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The content value management challenge: Navigating the expanding maze of uncertainties

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In the second of a series of articles through 2024 that look at the key challenges that broadcasters and content rightsholders face today, Mediagenix examines the need to maximise the value of content.

Once media companies have set a content strategy* and produced or acquired content, the need to maximise value on that expensive content is obvious.

That need exists regardless of the overall state of the content industry or the amount of content produced or acquired by any individual broadcaster.

*See the previous article in this series: (www.mediagenix.tv/download/white-paper-beyond-the-bottlenecks-streamlining-strategic-planning)

The rise of quality over quantity

At NAB in April, Devoncroft revealed interesting snippets of data about the amount of content being produced, with charts based on research from sohonet and FX Research showing that scripted TV may have reached a peak in 2022, with 2023 showing an appreciable dip compared with the previous year. This may be a blip thanks to the effects of Covid and the writers' and actors' strikes, but anecdotal evidence suggests that production levels globally may be easing back; as one senior executive at a major US content producer recently said, this reflects a greater emphasis on "quality rather than quantity" at many companies as the cost of productions rise.

The expanding content monetization possibilities

With production costs rising and with less content being produced, the underlying need to maximise the value of content is perhaps greater than ever. The key challenge (aka opportunity), however, is that today there are many more ways to monetize content than ever before. In the 1970s there were only three major distribution avenues – theatrical release, a showing on a linear channel and selling physical video tapes, with global markets outside the English-speaking world being tricky to access,

Options today though are much more varied, whether traditional or over-the-top distribution, with on-demand models such as AVOD, SVOD, TVOD, EST etc being challenged by a linear counterattack led by FAST – and that's before even contemplating a huge array of social media distribution avenues.

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The growing complexity of content distribution and windowing

In addition, the world has effectively shrunk. Getting content to countries and markets around the globe no longer relies on a chance meeting at MIPCOM in Cannes between buyer and seller, and the localization process is a well-known part of the value chain.

Yet the greater the distribution avenues available today, the greater the complexity is of making monetisation decisions. In addition the days of set, rigid windows for the content journey have long gone. Many can remember when a James Bond film would be available in cinemas for a significant period before an exclusive (and well publicized) debut on one TV channels in each country a few years later (and usually on a Christmas Day afternoon), before the video release eventually came.

That rigid, one-size-fits-all windowing is now just a quaint memory.

“The days of set, rigid windows for the content journey have long gone”

Immediate returns or long-term brand value?

So what do executives at a broadcaster or indeed any content rightsholder do? How do they maximise the value of their company's content slate? And how do they maximise returns given the time value of money; early revenue (and return on content investment) is always better than revenue many years in the future.

But another point to note is that it's not all about the money. Clearly, maximizing return on investment is a priority, but that doesn't exist in a vacuum, as channel or media company brands still exist, and that brand value needs to be constantly maintained.

It's not an easy set of parameters to navigate. Linking those three factors, the way to maximise cash flow in the short term might well be to license a newly-commissioned series exclusively to one of the SVOD giants – but this does little to nothing for the brand of the channel that commission the series in the first place. [Viewers tend to associate series with the platform brand that first shows it]. And would that maximise the return on the individual piece of content in the long-term?

But what time horizons do shareholders of major media companies care about, for example? Answer = it depends on the shareholder! One major US studio has recently cut production substantially, which helps improve cash flow (with less investment in costly productions) and meets shareholder wishes for better short-term returns– but some analysts believe this is a downward spiral that will hit destroy value and hit that brand's worth in the longer term.

This challenge isn't unique to the media industry though – i.e. just how much are companies willing to reduce shareholder returns in the short term in order to invest now for future returns?

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The uncertainties of success

Where the media industry is different is that some content investment is pretty binary – you can spend 100s of millions (in whatever currency you like) on a CGI-laden movie or – increasing – on lavishly-produced scripted TV series but you can never guarantee that you won't have spent that investment on a lemon.

In times of tougher economic conditions and with a much higher cost of money, that encourages the apparently current trend of focusing on quality rather than quantity - but this still doesn't avoid the pitfalls of poor content planning, poor production outcomes and not delighting with audiences with each bit of content. What appears as a quality idea on paper can soon become tomorrow's 'The Lone Ranger'.

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But whatever the apparent content "quality", the need to maximise return on investment remains. Indeed many would argue that while much harder to achieve, every extra dollar or Euro profit on a less popular piece or content (so that it at least breaks even, for example) is more valuable than an extra dollar on a content hit, where word-of-mouth and reputation will create a natural virtuous circle that drives further profitability.

Strategy, flexibility, and continuous learning

So against that context, just how is content return maximized? How do executives decide when, where and how to make content available on different platforms; and how long content stays on one distribution channel (or more than one simultaneously) before the distribution mix is altered?

How much of this monetisation path can be mapped in detail in advance? And how much leeway should there be to change plans as a response to good (or bad) initial reactions to content and/or new opportunities that open up?

“Media companies have to adapt their processes and strategies to monetize content on a continuing basis”

That seems like a lot of questions with few answers, but the reality is that different media companies have different processes to maximise revenues on their content investment. You can clearly see this today as some of the giant US studios/media companies are retreating slightly from direct-to-consumer models to going back to selling more of their content to 3rd party platforms, while others are still pushing ahead with huge investment in D2C monetization.

The common denominator, however, is that in the fact of constantly changing avenues and opportunities to monetize content, media companies have to adapt their processes and strategies to monetize content on a continuing basis. As one executive says, “it’s a learning process; what may work for one piece of content may not work for a different piece of content even if it’s the same genre and has very similar attributes”. Flexibility is key, as is having an open and enquiring mind to look at how others do it and take/steal/adapt best monetization practices seen elsewhere.

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