

CIL BROADCAST INDIE SURVEY REVIEW 2019

Increases in drama budgets and regional investment are the key themes that emerge from CIL's 2019 Broadcast Indie Survey review.

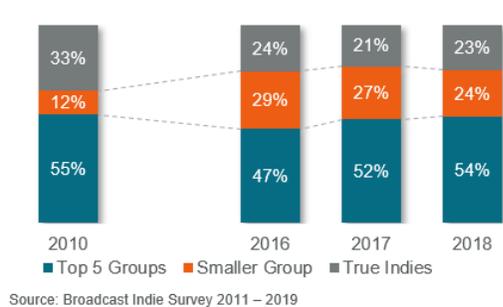
The Broadcast 2019 Indie survey shows that while the sector continues to grow, rate of growth slowed from 7% in 2017 to 4% in 2018.

Indie market growth 2010 - 2018



The split between major groups, smaller groups and “true indies” remained broadly stable with fewer acquisitions by major groups in 2018. True indies grew with 16 new companies contributing to the 2019 survey.

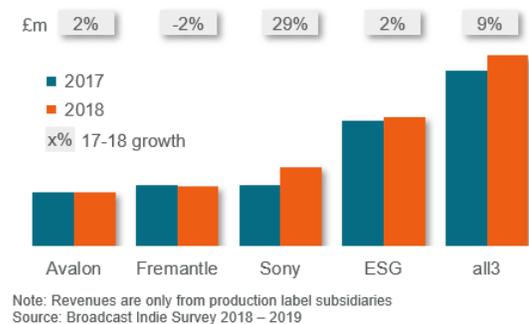
Market mix (by value)



Of the major groups Sony enjoyed continued success with Left Bank, while all3 had strong

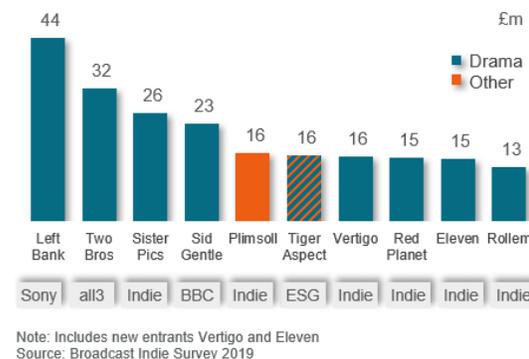
performances at Lime, Raw and, in particular, Two Brothers.

Growth of the top five groups



The highest growth indies were nearly all producers of drama; the exception was natural history producer Plimsoll. Drama accounted for all of the market growth in 2018, offsetting declines across other genres.

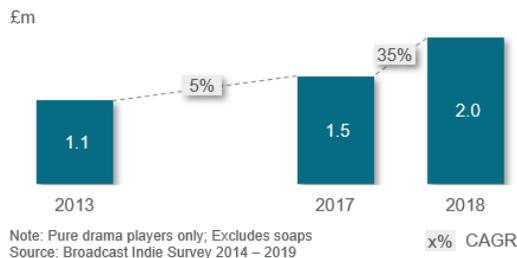
Top 10 indies by growth 2017 - 2018



Drama growth was driven by rising budgets rather than volume. Investment by Netflix and Sky increased budgets for prime time drama

across all commissioners. In addition, the PSBs focussed on protecting high-end drama on their primary channels at the expense of lower cost secondary channel and day-time drama. As a result, average cost per hour rose 35% compared to 2017.

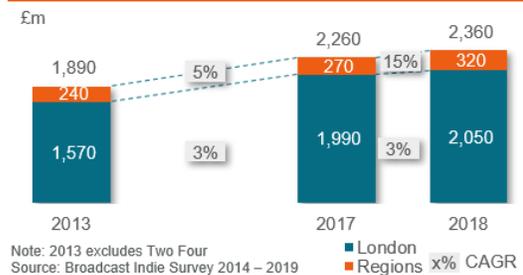
Average cost per hour - drama



The launch of new drama Indies (e.g. Vertigo, Eleven) meant that the share of drama revenues accounted for by qualifying Indies – QIs (not majority owned by broadcasters) rose from 16% in 2017 to 22%. However, this is significantly down on 2013 when QIs accounted for over half of all drama revenues, a change that reflects the extent to which the major groups (and ITV) have been buying up smaller drama producers.

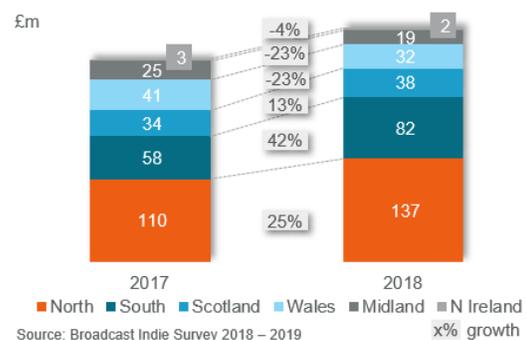
London still accounts for 87% of indie survey revenues (£2.1bn). However, 2018 saw significant growth in regional spend (up 15% to £320m) as BBC expansion in Scotland and Channel 4's new regional commitments increased demand. We expect this growth to continue on 2019.

Regional indie revenues 2013-2018



The North, South and Scotland have consolidated their position, now accounting for 83% of regional spend. Wales, the Midlands and, to a lesser extent, Northern Ireland have seen decline in their regional activity.

Growth by region 2017-2018 (exc London)



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