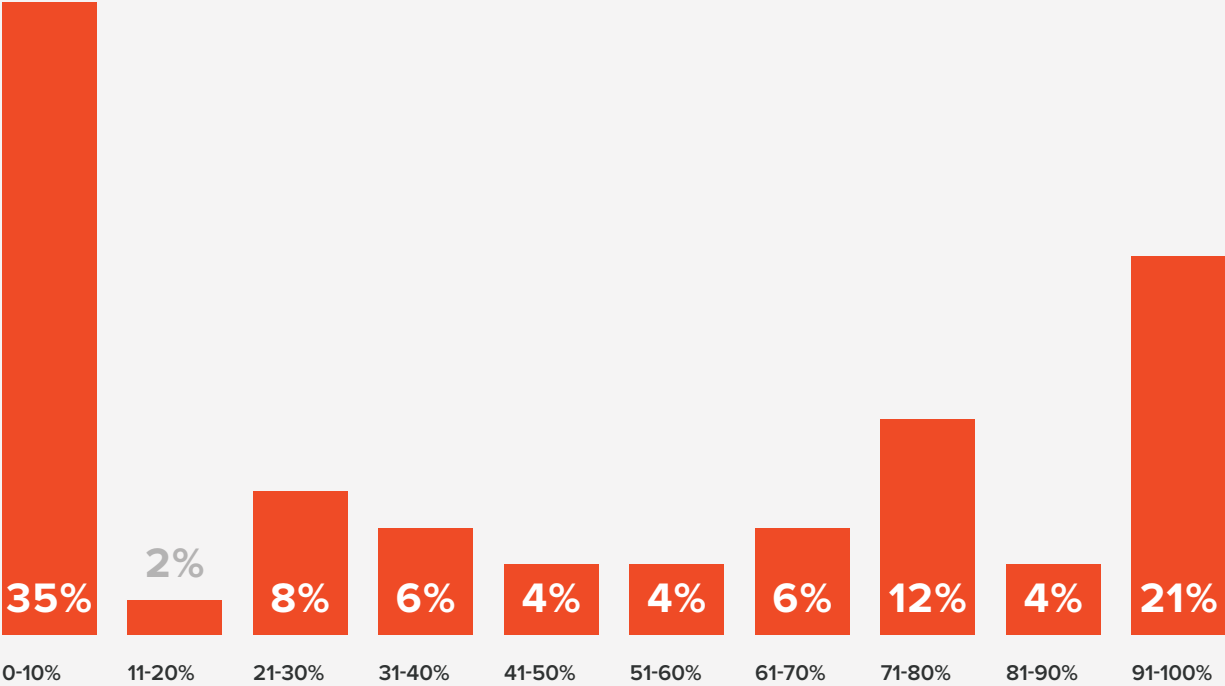
There's a huge consensus that getting funding is increasingly difficult.



How is ease of obtaining project funding changing over time?

Distribution & Promotion

Even when they start a project, a third of content creators don't know how they're going to get it distributed.



Likelihood of having distribution in place before starting production

“I fling DVDs at people like shurikens.”

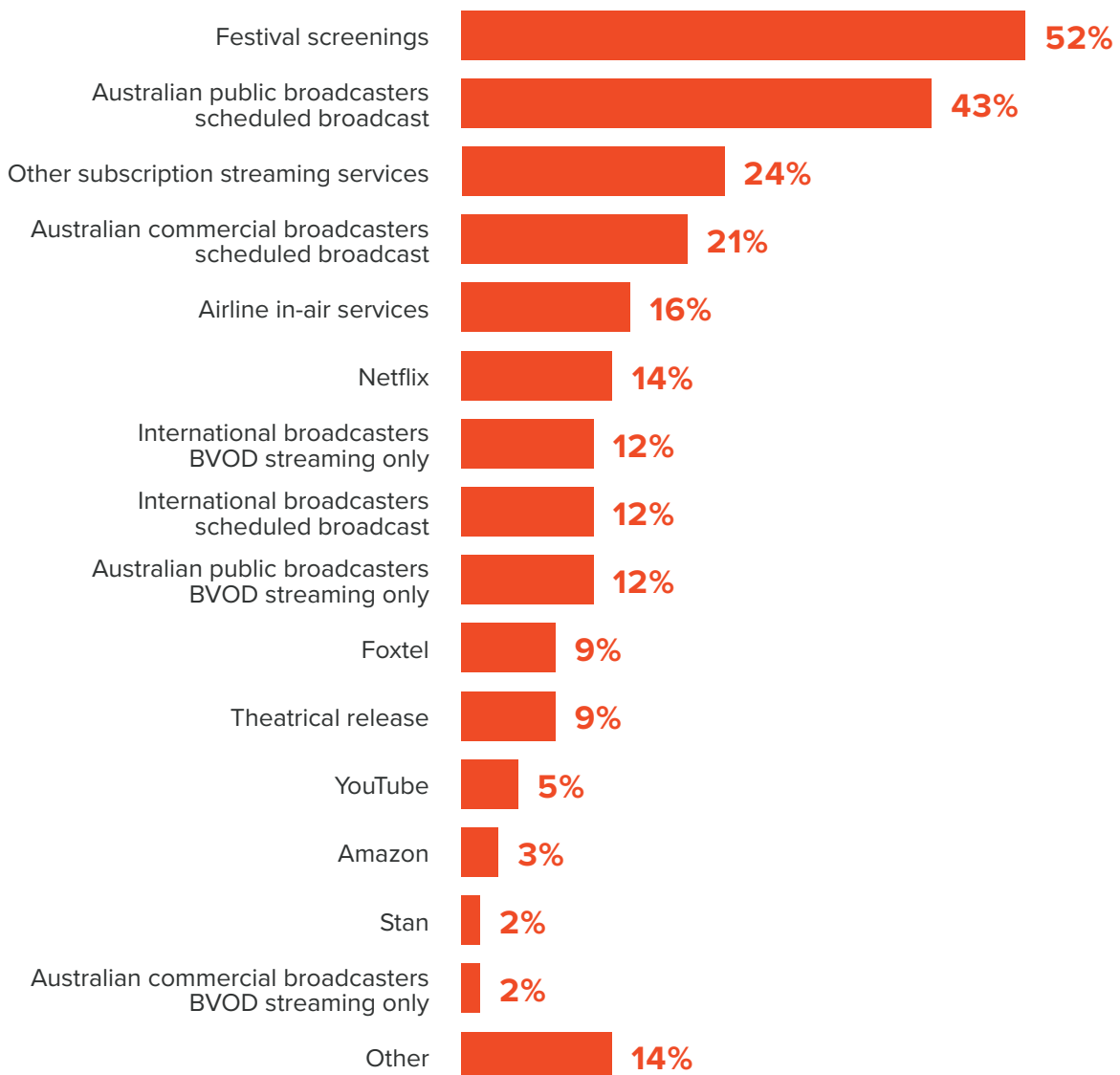
They use a whole range of distribution channels eventually.

Most common is festival screenings – but there’s no guarantee this will lead to revenue. The ABC and SBS are also key distribution partners. We’d love to know about the ‘*other subscription streaming services*’ services which 1 in 4 use. That’s more than are working with Netflix, Stan and Amazon combined!

There were also some interesting answers hidden in the ‘other’ category. One respondent just ‘*hopes for the best*’. Another ‘*flings DVDs at people like shurikens*’ – we’re not sure if we feel sorrier for him or the people he meets!

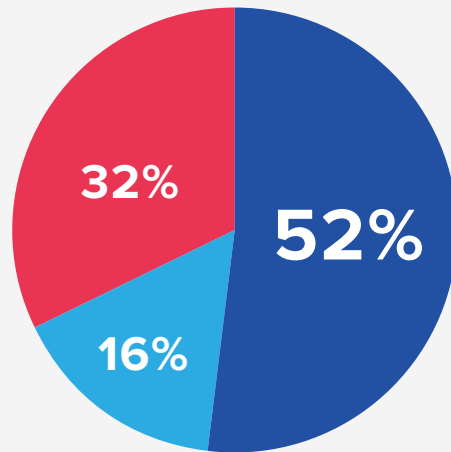
Distribution methods used in the last 3 years

(Multiple responses allowed)



At least (for those who have them) promotional budgets are increasing.

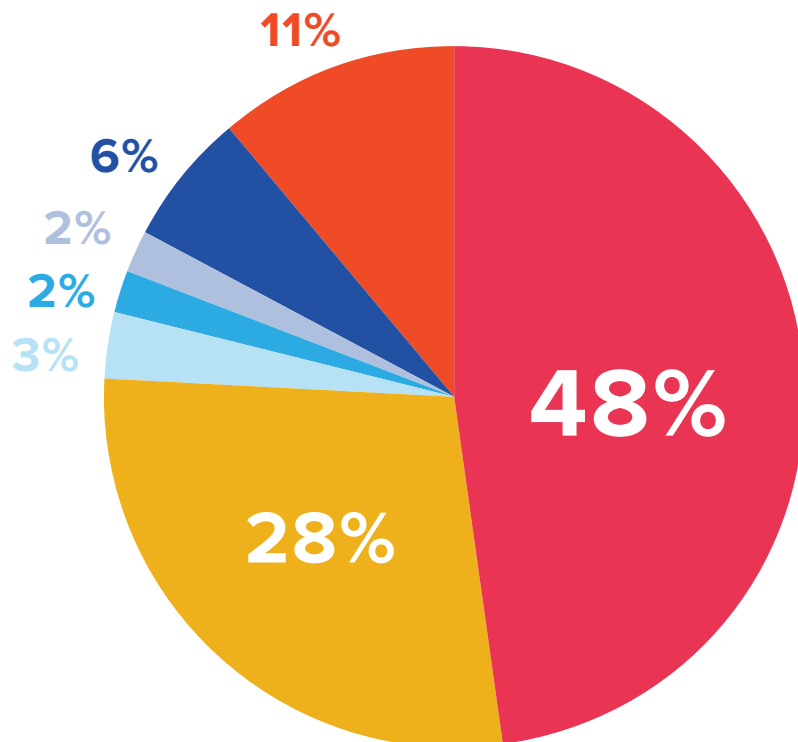
- Increasing
- Steady
- Decreasing



But nearly half of creators still have no promotional budget at all. This may mean they're throwing DVDs around like shurikens, or it may mean they have a distributor promoting for them.

Promotional budgets for content creators

- Not applicable - no promotional budget
- Under \$50,000
- \$50,000 - \$100,000
- \$100,000 - \$250,000
- \$250,000 - \$500,000
- Over \$500,000
- Don't know/not sure



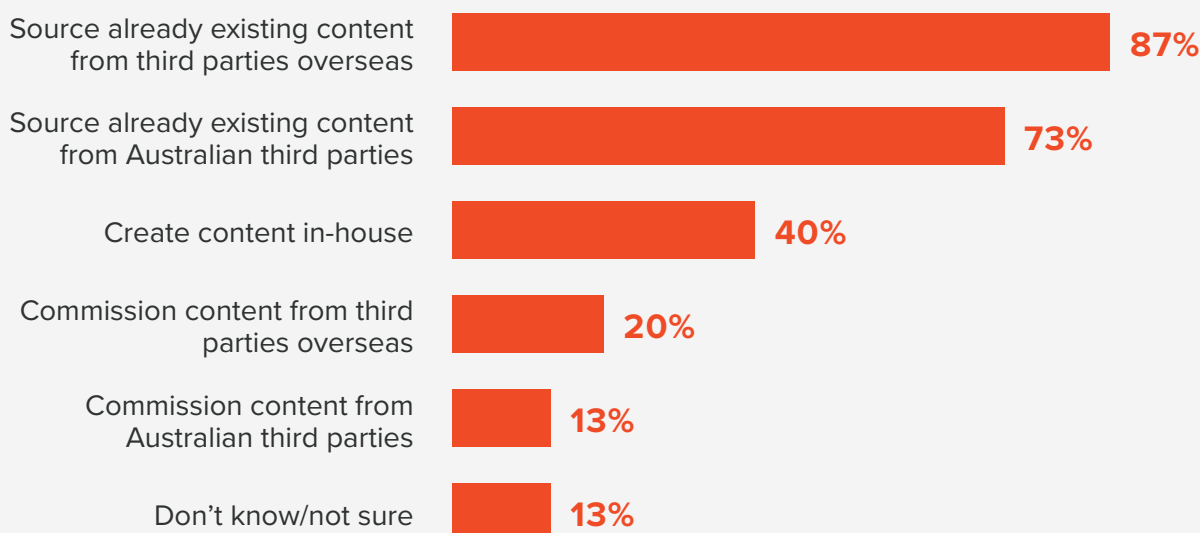
Quotas, Incentives and Regulatory Environment

From what broadcasters and distributors told us about where they source content, it's clear that commissioning Australian content is not their top priority.

[More information here.](#)

Where broadcasters, distributors & publishers source content

(Multiple responses allowed)



There's a general consensus that government support is vital to the health of the local screen production industry.

Key elements of that support currently are:

- Local content quotas for traditional broadcasters.
- Tax incentives, such as the Producer Offset which gives a 20% or 40% rebate for qualifying Australian production expenditure (QAPE). There are also Post, Digital and Visual Effects (PDV) and Location Offsets available.

All incentives have eligibility criteria around format, budget and distribution model.

The rapid growth of content streaming services is revolutionising distribution, but the regulatory regime has not kept up. We asked content creators their opinions.¹

¹ Our survey was conducted before the Senate inquiry into the economic and cultural value of Australian content on broadcast, radio and streaming services released its [report](#). The results of the 2017 Australian and Children's Screen Content Review have still not been released. On April 11th 2019, the Federal Government extended the PDV and Location Offsets to shows commissioned by streaming services.

There's general agreement that Australia produces quality content which can sell worldwide.

Australian content appeals to international audiences and sells well overseas

● Strongly agree ● Somewhat agree ● No opinion ● Somewhat disagree ● Strongly disagree



“The system itself has become a major stumbling block to the creation of Australian screen content. The funding agencies ‘rules’ lag behind the implications of the technology developments.”

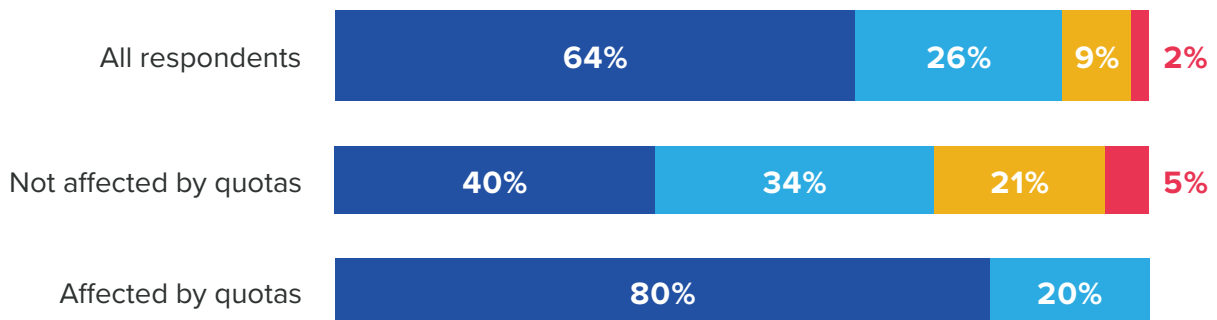
Yet Australia remains the primary market.

The streaming services, which currently have no obligation to invest in Australian content, are competing with traditional broadcasters – who are also traditional commissioners of content.

60% of content creators say local content quotas affect them directly.

Local content requirements should be similar for streaming services and traditional broadcasters

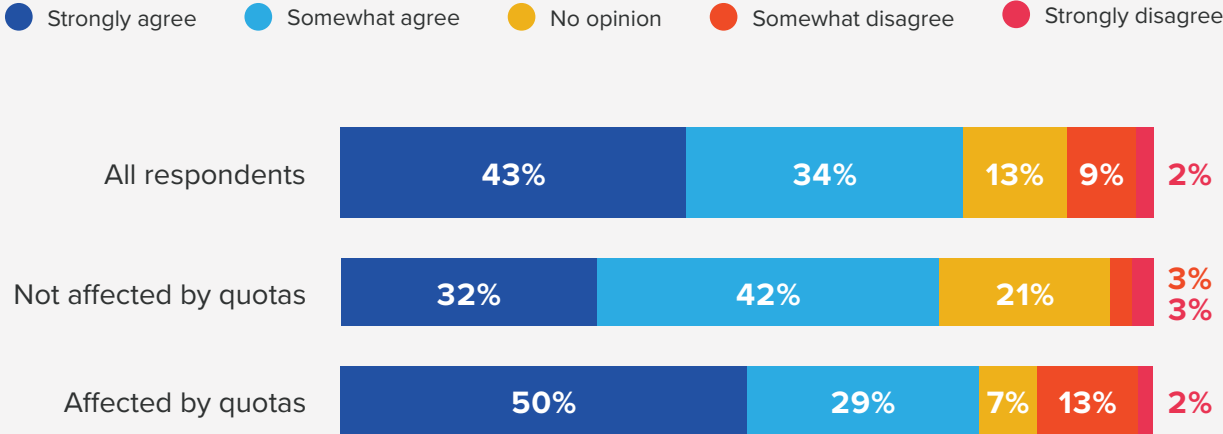
● Strongly agree ● Somewhat agree ● No opinion ● Somewhat disagree ● Strongly disagree



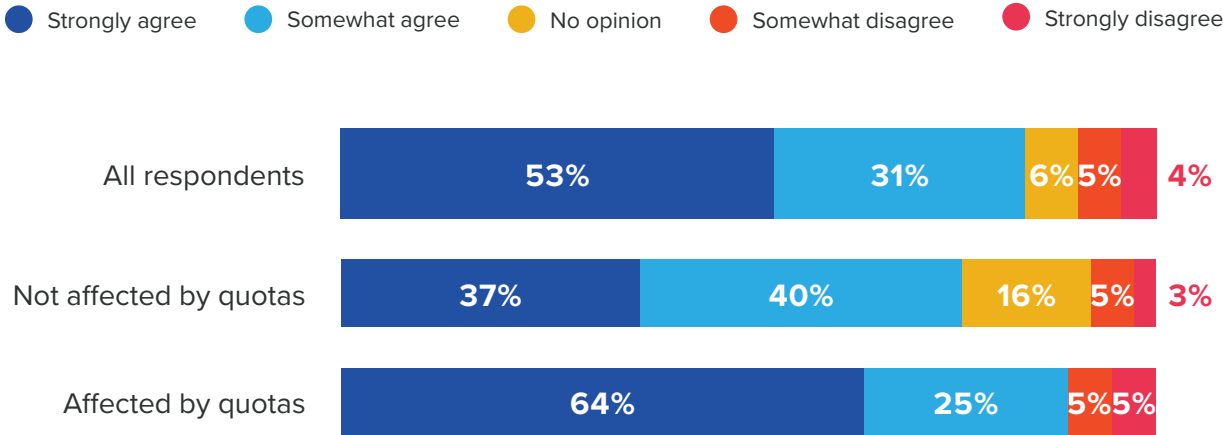
Results have been rounded and may not total 100%.

There’s also overwhelming support to rationalise incentives as well as quotas.

Producer Offset (QAPE) rebates should be at equal levels for feature films, shorts and series



Producer Offset (QAPE) rebates should apply for theatrical, TV and SVOD distribution



Analysis of responses shows clearly that those affected by local content quotas are overwhelmingly in favour of changes to current content requirements and financial incentives.

Results have been rounded and may not total 100%.

Managing Moving Image Content

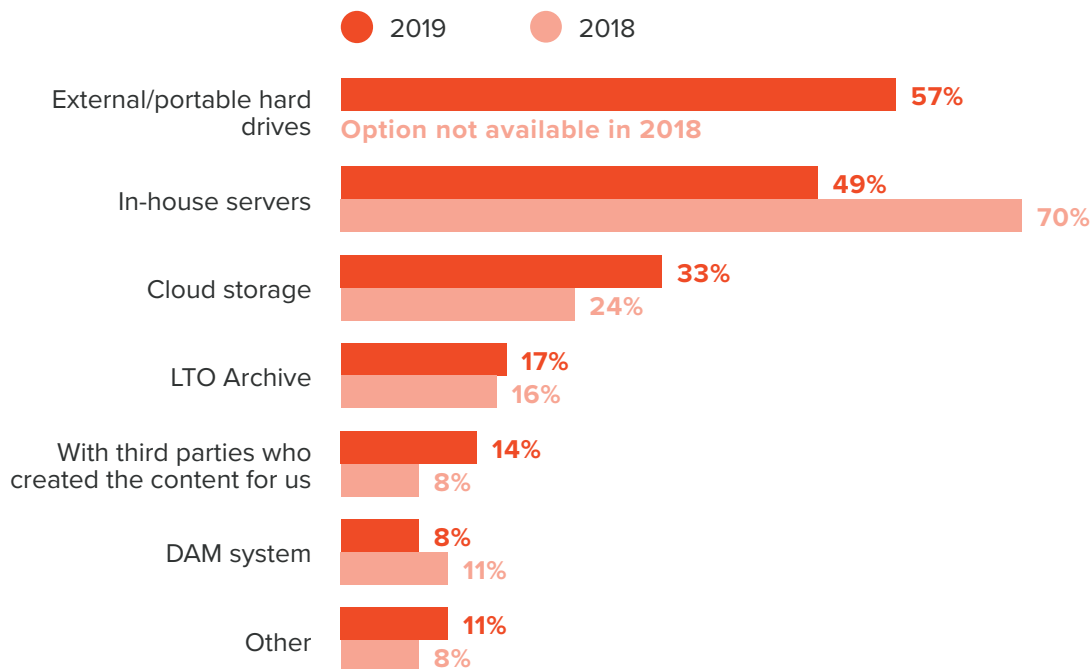
In 2018, 61% kept their master content for 5 years or more. This year, the number's slightly lower at 58% - but that's still a lot of commitment to keeping content!

So how well do they look after it?

Is Content Safe?

Where media content is stored

(Multiple responses allowed)



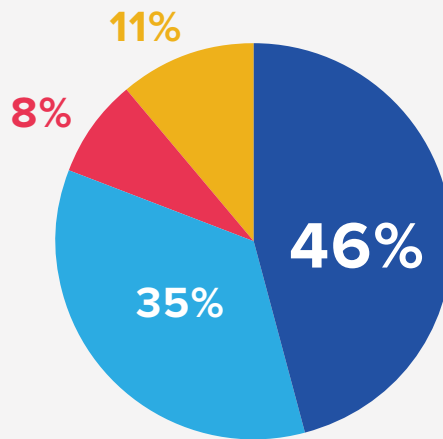
4 out of 5 respondents store content on their servers or external hard drives. That means it's readily available, which is great.

Less positive is that 23% say they store content on external hard drives only. Given the [risks associated with hard drives](#), we're not convinced that's safe!

On the plus side, at least most people are backing up content:

Is your content backed up?

- Yes, off-site
- Yes, on-site
- No
- Don't know/not sure

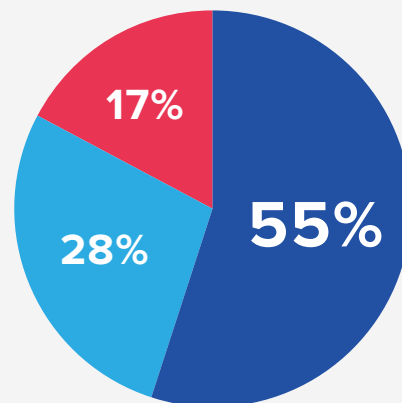


Backups are vital, given that

- **45% of respondents have lost content**
- **17% weren't able to recover anything**

Have you ever lost content?

- No
- Yes, recoverable
- Yes, not recoverable



We asked respondents:

- Have you ever lost content completely?
- If so how did it happen and what did you do about it?

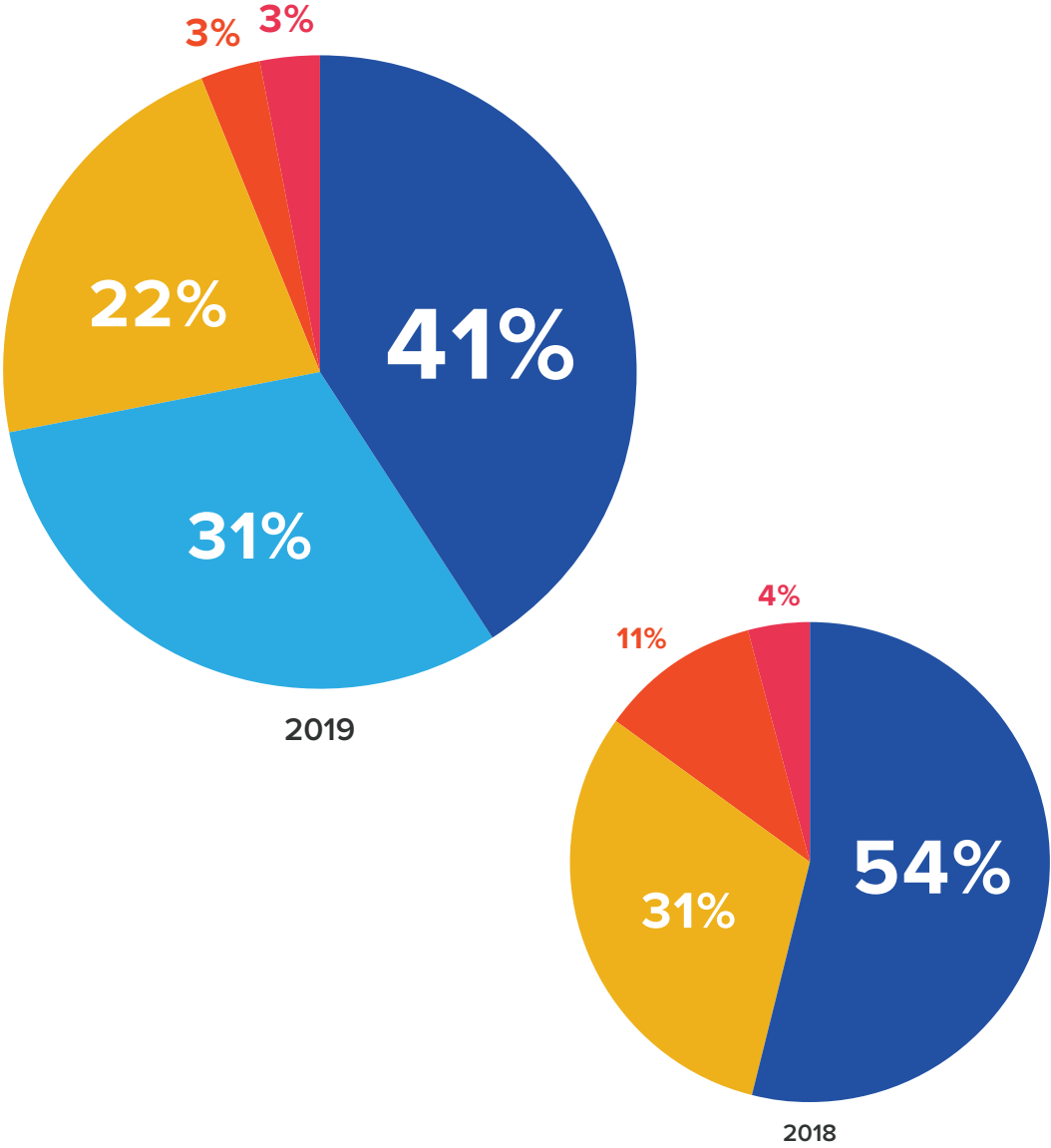
The answers highlighted inherent risks of digital technology and hard drives:

- *Once. A production house computer system malfunctioned. And erased all the media. We had to recut a 30 minute program.*
- *Once. An inexperienced IT person pressed the erase button, losing the entire project. We had to recut the 30 minute program from scratch. This was a big cost to the production company with no insurance for such an event.*
- *Yes, failed hard drive. Unrecoverable.*
- *Yes. Had to live with it.*

Media Management Challenges: Space

How often do you run out of storage space?

- Never
- Never, but we have to shift things around
- Once a year
- Every 3-4 months
- At least once a month

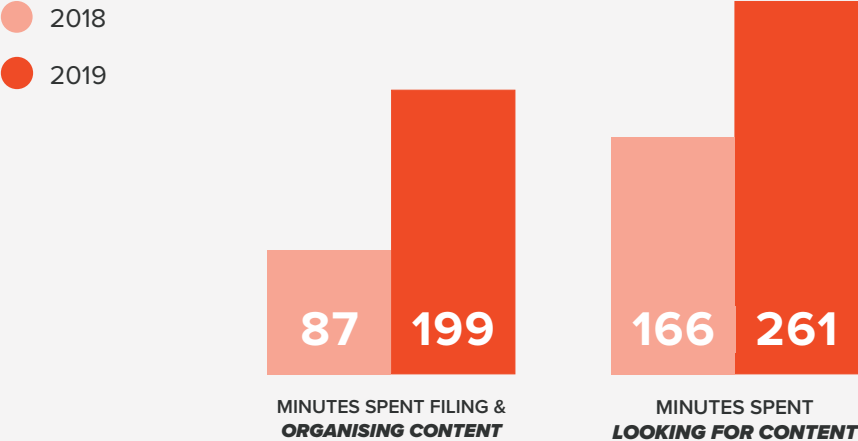


Running out of space appears to be much less of an issue than it was last year, although in many cases there’s a need to move things around. We hope that doesn’t simply mean buying more hard drives to transfer content to!

Media Management Challenges: Time

The time investment in looking after media, however, is getting bigger.

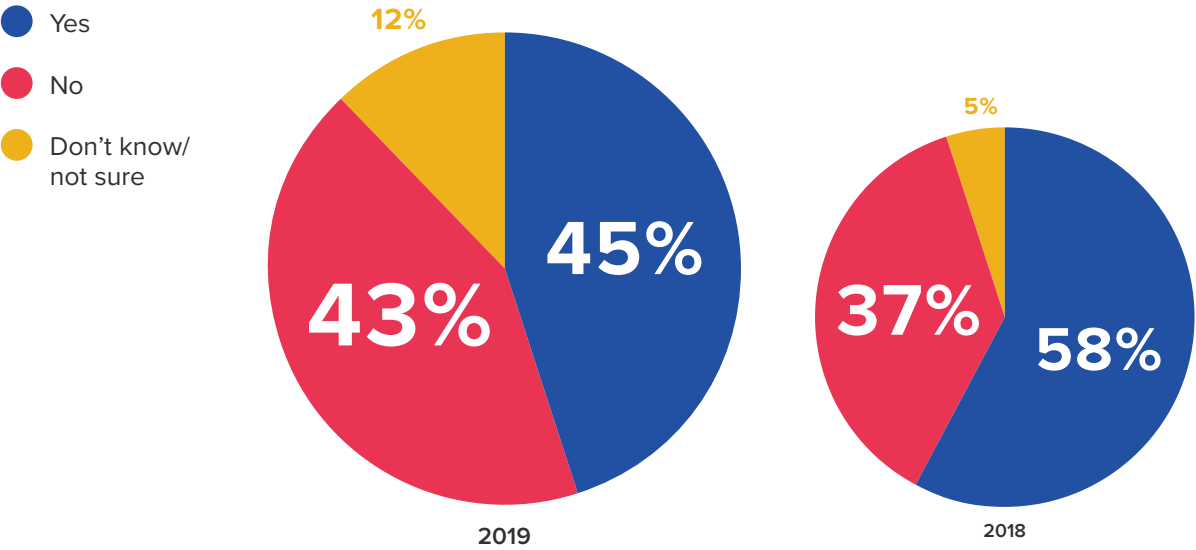
Minutes per week spent managing content



What’s taking more time? It could be that we have a higher percentage of respondents with longform content. It could be ever-increasing shooting ratios. If you have more rushes, it takes longer to find the actual content you want!

Media Management Challenges: Process and Responsibility

Do you have formal processes for filing & managing content?

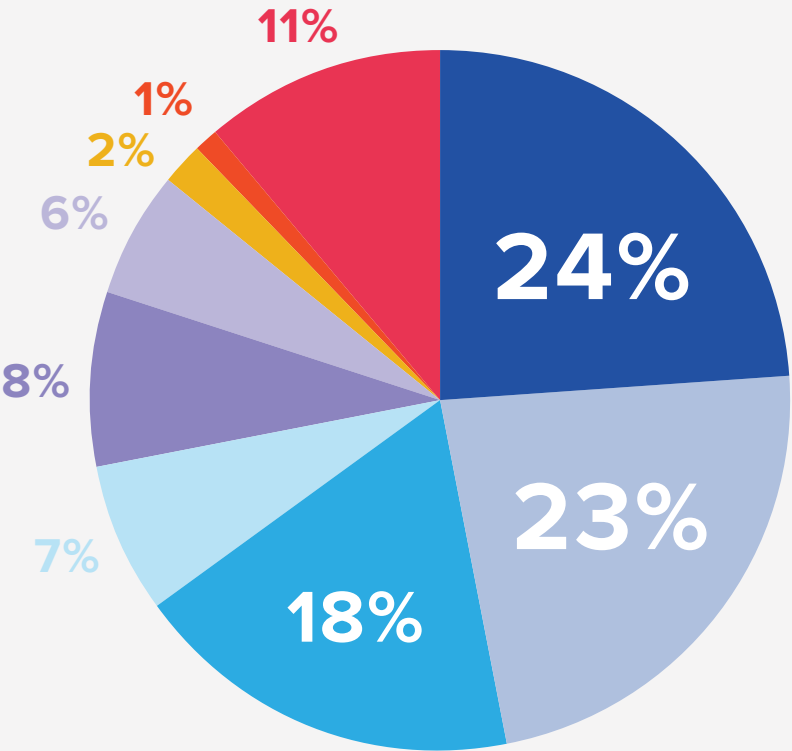


43% have no formal processes for looking after content – an increase over last year’s already high figure of 37%.

And the question of who's responsible for managing content still lacks a clear answer. Nearly a quarter think it's 'everyone's job' – which makes it easy for it to be 'nobody's job'.

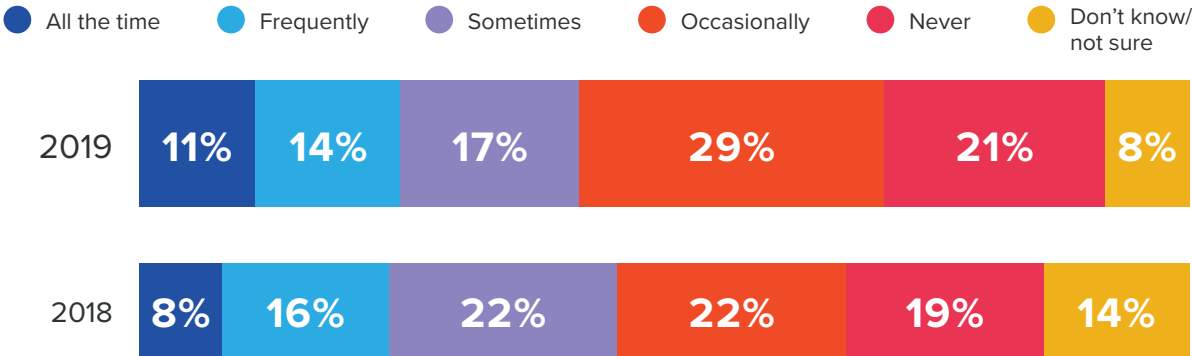
Who's responsible for managing your content?

- Production senior management
- Everyone in the team
- Individual producers
- Editors
- IT management
- Third party supplier
- Marketing manager
- Don't know/not sure
- Other



Re-Using and Re-Versioning Content

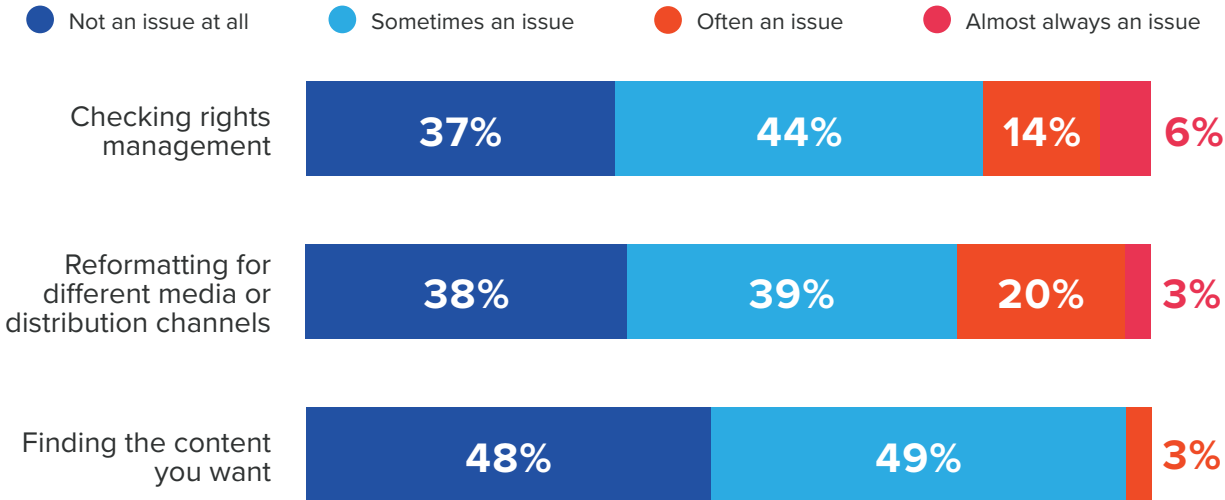
How often do you re-use content?



Re-use of content is becoming more common – it’s not just the percentage of people doing it, it’s how often they re-use too.

Rights management and reformatting are issues for about 20% – up from 15% the year before.

Issues when re-using content

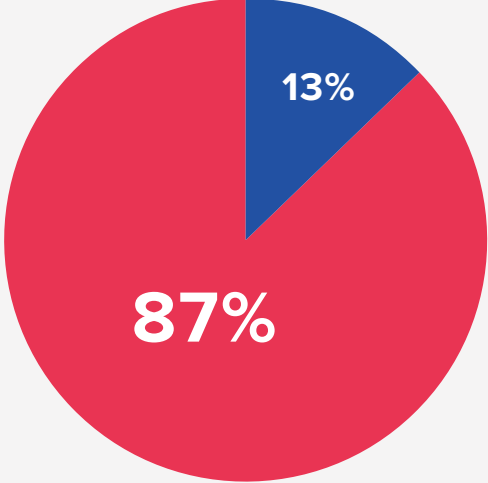


Results have been rounded and may not total 100%.

Reversioning content seems to be less common than last year, but those who do it say they're doing more.

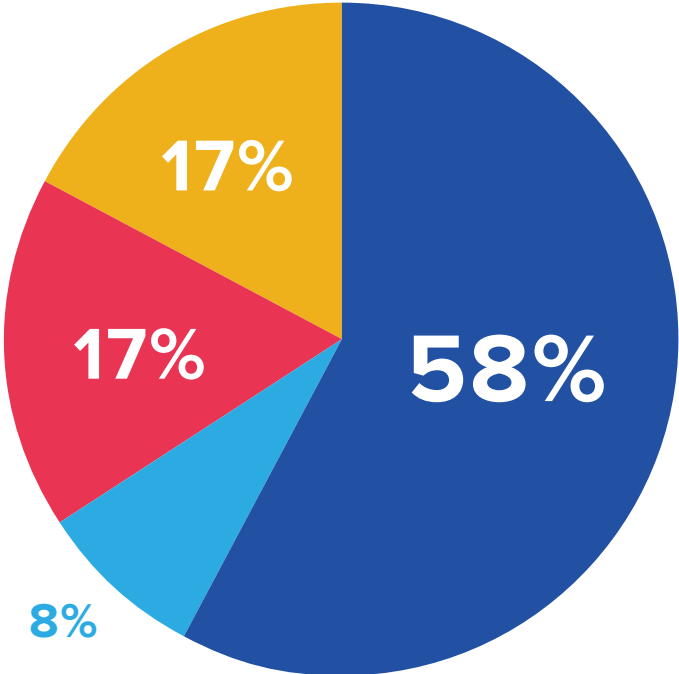
Are you involved with reversioning content?

- Yes
- No



How is the proportion of reversioned content changing over time?

- Increasing
- Steady
- Decreasing
- Don't know/not sure



Opportunities and Challenges

We invited people to tell us how they saw the industry in their own words. Key themes came through just as they did last year.

Opportunities

Technology

- *New technologies and techniques to create content*
- *Green technology, innovation in renewables, storage and recycling*
- *4K stock footage*
- *New ways of engaging people with immersive story telling*

The rise of subscription streaming services, although this often came with a call to review funding and incentives to support local content production

- *Streaming television*
- *Providing content for web services plus Netflix, Amazon, Stan and other broadcasters of that ilk*
- *Greater penetration into streaming services, ideally assisted by local content quotas*
- *Streaming services becoming mature and stable in their returns*



Diverse broadcast / streaming services allow for further segmentation of the market, creating niche audiences and easier access for content creators to access those audiences.

Continuing growth in video marketing

- *Wider audiences and clients understanding the strengths of video content*
- *Video marketing has increased dramatically and brands are beginning to see the benefit of using content based marketing*
- *Targeted marketing of videos on social media*



Others identified opportunities more specific to them:

- *As producers of brand funded content the biggest opportunity in the future is for Australian free to air broadcasters to stop charging enormous amounts for the purchase of air time. Australia is the only country in the world to do this.*
- *Kids have a voracious appetite for content. They want to experience their favourite brands in as many ways as possible. They expect that if they like a book then there will be a corresponding APP, game and TV or film experience. It's what the big international brands are providing for them and what we can also do with Australian brands.*
- *Increasing acceptance that material from the past can have a present interest.*

Challenges

Funding

- *The system itself has become a major stumbling block to the creation of Australian screen content. The funding agencies 'rules' lag behind the implications of the technology developments.*
- *Budgets, clients frequently don't value video as an ongoing marketing tool. These days they don't need to spend \$200K on a TVC but can spend half the budget on a content plan that is distributed to various different channels.*
- *Creating content economically as well as the funding of content creation*
- *Poorly targeted government funding*
- *Clients having realistic budgets for the level of production they want*
- *Fragmented market and too many players undermining budgets*

A competitive market

- *Oversaturation of content*
- *So many players making video content*
- *It's a very crowded industry!*
- *Everyone is a content expert, competition is extreme*
- *Tighter budgets, more players generating lesser quality content, which chokes the market and makes finding quality content for consumers harder*

Additional Respondent Concerns

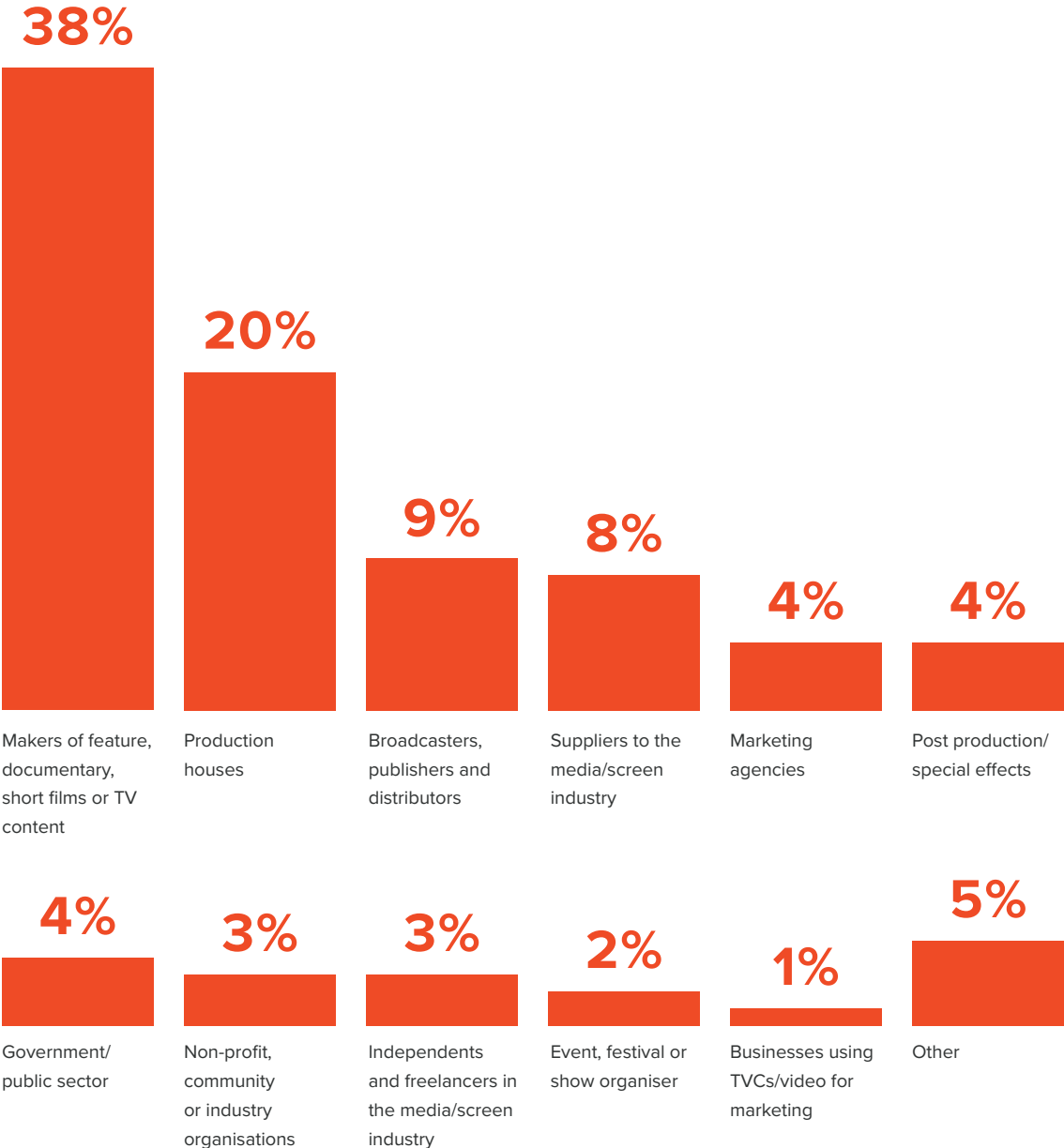
Respondents also raised a number of other thought-provoking issues related to the business of moving images. A selection is listed below.

- *We are placing more importance on the creation of assets being able to be used across different media. So if we create characters in CGI for a TV series production or film then those assets also need to be able to translate for applications in gaming or for use on the web.*
- *Having briefly consulted with the folks at the National Film and Sound Archive, the longevity of digital images and sound (compared to fragile film) is still unknown. Here's hoping the movies we make last at least a 100 years or more; else be transferable in more stable medium (digital or photo-chemical).*
- *The future of VR and AR is growing exponentially.*
- *The main issues in Australia are financing content development and production, and broadcaster and licensees being prepared to be creative and take risks with new content.*
- *The big players do NOT have a monopoly on good stories. They can emerge from very unpredictable sources.*
- *Whilst digital post production is a much simpler route to final programs than previous linear formats, it comes with its own problems. There is usually a lot more excess material shot in digital formats at various frame rates and the non-thoughtful use of mounted GoPro or VIRB cameras, plus storage and trans-coding are the major bug bears.*

Respondent Demographic Profile

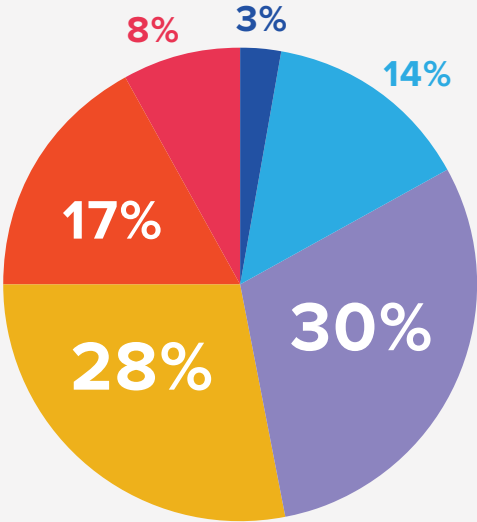
Total responses: 184

Respondents by type of business



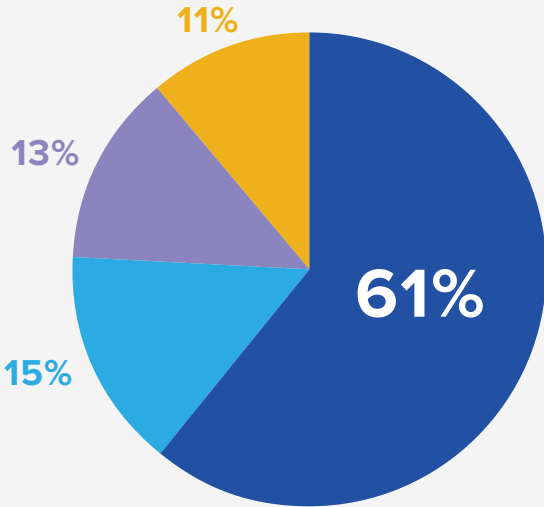
Business' primary activity with moving images

- We commission content from other organisations
- We distribute, broadcast or publish content
- We create, produce or edit content for ourselves
- We create, produce or edit content for others
- We create, produce or edit content for ourselves and others
- We create, produce or edit content for unspecified markets



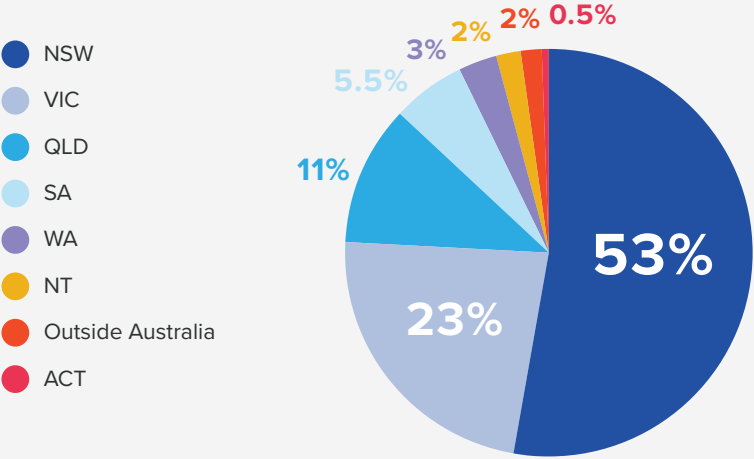
Respondents by company size

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

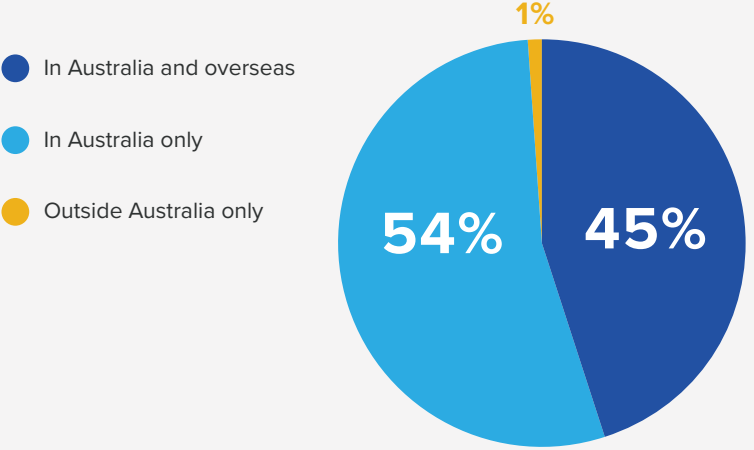


The screen industry is recognised as having many microbusinesses which collaborate and hire freelancers to work on specific projects, so these company sizes do not necessarily reflect the size of projects and budgets respondents handle.

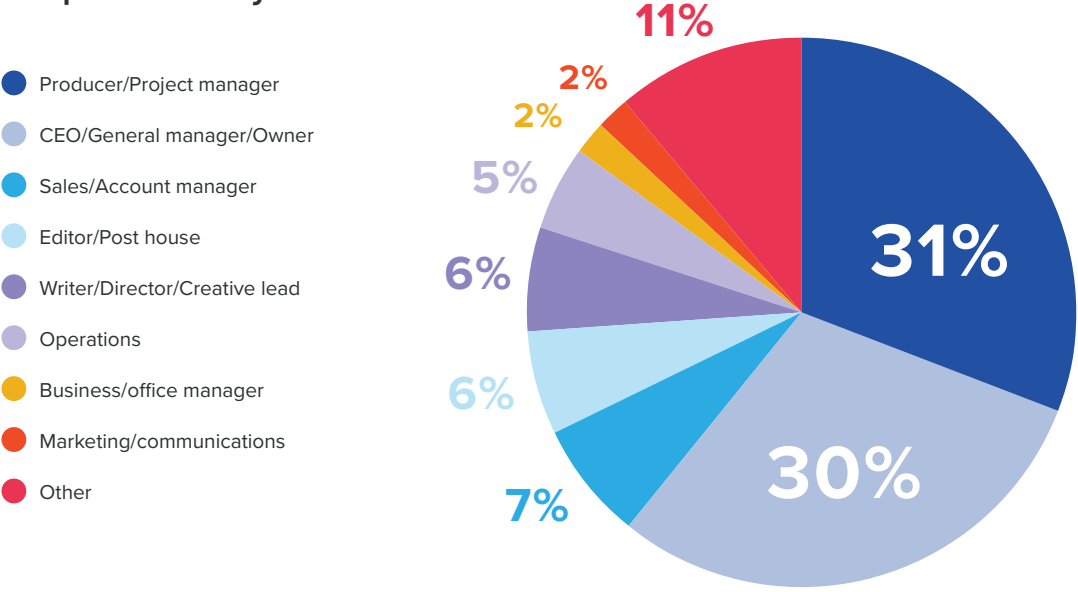
Respondents by location



Where does your organisation operate?



Respondents by role

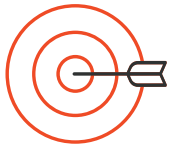


About Preferred Media

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



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